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

HALF-YEAR INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017.

Appendix 4D

Half Year Report for the six months to 31 December 2017

Name of entity: PSC INSURANCE GROUP LIMITED

ABN or equivalent company reference: 81 147 812 164

1. Reporting period

Report for the half year ended:	31 December 2017
Previous corresponding periods:	Financial year ended 30 June 2017
	Half- year ended 31 December 2016

2. Results for announcement to the market

				\$A '000
Revenues from ordinary activities (item 2.1)	up	69%	to	62,006
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up	303%	to	20,162
Net profit for the period attributable to members (item 2.3)	up	303%	to	20,162
Dividends to members of the parent (item 2.4)		ount per Franked amoun		
Interim dividend (FY 2018, not provided for)	2.7 cents		2.7 cents	
Final dividend (FY 2017, paid 18 October 2017	4.0 cents		4.0 cents	
Previous corresponding period (12 months 2017)	4.5 cents			4.5 cents
Record date for determining entitlements to the dividend (item 2.5)	14 March 2018			3

Brief explanation of any figures reported above necessary to enable the figures to be understood (item 2.6).

Refer to the following Half Year 31 December 2017 Results Announcement

3 Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.250	\$0.020

4. Details of entities over which control has been gained or lost during the period: (item 4)

Please refer to Note 8 of the attached Financial Report for the Half Year Ended 31 December 2017.

5. Dividends to members of the parent (item 5)

	Date of payment	Total amount of dividend \$A'000
Interim dividend year ended 30 June 2017	13/04/2017	\$4,508
Final dividend year ended 30 June 2017	18/10/2017	\$9,040

Amount per security

Amount per security			
	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign sourced dividend
Total dividend : Current year (half-year 2018)	2.7 cents	2.7 cents	-
Previous year (half-year 2017)	2.0 cents	2.0 cents	-

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities	\$6,600	\$4,508
Preference securities	-	-
Other equity instruments	-	-
Total	\$6,600	\$4,508

6. Details of dividend or distribution reinvestment plans in operation are described below (item 6):

There are no dividend reinvestment plans currently in place.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

- 7. The financial information provided in the Appendix 4D is based on the half- year condensed financial report (attached).
- 8. Independent review of the financial report

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

21 February 2018

Market Announcements Office ASX Limited Exchange Centre 20 Bridge Street SYDNEY NSW 2000

PSC INSURANCE GROUP LTD (PSI) - HALF YEAR 31 DECEMBER 2017 RESULTS ANNOUNCEMENT

Summary:

- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) up 29% on the pcp to \$13.14 million. This is at the upper end of the revised earnings quidance of 25-30%.
- Underlying net profit after tax and before amortisation (NPATA) up 49% on pcp to \$9.1m.
- Statutory NPAT up very materially on pcp to \$20.3 million (pcp was \$5.2 million). Additional to the growth in underlying operations, this was driven by a fair value gain in our investment in the Johns Lyng Group.
- The balance sheet is in a strong position after the completion of a capital raising of \$55 million during the period.
- We announce an interim dividend of 2.7 cents per share, fully franked. This is an increase of 35% on pcp.

Underlying EBITDA:

Underlying revenue has increased 21% to \$44.3m. EBITDA margin has increased from 27.8% to 29.7%.

Increased underlying EBITDA was \$2.95 million, with the following key contributions:

- Aust/NZ Organic Growth: \$0.9 million. This was driven by strong performances from our underwriting agency and network businesses, particularly Chase Underwriting and PSC Connect, and a solid result from the broking businesses.
- UK Organic Growth: \$0.95 million. This was a strong result from the region and was
 driven by strong results from the Carroll Holman wholesale broking business. FX
 changes were not a factor in the half year, however at current rates we expect a
 positive boost in the second half.
- Acquisition Growth: \$1.1 million. This represents the contribution from the six businesses acquired between May October 2017. All are performing to our expectation. Of specific note, there was a good contribution from the online travel insurance agency business (Online Insurance Brokers). The largest acquisition(s) over this period were the healthcare focussed broking and agency businesses of Insurance Marketing Group of Australia and Medisure. These businesses have made a sound contribution and are performing to expectation.



Statutory NPAT and Underlying NPATA:

Underlying NPATA increased 49% to \$9.1 million. This was after adjusting for the after tax amount of non-recurring revenue and costs and the non-cash amortisation charge. The average tax rate for the period was lower at 26%.

