PSC INSURANCE GROUP

PSC Insurance Group Limited

ANNUAL REPORT 2019

PSC Insurance Group Limited & Controlled Entities

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www.pscinsurancegroup.com.au

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CHAIRMAN'S LETTER

My fellow Shareholders, I am once again pleased to report that the financial year 2019 has been another successful and busy year for PSC Insurance Group.

Our Managing Director's Report will provide detail on the financial results for 2019.

Over the year, there has been much focus on the financial services industry and past indiscretions, many of which were caused by not keeping the service provider's customers as their first focus. With this in mind, as I have stated in all of these letters to our shareholders, customers and clients are paramount in all we do.

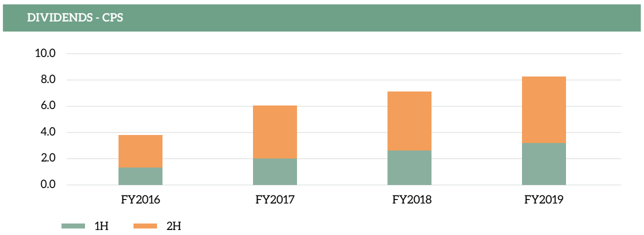
The strength of our diversified operations, across more than 40 businesses, is evident. The existing businesses have continued to perform well, with a strong performance from our Distribution businesses in particular. We have invested in our first direct broking business in the UK and we have further invested in our worker's compensation consulting and life broking businesses to add capability to deliver in these areas for our customers and clients. All acquisitions made over 2018 and 2019 are performing well and to expectations.

A key focus of the Group in the second half of the 2019 financial year had been working on the acquisitions of two large businesses, the two largest in the history of the Group. Griffiths Goodall Insurance Brokers is a large, family owned insurance broker based in regional Victoria. It has been operating successfully for 30 years. Paragon International Insurance Brokers is a large Lloyd's wholesale broker based in London, specialising in professional and financial lines. The Founders commenced this business 23 years ago.

Both businesses have grown from entirely organic means and in both cases the senior management teams are staying in the business and will be joining as large shareholders in the Group. The Griffiths Goodall acquisition has completed and the Paragon acquisition will complete after regulatory approval.

At PSC we believe the best businesses can grow organically, grow via acquisition and be a strong dividend payer. I am pleased to announce an increase in the fully franked final dividend to 5.2 cents per share, for total dividends for the year of 8.3 cents per share.

Dividends have grown at a compound rate of 31% over the last 3 years since listing. Our strong dividend history is shown below:



We are also pleased to announce that we will be introducing a Dividend Reinvestment Plan this year. We encourage shareholders to participate. Shareholders will receive further information from Link Market Services.

In May this year, we were very pleased to announce Tony Robinson as the Managing Director of the Group. Tony was a Non-Executive Director previously and is a highly experienced Executive and is well known across our shareholder base. Paul Dwyer moved to the Deputy Chairman role. He remains the Group's largest shareholder, and continues to focus on acquisitions and growth opportunities.

Thanks to my fellow Directors for their continued commitment and support. Importantly, on behalf of the Board, we thank all the PSC staff for their continued and passionate support allowing our company to make 2019 such a success. Unquestionably, they continue to be the greatest asset of the Group. We as a Board also welcome our new staff members gained throughout the year by way of acquisitions and organic growth in our various businesses.

To my fellow Shareholders, thank you for your continued support and confidence you have placed in your Board. The Board, Senior Management and Staff assure you of our intention to strongly grow our business in a measured and disciplined manner as we have in the past.

Yours sincerely,

Brian Austin
Chairman

MANAGING DIRECTOR'S REPORT

Key financial highlights in 2019 for PSC were:

- Underlying revenue was up 18% on the prior corresponding period (pcp) to $119.0 million.
- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) up 17% on the pcp to $43.3 million.
- Operational underlying EBITDA up 19% on the pcp to $41.6 million.
- Underlying EBITDA margin broadly steady at 36%.
- Underlying net profit after tax and before amortisation (NPATA) up 15% on the pcp to $27.8 million.
- Operational underlying NPATA up 18% to $26.7 million.
- Statutory net profit after tax down 9% on the pcp to $25.4 million. The reduction reflects the $17.3 million fair value gain from the prior year and not reflective of operational performance.

Across our diverse businesses, the areas we focus on are simple:

- Strong clients, on whom we are entirely focussed.
- Great staff working with our clients. We provide our people with autonomy, purpose, accountability and an environment to increase their expertise.
- Good systems and processes to support the operating businesses.

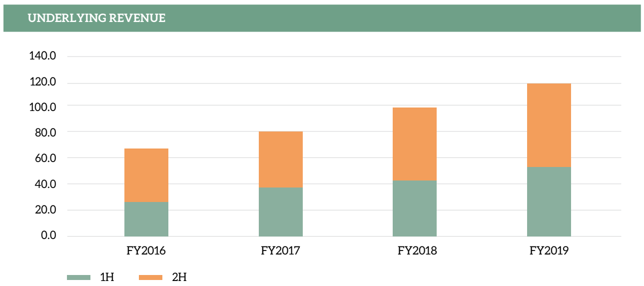
This results in a diverse mix of smaller businesses, all with recurring revenues and strong cash conversion. It has been another active and successful year for the Group. We remain focussed on organic growth outcomes (new clients, new businesses and business improvement), supplemented by acquisition based growth where we feel we can add value and grow the businesses.

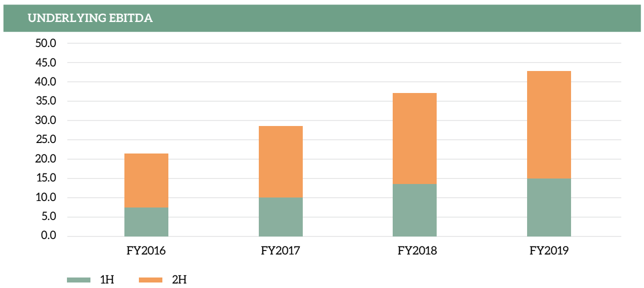
We are a disciplined allocator of capital and view acquisitions as a simultaneous recruitment process which requires cultural fit.

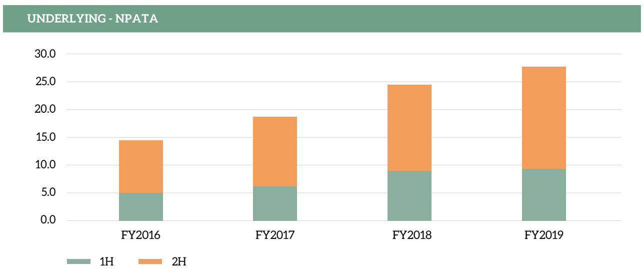
Key operational highlights have included:

- Strong growth of 29% in the Distribution businesses, including organic growth of 18%. This segment contributed 66% of Group underlying EBITDA.
- We completed the acquisition of 70% of Turner Insurance Services, the UK based direct commercial insurance broking business. As this is integral to what we do in Australia, we will be looking to grow this area of our business in the UK.
- We completed acquisitions to expand our workers compensation consulting and life broking offering and businesses. These add to the capability of the Group, which is a significant value add to our clients.
- Whilst not announced until after balance date, during the second half of the period we were focussed on the acquisitions of both Griffiths Goodall Insurance Brokers, a large insurance broker based in Victoria, and Paragon Insurance, a very successful Lloyd's broker in London, specialising in professional and financial lines. We believe both will be wonderful businesses for the Group and we are looking forward to working with the very capable teams involved.

Financial Performance



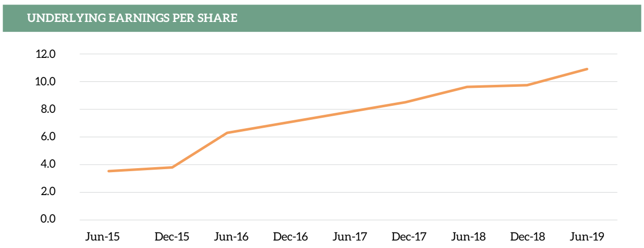




The underlying financial performance of the Group since listing is summarised below:

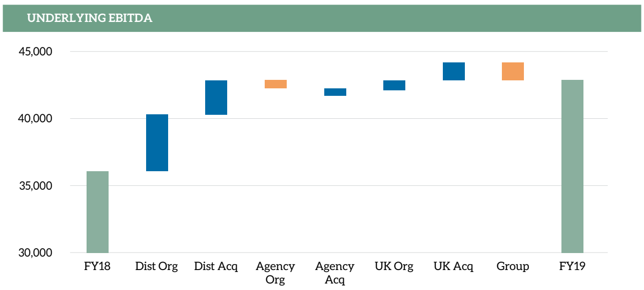
The underlying compound annual growth rates over this period have been:

- Revenue: 21%.
- EBITDA: 27%.
- NPATA: 25%.



The underlying earnings per share of the Group since our IPO has been very strong and market leading against our peer group. It has tripled from 3.7 cents to 11.3 cents over the 4 year period. This represents a compound annual growth rate of 31%.

We are pleased with the financial year 2019 results, which are outlined more closely below:



Underlying EBITDA has increased 17% from $37.0 million to $43.3 million (+ $6.3 million). Excluding investment income, operational underlying EBITDA increased 19% from $34.9 million to $41.6 million. Detail as follows:

- Organic growth: +$3.0 million (9% operational growth)
- Acquisition led growth: +$3.8 million (10% growth).
- Investment income: -$0.5 million.

Organic growth:

- Distribution: strong organic growth of +$4.0 million (+18%). This was largely driven by strong performance in the broking businesses; sound client growth, assistance from a strong premium environment and slightly improved contribution margin. The network business increased revenue by 8% over the period and contributed a broadly flat EBITDA contribution as PSC Connect invested in additional resourcing to aid future growth prospects.
- Agency: weak organic growth of -$0.6 million (-10%). This was the result of the hardening market conditions in the second half of the period. Underwriters altered terms and remuneration arrangements which particularly impacted Chase Underwriting's plant and equipment book. Chase Underwriting continues to retain its facilities and we expect a stabilised performance going forward.
- UK: solid organic growth of +$0.5 million (+8%). Breeze Underwriting was the strongest performer and Carroll Holman performed well. The APG business stabilised its position over the year, with the re-orientation of its business under new management continuing. The Chase UK business spent the majority of its year finalising its capacity arrangements. This is now complete and we remain optimistic of its prospects.
- Group: Excluding the investment income contribution, Group contribution to organic growth was -$0.7 million. This was the result of increased costs of $0.5 million, being both increased salaries and insurance costs, as well as a lower interest income contribution as we deployed capital on investments.

Acquisition growth:

- Distribution: contributed $2.5 million in incremental EBITDA over the period. The largest contributor was ~ $0.6 million from the workers compensation business acquired in October 2018. The balance was across 7 broking businesses acquired both in 2018 and 2019 years. All have performed well, with strong contributions from the IMGA and Insurance Solutions businesses.
- Agency: contributed $0.1 million in incremental EBITDA over the period. This was the incremental contribution from the medical agency business Medisure Indemnity.
- UK: contributed $1.1 million in incremental EBITDA over the period. This was essentially the result of Turner Insurance, which completed in July 2018. This business is performing to expectations.

Investment (yield) income:

- A lower contribution of $0.5 million. This was the result of the high prior year contribution from Johns Lyng, pre its IPO in the 2018 year.

MANAGING DIRECTOR'S REPORT (continued)

Underlying NPATA and Statutory NPAT:

A reconciliation between underlying NPATA and statutory NPAT is as follows:

($m)	2019	2018
Statutory NPAT, incl NCI	25.4	27.8
Amortisation	1.6	1.1
Tax adjusted impact of revenue and expense adjustments	0.8	-4.7
Underlying NPATA	27.8	24.2

Underlying NPATA of $27.8 million adjusts the statutory NPAT $25.4 million to reflect:

- The non-cash amortisation charge.
- The Group had $7.9m in fair value and capital gains on the investments held. The largest contributor to this was a fair value gain of $6.3 million on our BP Marsh investment and the balance being a combination of fair value and capital gains on our JLG investment.
- The Group had $7.9m in one-off charges, the main of which are as follows: 1) $3.0 million in employment costs that are non-recurring and related to business changes across the year 2) $1.4 million in acquisition and transaction related costs 3) $1.1 million in accounting charges relating to changes in the fair value of deferred consideration payments and 4) $2.0 million in charges relating to equity based option charges for staff.
- The net after tax impact of these adjustment was $0.8 million.

Balance Sheet:

The balance sheet is in a sound position.

At balance date, there remained $41 million in undrawn debt capacity. Gearing levels at balance date were a little over 1.5 times as measured by gross debt to underlying EBITDA.

Additionally, the Group held $21.5 million in operational cash at balance date.

Subsequent to balance date, the Group raised equity of $35 million. This will assist with the completion of Paragon. We are also in the process of arranging debt facilities within the UK.

Griffiths Goodall has completed, with part of the undrawn debt capacity used to facilitate this.

The liquidity position of the Group is sound.

The cash conversion for the period remains sound, noting that part of our investment in the Johns Lyng Group was sold in the period and those proceeds being reflected in the investing cashflow section of the cash statement.

Dividends:

The Chairman announced an increased final, fully franked dividend to 5.2 cents per share, bringing total dividends for the financial period to 8.3 cents per share.

This represents a payout ratio of approximately 77%, based on underlying NPATA.

Outlook:

We have previously announced the acquisitions of Griffiths Goodall and Paragon. Both businesses have very capable management teams who have grown their businesses entirely from organic means. They are very welcome additions to the Group.

Dependent on the timing of completion for Paragon, we expect earnings growth from these acquisitions of over 20% for the financial year 2020. The existing businesses are also expected to continue to perform well and grow organically at a level consistent with prior years.

PSC FOUNDATION

About the PSC Foundation

The PSC Foundation continues to support the endeavours of the people in the PSC group of companies in their charitable and community endeavours Australia wide. Our primary purpose is to build upon the amazing contributions our people make in the different communities where they live, work and support.

Our people continue to contribute their own time volunteering for community organisations. The PSC Foundation has been established to consolidate and actively support their community involvement so that our team's passions for the community can be fully realised. This provides benefits for both our team and community organisations and encourages individual involvement at a grassroots level.

It is our purpose to help anyone from within our group to be able to give back to the community and to society. We are fortunate enough to have passionate and committed individuals making significant contributions to their community in order to benefit others. The PSC Foundation enables them to contribute even more than they could otherwise do on their own.

Our Objectives

Our activities are driven by the endeavours of our people and as such our key objectives are:

- To support and encourage our people to support the communities they live and work within;
- To contribute in skilled and sustainable ways to help community organisations succeed or overcome problems;
- To raise the profile of the organisations and causes we support; and
- To encourage good corporate citizenship by highlighting the depth and breadth of our community involvement across the Group.

We seek to achieve these objectives by:

- providing grants to a charity or charitable cause where our people are involved.
- supporting team-led community activities and matching PSC team fundraising efforts; and
- recognising leadership and community commitment through internal and external communications.

Our Funding Approach

There are two ways the PSC Foundation can contribute to a charity or community endeavour:

- Major donation grant - providing grants to a charity or charitable cause sponsored by a PSC Group team member.
- PSC team matching program – gives our team the ability to direct funding towards the issues and commitments that are important to them. We match team fundraising efforts dollar for dollar for fundraising activities in the community up to $2,000 per activity with a six-monthly cap of $20,000.

Our beneficiaries this Year

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the corporate governance of the Group.

Outlined are policies and practices adopted by the Group. We are committed to high standards in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations unless stated otherwise.

