PSC INSURANCE GROUP LIMITED
ABN 81 147 812 164
AND CONTROLLED ENTITIES

FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2016
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

Rule 4.3A

Appendix 4E Preliminary Final Report

Name of entity

PSC INSURANCE GROUP LIMITED

ABN 81 147 812 164

1. Reporting period

Report for the financial year ended 30 June 2016
Previous corresponding period is the financial year ended 30 June 2015

2. Results for announcement to the market

Revenues from ordinary activities	up	30.1%	to	$67.77m
Profit (loss) from ordinary activities after tax attributable to members	up	55.4%	to	$9.96m
Net profit (loss) for the period attributable to members	up	55.4%	to	$9.96m

Dividends	Amount per security	Franked amount per security
Interim dividend - 15 April 2016	1.2¢	1.2¢
Final dividend - 18 October 2016	2.5¢	2.5¢
Record date for determining entitlements to the dividend	16 September 2016	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the accompanying results announcement.

3. Statement of Comprehensive Income

Refer to the attached statement and relevant notes.

4. Statement of Financial Position

Refer to the attached statement and relevant notes.

5. Statement of Cash Flows

Refer to the attached statement and relevant notes.

6. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2016	15 April 2016	$2,700,297
Final dividend – year ended 30 June 2016	18 October 2016	$5,634,453

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	3.7¢	3.7¢	N/A
Previous year	15.4¢	15.4¢	N/A

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	6,505	1,550
Preference securities *(each class separately)*	NIL	NIL
Other equity instruments *(each class separately)*	NIL	NIL
Total	**6,505**	**1,550**

7. Details of dividend or distribution reinvestment plans in operation are described below:

None	
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	

8. Statement of retained earnings

Refer to attached financial statements and relevant notes.

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.2¢	-9.3¢

10. Details of entities over which control has been gained or lost during the period

Refer to attached financial statements and relevant notes.

11. Details of associates and joint venture entities

Refer to attached financial statements and relevant notes.

12. Significant information relating to the entity's financial performance and financial position.

Refer to the accompanying results announcement.

13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian Accounting Standards.

14. Commentary on the results for the period.

Refer to the accompanying results announcement, financial statements and relevant notes.

15. Audit of the financial report

The financial report has been audited.

PSC INSURANCE GROUP LIMITED

ABN: 81 147 812 164
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
Revenue and other income		**$**	**$**
Fee and commission income	3	64,750,162	48,772,021
Other revenue	3	2,745,499	1,674,132
Other income	3	270,502	1,625,521
	3	**67,766,163**	**52,071,674**
Less: expenses			
Administration and other expenses	4	(8,541,611)	(6,204,264)
Depreciation and amortisation expense	4	(1,016,406)	(633,251)
Employee benefits expense	4	(31,731,782)	(23,829,728)
Occupancy expense		(2,693,821)	(2,182,556)
Finance costs	4	(1,517,960)	(2,333,348)
Employee contractors		(2,267,183)	(2,144,530)
Information technology costs		(2,793,778)	(1,888,137)
Professional fees		(1,230,089)	(1,029,812)
Share of Net Loss in Associate	12	-	(47,370)
		(51,792,630)	**(40,292,996)**
Profit before income tax expense		**15,973,533**	**11,778,678**
Income tax expense	5	(5,135,117)	(3,119,797)
Net profit from continuing operations		**10,838,416**	**8,658,881**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		(1,685,742)	886,077
Other comprehensive income for the year		(1,685,742)	886,077
Total comprehensive income		**9,152,674**	**9,544,958**
Profit is attributable to:			
- Owners of PSC Insurance Group Limited		9,964,768	6,412,230
- Non-controlling interests		873,648	2,246,651
		10,838,416	**8,658,881**
Total comprehensive income is attributable to:			
- Owners of PSC Insurance Group Limited		8,279,026	7,298,307
- Non-controlling interests		873,648	2,246,651
		9,152,674	**9,544,958**
Earnings per share for profit attributable to the equity holders of the parent entity:			
Diluted earnings per share	25	5.2 cents	17.6 cents
Basic earnings per share	25	5.2 cents	17.6 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016	2015
Current assets		**$**	**$**
Cash and cash equivalents	7	87,252,295	57,900,371
Receivables	8	339,384,363	301,127,985
Other current assets	9	1,813,219	1,781,255
Total current assets		**428,449,877**	**360,809,611**
Non-current assets			
Receivables	8	5,244,707	475,131
Other financial assets	10	1,955,444	625,000
Equity accounted investments	11	7,514,636	13,188
Property, plant and equipment	13	1,748,921	1,090,832
Deferred tax assets	5	-	229,187
Intangible assets	14	67,376,706	38,508,388
Total non-current assets		**83,840,414**	**40,941,726**
Total assets		**512,290,291**	**401,751,337**
Current liabilities			
Payables	15	397,678,074	336,107,858
Borrowings	16	566,383	5,580,703
Provisions	17	2,108,883	1,431,275
Current tax liabilities	5	551,417	3,424,070
Other liabilities	18	10,697,622	1,043,600
Total current liabilities		**411,602,379**	**347,587,506**
Non-current liabilities			
Borrowings	16	26,154,302	29,563,895
Provisions	17	304,208	153,696
Deferred tax liabilities	5	1,381,102	-
Other liabilities	18	5,044,699	-
Total non-current liabilities		**32,884,311**	**29,717,591**
Total liabilities		**444,486,690**	**377,305,097**
Net assets		**67,803,601**	**24,446,240**
Equity			
Share capital	19	85,194,112	3,599,216
Reserves	20	(37,740,353)	1,171,558
Retained earnings	20	18,920,361	15,304,926
Equity attributable to owners of PSC Insurance Group Limited		**66,374,120**	**20,075,700**
Non-controlling interests	21	1,429,481	4,370,540
Total equity		**67,803,601**	**24,446,240**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Entity	Share capital	Reserves	Retained Earnings	Non-controlling Interest	Total Equity
Balance as at 1 July 2014	3,599,216	255,847	10,770,136	2,733,170	17,358,369
Profit for the year	-	-	6,412,230	2,246,651	8,658,881
Exchange differences on translation of foreign operations, net of tax	-	886,077	-	-	886,077
Total comprehensive income for the year	-	886,077	6,412,230	2,246,651	9,544,958
Transactions with owners in their capacity as owners:					
Non-controlling interest arising from business combination	-	-	-	555,077	555,077
Movement in interests in controlled entities	-	-	(327,440)	-	(327,440)
Employee share scheme	-	29,634	-	-	29,634
Dividends paid	-	-	(1,550,000)	(1,164,358)	(2,714,358)
Total transactions with owners	-	29,634	(1,877,440)	(609,281)	(2,457,087)
Balance as at 30 June 2015	3,599,216	1,171,558	15,304,926	4,370,540	24,446,240

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont)
FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Entity	Share capital	Reserves	Retained Earnings	Non-controlling Interest	Total Equity
Balance as at 1 July 2015	3,599,216	1,171,558	15,304,926	4,370,540	24,446,240
Profit for the year	-	-	9,964,768	873,648	10,838,416
Exchange differences on translation of foreign operations, net of tax	-	(1,685,742)	-	-	(1,685,742)
Total comprehensive income for the year	-	(1,685,742)	9,964,768	873,648	9,152,674
Transactions with owners in their capacity as owners:					
Reduction in non-controlling interests	-	-	-	(4,033,959)	(4,033,959)
Non-controlling interest arising from business combination	-	-	-	1,350,000	1,350,000
Movement in interests in controlled entities	39,862,586	(37,350,922)	-	-	2,511,664
In specie distributions	(1,813,314)	-	155,962	-	(1,657,352)
Retail Share Capital Raised	43,000,000	-	-	-	43,000,000
Share Capital Issue Costs	(2,066,247)	-	-	-	(2,066,247)
Other share issues	1,144,478	-	-	-	1,144,478
Employee share issues	1,467,393	124,753	-	-	1,592,146
Dividends paid	-	-	(6,505,295)	(1,130,748)	(7,636,043)
Total transactions with owners	81,594,896	(37,226,169)	(6,349,333)	(3,814,707)	34,204,687
Balance as at 30 June 2016	85,194,112	(37,740,353)	18,920,361	1,429,481	67,803,601

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		$	$
Cash flow from Operating activities			
Receipts from customers		64,583,454	54,821,427
Payments to suppliers and employees		(48,775,887)	(45,096,133)
Dividends received		238,376	129,246
Interest received		982,162	957,164
Interest paid		(1,517,960)	(2,333,348)
Income tax paid		(5,260,078)	(2,058,620)
Operating cash before movement in customer trust accounts		10,250,067	6,419,737
Net movement in customer trust accounts		26,214,767	1,471,564
Net cash provided by operating activities	**22(b)**	36,464,834	7,891,301
Cash flow from investing activities			
Payment for property, plant and equipment		(930,065)	(396,439)
Deposits for property		(953,000)	-
Acquisition of APG Ltd		-	9,705,942
Payment for intangibles		(16,880,035)	(496,634)
Payment for other investments		(7,514,636)	(1,916,327)
Payment for other financial assets		(1,330,444)	(1,094,515)
Proceeds from sale of shares held for resale		-	5,553,413
Net cash flow provided by (used in) investing activities		(27,608,180)	11,355,439
Cash flow from financing activities			
Proceeds from borrowings		31,126,807	8,227,608
Repayments of borrowings		(39,550,720)	(5,677,841)
Share Issues : Market		43,000,000	-
Capital raising costs		(2,778,679)	-
Dividends paid		(7,636,043)	(2,714,358)
Loans to shareholders and director related entities		(3,666,095)	(745,419)
Net cash provided by (used in) financing activities		20,495,270	(910,010)
Reconciliation of cash			
Cash at beginning of the financial year		57,900,371	39,563,641
Net increase in cash		29,351,924	18,336,730
Cash at end of financial year	**22(a)**	**87,252,295**	**57,900,371**

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

Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The address of PSC Insurance Group Limited's registered office and principal place of business is Suite 1, Ground Floor, 90 – 94 Tram Road, Doncaster.