Statutory NPAT for the period has increased materially to \$20.3 million, from \$5.2 million in the prior period. Additional to an increase in underlying earnings, this was driven by an unrealised fair value gain in our investment in the Johns Lyng Group after their successful IPO in the period. This was a pre-tax amount of approximately \$17.4 million. We are pleased to remain shareholders in the Johns Lyng Group.

Statutory NPAT attributable to members was \$20.2 million. The non-controlling interests in the Group are not currently material.

Balance Sheet:

The balance sheet is in a strong position after the \$55 million capital raising in the period and the IPO of the Johns Lyng Group. Net cash¹ position is \$11 million. This affords the Group a strong position to continue to pursue its business strategy.

Subsequent to balance date, we have completed on the previously announced acquisitions of Insurance Solutions and Capital Insurance Brokers, Melbourne and Canberra based insurance broking businesses respectively.

Dividend:

The Directors have declared an increase in the interim dividend to 2.7 cents per share, a 35% increase on the prior period. Record date will be 14 March 2018 and a payment date of 11 April 2018. This dividend will be fully franked.

Outlook and Summary:

The Group's diversified businesses have continued to perform well overall in the period, with sound organic growth evident. The contribution from acquisitions have also been pleasing, and we expect these businesses to continue to improve over time.

The balance sheet is in a strong position, which in turn places the Group in a good position to pursue its long term business strategy.

The Group is well positioned for the second half and we are confident we can continue the good result of the first half. The second half remains the larger contributor to full year earnings.



¹ Cash balances, excluding trust monies, less debt

The pipeline of both start-up businesses and acquisitions is solid.

The Board and management remain highly invested in the future of the Group.

Please direct any queries to Joshua Reid, Chief Financial Officer, on (03) 8593 8303.





PSC INSURANCE GROUP LIMITED AND CONTROLLED ENTITIES FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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PSC INSURANCE GROUP LIMITED AND CONTROLLED ENTITIES ACN: 147 812 164

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

DIRECTOR'S REPORT

The directors present their report together with the condensed financial report of the Group consisting of PSC Insurance Group Limited (the Company) and its controlled entities (the Group) for the half-year ended 31 December 2017 and independent review report thereon.

Directors

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

Brian Austin

John Dwyer

Paul Dwyer

Antony Robinson

Melvyn Sims

The directors have been in office since the start of the financial period to the date of this report.

Review of operations

A review of the operations of the Group during the half-year and the results of those operations are as follows:

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 29% over the prior corresponding period (pcp) to \$13.14 million. Underlying revenue increased by 21% over pcp to \$44.28 million.

Underlying EBITDA growth of \$2.95 million was derived from a mix of organic and acquired growth. Organic growth across operations was \$1.85 million. Good results were posted by our Australian underwriting agency and network businesses and our UK Lloyds wholesale business.

Incremental acquired EBITDA contributed \$1.1 million of the increase. This was across 6 investments completed at various times between May and October 2017. All are performing to expectation, with Online Insurance Brokers, IMGA and MIA providing solid contributions to the result.

Statutory net profit after tax (NPAT) was up very materially to \$20.3m (from \$5.2m in the pcp). Aside from the underlying results, this was due to the approximately \$17.4m unrealised fair value gain on our investment in the Johns Lyng Group (\$12.2m after tax).

The balance sheet is in a sound position, with the Group completing a capital raising during the period. This places the Group in a good position to continue with its business strategy.

Auditor's independence declaration

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

Rounding of amounts to nearest thousand dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of the directors:

Paul Dwyer

Managing Director Melbourne

Date: 20 February 2018

MA

Brian Austin Chairman



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

AUDITOR'S INDEPENDENCE DECLARATION

In relation to the independent auditor's review for the half-year ended 31 December 2017, 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 period.