Principle 1 – Lay solid foundations for management and oversight

The Board's role includes guiding the Group's strategic direction, driving its performance and overseeing the activities of management and the operation of the Group. The respective roles and responsibilities of the Board and Executives are defined in the Board Charter, a copy of which is available on the Group's website at www.pscinsurancegroup.com.au. There is a clear delineation between the Board's responsibility for the Group's strategy and activities, and the day-to-day management of operations conferred upon the Group's officers.

More specifically, the Board is responsible for:

Strategy and financial performance

These include:
- develop, approve and monitor the Group's corporate strategy, investment and financial performance objectives;
- determine the Group's dividend policy;
- evaluate, approve and monitor all aspects of capital management, including material acquisitions, divestitures and other corporate transactions, including the issue of securities of the Group and undertaking of new debt facilities or issue of debt securities;
- approve all financial reports and material reporting and external communications by the Group;
- appoint the Chair of the Board and, where appropriate, any Deputy Chair or Senior Independent Director.

Executive and Board management

These include:
- appoint, monitor and manage the performance of the Group's Directors;
- manage succession planning for the Group's Executive Directors and any other key management positions as identified from time to time;
- ratify the appointment and, where appropriate, the removal of senior management of the Group and any subsidiaries;
- review and approve the remuneration of individual Board members and Senior Executives, having regard to their performance.

Audit and risk management

These include:
- appoint the external auditor and determine its remuneration and terms of appointment;
- ensure effective audit, risk management and regulatory compliance programs are in place;
- approve and monitor the Group's risk and audit framework and its Risk Management Policy;
- monitor the Group's operations in relation to, and in compliance with, relevant regulatory and legal requirements;
- approve and oversee the integrity of the accounting, financial and other corporate reporting systems and monitor the operation of these systems.

Corporate governance and disclosure

These include:
- evaluate the overall effectiveness of the Board, its committees and its corporate governance practices and policies;
- supervise the public disclosure of all matters that the law and the ASX Listing Rules require to be publicly disclosed in a manner consistent with the Continuous Disclosure Policy;
- approve the appointment of Directors to committees established by the Board and oversee the conduct of each committee.

The Group Secretary, Stephen Abbott, reports directly to the Chairman of the Board. The role of the Group Secretary is outlined in the Board Charter.

The responsibility for the operation of the Group is delegated by the Board to the Managing Director.

The Board and senior management monitor the performance of the Group through monthly reporting of the operating performance of each business, with reference to Board approved budgets and prior corresponding periods. The Remuneration and Nominations Committee monitors the performance of Key Management Personnel.

All Directors have a written agreement setting out the terms of their employment.

Principle 2 – Structure the Board to add value

The Board currently comprises three Non-Executive Directors and two Executive Directors. Of these five Directors, two are independent Non-Executive Directors; Mr Brian Austin and Mr Melvyn Sims.

The Board are highly invested in the Group and believe this is in the best interests of all shareholders to drive the performance and add value. Mr Brian Austin, Mr Paul Dwyer and Mr John Dwyer are all substantial shareholders in the Group.

While Mr Austin's direct and indirect shareholding in the Group may be an indicator that he may not be an independent Director under ASX guidelines, the Board believes he continues to act independently of management and in the best interests of all shareholders and consequently the Board has deemed that he is independent.

The experience and expertise relevant to the position of Director held by each Director at the date of this report is included in the Directors' Report.

The term in office held by each Director at the date of this report is as follows:

Name	Term in office
Mr Brian Austin – Chairman, Independent Non-Executive Director	9 years
Mr Paul Dwyer – Deputy Chairman, Non-Executive Director (Managing Director to 16 May 2019)	9 years
Mr Antony Robinson – Managing Director (Independent Director to 16 May 2019)	4 years
Mr John Dwyer – Executive Director	9 years
Mr Melvyn Sims – Independent Non-Executive Director	3 years

Principal 2.4 and 2.5 of the ASX Corporate Governance Principals and Recommendations recommends that the Board comprise a majority of Directors who are independent. The Board as currently composed does not comply with those recommendations.

The Board has established two committees to assist it in its endeavours:

- Audit & Risk Committee.
- Remuneration & Nominations Committee.

The charter of each of these committees can be reviewed at www.pscinsurancegroup.com.au.

In considering the skills required by members of the Board, consideration is given to the following:

- Insurance industry experience.
- Executive management experience.
- Financial acumen.
- Legal knowledge.
- UK business experience.
- Operational and acquisition experience.

The Board has considered these requirements and is satisfied with the current composition.

CORPORATE GOVERNANCE STATEMENT (continued)

To enable performance of their duties, all Directors:

- Are provided with appropriate information in a timely manner and can request additional information at any time,
- Have access to the Company Secretary;
- Are able to seek independent professional advice at the company's expense;
- Are able to undertake professional development opportunities to further develop their knowledge and skill needed to perform their role as Director; and
- Have undergone an induction process to enable them to be effective Directors and gain substantial knowledge of the company.

Principle 3 – Promote ethical and responsible decision making

The Group is committed to operating honestly and ethically in all its business dealings and to embody this commitment has adopted a Code of Conduct which applies to all Directors, officers, employees, contractors or consultants of the Group as well as a Securities Trading Policy. Each of these has been prepared having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Group's website at www.pscinsurancegroup.com.au.

The Group has adopted a Diversity Policy, a copy of which is available on the Group's website at www.pscinsurancegroup.com.au. Where candidates for Board and Executive positions have commensurate experience and expertise, the Group will have a preference for appointments that enhance our diversity. Presently, the proportion of females employees across the Group is 47%.

Principle 4 – Safeguard integrity in financial reporting

The Group has established an Audit & Risk Management Committee to oversee the management of financial and internal risks. The Committee is now chaired by Non-Executive Director, Mr Paul Dwyer following Mr Antony Robinson's appiontment as Managing Director. Mr Antony Robinson is the other member of this committee. Principal 4.1 of the ASX Corporate Governance Principals and Recommendations recommends that the audit committee have at least three members all of whom are Non-Executive Directors.

The Audit & Risk Management Committee is governed by an Audit & Risk Management Committee Charter, a copy of which is available on the Group's website at www.pscinsurancegroup.com.au. Key roles of the Committee include:

- Review of the half year and full year statutory financial statements;
- Consideration of the performance of the external audit and the periodic rotation of that role;
- Review of risk management assessment and the Group's Risk Management Policy and internal financial controls;
- The Audit & Risk Committee met three times during the year and each member attended all meetings.

Prior to the approval of the financial statements, the Board received a declaration from the Managing Director, Group Chief Executive Officer and Chief Financial Officer that, in their opinion, the financial records have been properly maintained, are in accordance with Australian Accounting Standards and give a true and fair view of the financial performance and financial position of the Group.

The company's auditor, Pitcher Partners, has indicated they will be attending the Annual General Meeting.

Principle 5 – Make timely and balanced disclosure

The Group is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy, a copy of which is available on the Group's website at www.pscinsurancegroup.com.au. The Continuous Disclosure Policy is designed to ensure compliance with ASX Listing Rules and the *Corporations Act 2001*. All disclosures are subject to Board ratification.

Principle 6 – Respect the rights of Shareholders

The Group has adopted a Shareholder Communications Policy for Shareholders wishing to communicate with the Board, a copy of which is available on the Group's website at www.pscinsurancegroup.com.au. The Group seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is timely, frequent, clear and accessible.

The Group provides investors with comprehensive and timely access to information about itself and its governance on its website at www.pscinsurancegroup.com.au.

All Shareholders are invited to attend the Group's annual meeting, either in person or by representative. The Board regards the annual meeting as an excellent forum in which to discuss issues relevant to the Group and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Group's auditor.

Principle 7 – Recognise and manage risk

In conjunction with the Group's other corporate governance policies, the Group has adopted a Risk Management Policy, which is designed to assist the Group to identify, evaluate and mitigate risks affecting the Group.

The Audit & Risk Management Committee is responsible for reviewing whether the Group has any material exposure to any economic and commercial risks, and if so, to develop strategies to manage such risks, and present such strategies to the Board. The Audit & Risk Management Committee is supported by the Group Manager Governance and Compliance who has a direct line of report into this committee.

The Group has identified certain key risks that could materially impact its performance, and implemented measures to manage these risks. These include, however are not limited to:

- Regulatory risk – as a Group of regulated financial services businesses, changes in regulation or actions by regulators could impact the Group;
- Personnel risk – competent employees and management are very important to the ongoing success of the Group;
- Financial risk – sound risk management of the financial controls around client monies and financial reporting are very important;
- Underwriter risk – the Group's underwriting agency businesses require the ongoing support of their underwriters. If this support is withdrawn it could impact the Group.

Risk management within the Group is further enhanced by a separate Compliance and Risk Management committee that meets quarterly to assess operational compliance risks across the Group and is comprised of the Group's compliance managers, finance staff, Company Secretary and chaired by the Group Manager Governance and Compliance. This committee provides a written report to each full Board Meeting via the Group Manager Governance and Compliance. The Group Manager Governance and Compliance attends each full Board Meeting. Compliance managers are responsible for monitoring and auditing insurance related operational functions to ensure continuing compliance with respective jurisdictional licensing requirements.

Regular internal communication between the Group's management and Board supplements the Group's Risk Management Policy.

The Group at least annually evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. Under the Audit & Risk Management Committee Charter, the Audit & Risk Management Committee is responsible for providing an independent and objective assessment to the Board regarding the adequacy, effectiveness and efficiency of the Group's risk management and internal control process. A copy of the Group's Risk Management policy is available on the Group's website at www.pscinsurancegroup.com.au.

Principle 8 – Remunerate fairly and responsibly

The Group has a Remuneration & Nominations Committee to oversee the level and composition of remuneration of the Group's Directors and Executives. The Group's Remuneration & Nomination Committee is governed by a Remuneration & Nomination Committee Charter, a copy of which is available on the Group's website at www.pscinsurancegroup.com.au.

The committee comprises two Directors:

- Mr Brian Austin (Chairman)
- Mr Antony Robinson

Principal 8.1 of the ASX Corporate Governance Principals and Recommendations recommends that the Remuneration and Nominations Committee have at least three members all of whom are Non-Executive Directors.

DIRECTORS' REPORT

The Directors present their report together with the financial report of the consolidated entity consisting of PSC Insurance Group Limited and the entities it controlled, for the financial year ended 30 June 2019 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

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

Brian Austin	(appointed 10 December 2010)
John Dwyer	(appointed 10 December 2010)
Paul Dwyer	(appointed 10 December 2010)
Antony Robinson	(appointed 13 July 2015)
Melvyn Sims	(appointed 8 August 2016)

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

Company Secretary

Mr Stephen Abbott holds the office of Company Secretary (appointed 18 May 2015).

Principal activities

The principal activity of the consolidated entity during the course of the financial year remained unchanged, namely operating a diverse range of insurance services businesses across Australia, the UK and New Zealand, the results of which are disclosed in the attached financial statements.

Results

The consolidated profit after income tax and eliminating non-controlling interest attributable to the members of PSC Insurance Group Limited was $24,693,000 (2018: $27,573,000).

Review of operations

A review of the operations of the consolidated entity during the financial year and the results of those operations are as follows:

Statutory revenue increased from $118.7m to $126.9m and statutory net profit after tax attributable to owners of PSC Insurance Group Limited decreased from $27.6m to $24.7m. Underlying operating revenue from core operations increased 18% from $101.1m to $119.0m, underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased 17% from $37.0m to $43.3m and underlying net profit after tax before amortisation (NPATA), increased 15% from $24.2m to $27.8m.

Underlying EBITDA margin has remained broadly steady, moving from 36.6% to 36.2%.

The Group remains well capitalised.

The Board maintains a positive view and outlook on the prospects of the business.

Significant changes in the state of affairs

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

After balance date events

The consolidated entity announced two large acquisitions and an institutional placement of shares.

Please refer to Note 32: Subsequent Events for full details.

Likely developments

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

Environmental regulation

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

Dividend paid, recommended and declared

Details of dividends paid, declared or recommended are as follows:

	2019 $	2018 $
(a) Dividends paid or declared by PSC Insurance Group Limited		
Dividends paid fully franked	18,625,261	15,639,646
(b) Dividends paid to non-controlling interests		
Dividends paid partially franked	464,797	300,000
(c) Dividend declared after the reporting period and not recognised		
Since the end of the reporting period the Directors have recommended / declared dividends of 5.2 cents per share (2018: 4.5 cents per share) fully franked	13,690,648	11,000,408
Since the end of the reporting period the Directors have recommended / declared dividends to non-controlling interests	-	-

Shares under option

Unissued ordinary shares of PSC Insurance Group Limited under option at the date of this report as follows:

Name of option holder	Date option granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
Antony Robinson	14 December 2015	300,000	$1.00 per share	14 December 2020
Melvyn Sims	8 August 2016	600,000	$1.66 per share	8 July 2021
Antony Robinson*	16 May 2019	3,500,000	$3.00 per share	31 December 2022
Antony Robinson*	16 May 2019	1,500,000	$3.25 per share	31 December 2022
Antony Robinson*	16 May 2019	1,500,000	$3.50 per share	31 December 2022
Antony Robinson*	16 May 2019	1,500,000	$3.75 per share	31 December 2022

* Held through a related entity, Rowena House Pty Ltd

Shares issued on exercise of options

No shares were issued during the reporting period or up to the date of this report on exercise of options.

DIRECTORS' REPORT (continued)

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a director of PSC Insurance Group Limited at any time during or since 1 July 2018 is provided below, together with details of the company secretary as at the year end.

Director	Expertise, experience and qualifications
Brian Austin **Non-Executive Chairman** *Member of Remuneration and Nomination Committee*	Brian Austin, an Independent Director, was appointed to the Board on 10 December 2010. With over 35 years industry experience, Mr Austin has held senior executive positions in the insurance industry, including CEO of OAMPS Insurance Brokers Limited. Over that time Mr Austin has been instrumental in setting the strategy of capital raising and acquisitions. The executive positions Mr Austin have held has enabled him to develop a global network of key relationships that allow the future growth strategies of the entity to be pursued with much confidence. Mr Austin is a Director of the ASX listed AMA Group Limited.
Paul Dwyer **Non-Executive Director and Deputy Chairman** Dip Fin Serv (Ins) *Member of Audit and Risk Management Committee*	Paul Dwyer was appointed to the Board on 10 December 2010. Mr Dwyer stepped down as Managing Director on 16 May 2019 to the position of Non-Executive Director and Deputy Chairman. Prior to founding the PSC Insurance Group, Mr Dwyer held a senior executive position with OAMPS Insurance Brokers Limited and previous to that role was a Regional Underwriter with CGU. Mr Dwyer's focus is the strategic direction of the entity, exploring acquisition and organic growth opportunities and to manage and work with the executive and staff within the entity to continually improve business operations. Mr Dwyer resigned as a Director of the ASX listed Johns Lyng Group Limited on 7 December 2018.
Antony Robinson **Managing Director** B Com (Melb), ASA, MBA (Melb) *Member of Audit and Risk Management Committee and Remuneration and Nomination Committee*	Antony Robinson was appointed to the Board on 13 July 2015 and was appointed Managing Director on 16 May 2019. Mr Robinson has significant experience in wealth management and insurance, including Managing Director of Centrepoint Alliance Limited, Chief Executive Officer and Executive Director of IOOF Holdings Ltd and OAMPS Limited, joint Managing Director of Falkiners Stockbroking, Managing Director of WealthPoint, and senior executive positions at Link Telecommunications and Mayne Nickless. Mr Robinson's appointment carries with it the responsibility to ensure that finances and decision-making are robust and the business is aligned to the growth strategy of the Board. Mr Robinson is a Director of three ASX listed entities being Bendigo and Adelaide Bank Limited, Pacific Current Group Limited and Longtable Group Limited and holds a number of directorships of private companies.
John Dwyer **Executive Director** Dip Fin Serv (Ins)	John Dwyer was appointed to the Board on 10 December 2010. Mr Dwyer has over 30 years experience in the insurance industry, spending time with QBE as a Regional Underwriting Manager, commencing a joint venture with OAMPS Insurance Brokers Limited and eventually becoming Eastern Region Manager (NSW & ACT). As Director of Broking across the PSC Insurance Group, Mr Dwyer brings specialist business integration and practical operational skills pivotal to a growing business. Mr Dwyer has not held directorships of other listed companies in the last three years.
Melvyn Sims **Non-Executive Director** LLB (Hons) Nottm.	Mel Sims, an Independent Director, was appointed to the Board on 8 August 2016. Mr Sims is a highly regarded London based corporate lawyer with extensive experience in the insurance industry gained during his 28 years as a partner in the international law firm DLA Piper and since July 2015 as a partner in the international law firm DWF Group PLC which is listed on the London Stock Exchange. Over the course of Mr Sims' career he has held senior management roles, including managing DLA Piper Offices and practice groups in the Middle East and has advised businesses in commercial and transactional matters often with an international perspective and in diverse markets ranging from general retail, aviation, sport and leisure through to regulated financial services businesses. Mr Sims has extensive board experience, having served as a board member of the UK listed Towergate Insurance Limited for over 15 years. Mr Sims has not held directorships of other listed companies in the last three years.
Stephen Abbott BBus, CA, CTA	Stephen Abbott was appointed Company Secretary on 18 May 2015, having joined the PSC Insurance Group in March 2012. Mr Abbott has over 35 years experience in accounting and finance both within industry and commerce and professional services firms with the last 12 years in insurance broking.

