

20 February 2020

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

PSC INSURANCE GROUP LTD (PSI) – 2020 HALF YEAR REPORTS

Please find attached:

- Appendix 4D.
- Financial Report for the Half Year Ended 31 December 2019.

Please direct any queries to Tony Robinson, Managing Director, on 0407 355 616 or Joshua Reid, Chief Financial Officer, on (03) 8593 8303.

Yours faithfully



Stephen Abbott
Company Secretary

PSC Insurance Group Limited

APPENDIX 4D

HALF YEAR REPORT FOR THE SIX
MONTHS TO 31 DECEMBER 2019



**PSC Insurance Group Limited
& Controlled Entities**

ACN 147 812 164

Level 4, 96 Wellington Parade
East Melbourne VIC 3002

www.pscinsurancegroup.com.au

APPENDIX 4D

Half Year Report for the six months to 31 December 2019

Name of entity

PSC INSURANCE GROUP LIMITED
ABN 81 147 812 164

1. Reporting period

Report for the half year ended 31 December 2019

Previous corresponding periods are Financial year ended 30 June 2019 and Half-year ended 31 December 2018

2. Results for announcement to the market

Revenues from ordinary activities up 33.6% to \$73.9m

Profit from ordinary activities after tax attributable to members up 12.2% to \$8.4m

Net profit for the period attributable to members up 12.2% to \$8.4m

Dividends	Amount per security	Franked amount per security
Interim dividend (FY 2020, to be paid 8 April 2020)	3.5 ¢	3.5 ¢
Final dividend (FY 2019, paid 18 October 2019)	5.2 ¢	5.2 ¢
Previous corresponding period (12 months 2019)	7.6 ¢	7.6 ¢

Record date for determining entitlements to the dividend 11 March 2020 - 5.00pm (AEDST)

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

Refer to the separate December 2019 Half Year results Announcement

3. Net tangible assets per security

Dividends	Current period (31 December 2019)	Previous corresponding period (31 December 2018)
Net tangible asset backing per ordinary security	(\$0.43)	\$0.14

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

Please refer to Note 11 of the attached Financial Report for the Half Year Ended 31 December 2019.

5. Dividends to members of the parent

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2019	10/4/19	\$7,622,152
Final dividend year ended 30 June 2019	18/10/19	\$13,690,648

Amount per security

Total Dividend	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign sourced dividend
Current year (half-year 2020)	3.5¢	3.5¢	-
Previous year (half-year 2019)	3.1¢	3.1¢	-

Total dividend on all securities

Dividends	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities	\$9,497	\$7,622
Preference securities	nil	nil
Other equity instruments	nil	nil
Total	\$9,497	\$7,622

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

There is a Dividend Reinvestment Plan (DRP) in operation for the Half Year FY 20 dividend payable on 8 April 2020. The record date for the dividend is 11 March 2020. Elections to participate in the DRP for this dividend close 5.00 pm (AEST) 12 March 2020.

There will be no discount applied to shares issued through the DRP. Shares issued through the DRP will be a new issue of shares.

The calculation of the issue price is the arithmetic average of the daily volume weighted average sale price of Shares (rounded to four decimal places) sold through a Normal Trade on the ASX on the ten trading days commencing on the second trading day following the record date for this dividend. The relevant dates for this dividend are 13 March 2020 to 26 March 2020.

The DRP rules and FAQ's can be found at: <https://www.pscinsurancegroup.com.au/corporate-governance/>

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.



FINANCIAL REPORT

For The Half-Year Ended 31 December 2019

This half-year
financial report is to
be read in conjunction
with the financial
report for the year
ended 30 June 2019



**PSC Insurance Group Limited
& Controlled Entities**

ACN 147 812 164

Level 4, 96 Wellington Parade
East Melbourne VIC 3002

www.pscinsurancegroup.com.au

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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 2019 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

Paul Dwyer

Antony Robinson

John Dwyer

Melvyn Sims

Tara Falk (appointed 8 October 2019)

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

Review of operations

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

There has been strong operating performance from the Group in the period. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) was up 24% on prior corresponding period to \$18.9m, excluding the impact of AASB 16. Underlying EBITDA, excluding dividend income from non-operating assets, was up 31% to \$18.7m.