S SCHONBERG

Partner

20 February 2018

PITCHER PARTNERS Melbourne

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half	-Year
	31-Dec	31-Dec
	2017	2016
	\$'000	\$'000
Revenue and other income		
Fee and commission income	40,920	34,462
Other revenue	3,363	2,243
Other income	17,723	-
	62,006	36,705
Less: expenses		
Administration and other expenses	(5,868)	(3,967)
Depreciation and amortisation expense	(972)	(630)
Employee benefits expense	(20,706)	(18,383)
Occupancy expense	(1,577)	(1,508)
Finance costs	(1,273)	(881)
Employee contractors	(1,398)	(1,102)
Information technology costs	(1,909)	(1,624)
Professional fees	(668)	(760)
	(34,371)	(28,855)
Profit before income tax expense	27,635	7,850
Income tax expense	(7,313)	(2,657)
Net profit from continuing operations	20,322	5,193
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	301	(630)
Other comprehensive income for the period	301	(630)
Total comprehensive income	20,623	4,563
Profit is attributable to:		
- Members of the parent	20,162	5,005
- Non-controlling interests	160	188
	20,322	5,193
Total comprehensive income is attributable to:		
- Members of the parent	20,463	4,375
- Non-controlling interests	160	188
	20,623	4,563
Earnings per share for profit attributable to the equity holders of the parent entity:		
Diluted earnings per share	8.7 cents	2.3 cents
Basic earnings per share	8.7 cents	2.3 cents

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

Interest assets Sch and cash equivalents Sch and current assets Sch and current assets Sch and current assets Sch and current assets Sch and sch and equipment Sch and sch an	Half-	Year
rient assets sh and cash equivalents sh and cash equivalents sh and cash equivalents sh and cash equivalents share assets sal current assets share current assets share financial asset	31-Dec	30-Jun
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Stand cash equivalents Stand cash equipment	\$'000	\$'000
Letivables Let assets Late current assets Let financial assets Let finan		
ter assets tal current assets tal y Accounted investments so y operty, plant and equipment angible assets tal assets tal assets tal assets trent liabilities tal assets tal current liabilities tal current l	162,140	80,124
and current assets m-current assets per perty. plant and equipment angible assets and assets method investments angible assets from tiabilities pables crowings prent tax liabilities perty liabilities prent tax liabilities perty l	315,754	328,805
meturent assets pervables per financial assets perty, plant and equipment angible assets prent liabilities pables perty liabilities provings perty liabilities perty liabilit	1,999	2,167
serviables for financial assets first Accounted investments for perty, plant and equipment angible assets for all non-current assets for all	479,893	411,096
ter financial assets inty Accounted investments angible assets ang		
sity Accounted investments 9 sperty, plant and equipment 7 station-current assets 7 stations of the property o	3,497	3,747
Apperty, plant and equipment angible assets 7 Ial non-current assets Ial assets Trent liabilities Trowings Trent liabilities Trowings Trent liabilities Trowings Trent liabilities Trent liabiliti	24,180	5,863
angible assets ratal non-current assets ratal assets rent liabilities rowings rent tax liabilities rel current liabilities rel current liabilities rel current liabilities rel current liabilities rel liabilities rel current liabilities rel liabil	8,383	8,123
al anon-current assets rrent liabilities rables rrowings rrich tax liabilities rent liabilities ral current liabilities ral current liabilities rowings rowings rowings rowings rowings rowings rent liabilities rowings rent liabilities rowings rent liabilities rat current liabilities rowings rent dax liabilities rat liabilities rat anon-current liabilities rat liabilities rat anon-current liabilities rat assets ruity rate capital 5 serves rained earnings raty attributable to owners of PSC Insurance Group Limited	12,633	11,963
rent liabilities radia assets rrent liabilities rrowings rent tax liabilities rent liabilities r	83,466	73,078
rrent liabilities rables rrowings rent tax liabilities rent liabilities rent liabilities rent tax liabilities rent liabilities ren	132,159	102,774
yables crowings visions crent tax liabilities cal current liabilities crowings visions crent tax liabilities crowings visions crent tax liabilities crowings visions crent tax liabilities crent tax l	612,052	513,870
rowings visions rent tax liabilities rel liabilities rel liabilities recurrent liabiliti		
ericht tax liabilities for current liabilities for liabilities	392,620	375,437
rent tax liabilities rel liabilities rel current liabilities recoverings revisions recred tax liabilities rel liabilities rel tax liabilities rel liabilities rel current liabilities rel capital	712	635
tal current liabilities concurrent liabilities crowings covisions ferred tax liabilities tal non-current liabilities tal liabilities tal sasets tuity are capital for example of PSC Insurance Group Limited	2,111	2,031
ral current liabilities rowings rowings rowings rered tax liabilities rerel liabilities ral non-current liabilities ral liabilities ral sasets ruity re capital for	4,671	3,239
concurrent liabilities crowings derived tax liabilities derived liabilities derives derives derives derives derives derives of PSC Insurance Group Limited	5,506	6,755
rowings visions ferred tax liabilities ferrel tax liabilities fal non-current liabilities fal liabilities fassets uity fare capital faserves fained earnings faity attributable to owners of PSC Insurance Group Limited	405,620	388,097
evisions ferred tax liabilities ferred tax li		
ferred tax liabilities for liabilities fal non-current liabilities fal liabilities fassets for capital	54,229	43,748
ner liabilities tal non-current liabilities tal liabilities tassets uity are capital 5 serves tained earnings taity attributable to owners of PSC Insurance Group Limited	367	337
tal non-current liabilities tal liabilities tassets uity are capital 5 serves tained earnings uity attributable to owners of PSC Insurance Group Limited	7,039	2,942
tal liabilities tassets uity are capital 5 serves tained earnings uity attributable to owners of PSC Insurance Group Limited	1,334	774
t assets uity are capital 5 serves tained earnings uity attributable to owners of PSC Insurance Group Limited	62,969	47,801
uity are capital 5 serves tained earnings uity attributable to owners of PSC Insurance Group Limited	468,589	435,898
are capital 5 serves tained earnings uity attributable to owners of PSC Insurance Group Limited	143,463	77,972
serves rained earnings uity attributable to owners of PSC Insurance Group Limited		
ained earnings uity attributable to owners of PSC Insurance Group Limited	140,052	85,994
uity attributable to owners of PSC Insurance Group Limited	(37,893)	(38,194)
	39,618	28,496
n-controlling interests	141,777	76,296
	1,686	1,676
al equit y	143,463	77,972