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

Compliance with IFRS

The consolidated financial statements of the consolidated entity also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

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

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The consolidated entity controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 established and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable directly or indirectly to the group are presented as non-controlling interests.

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and other Comprehensive Income and consolidated Statement of Financial Position respectively.

Details of the consolidated entity's controlling and non-controlling interests are detailed in Note 21.

(d) 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. An allowance is made for anticipated lapses and cancellations.

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

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

Profit on sale of financial assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, net of disposal costs. This is recognised as an item of revenue in the year in which the significant risks and rewards of ownership transfer to the buyer.

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).

(e) Cash and cash equivalents

Cash and cash equivalents, and cash held on trust, 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.

Cash held on trust is held for insurance premiums received from policyholders which will ultimately be paid to underwriters.

Cash held on trust 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.

(f) Receivables from broking, reinsurance and underwriting agency operations

Receivables from broking, reinsurance 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-cancellation.

Receivables from reinsurance are initially recognised based on contract value. Following fulfilment of the contract, amounts are then invoiced to customers.

Invoices are generally due for settlement within 14 to 60 days. Collectability of trade receivables is reviewed on an ongoing basis.

(g) Property, plant and equipment

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

Depreciation

The depreciable amounts of all property, plant and equipment are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	Depreciation rate	Depreciation basis
Leasehold improvements at cost	2.5% – 30%	Straight line and diminishing value
Office equipment at cost	2% - 67%	Straight line and diminishing value
Computer equipment at cost	10% - 67%	Straight line and diminishing value
Motor Vehicles at cost	12.5%	Straight line

(h) 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 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.

(i) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

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 acquire. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

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.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than 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), the gain is immediately recognised in the profit or loss.

Acquisition related costs are expensed as incurred.

(j) Intangibles

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Refer to Note 1(i) for a description of how goodwill arising from a business combination is initially measured.

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 annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill 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 impairment losses.

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.

(k) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(l) 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 balances

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. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor 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. Deferred tax assets and liabilities are shown on a net basis in the statement of financial position.

Tax consolidation

The parent entity and it's 100% Australian controlled entities formed an income tax consolidated group under the tax consolidation legislation on 8 December 2016. This replaced the three pre-existing tax consolidated groups on that date.

Within the consolidated group there is an additional tax consolidated group with AR (WA) Pty Ltd as the head entity.

For details of members of the respective tax consolidated groups and other changes to those groups please refer to Note 21.

The parent entity in each tax consolidated group is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses for the tax consolidated group. The tax consolidated groups have also entered into a tax funding agreement with their members whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Each tax consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system in the event of default by the parent entity to meet its payment obligations.

(m) Payables on broking, reinsurance and underwriting agency operations

These amounts represent insurance premium payable to the insurance companies for broking, reinsurance and underwriting agency operations on invoiced amounts to customers and liabilities for goods and services provided to the consolidated entity 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.

(n) Provision

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

(o) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) 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 in the statement of financial position.

(ii) Other Long-term employee benefit obligation

The provision for employee benefits in respect of long service leave and annual leave which, are 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. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Employee benefit obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 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 consolidated entity makes contributions to defined contribution to the employee's defined contribution superannuation plans of choice 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. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Statement of Financial Position.

(iv) Share-based payments

The consolidated entity operates share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market bid price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

(v) Bonus plan

The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(vi) Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The consolidated entity recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

(p) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred.

(q) Financial instruments

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or 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.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit or 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 or loss of the current period. Fair values 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.

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, loans from third parties and loans 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 consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment.

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

(r) Investments in associates

An associate is an entity over which the consolidated entity is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The consolidated entity's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits and losses of the associate are recognised in consolidated entity's profit or loss and the consolidated entity's share of the associate's other comprehensive income items are recognised in the consolidated entity's other comprehensive income. Details relating to associates are set out in Note 12.

Unrealised gains and losses on transactions between the consolidated entity and an associate are eliminated to the extent of the entity's share in an associate.

(s) Interests in joint ventures

Joint venture entities

The consolidated entity's interest in joint venture entities are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture entity is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. Details relating to the joint venture entity are set out in Note 12.

(t) Foreign currency translations and balances

Functional and presentation currency

The financial statements of each entity within the consolidated entity are 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 entity 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.

Foreign subsidiaries

Subsidiaries that have a functional currency different from the presentation currency of the consolidated entity are translated as follows:

a) Assets and liabilities are translated at the closing rate on reporting date.
b) Items of revenue and expense translated at average rate.
c) All resulting exchange differences are recognised in other comprehensive income.

(u) Segment reporting

Determination and presentation of operating segments

The consolidated entity determines and presents operating segments based on information that is internally provided to the Chief Financial Officer, who is the consolidated entity's Chief Financial decision maker.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's components. All operating segment results are regularly reviewed by the consolidated entity's Chief Financial Officer to make decisions about resources to be allocated to the segment and to assess its performance. Refer to note 33 for details on how management determine the operating segments.

Segment results that are reported to the consolidated entity's Chief Financial Officer include items directly attributable to a segment, as well as these that can be allocated on a reasonable basis.

(v) Goods and services tax (GST)

Revenues, expenses and purchased 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the 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.

(w) Comparatives

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

(x) Accounting standards issued but not yet effective at 30 June 2016

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the consolidated entity. The consolidated entity has decided not to early adopt any of these new and amended pronouncements. The consolidated entity's assessment of the new and amended pronouncements that are relevant to the consolidated entity but applicable in future reporting periods is set out below.

AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the consolidated entity on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

This Standard is not expected to significantly impact the consolidated entity's financial statements.

AASB 15: Revenue from Contracts with Customers,

AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8: Amendments to Australian Accounting Standards - Effective Date of AASB 15 and

AASB 2016-3: Amendments to Australian Accounting Standards - Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and

- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the consolidated entity's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the consolidated entity's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

(y) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(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 life assets and indefinite life assets such as goodwill affects the results of the consolidated entity as finite lived intangible assets are amortised, whereas indefinite life 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% (2015: 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% (2015: 2%) a pre-tax discount rate of 16.67% (2015: 16.67%) to determine value-in-use.

(c) Income Tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(d) Deferred consideration

The consolidated entity has made a best estimate 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 an expense or income.

(e) Intangible assets

The carrying value of intangible assets with finite lives are assessed 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.

(f) Employee benefits

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

	2016	2015
NOTE 3: REVENUE AND OTHER INCOME	**$**	**$**
Fee and commission income		
Commission income	42,798,311	33,486,103
Fees income	18,357,848	12,157,580
Other fees	3,594,003	3,128,338
	64,750,162	48,772,021
Other revenue		
Dividend income	238,376	129,246
Interest income	982,162	957,164
Other revenue	1,524,961	587,722
	2,745,499	1,674,132
Other Income		
Profit on sale of shares	-	1,148,545
Share of equity accounted results	17,649	-
Gain on net assets exceeding consideration paid	252,853	476,976
	270,502	1,625,521
	67,766,163	52,071,674

NOTE 4: OPERATING PROFIT		
Profit before income tax has been determined after:		
Finance costs	1,517,960	2,333,348
Depreciation:		
Leasehold Improvements	105,935	63,849
Motor Vehicles	591	-
Office Equipment	131,911	108,738
Computer Equipment	320,251	234,931
	558,688	407,518
Amortisation of non-current assets		
- Client lists	457,718	225,733
Bad and doubtful debts	59,149	(1,992)
Rental expense on operating leases	2,338,581	1,962,887
Foreign currency translation losses / (gains)	(142,376)	76,450
Employee benefits		-
- Share-based payments	124,753	29,634
- Superannuation	2,531,153	1,464,052
- Other Employee benefits	29,075,876	22,336,042
	31,731,782	23,829,728

NOTE 4: OPERATING PROFIT (Cont)				2016 $	2015 $
Administration and other expenses includes:					
IPO Costs :	Staff Share allocations	(a)	i	1,467,393	-
	Listing fees		ii	185,012	-
	Legal and professional fees		iii	46,052	486,052
	Other		iv	180,813	45,393
Legal costs		(b)		273,605	219,777
Employee termination costs		(c)		155,019	-
Transaction costs relating to business combinations		(d)		344,768	290,170
Share based payments		(e)		92,039	-
Other		(f)		216,194	-

(a) Costs relating to preparation for the Initial Public Offering, other than as separately detailed above, include staff costs, and advisor fees.

(b) Legal costs relate to non-recurring exceptional legal fees which arose during the financial year.

(c) Employee termination costs represent costs associated with the termination of employees during the year.

(d) Transaction costs represent amounts incurred in relation to business combinations (Note 23).

(e) Share based payment to a Director.

(f) Other costs comprise other expenses including, among others, office move costs.