Key highlights were the completion of Griffiths Goodall and Paragon in the period.

Underlying net profit after tax before amortisation (NPATA) was up 19% on the prior corresponding period at \$11.2 million. Underlying NPATA, adjusted for dividend income from non-operating assets, up 26% to \$11.1 million. Statutory net profit after tax (NPAT) up 13% on the prior period to \$8.8 million.

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 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:



Antony Robinson
Managing Director



Brian Austin
Chairman

Melbourne

Date: 20 February 2020

AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young
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Melbourne VIC 3000 Australia
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Auditor's Independence Declaration to the Directors of PSC Insurance Group Limited

As lead auditor for the review of PSC Insurance Group Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a.) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b.) no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature of Ernst & Young in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to be 'T M Dring'.

T M Dring
Partner
Melbourne
20 February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31-Dec 2019 \$'000	31-Dec 2018 \$'000
Revenue and other income		
Fee and commission income	73,249	50,983
Other revenue	1,177	1,992
Other income	(733)	1,342
Investment income	165	952
	73,858	55,269
Less: expenses		
Administration and other expenses	(10,567)	(9,905)
Depreciation and amortisation expense	(3,723)	(1,375)
Employee benefits expense	(40,178)	(27,295)
Finance costs	(2,604)	(1,471)
Employee contractors	(1,575)	(1,536)
Information technology costs	(1,923)	(1,795)
Professional fees	(1,525)	(872)
	(62,095)	(44,249)
Profit before income tax expense	11,763	11,020
Income tax expense	(2,980)	(3,272)
Net profit from continuing operations	8,783	7,748
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Revaluation of property, plant and equipment	-	1,100
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	343	99
Other comprehensive income for the period	343	1,199
Total comprehensive income	9,126	8,947
Profit is attributable to:		
- Members of the parent	8,408	7,494
- Non-controlling interests	375	254
	8,783	7,748
Total comprehensive income is attributable to:		
- Members of the parent	8,751	8,693
- Non-controlling interests	375	254
	9,126	8,947
Earnings per share for profit attributable to the equity holders of the parent entity:		
Basic earnings per share	3.2 cents	3.1 cents
Diluted earnings per share	3.1 cents	3.0 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	31-Dec 2019 \$'000	30-Jun 2019* \$'000
Current assets			
Cash and cash equivalents	4	60,725	21,475
Other financial assets - trust cash	5	131,338	111,480
Receivables		4,531	5,319
Contract assets - broking		22,563	27,595
Other assets		11,450	6,127
Total current assets		230,607	171,996
Non-current assets			
Receivables		3,250	3,373
Other financial assets	5	41,142	51,498
Equity accounted investments	12	8,562	7,571
Property, plant and equipment		16,111	15,261
Right-of-use assets		9,120	-
Deferred tax assets		3,553	3,359
Intangible assets	10	325,538	108,075
Total non-current assets		407,276	189,137
Total assets		637,883	361,133
Current liabilities			
Payables		141,687	113,037
Borrowings		-	1,192
Provisions		3,621	3,183
Current tax liabilities		5,634	8,004
Other liabilities		90,765	10,152
Total current liabilities		241,707	135,568
Non-current liabilities			
Borrowings		135,045	55,831
Provisions		508	455
Deferred tax liabilities		19,307	13,255
Lease liabilities		9,596	-
Other liabilities		22,712	4,973
Total non-current liabilities		187,168	74,514
Total liabilities		428,875	210,082
Net assets		209,008	151,051
Equity			
Share capital	7	203,676	140,572
Reserves	8	(36,310)	(36,473)
Retained earnings		39,261	44,807
Equity attributable to owners of PSC Insurance Group Limited		206,627	148,906
Non-controlling interests		2,381	2,145
Total equity		209,008	151,051

* Prior period comparatives have been revised. Refer to Note 2(e) for details.