Directors' meetings

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each Director were:

	Board of Directors		Audit & Risk Committee		Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Brian Austin	7	7			2	2
Paul Dwyer	7	7	3	3		
Antony Robinson	7	7	3	3	2	2
John Dwyer	7	7				
Melvyn Sims	7	7				

In addition to the scheduled Board Meetings, the Board has informal discussions on a regular basis to consider relevant issues. It also discusses strategic, operational and risk matters with senior management on an ongoing basis.

Director's interests in contracts

Directors' interests in contracts are disclosed in the Remuneration Report.

Directors' relevant interests in shares of PSC Insurance Group Limited or options over shares in the company are detailed below.

Directors' relevant interests in:	Ordinary shares of PSC Insurance Group Limited	Options over shares in PSC Insurance Group Limited
Brian Austin	35,440,600	-
Paul Dwyer	66,303,000	-
Antony Robinson	418,000	8,300,000
John Dwyer	35,390,522	-
Melvyn Sims	-	600,000

Auditor's independence declaration

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

Non-Audit Services

Non-audit services are approved by resolution of the Audit Committee to the Board. Non-audit services provided by the auditors of the consolidated entity, Pitcher Partners (Melbourne), network firms of Pitcher Partners, and other non-related audit firms, are detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by PSC Insurance Group Limited and have been reviewed and approved by the Audit and Risk Committee to ensure they do not impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for PSC Insurance Group Limited or any of its related entities, acting as an advocate for PSC Insurance Group Limited or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of PSC Insurance Group Limited or any of its related entities.

DIRECTORS' REPORT (continued)

Non-Audit Services	2019 $	2018 $
Amounts paid/payable to Pitcher Partners (Melbourne) for non-audit services:		
Consulting Services	14,324	-
Taxation Services	17,015	18,715
	31,339	**18,715**
Amounts paid/payable to non-related auditors of group entities for non-audit services:		
Taxation Services	18,524	32,086
Other Services	21,541	19,522
	40,065	**51,608**
Total Amount Paid/Payable	**71,404**	**70,323**

Indemnification and insurance of directors, officers and auditors

During or since the end of the year, the consolidated entity has given indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the Directors of the consolidated entity. Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract. No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the consolidated entity.

Proceedings on behalf of the consolidated entity

No person has applied for leave of Court to bring proceedings on behalf of PSC Insurance Group Limited or any of its subsidiaries.

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 statement have been rounded to the nearest one thousand dollars, unless otherwise indicated.

Remuneration Report (Audited)

The Directors present the consolidated entity's 2019 remuneration report which details the remuneration information for PSC Insurance Group Limited's Executive Directors, Non-Executive Directors and other key management personnel.

A. Details of the Key Management Personnel

Directors	Period of Responsibility	Position
Brian Austin	Full Year	Chairman, Independent Non-Executive Director
Paul Dwyer	Part Year	Deputy Chairman, Non-Executive Director
Antony Robinson	Part Year	Managing Director
John Dwyer	Full Year	Executive Director
Melvyn Sims	Full Year	Independent, Non-Executive Director

Antony Robinson was appointed Managing Director on 16 May 2019. Previously Mr Robinson was Independent, Non-Executive Director. Paul Dwyer was appointed Non-Executive Director on 16 May 2019. Previously Mr Dwyer was Managing Director.

Other Key Management Personnel	Period of Responsibility	Position
Rohan Stewart	Full Year	Group Chief Executive Officer
Joshua Reid	Full Year	Chief Financial Officer

B. Remuneration Policies

Remuneration and Nomination Committee

The Remuneration and Nomination Committee of the Board of Directors was established on 1 June 2015 and is responsible for making recommendations to the Board on the remuneration arrangements for all key management personnel. The current members of the Remuneration and Nomination Committee are Brian Austin and Antony Robinson.

The Remuneration Committee assess the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of high quality, high performing directors and executive team. In determining the level and composition of executive remuneration, the Remuneration and Nomination Committee may also engage external consultants to provide independent advice.

The primary responsibility of the Remuneration and Nomination Committee is to review and recommend to the Board:

- Executive remuneration and incentive policies and practices;
- The Executive Director's total remuneration having regard to remuneration and incentive policies;
- The design and total proposed payments from any incentive plan and reviewing the performance hurdles for any equity based plan;
- The remuneration and related policies of Non-Executive Directors for serving on the board and any committee (both individually and in total); and
- Any other responsibilities as determined by the Remuneration and Nomination Committee or the Board from time to time.

Remuneration Strategy

The remuneration strategy of the consolidated entity is designed to attract, motivate and retain employees, Executives and Non-Executive Directors by identifying and rewarding high performers and recognising the contribution of executives and employees to the continued growth and success of the consolidated entity.

To this end, the key objectives of the consolidated entity's reward framework are to:

- Align remuneration with the consolidated entity's business strategy;
- Offer an attractive mix of remuneration benchmarked against the applicable market's region;
- Provide strong linkage between individual and the consolidated entity's performance and rewards; and
- Support the corporate mission statement, values and policies through the approach to recruiting, organising and managing people.

Remuneration Structure

In accordance with best practice corporate governance, the structure of the Non-Executive Directors and Executive remuneration is separate and distinct.

Non-Executive Director Remuneration Structure

The ASX Listing Rules specify that an entity must not increase the total aggregate amount of remuneration of Non-Executive Directors without the approval of holders of its ordinary securities.

The Board and the Remuneration Committee, considers the level of remuneration required to attract and retain Directors with the necessary skills and experience for the consolidated entity's Board. This remuneration is reviewed with regard to market practice and Directors' duties and accountability.

From 1 December 2018, the consolidated entity set the following maximum annual Non-Executive Directors' fees:

- Chairman: $350,000 per annum inclusive of superannuation;
- Non-Executive Directors (Australia based): $100,000 per annum inclusive of superannuation; and
- Non-Executive Directors (United Kingdom based): £90,000 per annum.

DIRECTORS' REPORT (continued)

The consolidated entity determines the maximum amount for remuneration, including thresholds for share-based remuneration for Executives, by resolution. The remuneration received by the Non-Executive Directors for the year ended 30 June 2019 is detailed in Table 1 of this section of the report.

Executive Remuneration Structure

The contracts for service between the consolidated entity and executives are on a continuing basis, the terms of which are not expected to change in the immediate future.

Remuneration may consist of the following elements:

- Fixed remuneration (base salary and superannuation);
- Variable remuneration – short term incentives (STI) in the form of performance based incentives; and
- Long term incentive (LTI) (shares, options, performance rights and/or loan funded shares).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board / Remuneration and Nomination Committee. The process consists of a review of the consolidated entity and individual performance, relevant comparative remuneration from external and internal sources.

Variable Remuneration – short-term incentive (STI)

Objective
The key objective of the STI program is to link the achievement of the consolidated entity's operational targets with the remuneration received by the Managing Director and other Key Management Personel charged with meeting those targets.

Structure
Any STI payments granted depends on the extent to which specific targets set at the beginning of the financial year or on appointment are met. The Key Milestones or Key Performance Indicators (KPIs) cover individual and organisational financial measures of performance.

On a financial year basis, after consideration of performance against the Key Milestones or KPIs, the Remuneration Committee, in line with their responsibilities determine the amount, if any, of STI to be paid to the Managing Director and other Key Management Personel.

There have been no STI payments to either Managing Director or other Key Management Personel in the 2019 year. (2018: $nil) - See Table 3.

Variable Remuneration – long-term incentive (LTI)

Objective
The objectives of providing long-term incentives are: to attract, motivate and retain key PSC Directors and staff through the acquisition of, or entitlements to, shares and options.

Structure
The Board offers LTIs to reward the performance of Directors and staff, which is in alignment with shareholders' interests and the long-term benefit of the consolidated entity. LTI awards are made under the PSC Insurance Group Limited Long Term Incentive Plan (Plan).

Rewards under the LTI Plan will only vest and be exercisable if the applicable performance hurdles to vesting conditions have been satisfied, waived by the Board or are deemed to have been satisfied under the Plan Rules.

Service Agreements

The consolidated entity has entered into Agreements with all Executives, including the Managing Director. The consolidated entity may terminate the Executive Director's Employment Agreements by providing at least six month's written notice or providing payment in lieu of the notice period (based on the fixed component of the Executive's remuneration). The consolidated entity may terminate the contract at any time without notice if serious misconduct has occurred.

Managing Director's Remuneration

Under Antony Robinson's employment agreement his fixed remuneration is $600,000 per year inclusive of superannuation with five weeks annual leave. Mr Robinson is eligible to participate in the Long-term incentive arrangements operated by the consolidated entity in accordance with the terms and conditions governing those arrangements and as agreed to by the Board. On Mr Robinson's appointment as Managing Director he received 8 million options under LTI, full details of which are disclosed further down in this report.

C. Details of Remuneration Policies

(a) Directors' remuneration:
Table 1

	Short-term	Post employment	Long-term		Share-based payments	TOTAL	Options as % of total
	Salary fees (a)	Superannuation	LSL accruals (b)	Incentive plans	Options		
2019	$	$	$	$	$	$	%
Executive Directors							
Paul Dwyer (i)	285,655	-	-	-	-	285,655	-
Antony Robinson	45,253	1,692	279	-	1,558,956	1,606,180	97%
John Dwyer (ii)	325,000	-	-	-	-	325,000	-
Non-Executive Directors							
Brian Austin (iii)	325,000	-	-	-	-	325,000	-
Paul Dwyer (i)	8,431	-	-	-	-	8,431	-
Antony Robinson	68,303	6,236	-	-	-	74,539	-
Melvyn Sims	134,062	-	-	-	-	134,062	-
	1,191,704	**7,928**	**279**	**-**	**1,558,956**	**2,758,867**	**57%**

(a) Salary fees includes amounts paid in cash and annual leave accruals which are determined in accordance with AASB 119 Employee Benefits. (b) Long service leave (LSL) accruals are determined in accordance with AASB 119 Employee Benefits.

(i) Paul Dwyer provides his services via Paul Dwyer Holdings Pty Ltd. (ii) John Dwyer provides his services via Glendale Dwyer Pty Ltd (ATF Dwyer Family Trust). (iii) Brian Austin provides his services via Melimar Estate Pty Ltd.

	Short-term	Post employment	Long-term		Share-based payments	TOTAL	Options as % of total
	Salary fees (a)	Superannuation	LSL accruals (b)	Incentive plans	Options		
2018	$	$	$	$	$	$	%
Executive Directors							
Paul Dwyer	300,000	-	-	-	-	300,000	-
John Dwyer	300,000	-	-	-	-	300,000	-
Non-Executive Directors							
Brian Austin	300,000	-	-	-	-	300,000	-
Antony Robinson	54,795	5,205	-	-	-	60,000	-
Melvyn Sims	86,775	-	-	-	-	86,775	-
	1,041,570	**5,205**	**-**	**-**	**-**	**1,046,775**	**-**

DIRECTORS' REPORT (continued)

(b) Other Key Management Personel remuneration

Table 2

	Short-term	Post employment	Long-term		Share-based payments	TOTAL	Options as % of total
	Salary fees (a)	Superannuation	LSL accruals (b)	Incentive plans	Options		
2019	$	$	$	$	$	$	%
Other Key Management Personel							
Rohan Stewart (i)	450,000	-	-	25,145	-	475,145	-
Joshua Reid	374,540	34,703	10,990	55,825	-	476,058	-
	824,540	**34,703**	**10,990**	**80,970**	**-**	**951,203**	**-**

(a) Salary fees includes amounts paid in cash and annual leave accruals which are determined in accordance with AASB 119 Employee Benefits. (b) Long service leave (LSL) accruals are determined in accordance with AASB 119 Employee Benefits.

(i): Rohan Stewart provides his services via H&S Nominee Holdings Pty Ltd

	Short-term	Post employment	Long-term		Share-based payments	TOTAL	Options as % of total
	Salary fees (a)	Superannuation	LSL accruals (b)	Incentive plans	Options		
2018	$	$	$	$	$	$	%
Other Key Management Personel							
Rohan Stewart	350,000	-	-	-	-	350,000	-
Joshua Reid	286,638	26,027	7,165	30,680	-	350,510	-
	636,638	**26,027**	**7,165**	**30,680**	**-**	**700,510**	**-**

D. Relationship between remuneration and consolidated entity performance

(a) Remuneration not dependent on satisfaction of performance condition

Executives and Non-Executives remuneration policy is not directly related to the consolidated entity's performance. The Board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the consolidated entity for shareholders.

(b) Consequences of the consolidated entity's performance on shareholder wealth

The following table summarises the consolidated entity's performance and key performance indicators:

Table 3

	2019	2018	2017	2016	2015
Revenue and other income	126,854,608	118,685,706	84,475,859	67,766,163	52,071,674
% increase in revenue and other income	7%	40%	25%	30%	28%
Profit before tax	36,834,805	40,327,294	27,114,780	15,973,533	11,778,678
% (decrease)/increase in profit before tax	(9%)	49%	70%	36%	24%
Change in share price	($0.27)	$0.60	$0.55	N/a	N/a
Dividend paid to shareholders	18,625,261	15,639,646	10,148,015	6,505,295	1,550,000
Return of capital	13%	11%	12%	16%	35%
Total remuneration of KMP	3,710,070	1,747,285	1,446,871	1,051,346	900,000
Total performance based remuneration	-	-	200,000	-	-

E. Key management personnel's share-based compensation

(a) Details of compensation Options

In 2019 the following options were granted to Key Management Personnel:

Name of key management personnel	Date option granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
Antony Robinson	16 May 2019	3,500,000	$3.00 per share	31 December 2022
Antony Robinson	16 May 2019	1,500,000	$3.25 per share	31 December 2022
Antony Robinson	16 May 2019	1,500,000	$3.50 per share	31 December 2022
Antony Robinson	16 May 2019	1,500,000	$3.75 per share	31 December 2022

In 2019 no options were exercised by Key Management Personnel.