NOTE 5: INCOME TAX

	2016 $	2015 $
(a) Components of tax expense		
Current tax	3,634,263	4,041,006
Deferred tax	1,563,024	(742,913)
Under/(over) provision in prior years	(62,170)	(178,296)
	5,135,117	3,119,797
(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% (2015: 30.0%)	4,792,060	3,533,606
Add tax effect of:		
- Non-allowable IPO expenses	447,042	-
- Capital Gain on formation of tax consolidated Group	174,399	-
- Elimination of intercompany dividends	1,356,093	1,172,652
- Other non-allowable items	382,515	208,479
- Gross up of franking credits	575,457	519,182
	2,935,506	1,900,313
Less tax effect of:		
- Overseas tax rate differential	467,543	373,172
- Under provision for income tax in prior years	62,170	178,296
- Franking credit offset	1,918,191	1,730,609
- Other non-assessable items	144,545	32,045
	2,592,449	2,314,122
Income tax expense attributable to profit	5,135,117	3,119,797
(c) Current tax		
Current tax relates to the following:		
Opening balance	3,424,070	1,500,608
Income tax	3,634,263	4,041,006
Tax payments	(5,260,078)	(2,058,620)
Utilisation of losses against current period liability	(1,053,251)	-
(Over) provisions	(62,170)	(178,296)
Exchange translation difference	(131,418)	-
Net balance transferred on purchase / sale of business	-	119,372
Current tax liabilities	551,417	3,424,070

NOTE 5: INCOME TAX (Cont)	2016 $	2015 $
(d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
The balance comprises:		
Tax losses carried forward	751,333	876,997
Employee benefits	648,510	377,083
Provision for doubtful debts	28,748	66,488
Accrued expenses	119,716	267,935
Listing costs deductible over time	614,349	-
Capital allowances	51,326	-
	2,213,982	1,588,503
Deferred tax liabilities		
The balance comprises:		
Deferred income	3,581,707	1,345,572
Other	13,377	13,744
	3,595,084	1,359,316
Net deferred tax assets / (liabilities)	(1,381,102)	229,187

(e) Deferred income tax (revenue) / expense included in income tax expense comprises		
Decrease / (increase) in deferred tax assets	(672,744)	(495,135)
(Decrease) / increase in deferred tax liabilities	2,235,768	(247,778)
(Increase) in deferred tax assets on purchase of business and assumption of employee benefit liabilities	47,265	(447,384)
	1,610,289	(1,190,297)

NOTE 6: DIVIDENDS	2016 $	2015 $
(a) Dividends paid or declared		
Dividends paid at 3.7 cents per share by PSC Insurance Group fully franked	6,505,295	1,550,000
Dividends paid to non-controlling interests	1,130,748	1,164,358
	7,636,043	2,714,358
(b) Dividends declared after the reporting period and not recognised		
Since the end of the reporting period the directors have recommended / declared dividends of 2.5 cents per share (2015: 2.36 cents per share) fully franked	5,634,453	3,613,650
Since the end of the reporting period the directors have recommended / declared dividends to non-controlling interests	-	721,447
	5,634,453	4,335,097
(c) Franking account		
Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years	4,687,440	3,661,901

NOTE 7: CASH AND CASH EQUIVALENTS

Cash on hand	13,629	15,152
Cash at bank	6,298,387	5,495,321
Cash on deposit	1,683,192	922,000
Cash held on trust	79,257,087	51,467,898
	87,252,295	57,900,371

NOTE 8: RECEIVABLES	2016 $	2015 $
CURRENT		
Receivables from broking, reinsurance and underwriting agency operations	337,712,869	297,705,532
Impairment loss	(381,268)	(286,906)
	337,331,601	297,418,626
Other receivables	932,726	347,947
Loans to related parties	1,120,036	3,361,412
	339,384,363	301,127,985
NON-CURRENT		
Loans to related parties	5,244,707	475,131

(a) Provision for impairment

(i) Receivables from broking and underwriting agency operations

Trade receivables are non-interest bearing with 14-60 day terms. An impairment loss is recognised when there is objective evidence that an amount being carried as receivable is impaired. The impairment losses have been included within administration and other expenses in the consolidated Statement of Profit or Loss and other Comprehensive Income. All trade receivables that are not impaired are expected to be received within trading terms.

(ii) Receivables from reinsurance operations

Trade receivables are non-interest bearing with 30-60 day terms. An impairment loss is recognised when the actual profit is quantifiable or when there is objective evidence that an amount being carried as receivable is impaired.

(iii) Other receivables and loans receivables

An impairment loss is recognised when there is objective evidence that an individual receivable is impaired. The impairment losses have been included within administration and other expenses in the consolidated Statement of Profit or Loss and other Comprehensive Income. All advances and loan receivables that are not impaired are expected to be received within payment terms.

	2016 $	2015 $
Movements in the provision for impairment were:		
Opening balance 1 July	286,905	100,412
Charge for the year	59,149	(1,992)
Amounts written off	(29,046)	(32,420)
Provision acquired through business combination	95,825	215,930
Foreign exchange translation	(31,565)	4,975
Closing balance at 30 June	381,268	286,905

NOTE 8: RECEIVABLES (Cont)

	2016 $	2015 $
(b) Ageing of Receivables		
- 0-30 Days	129,470,001	99,114,195
- 30-60 Days	22,257,348	16,430,085
- 60-90 Days	32,968,189	26,442,420
- Over 90 Days	153,017,331	155,718,832
	337,712,869	297,705,532

NOTE 9: OTHER CURRENT ASSETS

CURRENT		
Prepayments	240,980	541,033
Bonds and deposits	970,694	361,062
Accrued income	601,545	228,752
Share issue costs **	-	650,408
	1,813,219	1,781,255

** Share issue costs were capitalised against equity following successful listing in December 2015.

NOTE 10: OTHER FINANCIAL ASSETS

NON CURRENT		
Financial assets held at cost		
Shares in other corporations	80,444	-
Other shares and Units held	1,875,000	625,000
Total financial assets held at cost	1,955,444	625,000

NOTE 11: EQUITY ACCOUNTED INVESTMENTS

NON-CURRENT		
Equity accounted associates	7,514,636	13,188

NOTE 12: INTERESTS IN ASSOCIATES AND JOINT VENTURES

(a) Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method in the consolidated entity and carried at cost in the parent entity.

Interests are held in the following associated companies:

Joint Ventures	Equity instrument	Ownership interest 2016	Ownership interest 2015
Trump Aviation Unit Trust ('TAUT') Balance date: 30 June 2016	Trust units	0%	50%
Trump Aviation Pty Ltd (Trustee for TAUT) Balance date: 30 June 2016	Ordinary shares	0%	50%

Share in Joint Venture was de-grouped before Initial Public Offering.
The consolidated entity recognised a share of loss from the above joint venture at 30 June 2015 equal to $47,370.

Associated Companies

Associates	Nature of Relationship	Principal place of business	Ownership interest 2016	Ownership interest 2015
AB Risk Solutions Ltd *	(i)	United Kingdom	50.00%	50.00%
Easy Broking Online Ltd *	(i)	United Kingdom	23.00%	23.00%
Shares - RP Baulkham Hills	(ii)	Australia	50.00%	0%
Shares - RP Caboolture	(ii)	Australia	50.00%	0%
Shares - RP Canning Vale	(ii)	Australia	50.00%	0%
Shares - RP Cannington	(ii)	Australia	50.00%	0%
Shares - RP Carlton	(ii)	Australia	50.00%	0%
Shares - RP Construction Risk	(ii)	Australia	50.00%	0%
Shares - RP CPRS	(ii)	Australia	50.00%	0%
Shares - RP Edwardstown	(ii)	Australia	50.00%	0%
Shares - RP Fremantle	(ii)	Australia	50.00%	0%
Shares - RP Horsham	(ii)	Australia	50.00%	0%
Shares - RP Hoxton Park	(ii)	Australia	50.00%	0%
Shares - RP Joondalup	(ii)	Australia	50.00%	0%
Shares - RP Malaga	(ii)	Australia	50.00%	0%
Shares - RP Mona Vale	(ii)	Australia	50.00%	0%
Shares - RP Morayfield	(ii)	Australia	50.00%	0%
Shares - RP Nerang	(ii)	Australia	50.00%	0%
Shares - RP North Perth	(ii)	Australia	50.00%	0%
Shares - RP Oakleigh	(ii)	Australia	50.00%	0%
Shares - RP Rockingham	(ii)	Australia	50.00%	0%
Shares - RP South Perth	(ii)	Australia	50.00%	0%
Shares - RP Success	(ii)	Australia	50.00%	0%
Shares - RP Tullamarine	(ii)	Australia	10.00%	0%
Shares - RP Wanneroo	(ii)	Australia	50.00%	0%
Shares - RP Warragul	(ii)	Australia	50.00%	0%
Shares - RP Yanchep	(ii)	Australia	50.00%	0%
Shares - RP Yarrawonga	(ii)	Australia	50.00%	0%

NOTE 12: INTERESTS IN ASSOCIATES AND JOINT VENTURES (Cont)

Associated Companies

	Nature of relationship	Balance Date	Total Value 2016 $	Total Value 2015 $
(i)	Non-controlling interests in UK broking businesses	28 February 2015	27,202	13,188
(ii)	Investments in entities holding client lists	30 June 2016	7,487,434	-
			7,514,636	13,188

*The consolidated entity recognised an equity share of profit from the UK equity investments at 30 June 2016 equal to $17,649 (GBP 8,672) (2015 : $NIL).