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Share capital	Reserves	Retained Earnings	Non- controlling	Total Equity
Consolidated Entity	\$'000	\$'000	\$'000	Interest \$'000	\$'000
Balance as at 1 July 2016	85,194	(37,740)	18,920	1,429	67,803
Profit for the half-year	-	-	5,005	188	5,193
Exchange differences on translation of foreign operations,	-	(630)	-	-	(630)
net of tax					
Total comprehensive income for the half-year	-	(630)	5,005	188	4,563
Transactions with owners in their capacity as owners:					
Employee share issues	-	168	-	-	168
Dividends paid	-	-	(5,634)	-	(5,634)
Total transactions with owners	-	168	(5,634)	-	(5,466)
Balance as at 31 December 2016	85,194	(38,202)	18,291	1,617	66,900

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Share capital	Reserves	Retained Earnings	Non- controlling	Total Equity
Consolidated Entity	\$'000	\$'000	\$'000	Interest \$'000	\$'000
Balance as at 1 July 2017	85,994	(38,194)	28,496	1,676	77,972
Profit for the year	-	-	20,162	160	20,322
Exchange differences on translation of foreign operations, net of tax	-	301	-	-	301
Total comprehensive income for the year	-	301	20,162	160	20,623
Transactions with owners in their capacity as owners:					
Capital Raising issue	55,002	-	-	-	55,002
Capital Raising issue costs	(1,140)	-	-	-	(1,140)
Shares in lieu of cash for acquisition of subsidiary	196	-	-	-	196
Dividends paid	-	-	(9,040)	(150)	(9,190)
Total transactions with owners	54,058	-	(9,040)	(150)	44,868
Balance 31 December 2017	140,052	(37,893)	39,618	1,686	143,463