The accompanying notes form part of these condensed financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Consolidated Entity	Share capital	Reserves*	Retained Earnings	Non-controlling Interest*	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'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	-	-	(1,244)	(28)	(1,272)
Restated opening balance	140,395	(37,368)	39,185	1,936	144,148
Profit for the half-year	-	-	7,494	254	7,748
Revaluation of property, plant and equipment, net of tax	-	1,100	-	-	1,100
Exchange differences on translation of foreign operations, net of tax	-	99	-	-	99
Total comprehensive income for the half-year	-	1,199	7,494	254	8,947
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	-	-	(448)	-	(448)
Employee share issues	177	138	-	-	315
Put option	-	(1,846)	-	(859)	(2,705)
Dividends paid	-	-	(11,003)	(244)	(11,247)
Total transactions with owners	177	(1,708)	(11,451)	(223)	(13,205)
Balance as at 31 December 2018	140,572	(37,877)	35,228	1,967	139,890

* Prior period comparatives have been revised. Refer to Note 2(e) for details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Consolidated Entity	Share capital	Reserves*	Retained Earnings	Non-controlling Interest *	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2019	140,572	(36,473)	44,807	2,145	151,051
Adjustment due to change of accounting policy, net of tax	-	-	(263)	-	(263)
Restated opening balance	140,572	(36,473)	44,544	2,145	150,788
Profit for the half-year	-	-	8,408	375	8,783
Exchange differences on translation of foreign operations, net of tax	-	343	-	-	343
Total comprehensive income for the half-year	-	343	8,408	375	9,126
Transactions with owners in their capacity as owners:					
Capital issued	35,000	-	-	-	35,000
Capital issuing costs	(578)	-	-	-	(578)
Shares in lieu of cash for acquisition of subsidiary	27,509	-	-	-	27,509
Converted share options	300	-	-	-	300
Dividend reinvestment	873	-	-	-	873
Non-controlling interest arising from business combination	-	-	-	181	181
Employee share issues	-	182	-	-	182
Put option revaluation	-	(362)	-	(54)	(416)
Dividends paid	-	-	(13,691)	(266)	(13,957)
Total transactions with owners	63,104	(180)	(13,691)	(139)	49,094
Balance as at 31 December 2019	203,676	(36,310)	39,261	2,381	209,008

* Prior period comparatives have been revised. Refer to Note 2(e) for details.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31-Dec 2019 \$'000	31-Dec 2018 \$'000
Cash flow from operating activities		
Receipts from customers	88,370	60,070
Payments to suppliers and employees	(63,411)	(44,949)
Trust distributions / dividends received	862	952
Interest received	586	795
Interest paid	(2,817)	(1,471)
Income tax paid	(9,474)	(5,178)
Operating cash before movement in customer trust accounts	14,116	10,219
Net movement in customer trust accounts	4,011	173
Net cash provided by operating activities	18,127	10,392
Cash flow from investing activities		
Payments for deferred consideration/business acquisitions	(81,376)	(8,331)
Payment for property, plant and equipment	(984)	(683)
Proceeds from sale of financial assets	9,394	-
Payment for financial assets	-	(33,522)
Payment for other investments	(619)	-
Payment for equity investments	(960)	(647)
Proceeds from sale of equity investments	633	1,552
Net cash flow (used in) investing activities	(73,912)	(41,631)
Cash flow from financing activities		
Proceeds from borrowings	85,208	3,547
Repayments of borrowings	(8,141)	(428)
Capital issued	35,000	-
Capital issuing costs	(825)	-
Proceeds from converted share options	300	-
Payment of lease liabilities	(1,248)	-
Dividends paid	(13,083)	(11,247)
Loans to related parties	(261)	(346)
Net cash provided by / (used in) financing activities	96,950	(8,474)
Reconciliation of cash		
Cash at beginning of the half-year	21,475	51,170
Net (decrease) / increase in cash held	41,165	(39,713)
Effect of exchange rate fluctuation on cash held	(1,915)	149
Cash at end of the half-year	60,725	11,606

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2019

NOTE 1: CORPORATE INFORMATION

This condensed half-year financial statements of PSC Insurance Group Limited and its controlled entities (collectively, the Group) for the six months ended 31 December 2019 was authorised for issue by the directors on 20 February 2020.

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.

NOTE 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(a) Basis of preparation

This condensed consolidated half-year financial statements have 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.

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

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2019 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*.

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.

(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 consolidated statement of financial position and notes to the condensed financial statements.