NOTE 13: PROPERTY, PLANT AND EQUIPMENT	2016 $	2015 $
Leasehold improvements		
Leasehold improvements at cost	1,305,014	1,085,157
Accumulated depreciation	(880,060)	(866,050)
	424,954	219,107
Plant and equipment		
Motor vehicles at cost	21,795	-
Accumulated depreciation	(11,189)	-
	10,606	-
Office equipment at cost	1,946,886	1,515,568
Accumulated depreciation	(1,249,496)	(1,138,697)
	697,390	376,871
Computer equipment at cost	1,791,738	1,415,847
Accumulated depreciation	(1,175,767)	(920,993)
	615,971	494,854
Total plant and equipment	1,323,967	871,725
Total property, plant and equipment	1,748,921	1,090,832

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (Cont)

(b) Reconciliations

	2016 $	2015 $
Leasehold improvements		
Carrying amount at beginning of year	219,107	225,975
Additions	294,057	56,349
Depreciation expense	(105,935)	(63,849)
Net foreign currency movements arising from foreign operation	17,725	632
Carrying amount end of year	424,954	219,107
Plant and equipment		
Motor vehicles		
Carrying amount at beginning of year	-	-
Additions through acquisition of entities/operations	11,197	-
Depreciation expense	(591)	-
Carrying amount end of year	10,606	-
Office equipment		
Carrying amount at beginning of year	376,871	390,159
Additions	337,585	78,951
Disposals	(25,453)	-
Additions through acquisition of entities/operations	142,743	-
Depreciation expense	(131,911)	(108,738)
Net foreign currency movements arising from foreign operation	(2,445)	16,499
Carrying amount end of year	697,390	376,871

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (Cont)	**2016**	**2015**
(b) Reconciliations (Cont)	**$**	**$**
Computer equipment		
Carrying amount at beginning of year	494,854	417,886
Additions	297,832	261,139
Additions through acquisition of entities/operations	86,011	37,311
Depreciation expense	(320,251)	(234,931)
Net foreign currency movements arising from foreign operation	57,525	13,449
Carrying amount end of year	615,971	494,854
Total plant and equipment	1,323,967	871,725
Total property, plant and equipment	1,748,921	1,090,832

NOTE 14: INTANGIBLE ASSETS

Goodwill at cost	53,987,691	32,963,827
Goodwill on consolidation at cost	9,148,193	4,390,465
Client lists at cost	5,677,457	2,133,013
Accumulated amortisation and impairment	(1,436,635)	(978,917)
	4,240,822	1,154,096
Total intangible assets	67,376,706	38,508,388

NOTE 14: INTANGIBLE ASSETS (Cont)

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	2016 $	2015 $
Goodwill at cost		
Opening balance	32,963,827	32,421,785
Additions (a)	20,302,534	60,635
Net foreign currency movement arising from foreign operations	(496,680)	481,407
Closing balance	52,769,681	32,963,827
Goodwill on consolidation at cost		
Opening balance	4,390,465	4,390,465
Additions (b)	4,564,110	-
Closing balance	8,954,575	4,390,465
Client lists at cost		
Opening balance	1,154,096	943,830
Additions (b)	4,956,072	435,999
Disposals	-	-
Amortisation expense	(457,718)	(225,733)
Closing balance	5,652,450	1,154,096
Total intangible assets	67,376,706	38,508,388

(a) Additional goodwill recognised for the acquisitions over the year, includes Hamilton Brokers Pty Ltd, T A Management Pty Ltd, AR (WA) Pty Ltd, Australian Reliance (NSW) Pty Ltd, Reliance Franchise Partners Pty Ltd, EIB Insurance Brokers Pty Ltd, John Holman & Sons Holdings Ltd and Hiscock Insurance Brokers Pty Ltd.

(b) Additional customer lists represent the above acquisitions and David Denson Pty Ltd.

NOTE 14: INTANGIBLE ASSETS (Cont)

The consolidated entity performs, on an annual basis, impairment testing for goodwill and any identifiable intangible assets (customer relationships) which have impairment indicators. There was no impairment provision for the year ended 30 June 2016 (2015: no impairment provision).

In performing impairment testing, each subsidiary acquired or portfolio of businesses acquired is considered a separate cash generating unit (CGU) or grouped into one CGU where operations are linked.

The methodologies used in the impairment testing are:

• Value in use - a discounted cash flow model, based on a five year projection commencing with the year one approved budget of the tested CGUs plus a terminal value: and

• Fair value - based on the consolidated entity's estimates of sustainable earnings before interest expense, tax and amortisation (EBITA) for each CGU multiplied by an earnings multiple appropriate for similar businesses less costs to sell.

The following table sets out the key assumptions for the value use model:

	2016	**2015**
	%	**%**
Revenue growth	5% pa for first 5 years	5% pa for first 5 years
Cost growth	3% pa for first 5 years	3% pa for first 5 years
Terminal growth rate (EBITDA)	2%	2%
Discount rate (pre tax)	16.67%	16.67%

Sensitivity analysis has been conducted and no reasonable change in the key assumptions of the value in use calculations would result in impairment.

NOTE 15: PAYABLES	**2016** **$**	**2015** **$**
CURRENT		
Unsecured liabilities		
Trade creditors	3,421,347	1,664,213
Payables from broking, reinsurance and underwriting agency operations	391,523,612	329,954,228
Sundry creditors and accruals	2,733,115	3,937,585
Loans from directors	-	551,832
	397,678,074	336,107,858

NOTE 16: BORROWINGS	2016 $	2015 $
CURRENT		
Secured liabilities		
Bank loans	566,383	5,580,703
NON CURRENT		
Secured liabilities		
Bank loans	26,154,302	29,563,895

(a) Terms and conditions and assets pledging as security relating to the above financial instruments

The consolidated entity has two primary funding facilities:

- PSC Insurance Group Limited - Revolving Funding Facility (Macquarie Bank Limited) - Limit $32,000,000
- Insurance Holdings Ltd - Loan Facility (Clydesdale Bank) - Limit £2,200,000

There are also two standalone funding facilities to RP Newcastle Pty Ltd and RP Windsor Pty Ltd, totalling $712,517.

The key terms and conditions are as follows:

Macquarie Bank Limited (MBL) Revolving Fund Facility

Security was granted in favour of MBL in accordance with the requirements of the MBL Facility including a registered first ranking security over all assets and undertakings of the parent entity and certain subsidiaries of the parent entity.

The MBL Facility contains a number of representations, warranties and undertakings (including financial covenants and reporting obligations) from the parent entity and each guarantor that are customary for a facility of this nature, including covenants ensuring the parent entity maintains a drawn debt to EBITDA ratio below agreed levels and a debt service cover ratio above agreed levels. These covenants have been met during the year.

The MBL facility is interest only with a 5 year term from its inception date of December 2015.
The interest rate is a variable interest rate based on BBSY plus a margin.

Clydesdale Bank Facility

The agreement provides for a Cross Guarantee and Mortgage Debenture over the assets of IHL, and all trading subsidiaries as security. The loan was to refinance the existing indebtedness of IHL, to fund a share buy back from a retiring Director and to assist in funding the acquisition of John Holman & Sons.

The Clydesdale Facility contains a number of representation, warranties and undertakings, including financial covenants and reporting obligations. The financial covenants cover IHL's rolling EBITDA to loan value ratio, its interest ratio and cashflow cover. These covenants have to be met quarterly and have been met during the Facility term to date.

The Clydesdale Facility is a 7 year facility with repayment terms of the Clydesdale Facility are £314,286 per annum. The interest rate is a variable interest rate based on LIBOR plus a margin.

Hunter Premium Finance Facilities

Hunter have provided a facility of $356,258 to each of RP Newcastle Pty Ltd and RP Windsor Pty Ltd. These are secured by a first registered charge over those companies and a guarantee from the parent entity.

The Hunter Facilities are 8 year facilities with repayment terms of approximately$51,500 per annum. The interest rate is a variable interest rate based on BBSY plus a margin.

NOTE 17: PROVISIONS

	2016 $	2015 $
CURRENT		
Employee benefits provision	2,108,883	1,431,275
NON CURRENT		
Employee benefits	304,208	153,696
Total employee benefits liability	2,413,091	1,584,971
Movements in provisions		
Carrying amount at the beginning of the year	1,584,971	1,057,561
Additional provisions recognised	138,344	527,410
Provisions acquired through business acquisitions	689,776	-
Carrying amount at the end of the year	2,413,091	1,584,971

NOTE 18: OTHER LIABILTIES

	2016 $	2015 $
CURRENT		
Deferred income	391,906	82,008
Amounts payable to vendors (a)	10,305,716	892,612
Dividends Payable	-	68,980
	10,697,622	1,043,600
NON CURRENT		
Amounts payable to vendors (a)	5,044,699	-

(a) Amounts payable to vendors represents deferred consideration expected to be made to vendors for acquisitions. The consideration payable is calculated based on a multiple of revenue as defined in the various sale and purchase agreements.

NOTE 19: SHARE CAPITAL

	2016 $	2015 $
(a) Issued and paid-up capital		
225,378,110 Ordinary shares fully paid (2015: 153,243,334)	85,194,112	3,599,216

Fully paid ordinary shares carry one vote per share and have the right to dividends.

	Parent Entity	
(b)Movements in shares on issue	**No of shares**	**$**
2016		
Beginning of financial year	153,243,334	3,599,216
Share Split#	(14,106,486)	-
Retail offer and Chairman’s List	43,000,000	43,000,000
In Specie sale of Demerged entities	-	(1,813,314)
In Specie share-issue for acquisition of former non-controlling interests	39,276,065	39,276,065
Share in lieu of cash for acquisition of non-controlling interests	353,326	586,521
Employees share issues	1,467,393	1,467,393
Other Share Options	1,000,000	-
Option holders conversion	1,144,478	1,144,478
Share Capital Issue Costs	-	(2,066,247)
End of financial year	225,378,110	85,194,112

2015		
Beginning of financial year	10,075,004	3,599,216
Share Split	143,168,330	-
End of financial year	153,243,334	3,599,216

During the year the Board consolidated the number of shares in preparation for the Initial Public Offering (IPO).

* During the year, the Board issued a one for 14.21 share split in preparation for the IPO.

(c) 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 gives entitlement to one vote when a poll is called.

(d) Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues to maintain optimal returns to shareholders. This is achieved through the monitoring of historical and forecast performance and cashflows.