(b) Details of Loan Funded Shares

In 2019 the following loan funded shares were granted to Key Management Personnel:

Name of key management personnel	Date loan funded shares granted	Number of issued shares
Rohan Stewart	29 September 2018	170,299
Joshua Reid	29 September 2018	170,299

DIRECTORS' REPORT (continued)

F. Key management personnel's equity holdings

(a) Number of options held by key management personnel

As at 30 June 2019, key management personnel hold options under PSC's Long Term Incentive Plan to purchase 8,900,000 ordinary shares of the consolidated entity.

Table 4

2019	Balance 1/07/18	Granted as remuneration	Balance 30/06/19
Key management personnel			
Antony Robinson	300,000	8,000,000	8,300,000
Melvyn Sims	600,000	-	600,000
	900,000	**8,000,000**	**8,900,000**

(b) Number of shares held by key management personnel (consolidated)

The relevant interest of each key management personnel in the share capital of the consolidated entity at 30 June 2019 is as follows:

Table 5

2019	Balance 1/07/18	LTIP Allocation	Net sale / (purchase) of shares	Balance 30/06/19
Directors				
Brian Austin	35,410,600	-	30,000	35,440,600
Paul Dwyer	70,223,000	-	(3,920,000)	66,303,000
Antony Robinson	418,000	-	-	418,000
John Dwyer	35,280,522	-	110,000	35,390,522
Melvyn Sims	-	-	-	-
Other Key Management Personel				
Rohan Stewart	3,142,479	170,299	-	3,312,778
Joshua Reid	1,000,000	170,299	-	1,170,299
	145,474,601	**340,598**	**(3,780,000)**	**142,035,199**

G. Loans to and from key management personnel

(a) Aggregate of loans made

There have been no loans made, guaranteed or secured, directly or indirectly, by the Group and any of its subsidiaries, in the financial year to a particular key management person, close members of the family of the key management person and entities related to them greater than $100,000.

(b) Aggregate of loans received

There have been no loans received, guaranteed or secured, directly or indirectly, by the Group and any of its subsidiaries, in the financial year to a particular key management person, close members of the family of the key management person and entities related to them.

H. Other transactions with Key Management Personnel

Fuse Recruitment Pty Ltd, ADD Aviation Services Pty Ltd and The Lead Agency Pty Ltd (until 31 December 2018) are related parties as they are entities where John Dwyer, Paul Dwyer and Brian Austin or their closely related entities are shareholders. DWF LLP is a related party as Mel Sims is a Partner at the Company. The Group engages Fuse Recruitment Pty Ltd for recruitment and contractor services, ADD Aviation Services Pty Ltd for transportation services, The Lead Agency Pty Ltd for marketing services and DWF LLP for legal services.

During the year ended 30 June 2019 the following related entities provided or received services to/from the consolidated entity.

	2019 $	2018 $
Fees Paid or Payable to associates (ex GST):		
Recruitment Fees	208,065	106,105
Contractor Fees	217,418	60,268
Marketing service fees	94,371	353,422
Transportation service fees	131,394	266,390
Legal service fees	372,377	-

All the above services supplied were in the normal course of business and on normal terms and conditions.

Additionally, during the year the PSC Insurance Group Limited provided insurance services to related parties of Directors totalling $206,061 (2018: $334,320). The services supplied were in the normal course of business and on normal commercial terms and conditions. The fees outstanding for these services at balance date are $5,766 (2018 $nil).

Additionally, during the year the PSC Insurance Group Limited received trust distributions and dividends from entities where there was a common Director between that entity and PSC Insurance Group Limited totalling $318,200 (2018: $2,186,386). The entity ceased to be a related party on 7 December 2018.

Outstanding balances due to related parties of a Director are $21,249 (2018: $376,566).

No other transactions occurred between key management personnel of the entity, their personally related entities or other related parties.

I. Use of remuneration consultants
No remuneration consultants were engaged during the course of the 2019 financial year.

Signed in accordance with a resolution of the Directors

Brian Austin
Chairman
Melbourne
Date: 21 August 2019

Antony Robinson
Managing Director
Melbourne
Date: 21 August 2019

AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS

PSC INSURANCE GROUP LIMITED AND CONTROLLED ENTITIES

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

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

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

S SCHONBERG
Partner

PITCHER PARTNERS
Melbourne

21 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2019

	Notes	30-Jun 2019 $'000	30-Jun 2018 $'000
Revenue and other income			
Fee and commission income	3	112,045	95,158
Other revenue	3	4,175	2,912
Other income	3	8,998	18,482
Investment income	3	1,637	2,134
	3	**126,855**	**118,686**
Less: expenses			
Administration and other expenses	4	(17,307)	(18,493)
Depreciation and amortisation expense	4	(2,947)	(2,307)
Employee benefits expense	4	(53,375)	(43,116)
Occupancy expense		(3,552)	(3,222)
Finance costs	4	(3,449)	(2,789)
Employee contractors		(3,145)	(2,866)
Information technology costs		(4,621)	(3,966)
Professional fees		(1,624)	(1,600)
		(90,020)	**(78,359)**
Profit before income tax expense		**36,835**	**40,327**
Income tax expense	5	(11,478)	(12,505)
Net profit from continuing operations		**25,357**	**27,822**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		1,100	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		210	826
Other comprehensive income for the year		**1,310**	**826**
Total comprehensive income		**26,667**	**28,648**
Profit is attributable to:			
• Owners of PSC Insurance Group Limited		24,693	27,573
• Non-controlling interests		664	249
		25,357	**27,822**
Total comprehensive income is attributable to:			
• Owners of PSC Insurance Group Limited		26,003	28,399
• Non-controlling interests		664	249
		26,667	**28,648**
Earnings per share for profit attributable to the equity holders of the parent entity:			
Diluted earnings per share	25	10.1 cents	11.6 cents
Basic earnings per share	25	10.0 cents	11.6 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2019

	Notes	30-Jun 2019 $'000	30-Jun 2018 $'000
Current assets			
Cash and cash equivalents	7	132,955	160,972
Receivables	8	438,169	359,938
Other assets	9	6,206	3,098
Total current assets		**577,330**	**524,008**
Non-current assets			
Receivables	8	3,373	3,189
Other financial assets	10	51,498	24,036
Equity accounted investments	11	7,571	8,151
Property, plant and equipment	13	15,261	12,967
Deferred tax assets	5	3,359	3,543
Intangible assets	14	108,075	95,672
Total non-current assets		**189,137**	**147,558**
Total assets		**766,467**	**671,566**
Current liabilities			
Payables	15	518,371	443,420
Borrowings	16	1,192	935
Provisions	17	3,183	2,930
Current tax liabilities	5	8,004	3,279
Other liabilities	18	10,152	6,945
Total current liabilities		**540,902**	**457,509**
Non-current liabilities			
Borrowings	16	55,831	53,410
Provisions	17	455	398
Deferred tax liabilities	5	13,255	13,482
Other liabilities	18	1,851	1,347
Total non-current liabilities		**71,392**	**68,637**
Total liabilities		**612,294**	**526,146**
Net assets		**154,173**	**145,420**
Equity			
Share capital	19	140,572	140,395
Reserves	20	(34,221)	(37,368)
Retained earnings	20	44,807	40,429
Equity attributable to owners of PSC Insurance Group Limited		**151,158**	**143,456**
Non-controlling interests	21	3,015	1,964
Total equity		**154,173**	**145,420**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2019

Consolidated Entity	Share capital $'000	Reserves $'000	Retained Earnings $'000	Non-controlling Interest $'000	Total Equity $'000
Balance as at 1 July 2017	85,994	(38,194)	28,496	1,676	77,972
Profit for the year	-	-	27,573	249	27,822
Exchange differences on translation of foreign operations, net of tax	-	826	-	-	826
Total comprehensive income for the year	**-**	**826**	**27,573**	**249**	**28,648**
Transactions with owners in their capacity as owners:					
Increase in non-controlling interests	-	-	-	339	339
Capital raising issue	55,002	-	-	-	55,002
Capital raising issue costs	(1,155)	-	-	-	(1,155)
Shares in lieu of cash for acquisition of subsidiary	554	-	-	-	554
Dividends paid	-	-	(15,640)	(300)	(15,940)
Total transactions with owners	**54,401**	**-**	**(15,640)**	**39**	**38,800**
Balance as at 30 June 2018	**140,395**	**(37,368)**	**40,429**	**1,964**	**145,420**

Consolidated Entity	Share capital $'000	Reserves $'000	Retained Earnings $'000	Non-controlling Interest $'000	Total Equity $'000
Balance as at 1 July 2018	140,395	(37,368)	40,429	1,964	145,420
Adjustment due to change of accounting policy, net of tax (note 1 (b))	-	-	(1,245)	(28)	(1,273)
Restated opening balance	**140,395**	**(37,368)**	**39,184**	**1,936**	**144,147**
Profit for the year	-	-	24,693	664	25,357
Revaluation of property, plant and equipment, net of tax	-	1,100	-	-	1,100
Exchange differences on translation of foreign operations, net of tax	-	210	-	-	210
Total comprehensive income for the year	**-**	**1,310**	**24,693**	**664**	**26,667**
Transactions with owners in their capacity as owners:					
Non-controlling interest arising from business combination	-	-	-	1,219	1,219
Decrease in non-controlling interests	-	-	-	(339)	(339)
In specie distributions	-	-	(445)	-	(445)
Employee share issues	177	1,837	-	-	2,014
Dividends paid	-	-	(18,625)	(465)	(19,090)
Total transactions with owners	**177**	**1,837**	**(19,070)**	**415**	**(16,641)**
Balance as at 30 June 2019	**140,572**	**(34,221)**	**44,807**	**3,015**	**154,173**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2019

	Notes	30-Jun 2019 $'000	30-Jun 2018 $'000
Cash flow from operating activities			
Receipts from customers		117,416	98,062
Payments to suppliers and employees		(88,047)	(71,973)
Trust distributions/dividends received		997	2,086
Interest received		1,461	1,678
Interest paid		(3,449)	(2,789)
Income tax paid		(7,814)	(6,608)
Operating cash before movement in customer trust accounts		**20,564**	**20,456**
Net movement in customer trust accounts		(1,214)	35,344
Net cash provided by operating activities	22 (b)	**19,350**	**55,800**
Cash flow from investing activities			
Payments for deferred consideration/business acquisitions		(10,824)	(21,821)
Payment for property, plant and equipment		(1,883)	(1,815)
Proceeds from sale of financial assets		13,927	578
Payment for other investments		(33,876)	(851)
Payment for equity investments		(647)	-
Proceeds from sale of equity investments		2,511	505
Net cash flow (used in) investing activities		**(30,792)**	**(23,404)**
Cash flow from financing activities			
Proceeds from borrowings		3,547	14,352
Repayments of borrowings		(971)	(4,660)
Proceeds from share issue		-	55,002
Capital raising costs		-	(1,650)
Dividends paid		(19,090)	(15,940)
Loans to related parties		(192)	237
Net cash provided by / (used in) financing activities		**(16,706)**	**47,341**
Reconciliation of cash			
Cash at beginning of the year		160,972	80,124
Net (decrease) / increase in cash held		(28,148)	79,737
Effect of exchange rate fluctuation on cash held		131	1,111
Cash at end of the year	22 (a)	**132,955**	**160,972**

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

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 the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

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.

The address of PSC Insurance Group Limited's registered office and principal place of business is 96 Wellington Parade, East Melbourne, Victoria, 3002.

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.

Fair value measurement
For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

(b) New and revised accounting standards effective at 30 June 2019

The consolidated entity has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including AASB 9 Financial Instruments (AASB 9) and AASB 15 Revenue from Contracts with Customers (AASB 15).

AASB 15 provides (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, and has replaced all previous revenue standards and interpretations. The standard provides 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

The consolidated entity adopted AASB 15 Revenue from Contracts with Customers at 1 July 2018.

The adoption of AASB 15 did not have any impact on the consolidated entity recognising insurance revenue for brokerage, commission and fee income upon issue of an invoice.

However, the new standard has identified a separate performance obligation relating to claims handling services. Whereas not explicit in the terms of trade, the customary business practise implies the consolidated entity provides after sales claims services. As such, a portion of the insurance revenue relating to the claims handling service which was previously recognised at invoice date, is now recognised over time as the performance obligation is satisfied.

The consolidated entity has applied AASB 15 in accordance with transition option paragraph C3(b), which does not require comparative information to be restated. The cumulative effect of applying the new standard has been recognised as an adjustment to opening retained earnings as at 1 July 2018.

The amount of adjustment for each financial statement line item affected by the application of AASB 15 compared to AAB 118 for the current period is illustrated below.

Impact of adopting AASB 15 at 1 July 2018 on the Consolidated Statement of Financial Position

	1-Jul 2018 $'000
Non-current assets	
Increase in deferred tax asset	545
Current liabilities	
Increase in other liabilities (contract liability)	1,818
Equity	
Decrease in non-controlling interest retained earnings	28
Decrease in retained earnings	1,245

Impact of adopting AASB 15 for the year ended 30 June 2019

	Under AASB 118 $'000	Adjustments $'000	As reported with AASB 15 $'000
Impact on profit/(loss) for the year			
Fee and commission income	112,110	(65)	112,045
Income tax expense	(11,498)	20	(11,478)
Net profit	25,402	(45)	25,357

Further details of the consolidated entity's accounting policies in relation to accounting for revenue from contracts with customers under AASB 15 are contained in note 1 (e).

AASB 9 replaces AASB 139: Financial Instruments: Recognition and Measurement. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

- simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch'.

Introducing a new 'expected credit loss' impairment model (replacing the 'incurred loss' impairment model of previous accounting standard). The application of AASB 9 has not materially impacted the classification and measurement of the consolidated entity's financial assets and financial liabilities.

Further details of the consolidated entity's accounting policies in relation to accounting for financial instruments under AASB 9 are contained in note 1 (q).

(c) Going concern

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

(d) 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 consolidated entity are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

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.

(e) Revenue

The consolidated entity derives revenue from the provision of insurance services. Revenue is recognised as, or when, services are transferred to the customer, and is measured at an amount that reflects the consideration to which the consolidated entity expects to be entitled in exchange for the services.

Provision of insurance services
Commission, brokerage and fees are recognised when the consolidated entity has satisfied its performance obligations, which occurs at the point in time that control of the services are transferred to the customer. This generally coincides with the invoice date.

Where the provision of insurance services specifically includes separate performance obligations, then revenue is recognised accordingly. As such, a portion of revenue relating to claims handling services is recognised over time as the performance obligation is satisfied.

An allowance is made for anticipated lapses and cancellations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

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

Investment income
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.

Other revenue and other income
Other revenue and other income is recognised when the consolidated entity has satisfied its performance obligations and the transaction price has been determined.

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.

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

Receivables from contracts with customers
A receivable from a contract with a customer represents the consolidated entity's unconditional right to consideration arising from the transfer of services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Contract liabilities
A contract liability represents the consolidated entity's obligation to transfer services to the customer for which the consolidated entity has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the consolidated entity transfers the contracted services to the customer.

(f) 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 Consolidated Statement of Cash Flows, cash and cash equivalents as defined above are shown net of outstanding bank overdrafts.

(g) Property, plant and equipment

Each class of property, plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment
Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Property
Land and buildings are measured at revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. At each reporting date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same asset are recognised in other comprehensive income under the heading of revaluation surplus; all other decreases are charged to profit or loss.

Depreciation
Land is not depreciated. 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
Buildings	2.5%	Straight line
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	12.50%	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 acquired. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

(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 acquisition date. 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. 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 2015. 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) Provisions

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 Consolidated 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 Consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

(iii) Retirement benefit obligations

Defined contribution superannuation plan
The consolidated entity makes contributions 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 consolidated entity'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 Consolidated 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
Financial assets recognised by the consolidated entity are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income.