(d) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards effective 1 July 2019.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, AASB 16 Leases. As required by AASB 134, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time, but do not have an impact on the condensed consolidated financial statements of the Group.

AASB 16: Leases

Summary

AASB 16 has replaced AASB 117. 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.

As a result of the adoption of AASB 16, the nature of expenses relating to leases has changed. The Group has recognised depreciation expense for right-of-use assets and interest expense for lease liabilities. Previously lease costs were recognised as occupancy expenses.

The Group has adopted the standard on 1 July 2019 by applying the modified retrospective approach on transition. Under this approach the cumulative effect of adoption has been recognised as an adjustment to opening retained earnings at 1 July 2019, with no restatement of comparative information. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months and lease contracts for which the underlying asset is of low value.

Impact:

The impact on transition at 1 July 2019 to the consolidated statement of financial position was as follows:

	1-Jul 2019 \$'000
Assets	
Increase in right-of-use assets	6,097
Increase in deferred tax asset	96
Liabilities	
Increase in lease liabilities	(6,456)
Equity	
Decrease in retained earnings	263

The right of use asset and lease liability was \$9.1m and \$9.6m respectively at 31 December 2019. The increase from 1 July 2019 was due to new leases from the Griffiths Goodall Insurance Brokers Pty Ltd acquisition (refer to Note 11) and three new leases entered into by the Group during this period. The consolidated statement of profit and loss and other comprehensive income for the half-year was lower by \$0.1m due to application of the new standard being lease interest of \$0.2m and lease depreciation of \$1.1m, compared to rent expense of \$1.2m on an equivalent basis.

NOTE 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

Summary of new accounting policies:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The lease term determined by the Group comprises non-cancellable period of leases and periods covered by options to extend the lease, if the Group is reasonably certain to exercise that option.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The determination of the lease term and the incremental borrowing rate requires the use of judgement.

(e) Restatement of comparative balances:

1. Broker receivables and payables

Summary

The Group has reassessed its accounting policy in relation to recognition of insurance premium receivables owed by policy holders upon entering into a policy and the corresponding premium payable to underwriters. The Group has determined that the premium receivable should no longer be recognised on the basis that the company's role is an insurance intermediary and it is not performing the role or assuming liability as principals. The Group has determined that a more appropriate policy is to recognise premiums payable to the underwriter when the cash has been received from the policy holder, creating a liability to remit these monies to the underwriter. This change is aligned to emerging global practises. Amounts have been restated to ensure comparability between reporting periods.

Impact:

The impact of the change on the 30 June 2019 statement of financial position comparative balances was as follows:

	Year ended 30 June 2019	Change	As restated for the year ended 30 June 2019
	\$'000	\$'000	\$'000
Current Assets			
Cash and cash equivalents	132,955	(111,480)	21,475
Other financial assets - trust cash	-	111,480	111,480
Receivables	438,169	(432,850)	5,319
Contract assets - broking	-	27,595	27,595
Other assets	6,206	(79)	6,127
Total Current Assets	577,330	(405,334)	171,996
Current liabilities			
Payables	518,371	(405,334)	113,037
Total Current liabilities	540,902	(405,334)	135,568

There was no impact on the consolidated statement of profit and loss and other comprehensive income.

2. Put Option**Summary**

A financial liability has been recognised for the value the Group could be required to pay on the future exercise by holders of a put option in relation to the acquisition of Turners Financial Services Pty Ltd. After initial recognition, the fair value of the put option is reassessed at each reporting period with reference to profitability of the underlying entity. Amounts have been restated to ensure comparability between reporting periods.

Impact:

The impact of the change on the 30 June 2019 statement of financial position comparative balances was as follows:

	Year ended 30 June 2019	Change	As restated for the year ended 30 June 2019
	\$'000	\$'000	\$'000
Non Current Liabilities			
Other liabilities	1,851	3,122	4,973
Total Non Current Liabilities	71,392	3,122	74,514
Equity			
Put option reserve	-	(2,252)	(2,252)
Non-controlling interests	3,015	(870)	2,145
Total Equity	154,173	(3,122)	151,051

There was no impact on the consolidated statement of profit and loss and other comprehensive income.