During 2016, management paid dividends of:

- Dividends paid by PSC Insurance Group Limited $6,505,295 (2015: $1,550,000)
- Dividends paid to non-controlling interests $1,130,748 (2015: $1,164,358)

Management manages capital by proactively assessing future funding needs and determining the best funding measures, principally through retained earnings and debt facilities. When considering prudent gearing levels, the consolidated entity considers its gross debt levels against the forecast levels of EBITDA and free cash flow. The consolidated entity also considers the gearing ratio being net debt / total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalents (excluding cash held in trust) and total capital includes net debt and book equity.

NOTE 20: RESERVES AND RETAINED EARNINGS	**2016** **$**	**2015** **$**
Share-based payment reserve	154,387	29,634
Foreign currency translation reserve	(543,818)	1,141,924
Non-controlling interest reserve	(37,350,922)	-
	(37,740,353)	1,171,558
Retained Earnings	18,920,361	15,304,926

(a) Share-based payment reserve

(i) *Nature and purpose of reserve*

The share-based payment reserve comprises the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital. The share-based payment reserve remains as a separate component of equity.

NOTE 20: RESERVES AND RETAINED EARNINGS (Cont)

(ii) Movements in reserve	2016 $	2015 $
Opening balance	29,634	-
Fair value of options and performance share rights issued during the year	124,753	29,634
Closing balance	154,387	29,634

Employee share options and loan funded shares issued in FY16 have been valued using a Black Scholes model with volatility of 25% and a risk free rate of 1.5%. Employee share options were granted at a $1 excise price and expire after 5 years. The loan funded shares of 1,000,000 have a 5-year term and implied option cost is expensed over the loan term.

(b) Foreign currency translation reserve

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record the unrealised exchange differences arising on translation of a foreign entity and is not distributable.

(ii) Movements in reserve

Opening balance	1,141,924	255,847
Exchange differences on translation of foreign operations	(1,685,742)	886,077
Closing balance	(543,818)	1,141,924

(c) Non-controlling interest reserve

(i) The non-controlling interest reserve is used to record the fair value of shares issued to buyout non-controlling interests

(ii) Movements in reserves

	2016 $	2015 $
- Opening Balance	-	-
- Fair Value of NCI purchased	(37,350,922)	-
	(37,350,922)	-

(d) Retained Earnings	2016 $	2015 $
Retained earnings at beginning of year	15,304,926	10,770,136
Other movement in retained earnings	155,962	(327,440)
Net profit	9,964,768	6,412,230
Dividends provided for or paid	(6,505,295)	(1,550,000)
	18,920,361	15,304,926

NOTE 21: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

Subsidiaries of the group		Country of incorporation	Ownership interest held by group		Ownership interest held by NCI	
			2016	2015	2016	2015
ACN 151 774 668 Pty Ltd	3	Australia	100.00%	75.00%	0.00%	25.00%
Alsford Page & Gems (Holdings) Limited		United Kingdom	100.00%	72.10%	0.00%	27.90%
Alsford Page & Gems Limited		United Kingdom	100.00%	72.10%	0.00%	27.90%
AR (WA) Pty Ltd	4	Australia	70.00%	0.00%	30.00%	0.00%
Austrans Pacific Pty Ltd	7	Australia	0.00%	100.00%	100.00%	0.00%
Breeze Reinsurance Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
Breeze Underwriting (Aust) Pty Ltd	3, 5	Australia	100.00%	90.30%	0.00%	9.70%
Breeze Underwriting Limited		United Kingdom	100.00%	80.00%	0.00%	20.00%
Carroll & Partners Limited		United Kingdom	100.00%	84.20%	0.00%	15.80%
Certus Life Australia Pty Ltd	3, 6	Australia	100.00%	93.10%	0.00%	7.00%
Certus Life Melbourne Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
Certus Life Pty Ltd	3	Australia	100.00%	80.00%	0.00%	20.00%
Chase Surety Pty Ltd		Australia	80.00%	56.00%	20.00%	44.00%
Chase Underwriting Pty Ltd	3	Australia	100.00%	70.00%	0.00%	30.00%
Connect Life	1	Australia	100.00%	**	0.00%	**
Deskhaven Pty Ltd	3	Australia	100.00%	70.00%	0.00%	30.00%
Fenchurch Insurance Risk Management Limited		United Kingdom	100.00%	84.20%	0.00%	15.80%
Insurance Holdings Limited		United Kingdom	100.00%	84.20%	0.00%	15.80%
John Holman & Sons (Holdings) Ltd (UK)		United Kingdom	100.00%	0.00%	0.00%	0.00%
Just Equestrian Insurance Services Limited		United Kingdom	35.03%	29.50%	64.97%	70.50%
Just Leisure Insurance Services Limited		United Kingdom	35.03%	29.50%	64.97%	70.50%
Just Motorsport Limited		United Kingdom	35.03%	29.50%	64.97%	70.50%
McKenna Hampton Insurance Brokers Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
P Capital Pty Ltd	7	Australia	0.00%	100.00%	100.00%	0.00%
Professional Services Corporation Pty Ltd	3, 6	Australia	100.00%	93.00%	0.00%	7.00%
PSC Coastwide Insurance Services Pty Ltd	3	Australia	100.00%	70.00%	0.00%	30.00%
PSC Coastwide Newcastle Pty Ltd	3	Australia	100.00%	50.00%	0.00%	50.00%
PSC Connect NZ Ltd		New Zealand	100.00%	75.00%	0.00%	25.00%
PSC Connect Pty Ltd	3	Australia	100.00%	75.00%	0.00%	25.00%
PSC Foundation Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
PSC Group Holdings Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
PSC Holdings (Aust) Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers (Aust) Pty Ltd	3, 5	Australia	100.00%	90.30%	0.00%	9.70%
PSC Insurance Brokers (Brisbane) Pty Ltd	3	Australia	100.00%	75.00%	0.00%	25.00%
PSC Insurance Brokers (Darwin) Pty Ltd	3	Australia	100.00%	75.00%	0.00%	25.00%
PSC Insurance Brokers (Melbourne) Pty Ltd	3,5	Australia	100.00%	90.30%	0.00%	9.70%

NOTE 21: INTERESTS IN SUBSIDIARIES (Cont)
(a) Subsidiaries (Cont)

PSC Insurance Brokers (Wagga) Pty Ltd	3	Australia	100.00%	77.80%	0.00%	22.20%
PSC Insurance Brokers Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
Breeze Underwriting Pty Ltd (PSC Insurance Pty Ltd)	3, 5	Australia	100.00%	90.30%	0.00%	9.70%
PSC Insurance Services Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
PSC International Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
PSC JLG Investment Pty Ltd	3	Australia	100.00%	90.30%	0.00%	9.70%
PSC McKenna Hampton Insurance Brokers Pty Ltd	3	Australia	100.00%	86.50%	0.00%	13.50%
PSC Nominees Pty Ltd	3	Australia	100.00%	90.30%	0.00%	9.70%
PSC Risk Consultants Limited		Hong Kong	0.00%	65.00%	100.00%	35.00%
PSC Reliance Franchise Partners Pty Ltd (2015 - PSC Share Nominees Pty Ltd)	3, 6	Australia	100.00%	93.10%	0.00%	7.00%
PSC UK Pty Ltd	3	Australia	100.00%	100.00%	0.00%	0.00%
PSC Workers Compensation and Consulting Pty Ltd	1	Australia	75.00%	**	25.00%	**
PSC Wright Fahey Pty Ltd	3	Australia	100.00%	46.10%	0.00%	53.90%
Reliance Workplace Solutions Pty Ltd	4	Australia	70.00%	0.00%	30.00%	0.00%
RP Newcastle Pty Ltd	2,3	Australia	100.00%	***	0.00%	***
RP Windsor Pty Ltd	2	Australia	100.00%	***	0.00%	***
The Lead Agency Pty Ltd	7	Australia	0.00%	70.00%	100.00%	30.00%
UK Facilities Limited		United Kingdom	100.00%	84.20%	0.00%	15.80%
Upper Hillwood Holdings Limited		United Kingdom	100.00%	0.00%	0.00%	27.90%

1 - ** Entity incorporated during the 2016 financial year
2 - *** Entity acquired during the 2016 financial year
3 - Member of the PSC Insurance Group Limited tax consolidated group
4 - Member of the AR (WA) Pty Ltd tax consolidated group
5 - Member of the PSC Insurance Pty Ltd tax consolidated group to 8 December 2015
6 - Member of the Professional Services Corporation Pty Ltd tax consolidated group to 8 December 2015
7 - Exited the PSC Insurance Group Limited tax consolidated group 28 August 2015

	2016	2015
	$	$
(b) Reconciliation of the non-controlling interest		
Accumulated NCI at the beginning of the year	4,370,540	2,733,170
Profit or loss allocated to NCI during the year	873,648	2,246,651
Contributions	-	555,077
Reduction in non-controlling interest	(4,033,959)	-
Non-controlling interest arising from business combination	1,350,000	-
Dividends paid to NCI	(1,130,748)	(1,164,358)
Accumulated NCI at the end of the year	1,429,481	4,370,540

NOTE 22: CASH FLOW INFORMATION

	2016	2015
	$	$
(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 as follows:		
Cash on hand	13,629	15,152
Cash at bank	6,298,387	5,495,321
Cash on deposit	1,683,192	922,000
Cash held on trust	79,257,087	51,467,898
	87,252,295	57,900,371
(b) Reconciliation of net profit after tax to net cash flows from operations		
Profit from ordinary activities after income tax	10,838,416	8,658,881
Items classified as investing activities		
(Gain) on net assets exceeding consideration paid	(252,853)	(476,976)
Equity accounted result	(17,649)	-
Unrealised (profit) on sale of investments	(13,188)	-
Non-cash items		
Depreciation and amortisation	1,016,406	633,251
Bad and doubtful debts	59,150	(1,992)
Foreign currency translation (gains)/losses	(142,376)	76,450
Staff Share Allocations	1,410,073	-
Share-based payment expense	124,753	29,634
(Gain) on sale of shares	-	(1,148,545)
Net cash flows from operations before change in assets and liabilities	13,022,732	7,770,703
Change in assets and liabilities		
(Increase)/decrease in receivables	(40,066,486)	(52,312,452)
(Increase)/decrease in other assets	464,137	(989,252)
Increase/(decrease) in payables	62,525,345	52,228,035
Increase/(decrease) in provisions	828,120	326,567
(Decrease)/Increase in other liabilities	240,918	(127,866)
Increase/(decrease) in income taxes payable	(2,872,653)	1,738,479
(Increase)/decrease in deferred tax liabilities	2,322,721	(742,913)
Net cash flow from operating activities	36,464,834	7,891,301