Financial assets not irrevocably designated on initial recognition at fair value through other comprehensive income are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:
a. the consolidated entity's business model for managing the financial assets; and
b. the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the consolidated entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Trade and other receivables
Receivables from broking, reinsurance and underwriting agency operations are initially recognised based on the invoiced amount to customers and are generally due for settlement within 14 to 60 days. After initial recognition, provision is made for lapses or cancellations of insurance policies or other matters that may lead to cancellation.

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

Consistent with both the consolidated entity's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Held for trading equity instruments
Held for trading equity instruments comprise those ordinary shares and options in listed entities that have been acquired by the consolidated entity principally for the purpose of sale in the near term. Held for trading investments are classified (and measured) at fair value through profit or loss. Fair values of listed entities are based on closing bid prices at the reporting date.

A financial asset meets the criteria for held for trading if:
a. it has been acquired principally for the purpose of sale in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative other than a designated and effective hedging instrument.

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 debt instruments, and are classified (and measured) at amortised cost using the effective interest rate method on the basis that:
a. they are held within a business model whose objective is achieved by the consolidated entity holding the financial asset to collect contractual cash flows; and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets
The following financial assets are tested for impairment at each financial year end:
a. debt instruments measured at amortised cost;
b. receivables from contracts with customers and contract assets.

The consolidated entity provides for allowances for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9, the consolidated entity determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

The consolidated entity considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

Where there is a trade receivables balance, assessment is given to establish whether credit risk against this balance is mitigated in full as a result of the allowance for expected revenue losses on policy lapses and cancellations.

The gross carrying amount of a financial asset is written off when the counterparty is in severe financial difficulty and the consolidated entity has no realistic expectation of recovery of the financial asset.

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.

(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 consolidated 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 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 31 for details on how management determine the operating segments.

Segment results that are reported to the consolidated entity's Chief Financial decision maker 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 Consolidated Statement of Financial Position are shown inclusive of GST.

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

(w) Comparatives

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

(x) Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(y) Change in accounting policy

The consolidated entity changed its accounting policy for measurement of land and buildings from the cost model to the revaluation model.

The change is due to the consolidated entity revaluing its land and buildings in December 2018. The revaluation was undertaken by an independent valuer.

The revaluation resulted in an increase in the carrying value of the land and building by $1.6 million to $12.0 million. The net of tax adjustment from the carrying amount to the revalued amount has been accounted for in a revaluation surplus - refer to Note 20.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

There has been no impact on prior periods with the change in accounting policy. The consolidated entity will continue to revalue the land and buildings in future periods where there is an indication of significant change in its fair value or at regular frequency.

(z) Accounting standards issued but not yet effective at 30 June 2019

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 16: Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. AASB 16 requires a lessee to recognise most leases on balance sheet as lease liabilities, with corresponding right of use assets. Lessees are not required to recognise short term leases with a term of less than 12 months and leases of low value assets. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis.

The consolidated entity will adopt the standard on 1 July 2019 by applying the modified retrospective approach on transition. Under this approach the cumulative effect of adoption will be recognised as an adjustment to opening retained earnings at 1 July 2019, with no restatement of comparative information.

The expected impact on transition at 1 July 2019 to the statement of financial position based on the current lease portfolio has been quantified as follows:

	1-Jul 2019 $'000
Non-current assets	
Increase in right of use assets	5,860
Current liabilities	
Increase in lease liabilities	283
Non-Current liabilities	
Increase in lease liabilities	5,991
Equity	
Decrease in retained earnings	414

As a result of the adoption of AASB 16, the nature of expenses relating to leases will change. Under AASB 16 the consolidated entity will recognise depreciation expense for right of use assets and interest expense for lease liabilities. Currently lease costs are recognised as occupancy expenses.

On the assumption that there are no material changes in the composition of the lease portfolio, the consolidated entity does not expect a material impact on the consolidated statement of comprehensive income in the year of application.

Note 2: Significant 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 or fair value assessments. Fair value calculations are based on estimates of sustainable revenue for each CGU multiplied by a revenue multiple appropriate for similar businesses, less costs to sell. Value in use 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% (2018: 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% (2018: 2%) a pre-tax discount rate of 16.67% (2018: 16.67%) to determine value-in-use. The pre-tax discount rate used is dependent on specific attributes of the transactions and determined by the Board.

(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 consolidated entity 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 consolidated entity 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.

(g) Share based payment transactions

The consolidated entity measures the cost of equity-settled transactions with the employees by reference to the fair value of the options at the date at which they are granted. The fair value of options has been valued taking into account the vesting period, expected dividend payout and the share price at the date the options were granted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 3: Revenue And Other Income

	2019 $'000	2018 $'000
Fee and commission income		
Commission income	72,675	61,509
Fees income	31,039	26,969
Other fees	8,331	6,680
	112,045	**95,158**
Other revenue		
Interest income	1,461	1,678
Other revenue	2,714	1,234
	4,175	**2,912**
Other Income		
Share of equity accounted results	154	285
Gain on fair value adjustments	7,879	17,311
Profit on sale of subsidiary	965	886
	8,998	**18,482**
Investment Income		
Dividend income and trust distributions	**1,637**	**2,134**
	126,855	**118,686**

	2019 $'000	2018 $'000
The total amount of revenue recognised for the financial year includes:		
Amounts that relate to performance obligations that were satisfied (or partially satisfied) by the Group in previous years	1,818	-
	1,818	**-**
The aggregate amount of transaction prices (unrecognised revenue) allocated to remaining performance obligations, at the reporting date, is as follows:		
Fee and commission income	2,173	-
	2,173	**-**

The above amount is included in Note 18 as a contract liability

The disaggregation of revenue for each reportable segment is disclosed within Note 31.

Note 4: Operating Profit

	2019 $'000	2018 $'000
Profit before income tax has been determined after:		
Finance costs	3,449	2,789
Depreciation:		
• Leasehold Improvements	129	138
• Building	178	253
• Motor Vehicles	13	10
• Office Equipment	237	248
• Computer Equipment	797	626
	1,354	**1,275**
Amortisation of non-current assets:		
• Identifiable intangibles	1,593	1,032
Depreciation and amortisation expense	**2,947**	**2,307**
Rental expense on operating leases	2,933	2,537
Foreign currency translation losses / (gains)	15	261
Employee benefits:		
• Share-based payments	2,014	-
• Superannuation	3,529	2,943
• Other Employee benefits	47,832	40,173
	53,375	**43,116**
Administration and other expenses includes:		
• Bank refinance costs	85	125
• Acquisition legal and professional fees	657	380
• Other acquisition and transaction related costs	719	11
• Non-recurring employment costs	2,971	18
• Non-recurring Professional Fees - Non Acquisition	-	218
• FX losses/(gains)	196	2,720
• Bad and doubtful debts	3	3,908
• Deferred consideration loss relating to business combinations	1,127	1,406
• Share-based payment expense	2,014	-
• Other	143	109
Other income includes		
Fair value revaluation of assets	7,879	17,311

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 5: Income Tax

(a) Components of tax expense

	2019 $'000	2018 $'000
Current tax	13,029	6,727
Deferred tax	(1,368)	6,188
Adjustment to tax expense on recognition of prior year losses	-	(505)
Under/(over) provision in prior years	(183)	95
	11,478	**12,505**

(b) Prima facie tax payable

	2019 $'000	2018 $'000
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% (2018: 30.0%)	11,051	12,098
Add tax effect of:		
• Overseas tax rate differential	-	67
• Non-allowable adjustments on formation of tax consolidated group	-	140
• Under provision for income tax in prior years	-	95
• Other non-allowable items	1,108	270
• Gross up of franking credits	129	9
• Non-assessable gain / non-deductible loss on business acquisition rise and fall	349	325
• Amortisation	223	324
	1,809	**1,230**
Less tax effect of:		
• Overseas tax rate differential	470	-
• Over-provision for income tax in prior year	183	-
• Franking credit offset	429	29
• Transfer to deferred tax	146	505
• Other non-assessable items	154	289
	1,382	**823**
Income tax expense attributable to profit	**11,478**	**12,505**

Note 5: Income Tax (Continued)

(c) Current tax

	2019 $'000	2018 $'000
Current tax relates to the following:		
• Opening balance	3,279	3,239
• Income tax	13,029	6,727
• Tax payments	(7,814)	(6,608)
• Utilisation of losses against current period liability	(172)	-
• Under provisions	(183)	95
• Exchange translation difference	11	150
• Transfer to/(from) deferred tax	(146)	(324)
Current tax liabilities	**8,004**	**3,279**

(d) Deferred tax

	2019 $'000	2018 $'000
Deferred tax relates to the following:		
Deferred tax assets		
The balance comprises:		
• Tax losses carried forward	747	1,620
• Employee benefits	1,091	922
• Provision for doubtful debts	-	92
• Income provisions	206	-
• Contract liabilities	565	-
• Accrued expenses	233	170
• Listing and share issue expenses	517	739
	3,359	**3,543**
Deferred tax liabilities		
The balance comprises:		
• Customer Lists	2,614	2,220
• Accrued income	6,204	5,909
• Prepayments	79	68
• Financial assets at fair value through profit and loss	3,869	5,193
• Capital allowances	489	92
	13,255	**13,482**
Net deferred tax assets/(liabilities)	**(9,896)**	**(9,939)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 5: Income Tax (Continued)

(e) Deferred income tax (revenue) / expense included in income tax expense comprises

	2019 $'000	2018 $'000
Decrease / (increase) in deferred tax assets	67	(1,650)
(Decrease) / increase in deferred tax liabilities	(1,435)	7,838
	(1,368)	**6,188**

Note 6: Dividends

(a) Dividends paid or declared

	2019 $'000	2018 $'000
Dividends paid at 7.6 cents per share (2018: 6.5 cents per share) by PSC Insurance Group fully franked	18,625	15,640
Dividends paid to non-controlling interests	465	300
	19,090	**15,940**

(b) Dividends declared after the reporting period and not recognised

	2019 $'000	2018 $'000
Since the end of the reporting period the Directors have recommended / declared dividends of 5.2 cents per share (2018: 4.5 cents per share) fully franked	13,691	11,000
	13,691	**11,000**

(c) Franking account

	2019 $'000	2018 $'000
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	4,085	342

Note 7: Cash And Cash Equivalents

	2019 $'000	2018 $'000
Cash on hand	3	2
Cash at bank	5,643	8,043
Cash on deposit	15,829	43,124
Cash held on trust	111,480	109,803
	132,955	**160,972**

Note 8: Receivables

	2019 $'000	2018 $'000
Current		
Receivables from broking, reinsurance and underwriting agency operations	438,432	360,963
Allowance for expected losses (a)	(4,844)	(4,071)
	433,588	**356,892**
Other receivables	4,071	2,953
Allowance for expected losses (a)	-	(228)
Loans to related parties	510	321
	438,169	**359,938**
Non-Current		
Loans to related parties	**3,373**	**3,189**

Receivables from broking and underwriting agency operations are non-interest bearing with 14-60 day terms. Receivables from reinsurance operations are non-interest bearing with 30-60 day terms.

(a) Allowance for expected 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 and fee income is recognised after taking into account an allowance for expected losses (on policy lapses and cancellations) based on past experiences.

	2019 $'000	2018 $'000
Movements in the allowance for expected losses were:		
Opening balance 1 July	4,299	514
Charge for the year	773	3,908
Allowance written back	(228)	(123)
Closing balance at 30 June	**4,844**	**4,299**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 8: Receivables (continued)

(b) Ageing of Receivables

	2019 $'000	2018 $'000
• 0-30 Days	228,533	120,174
• 30-60 Days	11,339	19,921
• 60-90 Days	16,976	32,061
• Over 90 Days	181,584	188,807
	438,432	**360,963**

Note 9: Other Current Assets

	2019 $'000	2018 $'000
Current		
Prepayments	2,399	1,582
Bonds and deposits	47	29
Accrued income	3,760	1,487
	6,206	**3,098**

Note 10: Other Financial Assets

	2019 $'000	2018 $'000
Non-Current		
Financial assets		
Other shares and units held - at cost	3,516	3,474
Shares in listed corporations - at fair value	47,982	20,562
Total financial assets held at cost and fair value	**51,498**	**24,036**

Note 11: Equity Accounted Investments

	2019 $'000	2018 $'000
Non-Current		
Equity accounted associates	**7,571**	**8,151**

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:

Associated Companies		Ownership Interest	
Associates	Principal place of business	2019	2018
BCS Broking Pty Ltd	Australia	30.00%	25.00%
Just Motorsport Limited	United Kingdom	35.03%	35.03%
RP-Baulkham Hills Pty Ltd	Australia	50.00%	50.00%
PSC Bloodstock Services Pty Ltd	Australia	50.00%	0.00%
RP-Bundoora Pty Ltd	Australia	50.00%	0.00%
RP-Caboolture Pty Ltd	Australia	0.00%	50.00%
RP-Canning Vale Pty Ltd	Australia	50.00%	50.00%
RP-Cannington Pty Ltd	Australia	50.00%	50.00%
RP-Carlton Pty Ltd	Australia	50.00%	50.00%
RP-Edwardstown Pty Ltd	Australia	50.00%	50.00%
RP-Fremantle Pty Ltd	Australia	50.00%	50.00%
RP-Horsham Pty Ltd	Australia	50.00%	50.00%
RP-Hoppers Crossing Pty Ltd	Australia	50.00%	50.00%
RP-Ipswich Pty Ltd	Australia	50.00%	0.00%
RP-Malaga Pty Ltd	Australia	0.00%	50.00%
RP-Maroochydore Pty Ltd	Australia	50.00%	0.00%
RP-Melbourne Pty Ltd	Australia	50.00%	0.00%
RP-Mona Vale Pty Ltd	Australia	25.00%	50.00%
RP-Morayfield Pty Ltd	Australia	50.00%	50.00%
RP-Nerang Pty Ltd	Australia	50.00%	50.00%
RP-Newcastle Pty Ltd	Australia	50.00%	50.00%
RP-North Perth Pty Ltd	Australia	0.00%	50.00%
PSC Property Lync Insurance Brokers Pty Ltd	Australia	50.00%	50.00%
RP-Randwick Pty Ltd	Australia	50.00%	50.00%
RP-Rockingham Pty Ltd	Australia	50.00%	50.00%
RP-South Perth Pty Ltd	Australia	50.00%	50.00%
RP-Success Pty Ltd	Australia	0.00%	50.00%
RP-Tullamarine Pty Ltd	Australia	50.00%	50.00%
RP-Tweed Heads Pty Ltd	Australia	50.00%	0.00%
RP-Wanneroo Pty Ltd	Australia	0.00%	50.00%
RP-Warragul Pty Ltd	Australia	50.00%	50.00%
RP-Yarrawonga Pty Ltd	Australia	0.00%	50.00%
RP-Penrith Pty Ltd	Australia	50.00%	50.00%
RP-Parramatta Pty Ltd (now 100% owned - refer to Note 21)	Australia	0.00%	50.00%
PSC Insurenet JV Pty Ltd	Australia	50.00%	50.00%

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 12: Interests In Associates And Joint Ventures (continued)

Associated Companies **Nature of relationship**	**2019** **$'000**	**2018** **$'000**
Investments in entities holding client lists	7,571	8,151
	7,571	**8,151**

Note 13: Property, Plant And Equipment

	2019 **$'000**	**2018** **$'000**
Leasehold improvements		
Leasehold improvements at cost	1,953	1,327
Accumulated depreciation	(1,189)	(989)
	764	**338**
Land and Buildings		
Land and buildings	12,000	10,107
Accumulated depreciation	(98)	(389)
	11,902	**9,718**
Plant and equipment		
Motor vehicles at cost	58	79
Accumulated depreciation	(18)	(24)
	40	**55**
Office equipment at cost	2,770	2,869
Accumulated depreciation	(1,941)	(1,580)
	829	**1,289**
Computer equipment at cost	4,883	3,727
Accumulated depreciation	(3,157)	(2,160)
	1,726	**1,567**
Total plant and equipment	**2,595**	**2,911**
Total property, plant and equipment	**15,261**	**12,967**

Note 13: Property, Plant And Equipment (continued)

(a) Reconciliations

	2019 $'000	2018 $'000
Leasehold improvements		
Carrying amount at beginning of year	338	369
Additions	533	122
Additions through acquisition of entities/operations	22	-
Disposals	-	(15)
Depreciation expense	(129)	(138)
Carrying amount end of year	**764**	**338**
Land and buildings		
Carrying amount at beginning of year	9,718	9,971
Additions	305	-
Reclassification from office equipment	486	-
Revaluation (b)	1,571	-
Depreciation expense	(178)	(253)
Carrying amount end of year	**11,902**	**9,718**
Plant and equipment		
Motor vehicles		
Carrying amount at beginning of year	55	8
Additions through acquisition of entities/operations	-	57
Disposals	(2)	-
Depreciation expense	(13)	(10)
Carrying amount end of year	**40**	**55**
Office equipment		
Carrying amount at beginning of year	1,289	762
Additions	242	659
Additions through acquisition of entities/operations	18	141
Disposals	-	(30)
Reclassification to land and buildings	(486)	-
Depreciation expense	(237)	(248)
Net foreign currency movements arising from foreign operation	3	5
Carrying amount end of year	**829**	**1,289**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 13: Property, Plant And Equipment (continued)

(a) Reconciliations (continued)

	2019 $'000	2018 $'000
Computer equipment		
Carrying amount at beginning of year	1,567	853
Additions	803	1,324
Additions through acquisition of entities/operations	149	20
Depreciation expense	(797)	(626)
Net foreign currency movements arising from foreign operation	4	(4)
Carrying amount end of year	**1,726**	**1,567**
Total plant and equipment	**2,595**	**2,911**
Total property, plant and equipment	**15,261**	**12,967**

Additions through acquisitions represent assets acquired through acquisitions per Note 23.