NOTE 3: SELECTED (REVENUE) AND EXPENSE ITEMS

	31-Dec 2019	31-Dec 2018
	\$'000	\$'000
Legal and professional fees	803	543
Share based payment expense	182	315
Gain or Loss on Deferred Consideration	110	221
Other expenses	2,880	1,094
Derivative movement	(2,722)	-
Fair value revaluation of assets	837	(773)
	2,090	1,400

The Group has disaggregated revenue recognised from contracts with customers into categories that depict how the uncertainty of revenue and cash flows are affected by economic factors. Disaggregated revenue information has also been included in Note 9 Segment Information.

NOTE 4: CASH AND CASH EQUIVALENTS

	31-Dec 2019	30-Jun 2019
	\$'000	\$' 000
Cash on hand	32	3
Cash at bank	23,868	5,643
Cash on deposit	36,825	15,829
	60,725	21,475

NOTE 5: OTHER FINANCIAL ASSETS

	31-Dec 2019	30-Jun 2019
	\$'000	\$' 000
Current		
Financial assets		
Trust cash	131,338	111,480
Non Current		
Financial assets		
Other shares and units held	3,508	3,516
Shares in listed corporations - at fair value	37,634	47,982
Total Non Current Financial assets	41,142	51,498

NOTE 6: DIVIDENDS

	31-Dec 2019 \$'000	31-Dec 2018 \$'000
(a) Dividends paid or declared		
Dividends paid fully franked	13,691	11,003
Dividends paid to non-controlling interests, franked	150	150
Dividends paid to non-controlling interests, unfranked	116	94
	13,957	11,247
(b) Dividends declared after the reporting period and not recognised		
Since the end of the reporting period the directors have recommended/declared dividends of 3.5 cents per share (2019: 3.1 cents per share) fully franked	9,497	7,622
	9,497	7,622

NOTE 7: SHARE CAPITAL

	31-Dec 2019 \$'000	30-Jun 2019 \$' 000
(a) Issued and paid-up capital		
271,345,952 Ordinary shares fully paid (June 2019: 245,875,876)	203,676	140,572
Fully paid ordinary shares carry one vote per share and have the right to dividends.		

	31-Dec 2019 No of shares	31-Dec 2019 \$'000
(b) Movements in shares on issue		
31 December 2019		
Beginning of half-year	245,875,876	140,572
Shares in lieu of cash for acquisition of subsidiary	10,832,349	27,509
Capital issued	13,461,529	35,000
Capital issuing costs	-	(578)
Loan funded shares	559,960	-
Dividend reinvestment	316,238	873
Converted share options	300,000	300
End of half-year	271,345,952	203,676

NOTE 7: SHARE CAPITAL (Continued)

	31-Dec 2018	31-Dec 2018
	No of shares	\$'000
31 December 2018		
Beginning of half-year	244,453,508	140,395
Employee share issues	59,986	177
Loan funded shares	1,362,382	-
End of half-year	245,875,876	140,572

(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.

NOTE 8: RESERVES

	31-Dec 2019	30-Jun 2019
	\$'000	\$' 000
Share-based payment reserve	2,341	2,160
Foreign currency translation reserve	213	(130)
Revaluation surplus	1,100	1,100
Put option reserve *	(2,613)	(2,252)
Non-controlling interest reserve	(37,351)	(37,351)
Reserves	(36,310)	(36,473)

* Prior period comparatives have been revised. Refer to Note 2(e) for details.

NOTE 9: 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 Carroll Holman, Breeze Underwriting (UK), Alsford Page & Gems, Turner, Easy Broking Online, Chase Underwriting (UK), Carrolls Insurance Group and Paragon International Holdings Ltd.
- **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 operating decision maker in order to allocate resources to the segments and assess their performance.

(b) Segment information

The consolidated entity's chief operating 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 operating decision maker.

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.