NOTE 22: CASH FLOW INFORMATION (Cont)

(c) Acquisitions

During the period the consolidated group made a number of acquisitions, including but not limited to those requiring disclosure in the Business Combinations Note 23. The fair value of assets acquired and liabilities assumed were as follows:

	2016 $	2015 $
Cash	2,030,261	11,285,297
Property, plant and equipment	239,951	-
Goodwill	2,839,396	-
Identifiable Intangibles	3,881,072	
Trade receivables	9,039,213	194,837,720
Other shares and units held	7,487,438	-
Other assets	1,421,255	270,632
Other financial assets	2,358,360	-
Trade and other creditors	(10,692,554)	(200,494,352)
Income tax payable	(46,457)	-
Provisions	(689,776)	(267,085)
Deferred tax balances	141,141	134,864
Bank loan	-	(1,902,841)
Other payables	-	(1,807,901)
Net Identifiable assets acquired	18,009,300	2,056,334
Loss on net assets exceeding consideration paid	7,715,815	(476,976)
Consideration paid in cash	(25,725,115)	(1,579,358)
Cash acquired	2,030,261	11,285,297
Net cash (dispensed) / acquired	(23,694,854)	9,705,939

(d) Loan facilities

	2016 $	2015 $
Loan facilities	36,677,196	39,566,735
Amount utilised	26,720,685	35,144,598
Unused loan facility	9,956,511	4,422,137

NOTE 23: BUSINESS COMBINATIONS

	2016 $	2015 $
Consideration and costs paid	23,779,671	1,579,358
Deferred (contingent) consideration	14,654,021	-
Total purchase consideration	38,433,692	1,579,358
Fair value of non-controlling interests	1,350,000	555,077

NOTE 23: BUSINESS COMBINATIONS (Continued)

Acquisitions for the Year ended 30 June 2016

In accordance with consolidated entity strategy, as series of acquisitions were completed during the year. These included the following acquisition vehicles:

(i) Company and its subsidiary entity/(ies)
(ii) Client list and employee benefits
(iii) Client list, employee benefits and other business assets

(a) Consideration paid/payable **2016**	**AR (WA) Pty Ltd** **$**	**Reliance Franchise Partners** **$**	**AR Portfolio (NSW)** **$**	**John Holman and Sons (Holdings) Ltd** **$**	**Hamilton Brokers** **$**	**TA Management** **$**	**EIB Ins Brokers** **$**	**Hiscock** **$**	**Total Group** **$**
Cash consideration paid	6,355,000	7,399,146	2,677,933	2,703,190	714,696	1,350,414	644,083	1,935,209	23,779,671
Deferred consideration	-	-	-	197,824	-	-	335,000	-	532,824
Contingent consideration	2,695,000	2,800,000	1,540,000	3,305,045	1,021,842	1,400,000	335,000	1,024,310	14,121,197
Total purchase consideration	**9,050,000**	**10,199,146**	**4,217,933**	**6,206,059**	**1,736,538**	**2,750,414**	**1,314,083**	**2,959,519**	**38,433,692**
Ownership share	70%	100%	100%	100%	100%	100%	100%	100%	
Acquisition vehicle	(i)	(iii)	(ii)	(i)	(ii)	(iii)	(ii)	(iii)	

NOTE 23: BUSINESS COMBINATIONS (Cont)

(b) Identifiable assets and liabilities acquired 2016	AR (WA) Pty Ltd $	Reliance Franchise Partners $	AR Portfolio (NSW) $	John Holman and Sons (Holdings) Ltd $	Hamilton Brokers $	TA Management $	EIB Ins Brokers $	Hiscock $	Total Group $
- Cash and Cash equivalents	-	-	-	2,030,261	-	-	-	-	2,030,261
- Property, plant and equipment	138,804	-	-	73,893	-	12,254	-	15,000	239,951
- Goodwill	2,839,396	-	-	-	-	-	-	-	2,839,396
- Identifiable intangibles	1,577,118	1,411,628	-	-	138,371	322,036	77,321	354,598	3,881,072
- Trade and other receivables	-	-	-	9,039,213	-	-	-	-	9,039,213
- Other Shares and Units held	-	7,487,438	-	-	-	-	-	-	7,487,438
- Other assets	1,421,255	-	-	-	-	-	-	-	1,421,255
- Other financial Assets	-	2,358,360	-	-	-	-	-	-	2,358,360
- Deferred Tax Assets	69,483	71,658	-	-	-	-	-	-	141,141
- Trade and other payables	(16,816)	(734,048)	-	(9,941,690)	-	-	-	-	(10,692,554)
- Income tax payable	(46,457)	-	-	-	-	-	-	-	(46,457)
- Provisions	(146,785)	(143,036)	(182,067)	-	(60,304)	(49,586)	(25,917)	(82,081)	(689,776)
Total Net identifiable Assets / (liabilities)	**5,835,998**	**10,452,000**	**(182,067)**	**1,201,677**	**78,067**	**284,704**	**51,404**	**287,517**	**18,009,300**

NOTE 23: BUSINESS COMBINATIONS (Cont)

(c) Goodwill on acquisition 2016	AR (WA) Pty Ltd $	Reliance Franchise Partners $	AR Portfolio (NSW) $	John Holman and Sons (Holdings) Ltd $	Hamilton Brokers $	TA Management $	EIB Ins Brokers $	Hiscock $	Total Group $
Total consideration paid / payable	9,050,000	10,199,146	4,217,933	6,206,059	1,736,538	2,750,414	1,314,083	2,959,519	38,433,692
Total net identifiable (assets)/liabilities acquired	(5,835,998)	(10,452,000)	182,067	(1,201,677)	(78,067)	(284,704)	(51,404)	(287,517)	(18,009,300)
Non-controlling interests acquired	1,350,000	-	-	-	-	-	-	-	1,350,000
Goodwill on acquisition / (Excess over consideration paid/payable)	**4,564,002**	**(252,854)**	**4,400,000**	**5,004,382**	**1,658,471**	**2,465,710**	**1,262,679**	**2,672,002**	**21,774,393**

(d) Financial performance since acquisition date 2016	AR (WA) Pty Ltd* $	Reliance Franchise Partners $	AR Portfolio (NSW) $	JHS (Holdings) Ltd $	Hamilton Brokers $	TA Management $	EIB Ins Brokers $	Hiscock $	Total Group $
Revenue	1,957,000	1,416,000	959,000	1,300,000	857,800	764,000	264,000	299,000	7,816,800
Profit after tax	266,000	463,000	76,000	318,000	338,000	144,000	58,000	64,000	1,727,000

If the acquisitions had occurred on 1 July 2015, this would have given rise to an additional 11.3m in revenue and $2.0m in Profit after Tax, but before *non-controlling interest. Therefore, the consolidated entity's total revenue and profit after income tax, attributable to the owners of the Group would have been $79.0 million, and $11.9 million respectively.

Financial performance if held for 12 months									
Revenue	4,790,000	3,421,000	2,030,000	4,500,000	857,800	1,300,000	670,000	1,500,000	19,068,800
Profit after tax	1,170,000	500,000	70,000	600,000	338,000	395,000	200,000	500,000	3,773,000

NOTE 23: BUSINESS COMBINATIONS (Cont)

	AR (WA) Pty Ltd* $	Reliance Franchise Partners $	AR Portfolio (NSW) $	John Holman and Sons (Holdings) Ltd $	Hamilton Brokers $	TA Management $	EIB Ins Brokers $	Hiscock $	Total Group $
Goodwill on acquisition	2,839,396		4,400,000	5,004,382	1,411,629	2,465,709	1,262,679	2,672,002	15,655,797
Customer Lists	1,577,118	-	-	-	138,371	322,037	77,321	354,598	6,869445
(Gain on excess of Net Assets over consideration paid)	-	(252,854)	-	-	-	-	-	-	(252,854)
	4,416,514	(252,854)	4,400,000	5,004,382	1,550,000	2,787,746	1,340,000	3,026,600	22,272,388

In applying AASB3 the accounting for the acquisition of Reliance Franchise Partners resulted in an excess of net assets acquired over consideration paid for, giving rise to a gain on bargain purchase. This has given rise to a gain of $252,854 included in Other Revenue on the Statement of Profit or Loss and other Comprehensive Income.

(e) Acquisition-related Costs

The consolidated entity incurred transaction costs of $0.34 million in respect of these combinations. This includes $0.13 million for the acquisitions of AR (WA) Pty Ltd, AR (NSW) Pty Ltd and Reliance Franchise Partners Pty Ltd, and $0.11m for the UK acquisition of John Holman and Sons (Holdings) Ltd. Transaction costs included legal fees, stamp duty, due diligence and other direct costs incurred in relation to these acquisitions. These costs are included within Administration and other expenses in the Statement of Profit or Loss and other Comprehensive Income.