(b) Valuation of land and buildings

The fair values of land and buildings have been based on independent valuations. Such valuations are performed on a fair value basis, being the amounts for which the assets could be exchanged between market participants in an arm's length transaction at the valuation date. This is deemed to be a Level 2 fair valuation per the fair value hierarchy disclosed in Note 1.

Note 14: Intangible Assets

	2019 $'000	2018 $'000
Goodwill at cost	64,151	60,358
Goodwill on consolidation at cost	30,801	24,675
Identifiable intangible assets at cost	17,628	13,834
Accumulated amortisation and impairment	(4,505)	(3,195)
	13,123	**10,639**
Total intangible assets	**108,075**	**95,672**
(a) Reconciliations Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
Goodwill at cost		
Opening balance	60,358	53,306
Additions (a)	3,614	5,832
Net foreign currency movement arising from foreign operations	179	1,220
Closing balance	**64,151**	**60,358**
Goodwill on consolidation at cost		
Opening balance	24,675	13,206
Additions (b)	6,045	12,426
Net foreign currency movement arising from foreign operations	81	(957)
Closing balance	**30,801**	**24,675**
Identifiable Intangible assets at cost		
Opening balance	10,639	6,566
Additions through business combination (c)	3,135	2,800
Other additions	2,037	2,301
Amortisation expense	(1,593)	(1,032)
Movements on degrouped entities	(1,129)	-
Net foreign currency movement arising from foreign operations	34	4
Closing balance	**13,123**	**10,639**
Total intangible assets	**108,075**	**95,672**

(a) Additional goodwill recognised for the business acquisitions of JA Insurance Services and Workers Compensation Services (WCS - acquisition from Workers Compensation Risk Advisory Services Pty Ltd), and Certus Life Expansion - (a Life Portfolio acquisition from Fife Insurance Planning Pty Ltd).

(b) Additional goodwill on consolidation recognised on the acquisition of Turner Financial Services Pty Ltd.

(c) Additional identifiable intangible assets represent the acquisition of business acquisitions of Turner Financial Services Pty Ltd, JA Insurance Services and Workers Compensation Services (WCS - acquisition from Workers Compensation Risk Advisory Services Pty Ltd), and Certus Life Expansion - (a Life Portfolio acquisition from Fife Insurance Planning Pty Ltd).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 14: Intangible Assets (continued)

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 for the year ended 30 June 2019 (2018: 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 revenue for each CGU multiplied by a revenue multiple appropriate for similar businesses less costs to sell.

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

	2019 %	2018 %
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)	2.00%	2.00%
Approximate discount rate applied (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. The discount rate used is dependent on specific attributes of the transactions and determined by the Board.

Note 15: Payables

	2019 $'000	2018 $'000
Current		
Unsecured liabilities		
Trade creditors	1,818	1,888
Payables from broking, reinsurance and underwriting agency operations	512,406	437,548
Sundry creditors and accruals	4,147	3,984
	518,371	**443,420**

Whilst there is a trade payables balance, there is no credit risk against this balance since we apply this allowance for expected revenue losses on policy lapses and cancellations (Refer Note 8 (a)).

Note 16: Borrowings

	2019 $'000	2018 $'000
Current		
Secured liabilities		
Bank loans	1,192	935
Non-Current		
Secured liabilities		
Bank loans	55,831	53,410

(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 – Syndicated Facility Agreement - Limit $80,000,000 plus a further $3,000,000 revolving Overdraft / Bank Guarantee Facility
- Insurance Holdings Ltd (IHL) - Loan Facility (Clydesdale Bank) - Limit £4,129,364 ($7,467,204)

There is a funding facility to PSC Property Holdings Pty Ltd, totalling $7,624,000.

The key terms and conditions are as follows:

Syndicated Facility Agreement (SFA)

The syndication is led by Commonwealth Bank of Australia, and Macquarie Bank Limited are a participant in the syndicate.

Security was granted in favour of a security trustee, including a registered first ranking security over all assets and undertakings of the parent entity and certain subsidiaries of the parent entity.

The SFA 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 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 SFA is interest only with a 5 year term, current maturity date is March 2022. 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 PSC UK Holdings, and all related trading subsidiaries as security.

The Clydesdale Facility contains a number of representations, warranties and undertakings, including financial covenants and reporting obligations. The financial covenants cover PSC UK Holdings and IHL's rolling EBITDA to loan value ratio, its interest ratio and cash flow cover. These covenants have to be met quarterly and have been met during the Facility term to date. At balance date, the Clydesdale Facility has a remaining 4 year term, maturing July 2023, repayment terms of the Clydesdale Facility are £569,568 per annum. The interest rate is a variable interest rate based on LIBOR plus a margin.

Commonwealth Bank of Australia (Property Loan)

The facility provided to fund the property at 96 Wellington Parade, East Melbourne, which the parent entity and its subsidiaries occupy. The facility is secured by a first registered mortgage over the property and supporting guarantees from the parent entity and various subsidiaries. The loan is interest only with a 5 year term, current maturity date is March 2022. The interest rate is a variable interest rate based BBSY plus a margin.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 17: Provisions

	2019 $'000	2018 $'000
Current		
Employee benefits	3,183	2,930
Non-Current		
Employee benefits	455	398
Total employee benefits liability	**3,638**	**3,328**

Note 18: Other Liabilities

	2019 $'000	2018 $'000
Current		
Deferred income	249	232
Contract liabilities (a)	2,173	-
Amounts payable to vendors (b)	7,730	6,713
	10,152	**6,945**
Non-Current		
Amounts payable to vendors (b)	**1,851**	**1,347**

(a) Contract liabilities represent the consolidated entity's obligation to transfer services to the customer for which the consolidated entity has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the consolidated entity transfers the contracted services to the customer. A contract liability arises in relation to claims handling income when consideration is received from the customer in advance of the claims handling service being performed.

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

Note 19: Share Capital

(a) Issued and paid-up capital

	2019 $'000	2018 $'000
245,875,876 Ordinary shares fully paid (2018: 244,453,508)	**140,572**	**140,395**

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

(b) Movements in shares on issue

	Parent Entity No of shares	$'000
2019		
Beginning of financial year	244,453,508	140,395
Employee share issues	59,986	177
Loan funded shares	1,362,382	-
End of financial year	**245,875,876**	**140,572**
2018		
Beginning of financial year	225,912,026	85,994
Capital Raising issue	18,334,000	55,002
Capital Raising issue costs	-	(1,155)
Shares in lieu of cash for acquisition of subsidiary undertaking	207,482	554
End of financial year	**244,453,508**	**140,395**

(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 cash flows.

During 2019, management paid dividends of:

- Dividends paid by PSC Insurance Group Limited $18,625,261 (2018: $15,639,646)
- Dividends paid to non-controlling interests $464,797 (2018: $300,000)

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 20: Reserves And Retained Earnings

	2019 $'000	2018 $'000
Share-based payment reserve	2,160	323
Foreign currency translation reserve	(130)	(340)
Revaluation surplus	1,100	-
Non-controlling interest reserve	(37,351)	(37,351)
Reserves	**(34,221)**	**(37,368)**
Retained Earnings	**44,807**	**40,429**

(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.

(ii) Movements in reserve

	2019 $'000	2018 $'000
Opening balance	323	323
Fair value of options and performance share rights issued during the year	1,837	-
Closing balance	**2,160**	**323**

(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

	2019 $'000	2018 $'000
Opening balance	(340)	(1,166)
Exchange differences on translation of foreign operations	210	826
Closing balance	**(130)**	**(340)**

Note 20: Reserves And Retained Earnings (continued)

(c) Revaluation surplus

(i) Nature and purpose of reserve
In December 2018, an independent valuer undertook a valuation of land and buildings held by the Group. The net of tax adjustment from the carrying amount to the revalued amount has been accounted for in the revaluation surplus.

(ii) Movements in reserves

	2019 $'000	2018 $'000
Opening balance	-	-
Revaluation of property, plant and equipment	1,100	-
Closing balance	**1,100**	**-**

(d) Non-controlling interest reserve

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

(ii) Movements in reserves

	2019 $'000	2018 $'000
Opening Balance	(37,351)	(37,351)
Closing Balance	**(37,351)**	**(37,351)**

(e) Retained Earnings

	2019 $'000	2018 $'000
Retained earnings at beginning of year	40,429	28,496
Adjustment due to change of accounting policy, net of tax	(1,245)	-
Net profit	24,693	27,573
In specie distributions	(445)	-
Dividends provided for or paid	(18,625)	(15,640)
	44,807	**40,429**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 21: Interests In Subsidiaries

(a) Subsidiaries

Subsidiaries of the Group	Country of incorporation	Ownership interest held by Group		Ownership interest held by NCI	
		2019	2018	2019	2018
Agency Holding Corporation Pty Ltd*	Australia	100.00%	0.00%	0.00%	0.00%
Alsford Page & Gems (Holdings) Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%
Alsford Page & Gems Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%
AB Risk Solutions Ltd	United Kingdom	100.00%	100.00%	0.00%	0.00%
AR (WA) Pty Ltd	Australia	70.00%	70.00%	30.00%	30.00%
Breeze Underwriting (Aust) Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Breeze Underwriting Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%
Breeze Underwriting Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Capital Insurance Brokers Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Carroll & Partners Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%
Carroll Holman Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%
Carroll London Markets Holdings Ltd	United Kingdom	100.00%	100.00%	0.00%	0.00%
Carroll London Markets Ltd	United Kingdom	100.00%	100.00%	0.00%	0.00%
Carvan Pty Ltd	Australia	51.00%	51.00%	49.00%	49.00%
Certus Life Australia Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Certus Life Melbourne Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Certus Life Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Chase Surety Pty Ltd	Australia	80.00%	80.00%	20.00%	20.00%
Chase Underwriting Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Chase UK Holdings Pty Ltd	United Kingdom	100.00%	100.00%	0.00%	0.00%
Chase Global UK Ltd	United Kingdom	100.00%	100.00%	0.00%	0.00%
Connect Life Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Deskhaven Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Easy Broking Online Ltd	United Kingdom	100.00%	100.00%	0.00%	0.00%
Fenchurch Insurance Risk Management Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%
Insurance Holdings Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%
Insurance Marketing Group of Australia Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Jolimont Underwriting Pty Ltd*	Australia	100.00%	0.00%	0.00%	0.00%
Medisure Indemnity Australia Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
McKenna Hampton Insurance Brokers Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Online Insurance Brokers Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Professional Services Corporation Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Coastwide Insurance Services Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Coast Wide Newcastle Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Connect NZ Ltd	New Zealand	100.00%	100.00%	0.00%	0.00%
PSC Connect Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Connect Life NZ Ltd*	New Zealand	100.00%	0.00%	0.00%	0.00%
PSC Direct Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Foundation Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Group Holdings Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%

Note 21: Interests In Subsidiaries (continued)

Subsidiaries of the Group	Country of incorporation	Ownership interest held by group		Ownership interest held by NCI	
		2019	2018	2019	2018
PSC Holdings (Aust) Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers (Aust) Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers (Brisbane) Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers (Darwin) Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers (Melbourne) Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers (Wagga) Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers (Western) Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Services Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Insurance Brokers (Victoria) Pty Ltd *Formerly PSC International Pty Ltd*	Australia	100.00%	100.00%	0.00%	0.00%
PSC International Holdings Pty Ltd*	Australia	100.00%	0.00%	0.00%	0.00%
PSC JLG Investment Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC McKenna Hampton Insurance Brokers Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC National Franchise Insurance Brokers Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC NFIB Markets Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Nominees Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Property Holdings Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC Reliance Franchise Partners Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC UK Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
PSC UK Holdings Pty Ltd	United Kingdom	100.00%	100.00%	0.00%	0.00%
PSC Workers Compensation and Consulting Pty Ltd	Australia	75.00%	75.00%	25.00%	25.00%
PSC Wright Fahey Pty Ltd	Australia	100.00%	100.00%	0.00%	0.00%
Reliance Workplace Solutions Pty Ltd	Australia	70.00%	70.00%	30.00%	30.00%
RP-Parammatta Pty Ltd	Australia	100.00%	50.00%	0.00%	50.00%
Turner Financial Services Limited**	United Kingdom	70.00%	0.00%	30.00%	0.00%
Turner Insurance Services Limited**	United Kingdom	70.00%	0.00%	30.00%	0.00%
UK Facilities Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%
Upper Hillwood Holdings Limited	United Kingdom	100.00%	100.00%	0.00%	0.00%

* Entity entered Group during the 2019 financial year. ** Entity acquired during the 2019 financial year.