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2017

	31-Dec-17	31-Dec-16
	\$'000	\$'000
Cash flow from Operating activities		
Receipts from customers	48,433	41,976
Payments to suppliers and employees	(33,090)	(32,756
Trust distributions received	2,455	
Interest received	732	638
Interest paid	(1,179)	(881
Income tax paid	(1,784)	(2,087
Operating cash before movement in customer trust accounts	15,567	6,890
Net movement in customer trust accounts	24,229	(4,276
Net cash provided by operating activities	39,796	2,614
Cash flow from investing activities		
Payments for deferred consideration/business acquisitions	(11,733)	(3,879
Payment for property, plant and equipment	(1,160)	(10,479
Payment for other investments	(500)	1,100
Proceeds from sale of equity investments	505	
Net cash flow (used in) investing activities	(12,888)	(13,258
Cash flow from financing activities		
Proceeds from borrowings	14,121	11,56
Repayments of borrowings	(3,563)	(1,06
Share Issues : Market	55,002	
Capital Raising costs	(1,650)	
Dividends paid	(9,190)	(5,63
Loans to related parties	(258)	20
Net cash provided by / (used in) financing activities	54,462	5,07
Reconciliation of cash		
Cash at beginning of the half-year	80,124	87,25
Net increase / (decrease) in cash held	81,370	(5,56
Effect of exchange rate fluctuation on cash held	646	(1,63
Cash at end of the half-year	162,140	80,05

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by PSC Insurance Group Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This condensed half-year financial report covers PSC Insurance Group Limited and controlled entities as a Group. 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 Level 4, 96 Wellington Parade, East Melbourne, VIC 3002. PSC Insurance Group Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors on 20th February 2018.

(a) Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year 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.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2017 and the corresponding half-year.

(b) 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 report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(c) Fair value compared with carrying amounts

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

(d) Accounting standards issued but not yet effective

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 Group but applicable in future reporting periods is set out below.

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

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

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

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

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers,

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

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

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

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

- identify the contract(s) with a customer;
- · identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

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

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

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

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

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

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

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

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

(d) New and revised accounting standards effective at 31 December 2017

The Group has adopted the following new and revised accounting standards for the first time for their half-year reporting period ending 31 December 2017

AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual reporting periods commencing on or after 1 January 2017).

This Amending Standard amends AASB 112: Income Taxes to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

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

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (applicable for annual reporting periods commencing on or after 1 January 2017).

This Amending Standard amends AASB 107: Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this objective, entities will be required to disclose the following changes in liabilities arising from financing activities:

- · changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- · the effect of changes in foreign exchange rates;
- changes in fair values; and
- · other changes.

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

AASB 2017-2: Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle (applicable to annual reporting periods commencing on or after 1 January 2017).

This Amending Standard clarifies the scope of AASB 12: Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

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

NOTE 2: SIGNIFICANT OR UNUSUAL EXPENSE / (REVENUE) ITEMS

		Half-Year
	31-Dec	31-Dec
	2017	2016
	\$'000	\$'000
IPO and post IPO Costs	-	211
Legal and professional fees	244	54
Acquisition related restructure costs	-	243
Share based payment expense (N-E Directors)	-	168
Bank refinance costs	25	-
Other expenses (a)	207	60
Deferred consideration adjustments on Business combinations	262	94
Fair Value (gains) relating to significant investments	(17,481)	-
	(16,743)	830

⁽a) Other expenses including once off office closure and move costs, including lease surrender.

NOTE 3: CASH AND CASH EQUIVALENTS

	31-Dec	30-Jun
	2017	2017
	\$'000	\$' 000
Cash on hand	3	1
Cash at bank	7,121	4,907
Cash on deposit	58,686	3,902
Cash held on trust	96,330	71,314
	162,140	80,124
NOME 4 DUUDENDO		
NOTE 4: DIVIDENDS		
	31-Dec	30-Jur
	2017	201
	\$'000	\$' 000
(a) Dividends paid or declared		
Dividends paid fully franked	9,040	10,148
Dividends paid to non-controlling interests, unfranked	150	-
	9,190	10,148
(b) Dividends declared after the reporting period and not recognised		
(b) Dividends declared after the reporting period and not recognised		
Since the end of the reporting period the directors have recommended/declared		
dividends of 2.7 cents per share (2017: 4.0 cents per share) fully franked		
	6,600	9,040
	6,600	9,040
NOTE 5: SHARE CAPITAL	01.5	
	31-Dec	30-Jur
	2017	2017
	\$'000	\$' 000
(a) Issued and paid-up capital		
244,332,920 Ordinary shares fully paid (2017: 225,912,026)	140,052	85,994
Fully paid ordinary shares carry one vote per share and have the right to dividends.		
(b)Movements in shares on issue		
	31-Dec	31-Dec
	2017	2017
	No of shares	\$'000
	NO 01 Shales	\$ 000
31 December 2017		
Beginning of half-year	225,912,026	85,994
Capital Raising issue	18,334,000	55,002
Capital Raising issue costs	-	(1,140
Shares in lieu of cash for acquisition of subsidiary	86,894	196
End of half-year	244,332,920	140,052
	31-Dec	31-De
	2016	2016
	No of shares	\$'000
31 December 2016	170 01 5114103	
	205.050.113	05.10
Beginning of financial year	225,378,110	85,194

(c) Rights of each type of share

End of half-year

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.