NOTE 24: COMMITMENTS

	2016 $	2015 $
(a) Lease expenditure commitments		
Operating leases (non-cancellable):		
(i) Nature of leases		
Operating leases comprise lease for premises from which the consolidated entity operates and several novated leases of motor vehicles that form part of the salary packages of employees.		
(ii) Minimum lease payments		
- Not later than one year	2,676,076	1,840,505
- Later than one year and not later than five years	3,562,187	2,194,089
Aggregate lease expenditure contracted for at reporting date	6,196,204	4,034,594
(b) Capital expenditure commitments		
Land and Buildings payable	9,101,150	-
Computer Software payable	148,800	-
Plant and equipment payable	-	15,285
Total capital expenditure commitments	9,249,950	15,285
(c) Business acquisition commitments for acquisitions completed post-balance date*		
Assured Cover Pty Ltd (purchase of business)	367,500	-
David Denson Pty Ltd (purchase of client list)	-	1,075,000
Hamilton Brokers Pty Ltd (purchase of client list)	-	1,550,000
Flagship Haven Insurance Consultants Limited (purchase of license and client list)	-	425,000
TA Asset Management Pty Ltd (purchase of client list, other business assets and assumption of employee benefits liabilities)	-	2,800,000
	367,500	5,850,000

*Refer to Note 34: Subsequent Events

(d) Bank guarantee commitments
The consolidated entity has provided bank guarantees in relation to a number rental premises from which various businesses operate. Total bank guarantees outstanding $965,000 (2015: $340,000).

(e) Contingent liabilities
The consolidated entity has provided guarantees on indebtedness of some of its investments. The total amount is limited to $2,731,270. The amount of $1,362,270 of this contingent liability relates to the guarantee of loans made to non-group interests in certain associate entities and is supported by Put Option agreements held by the lender over the non-group holdings in these associate entities.

	Notes	2016	2015
		$	$

NOTE 25: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:		
Profit from continuing operations attributable to owners of PSC Insurance Group Limited attributable to owners of PSC Insurance Group Limited	9,964,768	6,412,230
Profit used in calculating basic earnings per share	9,964,768	6,412,230
Profit used in calculating diluted earnings per share	9,964,768	6,412,230
Earnings used in calculating diluted earnings per share	9,964,768	6,412,230

	2016	2015
	No of Shares	**No of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	192,013,202	36,427,416
Effect of dilutive securities:		
Share options	327,123	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	192,340,325	36,427,416

NOTE 26: SHARE BASED PAYMENTS

(a) Employee option plan

Enter details including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted, and the method of settlement (e.g. whether in cash or equity).

Details of the options granted are provided below:

2016 Grant date	**Expiry date**	**Exercise price**	**Balance at beginning of the year**	**Granted during the year**	**Exercised during the year**	**Expired during the year**	**Balance at the end of the year**	**Exercisable at the end of the year**
14/12/15	13/12/20	$1.00	-	1,000,000	-	-	1,000,000	1,000,000
14/12/15	13/12/20	$1.00	-	600,000	-	-	600,000	600,000
31/10/15	31/10/16	$175.50	-	1,112	1,112	-	1,112	-
31/10/15	31/10/16	$23.34	-	417	417	-	417	-

The weighted average share price for share options exercised during the period was $134.00.

The weighted average remaining contractual life for share options outstanding at the end of the period was 4.5 years.

Fair value of options granted:

The fair value of the options at grant date was $245,427 (2015 - $44,962). Fair value was determined using the Black Scholes Model. The following inputs were utilised:
Expected price volatility of the company’s shares: 25% (2015 – n/a)
Expected dividend yield: 3.5% (2015 – n/a)
Risk-free interest rate: 1.5% (2015 – n/a)

NOTE 27: FINANCIAL RISK MANAGEMENT

The consolidated entity is exposed to a variety of financial risks comprising:
- Market price risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

	2016	2015
	$	$
The consolidated entity holds the following financial instruments:		
Financial assets		
Cash and cash equivalents	87,252,295	57,900,371
Bonds and Deposits	970,694	361,062
Receivables from broking, reinsurance and underwriting agency operations	337,712,869	297,705,532
Other receivables	932,726	347,947
Loans to related parties	6,364,743	3,836,543
Financial assets at cost	1,955,444	638,188
	433,188,771	360,789,644
Financial liabilities		
Trade creditors	3,421,347	1,664,213
Payables from broking, reinsurance and underwriting agency operations	391,523,612	329,954,228
Sundry creditors & accruals	2,733,114	3,937,585
Loans from directors	-	551,832
Borrowings	26,720,685	35,144,598
	424,398,758	371,252,456

NOTE 27: FINANCIAL RISK MANAGEMENT (Cont)

(a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Sensitivity

The consolidated entity does not hold market securities and no sensitivity analysis is required.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Sensitivity

If foreign exchange rates were to increase/decrease by 10% from rates used to determine fair values of all financial instruments as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	2016	2015
	$	$
+ / - 10%		
Impact on profit after tax	108,489	42,273
Impact on equity	1,233,065	1,100,734

(c) Fair value of Financial Instruments

The consolidated entity's deferred consideration liability is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of this financial liability is determined, including the valuation technique and inputs used.

Financial instrument	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Deferred consideration	The fair value is calculated based on an agreed multiple of fees and commissions	Forecast fees and commissions	The estimated fair value would increase/(decrease) if: - The forecast fees and commissions were higher/(lower)

(d) 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.

The exposure to interest rate risks in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

NOTE 27: FINANCIAL RISK MANAGEMENT (cont)

Financial Instruments	Interest-bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
2016	**$**	**$**	**$**	**%**
(i) Financial assets (variable)				
Cash	87,252,295	-	87,252,295	1.35%
Bonds and Deposits	-	970,694	970,694	
Receivables from broking, reinsurance and underwriting agency operations	-	337,712,869	337,712,869	
Other receivables	-	932,726	932,726	
Loans to director related entities	6,364,743	-	6,364,743	5.65%
Financial Assets at cost	-	1,955,444	1,955,444	
Total financial assets	93,617,038	341,571,733	435,188,771	
(ii) Financial liabilities (variable)				
Trade creditors	-	3,421,347	3,421,347	
Payables from broking, reinsurance and underwriting agency operations	-	391,523,612	391,523,612	
Sundry creditors & accruals	-	2,733,114	2,733,114	
Borrowings	26,720,685	-	26,720,685	4.91%
Total financial liabilities	26,720,685	397,678,073	424,398,758	
2015				
(i) Financial assets (variable)				
Cash	57,900,371	-	57,900,371	1.97%
Bonds and Deposits	-	361,062	361,062	
Receivables from broking, reinsurance and underwriting agency operations	-	297,705,532	297,705,532	
Other receivables	-	347,947	347,947	
Loans to director related entities	3,836,544	-	3,836,544	6.95%
Financial Assets at cost	-	638,188	638,188	
Total financial assets	61,736,915	299,052,729	360,789,644	
(ii) Financial liabilities (variable)				
Trade creditors	-	1,664,213	1,664,213	
Payables from broking, reinsurance and underwriting agency operations	-	329,954,228	329,954,228	
Sundry creditors & accruals	-	3,937,585	3,937,585	
Loans from directors	551,832	-	551,832	6.20%
Borrowings	35,144,598	-	35,144,598	7.09%
Total financial liabilities	35,696,430	335,556,026	371,252,456	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

NOTE 27: FINANCIAL RISK MANAGEMENT (Cont)

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	2016	2015
+ / - 100 basis points	$	$
Impact on profit after tax	(423,721)	(77,555)
Impact on equity	(423,721)	(77,555)

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Credit risk of the consolidated entity mainly arises from cash and cash equivalents, trade and other receivables, loan to shareholders and loan to a joint venture.

Although there is a concentration of cash and cash equivalents held with a major bank, credit risk is not considered significant.

The consolidated entity's exposure to credit risk is concentrated in the financial services industry with parties which are considered to be of sufficiently high credit quality to minimise credit risk losses. Receivables include amounts due from policyholders in respect of insurances arranged by controlled entities. Insurance brokers and underwriting agencies have credit terms of 90 days from policy inception to pay funds received from policyholders to insurers. Should policyholders not pay, the insurance policy is cancelled by the insurer and a credit given against the amount due. The consolidated entity's credit risk exposure in relation to these receivables is limited to commissions and fees charged. Commission revenue is recognised after taking into account an allowance for expected revenue losses on policy lapses and cancellations, based on past experiences.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The consolidated entity's risk management includes maintaining sufficient cash and the availability of funding via an adequate amount of credit facilities as disclosed in note 22.

(f) Fair value compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

NOTE 27: FINANCIAL RISK MANAGEMENT (Cont)

(f) Maturity analysis

The tables below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

	< 6 Months	6-12 Months	1-5 years	Carrying amount
Year ended 30 June 2016	**$**	**$**	**$**	**$**
Cash and cash equivalents	87,252,295	-	-	87,252,295
Receivables	181,882,071	157,502,292	-	339,384,363
Other financial assets	-	-	1,955,444	1,955,444
Payables	(397,678,074)	-	-	(397,678,074)
Borrowings	(283,192)	(283,191)	(26,154,302)	(26,720,685)
Other financial liabilities	-	(11,249,039)	(6,425,802)	(17,674,841)
Net maturities	(128,826,900)	145,970,062	(30,624,660)	(13,481,498)
Year ended 30 June 2015				
Cash and cash equivalents	57,900,371	-	-	57,900,371
Receivables	145,014,588	156,113,396	-	301,127,985
Other financial assets	-	-	638,188	638,188
Payables	(336,107,858)	-	-	(336,107,858)
Borrowings	(2,790,352)	(2,790,351)	(29,563,895)	(35,144,598)
Other financial liabilities	-	(4,467,670)	-	(4,467,670)
Net maturities	(135,983,251)	148,855,375	(28,925,707)	(16,053,582)

NOTE 28: DIRECTORS' AND EXECUTIVES' COMPENSATION	**2016**	**2015**
Compensation by category	**$**	**$**
Short-term employment benefits	959,307	1,250,000

The names of directors who have held office during the year are:

Name	**Appointment Details**
Paul Dwyer	Appointed 10 December 2010
John Dwyer	Appointed 10 December 2010
Brian Austin	Appointed 10 December 2010
Antony Robinson	Appointed 13 July 2015

Key management personnel during the year are the directors.