(b) Reconciliation of the non-controlling interest

	2019 $'000	2018 $'000
Accumulated NCI at the beginning of the year	1,964	1,676
Adjustment due to change of accounting policy, net of tax	(28)	-
Profit or loss allocated to NCI during the year	664	249
Movements in degrouped entities	(339)	-
Non-controlling interest arising from business combination	899	339
Increase in non-controlling interest	320	-
Dividends paid to NCI	(465)	(300)
Accumulated NCI at the end of the year	**3,015**	**1,964**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 22: Cash Flow Information

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	2019 $'000	2018 $'000
Cash on hand	3	2
Cash at bank	5,643	8,043
Cash on deposit	15,829	43,124
Cash held on trust	111,480	109,803
	132,955	**160,972**

(b) Reconciliation of net profit after tax to net cash flows from operations

	2019 $'000	2018 $'000
Profit from ordinary activities after income tax	25,357	27,822
Add/(less) items classified as investing/financing activities		
(Loss)/gain on deferred consideration	1,127	1,406
Adjustments and non-cash items		
Non-cash items		
Depreciation and amortisation	2,947	2,307
Bad and doubtful debts	31	3,908
Foreign currency translation (gains)/losses	196	2,981
Fair value adjustment of shares	(7,879)	(17,311)
Share-based payment expense	2,014	-
Equity accounted result	(154)	-
Disposal of investment in associates	(466)	-
Net cash flows from operations before change in assets and liabilities	**23,173**	**21,113**
Change in assets and liabilities		
(Increase)/decrease in receivables	(76,955)	(32,818)
(Increase)/decrease in other assets	(3,094)	(931)
Increase/(decrease) in payables	72,183	61,282
Increase/(decrease) in provisions	450	601
Increase/(decrease) in other liabilities	86	763
Increase/(decrease) in income taxes payable	4,275	(125)
Increase/(decrease) in deferred tax balances	(768)	5,915
Net cash flow from operating activities	**19,350**	**55,800**

Note 22: Cash Flow Information (continued)

(c) Acquisitions

During the period the consolidated group made a number of acquisitions. The fair value of assets acquired and liabilities assumed were as follows:

	2019 $'000	2018 $'000
Cash	1,937	7,977
Property, plant and equipment	189	218
Identifiable Intangibles	3,135	3,609
Trade receivables	1,771	1,542
Other financial assets	-	4
Trade and other creditors	(2,770)	(8,291)
Income tax payable	(452)	(165)
Provisions	(149)	(359)
Deferred tax balances	(724)	(1,082)
Net Identifiable assets acquired	**2,937**	**3,453**
Net assets exceeding consideration paid	**3,705**	**11,572**
Consideration paid in cash	(6,642)	(15,025)
Cash acquired	1,937	7,977
Net cash (dispensed) / acquired	**(4,705)**	**(7,048)**

(d) Loan facilities

	2019 $'000	2018 $'000
Loan facilities	98,091	95,508
Amount utilised	57,023	54,345
Unused loan facility	**41,068**	**41,163**

(e) Reconcilation of liabilities arising from financing activities

	2019 $'000	2018 $'000
Balance at the beginning of the year	54,345	44,383
Payments made	(971)	(4,660)
Foreign currency movements	102	270
Other changes	3,547	14,352
Balance at the end of the year	**57,023**	**54,345**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 23: Business Combinations

	2019 $'000	2018 $'000
Consideration	6,642	15,328
Deferred consideration	1,965	1,455
Contingent consideration	3,089	4,525
Total purchase consideration	**11,696**	**21,308**
Fair value of non-controlling interests	**899**	**-**

Acquisitions for the Year Ended 30 June 2019
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

2019	Turner Financial Services Pty Ltd $'000	JA Insurance Services $'000	Fife - Life portfolio $'000	WCS $'000	Total Group $'000
Cash consideration paid	3,540	497	554	2,051	6,642
Deferred consideration	1,770	75	120	-	1,965
Contingent consideration	1,770	320	120	879	3,089
Total purchase consideration	**7,080**	**892**	**794**	**2,930**	**11,696**
Ownership share	70%	100%	100%	100%	
Acquisition vehicle	(i)	(iii)	(ii)	(iii)	
Fair value of non-controlling interest	899	-	-	-	899
Total Non-controlling interest	**899**	**-**	**-**	**-**	**899**

Note 23: Business Combinations (continued)

(b) Identifiable assets and liabilities acquired

2019	Turner Financial Services Pty Ltd $'000	JA Insurance Services $'000	Fife - Life portfolio $'000	WCS $'000	Total Group $'000
Cash and Cash equivalents	1,937	-	-	-	1,937
Property, plant and equipment	189	-	-	-	189
Identifiable intangibles	1,554	252	144	1,185	3,135
Trade and other receivables	1,771	-	-	-	1,771
Defered tax assets	-	4	2	39	45
Deferred tax Liabilities	(295)	(75)	(43)	(356)	(769)
Trade and other payables	(2,770)	-	-	-	(2,770)
Income tax payable	(452)	-	-	-	(452)
Provisions	-	(15)	(6)	(128)	(149)
	1,934	**166**	**97**	**740**	**2,937**

(c) Goodwill on acquisition

2019	Turner Financial Services Pty Ltd $'000	JA Insurance Services $'000	Fife - Life portfolio $'000	WCS $'000	Total Group $'000
Total consideration paid / payable	7,080	892	794	2,930	11,696
Total net identifiable (assets)/liabilities acquired	1,934	166	97	740	2,937
Non-controlling interests acquired	899	-	-	-	899
Goodwill on acquisition (Excess over consideration paid/payable)	**6,045**	**726**	**697**	**2,190**	**9,658**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 23: Business Combinations (continued)

(d) Financial performance since acquisition date

2019	Turner Financial Services Pty Ltd $'000	JA Insurance Services $'000	Fife - Life portfolio $'000	WCS $'000	Total Group $'000
Revenue	5,544	351	284	1,527	7,706
Profit after tax	819	143	57	461	1,480
Financial performance if held for 12 months					
Revenue	5,544	465	379	1,988	8,376
Profit after tax	819	209	76	536	1,640
Goodwill on acquisition	6,045	726	697	2,190	9,658
Customer Lists	1,554	252	144	1,185	3,135
	7,599	**978**	**841**	**3,375**	**12,793**

The value of goodwill represents the future benefit arising from the future earnings and synergies expected from the acquisitions.

(e) Acquisition related Costs

The consolidated entity incurred transaction costs of $0.26 million (2018: $0.07m) in respect of acquisition of Turner Financial Services Pty Ltd and business acquisitions of JA Insurance Services and Workers Compensation Services (WCS), and Life Portfolio acquisition from Fife Insurance Planning Pty Ltd (Fife - Life Portfolio, Certus Life Expansion). 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Note 24: Commitments

(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

	2019 $'000	2018 $'000
Not later than one year	2,719	2,414
Later than one year and not later than five years	6,334	6,422
Greater than five years	285	-
Aggregate lease expenditure contracted for at reporting date	**9,338**	**8,836**

Note 24: Commitments (continued)

(b) Business acquisition commitments for acquisitions completed post-balance date

	2019 $'000	2018 $'000
Turner Financial Services Limited (purchase of business)	-	7,060
BP Marsh & Partners plc	-	32,962
	-	**40,022**

(c) 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 $928,900 (2018: $805,538).

(d) Contingent liabilities

The consolidated entity has provided guarantees on indebtedness amounting to $821,201. 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.

Note 25: Earnings Per Share

	2019 $'000	2018 $'000
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	24,693	27,753
Profit used in calculating basic earnings per share	24,693	27,753
Profit used in calculating diluted earnings per share	24,693	27,753
Earnings used in calculating diluted earnings per share	24,693	27,753

	2019 No of Shares	2018 No of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	245,536,621	237,795,176
Effect of dilutive securities:		
Share options	1,889,011	900,000
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	247,425,632	238,695,176

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 26: 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.

The consolidated entity holds the following financial instruments:

	2019 $'000	2018 $'000
Financial assets		
Amortised cost:		
Cash and cash equivalents	132,955	160,972
Bonds and deposits	47	29
Receivables from broking, reinsurance and underwriting agency operations	433,588	356,892
Other receivables	4,071	2,725
Loans to related parties	3,883	3,510
Fair value through profit or loss (mandatory classification):		
Financial assets	51,498	24,036
	626,042	**548,164**
Financial liabilities		
Amortised cost:		
Trade creditors	1,818	1,888
Payables from broking, reinsurance and underwriting agency operations	512,406	437,548
Sundry creditors and accruals	4,147	3,984
Borrowings	57,023	54,345
Contract liabilities	2,173	-
Amounts payable to vendors - deferred consideration	2,410	1,454
Fair value through profit or loss (mandatory classification):		
Amounts payable to vendors - contingent consideration	7,171	6,606
	587,148	**505,825**

Note 26: Financial Risk Management (continued)

(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 holds two market securities, currently held at fair value.
Price sensitivity at 30 June 2019 at +/- 10% represents exposure of $4,798,000 (2018 : $2,056,000).

(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:

	2019 $'000	2018 $'000
+ / - 10%		
Impact on profit after tax	359	307
Impact on equity	1,827	20

(c) Fair value of Financial Instruments
The consolidated entity's financial assets and contingent consideration liabilities are measured at fair value at the end of each reporting period. The following table gives information about how their fair values are determined, including the valuation technique and inputs used.

Financial instrument	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets - Shares in listed corporations	The fair value is calculated based on closing bid prices at the reporting date. This is deemed to be a Level 1 fair valuation per the fair value hierarchy disclosed in Note 1.	None	n/a
Amounts payable to vendors - contingent consideration	The fair value is calculated based on an agreed multiple of fees and commissions. This is deemed to be a Level 3 fair valuation per the fair value hierarchy disclosed in Note 1.	Forecast fees and commissions	The estimated fair value would increase/(decrease) if: - The forecast fees and commissions were higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 26: Financial Risk Management (continued)

(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:

Financial Instruments	Interest-bearing $'000	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest rate %
2019				
(i) Financial assets (variable)				
Cash	132,955	-	132,955	0.99%
Bonds and deposits	-	47	47	
Receivables from broking, reinsurance and underwriting agency operations	-	433,588	433,588	
Other receivables	-	4,071	4,071	
Loans to related entities	3,883	-	3,883	2.63%
Financial Assets	-	51,498	51,498	
Total financial assets	**136,838**	**489,204**	**626,042**	
(ii) Financial liabilities (variable)				
Trade creditors	-	1,818	1,818	
Payables from broking, reinsurance and underwriting agency operations	-	512,406	512,406	
Sundry creditors and accruals	-	4,147	4,147	
Contractor liabilities	-	2,173	2,173	
Borrowings	57,023	-	57,023	4.79%
Amounts payable to vendors - deferred consideration	-	2,410	2,410	
Amounts payable to vendors - contingent consideration	1,851	5,320	7,171	1.24%
Total financial liabilities	**58,874**	**528,274**	**587,148**	

Note 26: Financial Risk Management (continued)

(d) Interest rate risk (continued)

Financial Instruments	Interest-bearing $'000	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest rate %
2018				
(i) Financial assets (variable)				
Cash	160,972	-	160,972	1.39%
Bonds and deposits	-	29	29	
Receivables from broking, reinsurance and underwriting agency operations	-	356,892	356,892	
Other receivables	-	2,725	2,725	
Loans to related entities	3,510	-	3,510	5.65%
Financial assets	-	24,036	24,036	
Total financial assets	**164,482**	**383,682**	**548,164**	
(ii) Financial liabilities (variable)				
Trade creditors	-	1,888	1,888	
Payables from broking, reinsurance and underwriting agency operations	-	437,548	437,548	
Sundry creditors and accruals	-	3,984	3,984	
Borrowings	54,345	-	54,345	5.65%
Amounts payable to vendors - deferred consideration	405	1,049	1,454	1.57%
Amounts payable to vendors - contingent consideration	942	5,664	6,606	0.81%
Total financial liabilities	**55,692**	**450,133**	**505,825**	

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

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:

+ / - 100 basis points	2019 $'000	2018 $'000
Impact on profit after tax	(546)	(762)
Impact on equity	**(546)**	**(762)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 26: Financial Risk Management (Continued)

(e) 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, loans to shareholders and loans 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.

(f) 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.

(g) 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 26: Financial Risk Management (Continued)

(h) Maturity analysis

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

	< 6 Months $'000	6-12 Months $'000	1-5 years $'000	Carrying amount $'000
2019				
Cash and cash equivalents	132,955	-	-	132,955
Receivables	256,585	181,584	3,373	441,542
Other financial assets	3,516	-	47,982	51,498
Payables	(244,296)	(274,075)	-	(518,371)
Borrowings	(596)	(596)	(55,831)	(57,023)
Other financial liabilities	(6,026)	(4,126)	(1,851)	(12,003)
Net maturities	**93,638**	**(48,713)**	**(6,327)**	**38,598**

	< 6 Months $'000	6-12 Months $'000	1-5 years $'000	Carrying amount $'000
2018				
Cash and cash equivalents	160,972	-	-	160,972
Receivables	171,131	188,807	3,189	363,127
Other financial assets	3,098	-	24,036	27,134
Payables	(208,973)	(230,555)	(3,891)	(443,419)
Borrowings	(468)	(467)	(53,410)	(54,345)
Other financial liabilities	-	(6,713)	(1,347)	(8,060)
Net maturities	**125,760**	**(52,819)**	**(27,532)**	**45,409**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 27: Directors' And Executives' Compensation

Key management personnel during the year are the Directors, Group Chief Executive Officer and Chief Financial Officer.

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

Name	Appointment Date
Brian Austin	10 December 2010
Paul Dwyer	10 December 2010
John Dwyer	10 December 2010
Antony Robinson	13 July 2015
Melvyn Sims	8 August 2016

Other key management personnel during the year are:

Name	Appointment Date
Rohan Stewart (Group Chief Executive Officer)	2 May 2018
Joshua Reid (Chief Financial Officer)	15 December 2015

	2019 $	2018 $
Compensation by category		
Short-term employment benefits	2,016,244	1,678,208
Post-employment benefits	42,631	31,232
Long-term incentive plans	92,239	37,845
Share-based payments	1,558,956	-
	3,710,070	**1,747,285**

Note 28: 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, ADD Aviation Services Pty Ltd and The Lead Agency Pty Ltd (until 31 December 2018) are owned by Directors of the consolidated entity and are therefore considered related entities. DWF LLP is a related party as a Director of the consolidated entity is a Partner at the Company. The Group engages Fuse Recruitment Pty Ltd for recruitment and contractor services, ADD Aviation Services Pty Ltd for transportation services, The Lead Agency Pty Ltd for marketing services and DWF LLP for legal services.

The following fees were paid on normal third party commercial terms:

	2019 $	2018 $
Fees Paid or Payable to associates on normal commercial terms (ex GST):		
Recruitment fees	208,065	106,105
Contractor Fees	217,418	60,268
Marketing service fees	94,371	353,422
Transportation service fees	131,394	266,390
Legal service fees	372,377	-

Additionally, during the year the PSC Insurance Group Limited provided insurance services to related parties of Directors totalling $206,061 (2018: $334,320). The services supplied were in the normal course of business and on normal commercial terms and conditions. The fees outstanding for these services at balance date are $5,766 (2018 $nil).

Additionally, during the year the PSC Insurance Group Limited received trust distributions and dividends from entities where there was a common Director between that entity and PSC Insurance Group Limited totalling $318,200 (2018: $2,186,386). The entity ceased to be a related party on 7 December 2018.

Outstanding balance due to related parties of a Director are $21,249 (2018: $376,566).

Remuneration paid to the Directors for services provided are paid to their respective companies, as disclosed in the Remuneration Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 28: Related Party Disclosures (continued)

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.

	2019 $	2018 $
Current receivables		
Loans to related parties	**509,892**	**321,307**
Non-Current receivables		
Loans to related parties	**3,373,299**	**3,185,915**

All loans with Directors, key management personnel and other related parties are granted at arms length commercial terms for repayment. All pre-listing related party loans met the minimum requirements of the Income Tax Assessment Act 1936 Division 7A in relation to interest rates and repayment terms. All post-listing related party loans are interest bearing at a minimum rate of the Fringe Benefit Tax benchmark interest rate. The maximum loan term is 7 years.

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

There were no transactions with joint ventures in this financial year.