225,378,110

85,194

NOTE 6: SEGMENT INFORMATION

(a) Description of segments

The Group has two reportable segments as described below:

- Australasia

The Group's Australasian operations represent broking, reinsurance and underwriting operations present in Australia and New Zealand.

- United Kingdom

The Group's United Kingdom operations represents insurance broking, reinsurance and underwriting operations present in the United Kingdom.

All these operating segments have been identified based on internal reports reviewed by the Group in order to allocate resources to the segments and assess their performance.

(b) Segment information

The Group 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.

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.

NOTE 6: SEGMENT INFORMATION (Continued)

	Segment 1 -	Segment 2	Total
	Australia/NZ	– United	
		Kingdom	
31 December 2017	\$'000	\$'000	\$'000
Segment revenue			
Total segment revenue	50,839	10,435	61,274
Segment revenue from external source	50,839	10,435	61,274
Segment result			
Total segment result	19,371	951	20,322
Segment result from external source	19,371	951	20,322
Items included within the segment result:	717		700
Interest income	717	15	732
Interest expense	(1,185)	(88)	(1,273)
Depreciation and amortisation expense	(910)	(62)	(972)
Income tax expense	(7,638)	325	(7,313)
Share of net profits/(losses) of associates and joint ventures	180	-	180
accounted for using the equity method			
Fair Value gains relating to significant investments	17,481	-	17,481
Total segment assets	304,403	307,649	612,052
Total segment assets include:			
Investments in equity accounted associates and joint ventures	8,357	26	8,383
Additions to non-current assets other than financial instruments and deferred tax assets	11,790	40	11,830
Total segment liabilities	177,000	291,589	468,589

NOTE 6: SEGMENT INFORMATION (Continued)

	Segment 1 - Australia/NZ	Segment 2 – United	Total
	- Piastralia, IV2	Kingdom	
31 December 2016	\$'000	\$'000	\$'000
Segment revenue			
Total segment revenue	27,637	8,430	36,067
Segment revenue from external source	27,637	8,430	36,067
Segment result			
Total segment result	5,591	(398)	5,193
Segment result from external source	5,591	(398)	5,193
Items included within the segment result:			
Interest income	625	13	638
Interest expense	(793)	(88)	(881)
Depreciation and amortisation expense	(573)	(57)	(630)
Income tax expense	(2,774)	117	(2,657)
Total segment assets	188,908	269,490	458,398
Total segment assets include:			
Investments in equity accounted associates and joint ventures	7,380	26	7,406
Additions to non-current assets other than financial instruments and deferred tax assets	10,779	208	10,987
Total segment liabilities	132,763	258,735	391,498

NOTE 7: INTANGIBLE ASSETS

	31-Dec	30-Jun
	2017	2017
	\$'000	\$'000
Goodwill at cost	55,601	53,306
Goodwill on consolidation at cost	19,853	13,206
Identifiable intangible assets at cost	10,548	8,729
Accumulated amortisation and impairment	(2,536)	(2,163)
	8,012	6,566
Total intangible assets	83,466	73,078
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the period		
Goodwill at cost		
Opening balance	53,306	52,770
Additions (a)	2,203	966
Net foreign currency movement arising from foreign operations	92	(430)
Closing balance	55,601	53,306
Goodwill on consolidation at cost		
Opening balance	13,206	8,955
Additions	6,647	4,251
Closing balance	19,853	13,206
Identifiable Intangible assets at cost		
Opening balance	6,566	5,652
Additions (a)	1,820	1,640
Amortisation expense	(452)	(726)
Net foreign currency movement arising from foreign operations	78	-
Closing balance	8,012	6,566
Total intangible assets	83,466	73,078

⁽a) Additional goodwill and customer lists include acquisitions of Insurance Marketing Group Pty Ltd, Medisure Indemnity Australia Pty Ltd, and acquisitions of the business of National Franchise Insurance Brokers and Riley and Associates (note 8).