NOTE 29: RELATED PARTY DISCLOSURES

(a) Ownership interests in related parties

Details of interests in controlled entities are set out in Note 21.

(b) Related party transactions

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

(i) Transactions with subsidiaries

All transactions that have occurred among the subsidiaries within the consolidated entity have been eliminated for consolidation purposes.

(ii) Transactions with entities with director related entities

Fuse Recruitment Pty Ltd and The Lead Agency Pty Ltd are owned by Directors of the consolidated entity and is therefore considered related entities. The Group engages Fuse recruitment for recruitment and contractor services, and The Lead Agency Pty Ltd for Marketing services. The following fees were paid on normal third party commercial terms:

	2016	**2015**
	$	**$**
Fees Paid or Payable to associates on normal commercial terms:		
Recruitment/ contractor fees	202,104	259,518
Marketing service fees	295,254	-

Transactions with The Lead Agency were included within the consolidated result of the consolidated entity in the prior Financial Year, as a formerly subsidiary of the consolidated entity.

NOTE 29: RELATED PARTY DISCLOSURES (Cont)

For part of the year the consolidated entity paid subtenant rent to Fuse Recruitment Pty Ltd as lead Tenant of shared office space. For the remainder of the year Fuse Recruitment Pty Ltd was subtenant of the consolidated entity.

	2016	2015
	$	$
Rent paid or payable to associates on normal commercial terms	46,761	50,679
Estimated rent receivable from associates on normal commercial terms	59,175	-

(iii)Transactions with directors, key management personnel and other related parties

From time to time, the consolidated entity issues loans to Directors, Key management personnel and other related parties. The following balances are outstanding at the reporting date in relation to loans with related parties.

	2016	2015
Current receivables	**$**	**$**
Directors loans (a)	22,767	2,188,793
Loans to related parties	132,861	1,172,619
Loans to associates	964,408	-
Non-Current receivables		
Loans to related parties	1,995,569	-
Loans to associates	3,249,138	-
Current payables		
Director loans (a)	753,950	551,832

Related party loans are interest bearing at a minimum rate of the Fringe Benefit Tax Reference rate. The maximum loan term is 7 years.

(iv)Transactions with joint ventures in which the consolidated entity is a venturer

The consolidated entity is not engaged in any joint ventures in this financial year.

NOTE 30: AUDITOR'S REMUNERATION	2016	2015
(a) Amounts paid and payable to Pitcher Partners Melbourne for:	**$**	**$**
(i) Audit and other assurance services		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	610,738	508,738
Other assurance services		
- Due diligence	94,725	120,500
Total remuneration for audit and other assurance services	705,463	629,238
(ii) Other non-audit services		
Corporate secretarial services	4,050	11,257
Taxation services	81,830	90,813
Total remuneration for non-audit services	85,880	102,070
Total remuneration of Pitcher Partners Melbourne	791,343	731,308
(b) Amounts paid and payable to network firms of Pitcher Partners for:		
(i) Audit and other assurance services		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	5,078	9,093
Total remuneration for audit and other assurance services	5,078	9,093
(ii) Other non-audit services		
Corporate secretarial services	1,371	889
Total remuneration for non-audit services	1,371	889
Total remuneration of network firms of Pitcher Partners	6,449	9,982
(c) Amounts paid and payable to non-related auditors of group entities for:		
(i) Audit and other assurance services		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	155,053	96,228
Total remuneration for audit and other assurance services	155,053	96,228
(ii) Other non-audit services		
Taxation services	56,250	34,910
Other services	10,379	-
Total remuneration for non-audit services	66,629	34,910
Total remuneration of non-related auditors of group entities	221,682	131,138
Total auditors' remuneration	1,019,474	872,428

NOTE 31: PARENT ENTITY INFORMATION

(a) Summarised statement of financial position	2016	2015
	$	$
Assets		
Current assets	82,805,990	1,931,415
Non-current assets	34,100,617	35,560,542
Total assets	116,906,607	37,491,957
Liabilities		
Current liabilities	2,895,930	5,404,912
Non-current liabilities	22,045,062	19,129,577
Total liabilities	24,940,992	24,534,489
Net assets	91,965,615	12,957,468
Equity		
Share capital	91,669,900	10,075,004
Reserves	109,935	-
Retained earnings	185,779	2,882,464
Total equity	91,965,614	12,957,468

(b) Summarised statement of comprehensive income

Profit for the year	3,795,977	2,741,222
Total comprehensive income for the year	3,795,977	2,741,222

(c) Parent entity guarantees

The amount of $1,362,270 of this contingent liability relates to the guarantee of loans made to non-group interests in certain associate entities and is supported by Put Option agreements held by the lender over the non-group holdings in these associate entities.

(d) Parent entity contractual commitments

The parent entity has contractual commitments $10,582,450 comprised as follows:

- Capital Expenditure Commitments $ 9,249,950
- Business Acquisition Commitments $ 367,500
- Bank Guarantee Commitments $ 965,000

NOTE 32: SEGMENT INFORMATION

(a) Description of segments

The consolidated entity's Chief Financial decision maker has identified the following reportable segments:

- Australasia The consolidated entity's Australasian operations represent insurance broking and underwriting agency operations present in Australia and New Zealand

- UK The consolidated entity's UK operations represent its insurance broking, reinsurance and underwriting agency operations present in the United Kingdom.
All these operating segments have been identified based on internal reports reviewed by the consolidated entity's Chief Financial officer in order to allocate resources to the segment and assess its performance.

(b) Segment information

The consolidated entity's Chief Financial officer uses segment revenue, segment result, segment assets and segment liabilities to assess each operating segment's financial performance and position. Amounts reported for each operating segment are the same amount recorded in the internal reports to the Chief Financial officer.

Amounts of segment information are measured in the same way the financial statements. They include items directly attributable to the segment and those that can reasonably be allocated to the segment based on the operations of the segment. Inter-segment revenue is determined on an arm's length basis.

Segment information is reconciled to financial statements and underlying profit disclosure notes if provided elsewhere where these amounts differ.

2016	**Segment 1 - Australia/NZ/Asia**	**Segment 2 - UK**	**Total**
Segment revenue			
Total segment revenue	44,003,333	22,762,830	66,766,163
Segment revenue from external source	44,003,333	22,762,830	66,766,163
Segment result			
Total segment result	7,166,574	3,671,842	10,838,416
Segment result from external source	7,166,574	3,671,842	10,838,416
Items included within the segment result:			
Interest income	972,595	9,567	982,162
Interest expense	(1,491,469)	(26,491)	(1,517,960)
Depreciation and amortisation expense	(903,044)	(113,363)	(1,016,406)
Income tax expense	(4,174,833)	(960,284)	(5,135,117)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	-	17,649	17,649
Total segment assets	203,576,701	308,713,590	512,290,291
Total segment assets include:			
Investments in equity accounted associates and joint ventures	7,487,434	27,202	7,514,656
Additions to non-current assets other than financial instruments and deferred tax assets	25,830,686	4,544,210	30,374,896
Total segment liabilities	148,069,945	296,416,745	444,486,690

NOTE 32: SEGMENT INFORMATION (Cont)

2015	Segment 1 - Australia/NZ/Asia	Segment 2 - UK	Total
Segment revenue			
Total segment revenue	35,527,933	16,543,741	52,071,674
Segment revenue from external source	35,527,933	16,543,741	52,071,674
Segment result			
Total segment result	5,431,476	3,227,405	8,658,881
Segment result from external source	5,431,476	3,227,405	8,658,881
Items included within the segment result:			
Interest income	945,478	11,686	957,164
Interest expense	(2,207,353)	(125,995)	(2,333,348)
Depreciation and amortisation expense	(539,503)	(93,748)	(633,251)
Income tax expense	(2,347,507)	(772,290)	(3,119,797)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	(47,370)	-	(47,370)
Total segment assets	126,531,154	275,220,183	401,751,337
Total segment assets include:			
Investments in equity accounted associates and joint ventures	-	13,188	13,188
Additions to non-current assets other than financial instruments and deferred tax assets	825,292	67,781	893,073
Total segment liabilities	113,153,648	264,151,449	377,305,097

NOTE 33: SUBSEQUENT EVENTS

Circumstances which have arisen since 30 June 2016 that affect the state of affairs of the consolidated entity are detailed as follows:

(a) Acquisitions

1. Assured Cover Pty Ltd - On 2 August 2016, the consolidated entity acquired the business of Assured Cover Pty Ltd, an insurance consulting firm in Sydney. The fair value of the client list is being determined and will be disclosed at the next reporting date.

Consideration paid/payable	**$**
Consideration and costs paid	220,500
Contingent consideration	73,500
Deferred consideration	73,500
Total Consideration	367,500

(b) Final dividend

On 22 August 2016, the Board declared a final dividend for 2016 of 2.5 cents per share, 100% franked.

NOTE 34: ENTITY DETAILS

The registered office and principal place of business of the group is:

PSC Insurance Group Limited
Suite 1, Ground Floor
90-94 Tram Road
Doncaster VIC3108

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 2 to 59 are in accordance with the *Corporations Act 2001*:

(a) Comply with Australian Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2016 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that PSC Insurance Group Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2016.

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

Paul Dwyer
Director

Brian Austin
Director

Melbourne
Date 24/8/16

Melbourne
Date 24/8/16