31 December 2019	Segment 1: Distribution \$'000	Segment 2: Agency \$'000	Segment 3: United Kingdom \$'000	Segment 4: Group \$'000	Total \$'000
Segment Revenue					
Commission income	17,828	6,071	28,854	-	52,753
Fees income	14,692	1,201	59	-	15,952
Other fees	4,338	274	(68)	-	4,544
Investment income	-	-	-	165	165
Other revenue / Other income	335	53	447	(391)	444
Total segment revenue	37,193	7,599	29,292	(226)	73,858
Segment revenue from external source	37,193	7,599	29,292	(226)	73,858
<i>Segment result</i>					
Total segment result	6,278	1,155	5,542	(4,192)	8,783
Segment result from external source	6,278	1,155	5,542	(4,192)	8,783
<i>Items included within the segment result:</i>					
Interest income	397	47	16	125	585
Interest expense	(232)	(15)	(149)	(2,208)	(2,604)
Depreciation and amortisation expense	(2,400)	(304)	(789)	(230)	(3,723)
Income tax expense	(2,639)	(305)	(883)	847	(2,980)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	-	-	-	103	103
Fair Value gains relating to shares in listed corporations	-	-	-	(837)	(837)
Total segment assets	148,837	21,612	168,523	298,911	637,883
Total segment liabilities	124,153	18,117	149,886	136,719	428,875

NOTE 9: SEGMENT INFORMATION (Continued)

31 December 2018	Segment 1: Distribution \$'000	Segment 2: Agency \$'000	Segment 3: United Kingdom \$'000	Segment 4: Group \$'000	Total \$'000
Segment revenue					
Commission income	13,834	6,374	13,534	-	33,742
Fees income	11,931	1,361	90	-	13,382
Other fees	3,661	232	(34)	-	3,859
Investment income	-	-	-	952	952
Other revenue / Other income	2,042	29	94	1,169	3,334
Total segment revenue	31,468	7,996	13,684	2,121	55,269
Segment revenue from external source	31,468	7,996	13,684	2,121	55,269
Segment result					
Total segment result	8,117	1,716	(272)	(1,813)	7,748
Segment result from external source	8,117	1,716	(272)	(1,813)	7,748
<i>Items included within the segment result:</i>					
Interest income	617	92	7	88	804
Interest expense	(35)	-	(176)	(1,260)	(1,471)
Depreciation and amortisation expense	(765)	(197)	(360)	(53)	(1,375)
Income tax expense	(2,694)	(656)	(193)	271	(3,272)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	692	-	-	98	790
Fair Value gains relating to shares in listed corporations	-	-	-	773	773
Total segment assets	120,429	32,105	50,855	146,135	349,524
Total segment liabilities	89,180	27,201	36,137	54,411	206,929

NOTE 10: INTANGIBLE ASSETS

	31-Dec 2019	30-Jun 2019
	\$'000	\$'000
Goodwill at cost	265,166	94,952
Identifiable intangible assets at cost	67,598	17,628
Accumulated amortisation and impairment	(7,226)	(4,505)
	60,372	13,123
Total intangible assets	325,538	108,075

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the period:

	31-Dec 2019	30-Jun 2019
	\$'000	\$'000
<i>Goodwill at cost</i>		
Opening balance	94,952	85,033
Additions through business combination (b)	167,788	9,659
Net foreign currency movement arising from foreign operations	2,426	260
Closing balance	265,166	94,952
<i>Identifiable Intangible assets at cost</i>		
Opening balance	13,123	10,639
Additions through business combination (b)	46,505	3,135
Acquired additions through business combination (c)	1,627	-
Other additions	539	2,037
Amortisation expense	(1,629)	(1,593)
Movements on degrouped entities	-	(1,129)
Net foreign currency movement arising from foreign operations	207	34
Closing balance	60,372	13,123
Total intangible assets	325,538	108,075

(b) Additional goodwill and customer lists include the business acquisitions of Griffiths Goodall Insurance Brokers Pty Ltd, Walker Insurance Financial Services Pty Ltd, Paragon International Holdings Ltd, Carroll Insurance Group and also an increase in existing holdings in RP Maroochydore Pty Ltd.

(c) Acquired intangibles are from the Paragon International Holdings Ltd acquisition.

NOTE 11: BUSINESS COMBINATIONS

In accordance with consolidated entity strategy, as series of acquisitions were completed during the half-year.

These included the following acquisition vehicles:

- i. Client list, employee benefits and other business assets
- ii. Increase in existing holdings
- iii. Company and its subsidiary entity/(ies).