NOTE 8: BUSINESS COMBINATIONS

In accordance with Group 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

(a) Consideration paid/payable

	National	Insurance	Medisure	Riley &	Total
	Franchise	Marketing	Indemnity	Associates	Group
	Insurance	Group of	Australia Pty		
	Brokers	Australia Pty	Ltd		
		Ltd			
	\$'000	\$'000	\$'000	\$'000	\$'000
Consideration and costs paid	175	4,785	2,529	764	8,253
Defrerred/Contingent consideration	830	1,140	580	416	2,966
Total consideration	1,005	5,925	3,109	1,180	11,219
Ownership share	100%	100%	100%	100%	100%
Acquisition vehicle	(ii)	(i)	(i)	(ii)	
Date of acquisition	1 Jul 2017	1 Sep 2017	1 Sep 2017	1 Oct 2017	

Contingent consideration

Contingent consideration is on a rise or fall basis, measured against agreed benchmarks.

(b) Identifiable assets and liabilities acquired

Recognised on acquisition at fair value

	National	Insurance	Medisure	Riley &	Total
	Franchise	Marketing	Indemnity	Associates	Group
	Insurance	Group of	Australia Pty		
	Brokers	Australia Pty	Ltd		
		Ltd			
	\$'000	\$'000	\$'000	\$'000	\$'000
- Cash and Cash equivalents	-	4,508	1,664	-	6,172
- Property, plant and equipment	-	66	-	-	66
- Identifiable intangibles	53	824	908	17	1,802
- Trade and other receivables	-	158	85	-	243
- Other Shares and Units held	-	-	-	-	-
- Other assets	-	-	-	-	-
- Other financial Assets	-	1	-	-	1
- Deferred tax Liabilities	(16)	(247)	(272)	(5)	(540)
- Trade and other payables	-	(4,170)	(1,405)	-	(5,575)
- Income tax payable	-	(89)	(45)	-	(134)
- Provisions	(59)	(61)	(5)	(9)	(134)
	(22)	990	930	3	1,901
(c) Goodwill on acquisition					
Total consideration paid / payable	1,005	5,925	3,109	1,180	11,219
Total net identifiable (assets)/liabilities acquired	(22)	990	930	3	1,901
Goodwill on acquisition (Excess over consideration paid/payable)	1,027	4,935	2,179	1,177	9,318

NOTE 8: BUSINESS COMBINATIONS (Continued)

(d) Contribution since acquisition

	National	Insurance	Medisure	Riley &	Total
	Franchise	Marketing	Indemnity	Associates	Group
	Insurance	Group of	Australia Pty		
	Brokers	Australia Pty	Ltd		
		Ltd			
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	289	917	270	156	1,632
Profit after tax	(135)	190	99	85	239

Financial performance if held for 12 months

Revenue	700	2,751	810	624	4,885
Profit after tax	-	570	297	340	1,207

(c) Transaction costs

The Group incurred transaction costs of \$0.03 million (2017: \$0.02m) in respect of National Franchise Insurance Brokers, Insurance Marketing Group of Australia Pty Ltd, Medisure Indemnity Australia Pty Ltd and Riley & Associates. Transaction costs included legal fees, stamp duty, due diligence and other direct costs incurred in relation to these acquisitions. These costs are included within Administration and other expenses in the Statement of Profit or Loss and other Comprehensive Income. Accounting is provisional.

NOTE 9: INTERESTS IN ASSOCIATES AND JOINT ARRANGEMENTS

(a) Associates and joint ventures

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

- 1 RP-Construction Risk Pty Ltd On 28 November 2017, the Group disposed of 50% of the shares of RP-Construction Risk Pty Ltd for \$270,678 cash.
- 2 RP Joondalup Pty Ltd On 28 November 2017, the Group disposed of 100% of the shares of RP-Joondalup Pty Ltd for \$\text{nil consideration}.
- 3 RP-Yanchep Pty Ltd On 28 November 2017, the Group disposed of 50% of the shares of RP-Yanchep Pty Ltd for \$234,445 cash.