Note 29: Auditor's Remuneration

(a) Amounts paid and payable to Pitcher Partners Melbourne for:

i. Audit and other assurance services

	2019 $	2018 $
An audit or review of the financial report of the entity and any other entity in the consolidated entity	441,250	396,600
Total remuneration for audit and other assurance services	**441,250**	**396,600**

ii. Other non-audit services

	2019 $	2018 $
Consulting Services	14,324	-
Taxation services	17,015	18,715
Total remuneration for non-audit services	**31,339**	**18,715**
Total remuneration of Pitcher Partners Melbourne	**472,589**	**415,315**

Note 29: Auditor's Remuneration (continued)

(b) Amounts paid and payable to non-related auditors of Group entities for:

i. Audit and other assurance services

	2019 $	2018 $
An audit or review of the financial report of the entity and any other entity in the consolidated entity	190,595	143,743
Total remuneration for audit and other assurance services	**190,595**	**143,743**

ii. Other non-audit services

	2019 $	2018 $
Taxation services	18,524	32,086
Other services	21,541	19,522
Total remuneration for non-audit services	**40,065**	**51,608**

Total remuneration of non-related auditors of group entities	230,660	195,351
Total auditors' remuneration	**703,249**	**610,666**

Note 30: Parent Entity Information

(a) Summarised statement of financial position

	2019 $'000	2018 $'000
Assets		
Current assets	137,885	138,087
Non-current assets	55,787	53,661
Total assets	**193,672**	**191,748**
Liabilities		
Current liabilities	373	625
Non-current liabilities	42,133	42,120
Total liabilities	**42,506**	**42,745**
Net assets	**151,166**	**149,003**
Equity		
Share capital	147,048	146,870
Reserves	2,113	278
Retained earnings	2,005	1,855
Total equity	**151,166**	**149,003**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 30: Parent Entity Information (continued)

(b) Summarised statement of comprehensive income

	2019 $'000	2018 $'000
Profit for the year	20,013	17,349
Total comprehensive income for the year	**20,013**	**17,349**

(c) Parent entity guarantees

The amount of $821,201 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

	2019 $'000	2018 $'000
• Business acquisition commitments	-	40,022
• Bank guarantee commitments	929	806
Total parent entity contractual commitments	**929**	**40,828**

Note 31: Segment Information

(a) Description of segments

The Group has four reportable segments as described below:

- **Distribution**
  Insurance Broking, including Broker Networks (PSC Connect, PSC Reliance Franchise Partners), life broking and PSC Workers Compensation Consulting.

- **Agency**
  Underwriting agencies, including Chase Underwriting, Breeze Underwriting, Online Travel Insurance, Medical Indemnity Australia and PSC Claims Services.

- **United Kingdom**
  United Kingdom businesses including Caroll Holman, Breeze Underwriting (UK), Alsford Page & Gems, Turner, Easy Broking Online and Chase Underwriting (UK).

- **Group**
  Group income and investments from non-operating assets and any net group costs not recovered from operating segments.

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 segments and assess their performance.

Note 31: Segment Information (continued)

(b) Segment information
The consolidated entity's Chief Financial decision maker 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.

Segment information is measured in the same way as 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.

2019	Segment 1 - Distribution $'000	Segment 2 – Agency $'000	Segment 3 – United Kingdom $'000	Segment 4 – Group $'000	Total $'000
Segment revenue					
Commission income	30,253	12,392	30,030	-	72,675
Fees income	27,929	2,808	302	-	31,039
Other fees	7,923	499	(91)	-	8,331
Investment income	-	-	-	1,637	1,637
Other revenue / Other income	3,874	171	306	8,822	13,173
Total segment revenue	69,979	15,870	30,547	10,459	126,855
Segment revenue from external source	**69,979**	**15,870**	**30,547**	**10,459**	**126,855**
Segment result					
Total segment result	18,445	1,685	3,246	1,981	25,357
Segment result from external source	**18,445**	**1,685**	**3,246**	**1,981**	**25,357**
Items included within the segment result:					
Interest income	1,109	171	20	161	1,461
Interest expense	(76)	(2)	(338)	(3,033)	(3,449)
Depreciation and amortisation expense	(1,636)	(395)	(666)	(250)	(2,947)
Income tax expense	(7,530)	(1,470)	(926)	(1,552)	(11,478)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	-	-	-	154	154
Fair Value gains relating to shares in listed corporations	-	-	-	7,879	7,879
Total segment assets	**187,129**	**39,423**	**371,767**	**168,148**	**766,467**
Total segment assets include:					
Investments in equity accounted associates and joint ventures	5,756	-	-	1,815	7,571
Total segment liabilities	**166,696**	**36,513**	**354,428**	**54,657**	**612,294**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Year Ended 30 June 2019

Note 31: Segment Information (continued)

(b) Segment information (continued)

2018	Segment 1 - Distribution $'000	Segment 2 – Agency $'000	Segment 3 – United Kingdom $'000	Segment 4 – Group $'000	Total $'000
Segment revenue					
Commission income	26,367	11,652	23,490	-	61,509
Fees income	24,189	2,638	142	-	26,969
Other fees	5,625	615	440	-	6,680
Investment income	-	-	43	2,091	2,134
Other revenue / Other income	1,991	146	492	18,765	21,394
Total segment revenue	58,172	15,051	24,607	20,856	118,686
Segment revenue from external source	**58,172**	**15,051**	**24,607**	**20,856**	**118,686**
Segment result					
Total segment result	13,873	2,742	(74)	11,281	27,822
Segment result from external source	**13,873**	**2,742**	**(74)**	**11,281**	**27,822**
Items included within the segment result:					
Interest income	1,007	134	20	517	1,678
Interest expense	(43)	(23)	(190)	(2,533)	(2,789)
Depreciation and amortisation expense	(1,414)	(350)	(131)	(412)	(2,307)
Income tax expense	(6,285)	(1,728)	607	(5,099)	(12,505)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	-	-	-	285	285
Fair Value gains relating to shares in listed corporations	-	-	-	17,311	17,311
Total segment assets	**176,041**	**39,872**	**296,660**	**158,993**	**671,566**
Total segment assets include:					
Investments in equity accounted associates and joint ventures	6,690	-	-	1,461	8,151
Total segment liabilities	**152,085**	**36,647**	**281,829**	**55,585**	**526,146**

Note 32: Subsequent Events

Circumstances which have arisen since the end of the financial year that affect the state of affairs of the consolidated entity are detailed as follows:

(a) Acquisitions

1. Griffiths Goodall Insurance Brokers Pty Ltd - On 26 July 2019, the consolidated entity acquired 100% of Griffiths Goodall Insurance Brokers Pty Ltd, a broking business in the Australia. Details of the acquisition will be disclosed at the next reporting date. The calculation of the fair value of assets is yet to be finalised and accordingly the carrying value of goodwill is yet to be determined.

Consideration paid/payable	$'000
Consideration and costs paid	38,400
Contingent consideration	9,600
Total Consideration *	**48,000**

* Approximate

2. Paragon Insurance Holdings Ltd - On 24 July 2019, the consolidated entity signed an agreement to acquire 100% of Paragon Insurance Holdings Ltd, a broking business in the United Kingdom. Completion is subject to regulatory approval. Upon completion, details of the acquisition will be disclosed at the next reporting date. The calculation of the fair value of assets is yet to be finalised and accordingly the carrying value of goodwill is yet to be determined.

Consideration paid/payable	$'000
Consideration and costs paid	62,500
Contingent consideration	12,500
Total Consideration *	**75,000**

* Approximate

3. Capital Raising - On 25 July 2019, the consolidated entity announced an institutional placement of 13,461,529 fully paid ordinary shares at $2.60 per share, raising $35 million in funds. This capital raising was completed on 6 August 2019.

(b) Final dividend

On 21 August 2019, the Board declared an interim dividend for 2019 of 5.2 cents per share, 100% franked.

Note 33: Entity Details

PSC Insurance Group Limited
96 Wellington Parade
East Melbourne
Victoria, 3002

DIRECTORS DECLARATION

The Directors declare that the financial statements and notes set out on pages 23 to 79 are in accordance with the *Corporations Act 2001*, including:

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 2019 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 2019.

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

Antony Robinson
Director
Melbourne
Date: 21 August 2019

INDEPENDENT AUDITOR'S REPORT

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

PITCHER PARTNERS

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PSC Insurance Group Limited "the Company" and its controlled entities "the consolidated entity", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (continued)

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

PITCHER PARTNERS

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

Key Audit Matter	How our audit addressed the key audit matter
Impairment of intangible assets *Refer to Note 14: Intangible Assets and Note 2: Critical accounting estimates and judgements*	

Intangibles assets of $108.1m ($95.7m in FY18) are recorded on the consolidated statement of financial position, which comprise:
- $95.0m of goodwill ($85.0m in FY18;) and
- $13.1m of client list assets ($10.6m in FY18).
 	
Client list assets are amortised over a 10-year period.
 	
Valuation of intangible assets is considered a key audit matter due to the following factors:
- Management prepare the goodwill and client list assets value-in-use or fair value calculations to support the carrying value of each Cash Generating Unit (CGU).
- Significant judgement is involved in the preparation of the value-in-use impairment assessment models including management's key assumptions used, which could have a material impact on the impairment assessment including:
  o forecast cash flows,
  o growth rates; and,
  o discount rates applied.
- Significant judgement is involved in the preparation of the fair value impairment assessment models, which could have a material impact on the impairment assessment. In particular management's assumption used for the revenue multiple.
	Our procedures included, amongst others:
	
	- Assessing management's determination of the consolidated entity's CGUs based on our understanding of the nature of the consolidated entity's business.
	- Evaluating the goodwill value-in-use calculation, where used, to ensure it is consistent with the expected methodology (present value of 5-year period future cash flow expected to be derived from the CGU);
	- Obtaining supporting evidence to determine if the goodwill value-in-use calculation inputs are reasonable, including assessing the accuracy of prior period budgets;
	- With the assistance of a valuation expert reviewing the discount rates used in the goodwill value-in-use calculation against industry standards and comparable organisations, including re-calculating using market data and bench mark listed company betas;
	- Performing sensitivity analysis around key assumptions, including:
	  o forecast cash flows,
	  o growth rates; and,
	  o discount rates applied.
	- Evaluating the fair value calculation, where used, to ensure it is mathematically accurate;
	- Obtaining supporting evidence to determine if the fair value calculation inputs are reasonable, including comparing management's revenue multiple to similar past acquisition agreements.
	
	The following procedures were conducted in relation to the carrying value of Client list assets:
	- Assessing the initial valuation and on-going performance of the portfolio against budget, and
	- Determining if there are any indications of impairment or indicators of changes to useful life of the client list assets.

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

PITCHER PARTNERS

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

Key Audit Matter	How our audit addressed the key audit matter
Business acquisitions *Refer Note 23: Business Combinations*	

During the year the PSC consolidated entity purchased an interest in four businesses with gross consideration totalling $11.7m.
 	
These acquisitions are considered a key audit matter as accounting for these transactions is a complex and judgemental exercise, requiring management to determine:
• Key terms and conditions of the sale and purchase agreement;
• Whether control has been obtained of the entity and the transaction is a business acquisition, investment or asset purchase;
• Acquired assets and liabilities, including those which may not be recorded on the acquirer's balance sheet, such as intangible assets, for example client lists or brands;
• Fair values of the identified assets and liabilities;
• Fair value of consideration including deferred payments which are subject to earn out;
• Goodwill or gain on bargain purchase associated with the acquisition;
	Our procedures included, amongst others:
	
	• Reviewing the sale and purchase agreement to understand key terms and conditions;
	• Assessing the accounting treatment for the acquisitions to ensure adherence with contract terms and relevant Australian Accounting Standards, with specific focus on judgemental areas such as:
	   o Assessing whether AASB3: *Business Combinations* applies by ensuring the acquisition meets the definition of a business combination;
	   o Evaluating and challenging the assumptions and methodology in management's calculations of fair value of assets and liabilities acquired and impairment assessments at year end. Present value valuation model inputs were reviewed against previous performance for reasonableness and discount rates used were assessed against comparable industry rates;
	   o Re-calculating the goodwill and gain on bargain purchase calculations, to ensure mathematical accuracy.
	• Considering the deferred consideration clauses within the contracts subject to earn out and reviewing current forecast models;
	• Assessing the adequacy of the consolidated entity's disclosures in respect of business acquisitions.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT (continued)

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

PITCHER PARTNERS

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

PITCHER PARTNERS

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PSC INSURANCE GROUP LIMITED**

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 21 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of PSC Insurance Group Limited and controlled entities for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

S SCHONBERG
Partner

PITCHER PARTNERS
Melbourne

21 August 2019

SHAREHOLDER INFORMATION

As required under the ASX Listing Rules, the Directors provide the following information.

Shareholding Analysis

(a) Distribution of Shareholders
At 12 August 2019, the distribution of shareholdings was as follows:

Range	Securities	%	No. of holders	%
100,001 and Over	251,845,432	95.66	92	10.15
10,001 to 100,000	9,400,667	3.57	288	31.79
5,001 to 10,000	1,199,439	0.46	148	16.34
1,001 to 5,000	794,968	0.30	260	28.70
1 to 1,000	41,186	0.02	118	13.02
Total	**263,281,692**	**100.00**	**906**	**100.00**

(b) Substantial Shareholders
The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 12 August 2019 were:

Name	Number of Shares
Mrs Melissa Jane Dwyer	65,714,555
Austin Superannuation Pty Ltd	35,440,600
Glendale Dwyer Pty Ltd	34,616,522
Wilson Asset Management Group (held through nominees)	12,883,591

(c) Class of shares and voting rights
At 12 August 2019, there were 906 holders of ordinary shares in the Company. All of the issued shares in the capital of the parent entity are ordinary shares and each shareholder is entitled to one vote per share.

(d) Twenty Largest Shareholders (At 12 August 2019):

Rank	Shareholder	Number of Shares
1	Mrs Melissa Jane Dwyer	65,714,555
2	HSBC Custody Nominees (Australia) Limited	37,273,769
3	Austin Superannuation Pty Ltd	35,440,600
4	Glendale Dwyer Pty Ltd	34,616,522
5	National Nominees Limited	12,115,533
6	J P Morgan Nominees Australia Pty Limited	11,105,128
7	Mr Michael David Gunnion & Mrs Debra Lee Gunnion	4,453,669
8	Walker Insurance & Financial Services Pty Ltd	4,451,168
9	Locust Fund Pty Ltd	4,006,539
10	Namarong Investments Pty Ltd	3,967,731
11	Citicorp Nominees Pty Limited	3,268,010
12	Uyb.com Pty Ltd	2,617,479
13	Rubi Holdings Pty Ltd	2,250,000
14	Aust Executor Trustees Ltd	1,728,133
15	Dead Grateful Pty Ltd	1,577,715
16	BNG Family Pty Ltd	1,577,715
17	UBS Nominees Pty Ltd	1,365,867
18	BNP Paribas Noms Pty Ltd	1,236,546
19	Mr Joshua Martin Reid	1,170,299
20	HSBC Custody Nominees (Australia) Limited - A/C 2	930,155

CORPORATE INFORMATION

Directors

Brian M Austin (Independent Non-Executive Chairman)
Paul R Dwyer (Non-Executive Director, Deputy Chairman)
Antony D Robinson (Managing Director)
John R Dwyer (Executive Director)
Melvyn S Sims (Independent Non-Executive Director)

Group Secretary

Stephen G Abbott

Registered Office

96 Wellington Parade
East Melbourne, Victoria, 3002
W: www.pscinsurancegroup.com.au

Auditors

Pitcher Partners
Level 13, 664 Collins Street
Docklands, Victoria, 3008

Share Registry

Link Market Services Ltd
Tower 4, 727 Collins Street
Melbourne, Victoria, 3008

Stock Exchange Listing

PSC Insurance Group Limited shares are listed on the Australian Stock Exchange with ASX Code : PSI