(a) Consideration paid/payable

	Griffiths Goodall Insurance Brokers Pty Ltd	RP Ma- roochy- dore Pty Ltd	Walker Insurance Financial Services Pty Ltd	Paragon Interna- tional Holdings Ltd	Carroll Insurance Group	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash consideration paid	28,711	200	1,062	49,716	8,346	88,035
Equity Consideration	9,600	-	-	17,909	-	27,509
Deferred consideration	-	-	-	-	-	-
Contingent consideration	9,136	66	269	85,296	3,331	98,098
Total purchase consideration	47,447	266	1,331	152,921	11,677	213,642
Ownership share	100%	80%	100%	100%	100%	
Acquisition vehicle	(i)	(ii)	(i)	(iii)	(iii)	
Fair value of non-controlling interest	-	181	-	-	-	181
Total Non-controlling interest	-	181	-	-	-	181

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

	Griffiths Goodall Insurance Brokers Pty Ltd \$'000	RP Ma- roochy- dore Pty Ltd \$'000	Walker Insurance Financial Services Pty Ltd \$'000	Paragon Internat- ional Holdings Ltd \$'000	Carroll Insurance Group \$'000	Total \$'000
- Cash and Cash equivalents	-	-	-	19,686	7,160	26,846
- Contract assets - broking	-	-	-	-	439	439
- Property, plant and equipment	235	5	-	418	7	665
- Identifiable intangibles	14,456	804	351	29,803	1,091	46,505
- Acquired Intangibles	-	-	-	1,627	-	1,627
- Trade and other receivables	-	-	-	2,774	242	3,016
- Right-of-use assets	2,296	31	-	-	-	2,327
- Lease liabilities	(2,296)	(31)	-	-	-	(2,327)
- Deferred tax assets	90	2	5	-	-	97
- Deferred tax liabilities	(4,337)	(241)	(105)	(5,663)	(207)	(10,553)
- Trade and other payables	-	-	-	(17,206)	(2,128)	(19,334)
- Financial Liabilities	-	-	-	(2,466)	-	(2,466)
- Income tax payable	-	-	-	-	(34)	(34)
- Provisions	(300)	(5)	(17)	-	-	(322)
	10,144	565	234	28,973	6,570	46,486

(c) Goodwill on acquisition

Total consideration paid / payable	47,447	266	1,331	152,921	11,677	213,642
Total net identifiable (assets)/liabilities acquired	10,144	565	234	28,973	6,570	46,486
Fair value of previously held equity interest	-	451	-	-	-	451
Non-controlling interests acquired	-	181	-	-	-	181
Goodwill on acquisition (Excess over consideration paid/payable)	37,303	333	1,097	123,948	5,107	167,788

Goodwill recognised is primarily attributed to the expected benefits and synergies that will arise as a result of the acquisitions.

(d) Financial performance since acquisition

Revenue	4,477	135	112	13,931	447	19,102
Profit / (loss) after tax	1,215	(2)	-	4,567	(107)	5,673
Financial performance if held for 12 months						
Revenue	10,745	467	537	52,225	3,683	67,657
Profit / (loss) after tax	2,916	77	138	11,302	609	15,042

(e) Transaction costs

The consolidated entity incurred transaction costs of \$1.9 million (2019: \$0.03m) in respect of business acquisitions. 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 12: 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 - Shares - Charter Gilman Ltd - On 8 July 2019, the Group made an investment for \$658,416 cash and \$354,531 deferred cash contingent consideration payable which is dependent on revenue, for a 50% equity consideration in Charter Gilman Ltd.

2 - RP-Horsham Pty Ltd - On 13 August 2019, the Group disposed of 50% of the shares of RP-Horsham Pty Ltd for \$246,857 cash.

3 - RP Maroochydore Pty Ltd - On 15 August 2019, the Group increased their holding by 30% of the shares of RP Maroochydore Pty Ltd for \$200,414 cash and \$66,420 deferred contingent cash consideration which is dependent on revenue. Subsequent to the increase in ownership to 80%, RP Maroochydore Pty Ltd is now classified as an investment in subsidiary.