(a) Movements in holdings in Associated Companies in the half -year

			Ownership in	nterest
Associates	Nature of relationship	Principal place of business	31-Dec	30-Jun
		or pusitiess	2017	2017
Shares - RP Construction Risk Pty Ltd	Investments in entities holding client lists	Australia	-	50%
Shares - RP Joondalup Pty Ltd	Dormant entity	Australia	-	100%
Shares - RP Yanchep Pty Ltd	Investments in entities holding client lists	Australia	-	50%

NOTE 9: INTERESTS IN ASSOCIATES AND JOINT ARRANGEMENTS (Continued)

		31-Dec	30-Jun
		2017	2017
Associated Companies	Balance Date	\$'000	\$'000
Non-controlling interests in UK broking businesses	28-Feb-15	26	26
Investments in entities holding client lists	31-Dec-17	7,003	8,097
Shares in Joint Ventures	31-Dec-17	1,354	-
		8,383	8,123
Reconciliation of interests in Associates Opening balance		8,123	7,515
Additions		117	1,186
Other valuation adjustments		466	(577)
Disposals (a)		(324)	-
Net foreign currency movement arising from foreign operations		1	(1)
	·	8,383	8,123

⁽a) Disposals include sale of interests and sales of client books.

NOTE 10: FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy

Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs for the asset or liability that are not based on observable market data

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

Deferred consideration liabilities measured and recognised at fair value have been determined to be Level 3.

Half-year ended 31 December 2017	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Shares in Listed Corporations	20,731	20,731	-	-
Total	20,731	20,731	-	-
Financial liabilities				
Deferred cash consideration	6,617	-	-	6,617
Total	6,617	-	-	6,617
Full-year ended 30 June 2017	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Shares in Listed Corporations	250	250	-	-
Total	250	250	-	-
Financial liabilities				
Financial liabilities Deferred cash consideration	7,209	-	-	7,209

(a) Valuation technique and significant unobservable inputs

The deferred consideration is based on management's best and most probable estimate of the business's performance earnings targets.

(b) Reconciliation of recurring level 1 fair value movements

(2) 1100011011111011 01 10001111119 101011 111110 1111011110		
	31-Dec	30-Jun
	2017	2017
Shares in listed corporations	\$'000	\$'000
Opening Balance	250	-
Additional holdings	3,000	250
Gain on market valuation	17,481	-
	20,731	250
(c) Reconciliation of recurring level 3 fair value movements		
Deferred consideration		
Opening balance	7,209	15,351
Additional deferred consideration from business acquisition	3,007	(1,171)
Payments / share issues	(3,639)	(6,769)
Net foreign currency movement arising from foreign operations	40	(202)
Closing balance	6,617	7,209

NOTE 11: SUBSEQUENT EVENTS

Material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements:

(a) Acquisitions

1. Acquisition of the broking business and assets of Insurance Solutions Corporation Pty Ltd. The fair value of assets acquired are being determined and will be disclosed at the next reporting date. The acquisition took place on 24 January 2018.

Consideration paid/payable	\$'000
Consideration and costs paid	2,520
Deferred/contingent consideration	1,680
Total consideration	4,200

2. Acquisition of 100% of shares in Capital Insurance Brokers Pty Ltd. The fair value of assets acquired are being determined and will be disclosed at the next reporting date. The acquisition took place on 31 January 2018.

Consideration paid/payable	\$'000
Consideration and costs paid	3,716
Deferred/Contingent consideration	929
Total consideration	4,645

(b) Issue of shares

On 31 January 2018 PSC Insurance Group Limited issues 100,000 fully paid ordinary shares at an issue price of \$3.025 per share. This issue formed part of the consideration for the acquisition of Capital Insurance Brokers Pty Ltd, acquired 31 January 2018.

DIRECTORS DECLARATION

The directors declare that:

- 1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 10 to 24, are in accordance with the *Corporations Act 2001*, including:
- (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) giving a true and fair view of the financial position of the Group as at 31 December 2017 and of its performance for the half-year ended on that date.
- 2. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that PSC Insurance Group Limited will be able to pay its debts as and when they become due and payable.

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

Chry

Paul Dwyer

Managing Director

Brian Austin Chairman

Melbourne

Date: 20 February 2018



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

TO THE MEMBERS OF PSC INSURANCE GROUP LIMITED

We have reviewed the accompanying half-year financial report of PSC Insurance Group Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PSC Insurance Group Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



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

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations* 2001.

SSI

S SCHONBERG Partner

20 February 2018

PITCHER PARTNERS Melbourne

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