4 - Shares - RP Professional Risk Pty Ltd - On 31 October 2019, the Group made an investment for \$301,325 cash and \$165,675 contingent consideration payable after one year dependent on revenue, for a 50% equity consideration in RP Professional Risk Pty Ltd.

5 - RP-Warragul Pty Ltd - On 9 December 2019, the Group disposed of 50% of the shares of RP-Warragul Pty Ltd for \$385,946 cash.

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

Associates	Nature of relationship	Principal place of business	Ownership interest	
			31-Dec 2019	30-Jun 2019
Shares - Charter Gilman Ltd	Investments in entities holding client lists	Hong Kong	50%	-
Shares - RP-Horsham Pty Ltd	Investments in entities holding client lists	Australia	-	50%
Shares - RP Maroochydore Pty Ltd	Investments in entities holding client lists	Australia	80%	50%
Shares - RP Professional Risk Pty Ltd	Investments in entities holding client lists	Australia	50%	-
Shares - RP Warragul Pty Ltd	Investments in entities holding client lists	Australia	-	50%

		31-Dec 2019	30-Jun 2019
Associated Companies		\$'000	\$'000
Investments in entities holding client lists		8,562	7,571
		8,562	7,571

Reconciliation of interests in Associates		
Opening balance	7,571	8,151
Additions	1,928	1,310
Other valuation adjustments	141	621
Disposals	(1,078)	(2,511)
	8,562	7,571

NOTE 13: 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 consolidated statement of financial position and notes to the condensed financial statements.

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

Half-year ended 31 December 2019	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Financial Assets</i>				
Other shares and units held (Note 5)	3,508	-	-	3,508
Shares in Listed Corporations (Note 5)	37,634	37,634	-	-
Total	41,142	37,634	-	3,508
<i>Financial liabilities</i>				
Contingent consideration	104,443	-	-	104,443
Total	104,443	-	-	104,443

Full-year ended 30 June 2019	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Financial Assets</i>				
Other shares and units held	3,516	-	-	3,516
Shares in Listed Corporations	47,982	47,982	-	-
Total	51,498	47,982	-	3,516
<i>Financial liabilities</i>				
Contingent consideration	7,171	-	-	7,171
Total	7,171	-	-	7,171

(b) Valuation technique and significant unobservable inputs

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

(c) Reconciliation of recurring level 1 fair value movements

	31-Dec 2019 \$'000	30-Jun 2019 \$'000
Shares in listed corporations		
Opening Balance	47,982	20,562
Additional holdings	-	33,472
Disposal of holdings	(9,511)	(13,638)
Change in fair value	(837)	7,586
	37,634	47,982

NOTE 13: FAIR VALUE MEASUREMENTS (Continued)**(d) Reconciliation of recurring level 3 fair value movements**

	31-Dec 2019	30-Jun 2019
	\$'000	\$'000
Contingent consideration		
Opening balance	7,171	6,606
Additional consideration from acquisitions	190,062	4,028
Payments / share issues	(93,129)	(3,482)
Net foreign currency movement arising from foreign operations	339	19
Closing balance	104,443	7,171

NOTE 14: SUBSEQUENT EVENTS

Circumstances which have arisen since the end of the half-year that affect the state of affairs of the Group are detailed as follows:

(a) Acquisitions

1 - On 31 January 2020, the Group acquired the general insurance broking business of Australian Unity. 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	1,329
Contingent consideration	235
Total Consideration *	1,564

* Approximate

2 - On 7 February 2020, the Group acquired Ultimate Safety Solutions Australia and 75% of the share capital of Eden Software Pty Ltd. Details of the acquisitions 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	698
Contingent consideration	61
Total Consideration *	759

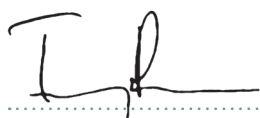
* Approximate

DIRECTORS DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 5 to 24, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the financial position of the Group as at 31 December 2019 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.



Antony Robinson
Managing Director

Melbourne

Date: 20 February 2020



Brian Austin
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT



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Independent Auditor's Review Report to the Members of PSC Insurance Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of PSC Insurance Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 31 December 2019 and its consolidated financial 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 the Group, 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*.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A stylized, handwritten signature of 'T M Dring' in black ink.

T M Dring
Partner
Melbourne
20 February 2020