

APPENDIX 4D

For The Half-Year Ended 31 December 2021



**PSC Insurance Group Limited
& Controlled Entities**

ABN: 81 147 812 164

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 2021

Name of entity

PSC INSURANCE GROUP LIMITED
ABN 81 147 812 164

1. Reporting period

Report for the half-year ended 31 December 2021

Previous corresponding periods are financial year ended 30 June 2021 and half-year ended 31 December 2020

2. Results for announcement to the market

Revenues from ordinary activities up 19.6% to \$118.9m

Profit from ordinary activities after tax attributable to members up 20.4% to \$16.3m

Net profit for the period attributable to members up 20.4% to \$16.3m

Dividends	Amount per security	Franked amount per security
Interim dividend (FY 2022, to be paid 6 April 2022)	4.50 ¢	3.15 ¢
Final dividend (FY 2021, paid 13 October 2021)	6.50 ¢	4.55 ¢
Previous corresponding period (12 months 2021)	9.50 ¢	9.50 ¢

Record date for determining entitlements to the dividend 9 March 2022 - 5.00pm (AEDT).

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

Refer to the separate December 2021 half-year results announcement.

3. Net tangible assets per security

Dividends	Current period (31 December 2021)	Previous corresponding period (31 December 2020)
Net tangible asset backing per ordinary security	(\$0.33)	(\$0.08)

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.

5. Dividends to members of the parent

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2021	7/4/2021	\$12,499,858
Final dividend year ended 30 June 2021	13/10/2021	\$20,969,150

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 2022)	4.50 ¢	3.15 ¢	-
Previous year (half-year 2021)	4.00 ¢	4.00 ¢	-

Total dividend on all securities

Dividends	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities	\$14,900	\$12,500
Preference securities	nil	nil
Other equity instruments	nil	nil
Total	\$14,900	\$12,500

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 22 dividend payable on 6 April 2022. The record date for the dividend is 9 March 2022. Elections to participate in the DRP for this dividend close 5.00 pm (AEDT) 10 March 2022.

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 11 March 2022 to 24 March 2022.

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 2021

This half-year
financial report is to
be read in conjunction
with the financial
report for the year
ended 30 June 2021



**PSC Insurance Group Limited
& Controlled Entities**

ABN: 81 147 812 164

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CONTENTS

Directors' Report 3

Auditor's Independence Declaration..... 4

Consolidated Statement of Profit or Loss and Other Comprehensive Income 5

Consolidated Statement of Financial Position 6

Consolidated Statement of Changes in Equity 7

Consolidated Statement of Cash Flows 8

Notes to the Financial Statements 9

Directors' Declaration..... 22

Independent Auditor's Review Report..... 23

DIRECTORS' 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 2021 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
 James Kalbassi
 Jo Dawson

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 31 December 2021 and the results of those operations are as follows:

The Group has performed very well in the period. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) was up 42% on the prior period to \$40.7m. Key highlights were the operating performance and organic growth across all areas of the Group, with a particularly strong performance from the UK businesses and Australian Agency. We completed a number of acquisitions during the period, and the performance of the PSC UK Insurance Brokers and PSC Alliance acquisitions have been pleasing.

Underlying net profit after tax before amortisation (NPATA) was up 61% on the prior period to \$27.6m. Statutory net profit after tax (NPAT) was up 21% on the prior period to \$16.6m.

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

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, unless otherwise stated.

Signed in accordance with a resolution of the Directors:




Brian Austin

Chairman

Melbourne

Date: 23 February 2022



Antony Robinson

Managing Director

Melbourne

Date: 23 February 2022

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's independence declaration to the directors of PSC Insurance Group Limited

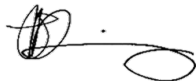
As lead auditor for the review of the half-year financial report of PSC Insurance Group Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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



Ernst & Young



T M Dring
Partner
Melbourne
23 February 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	31-Dec 2021	31-Dec 2020
	\$'000	\$'000
Revenue		
Fee and commission income	118,619	92,134
Other revenue	103	760
Interest income	146	204
Share of equity accounted results	314	118
(Loss) / gain on financial instruments	(351)	5,839
Investment income	109	425
	118,940	99,480
Expenses		
Administration and other expenses	(14,391)	(11,149)
Depreciation expense - property, plant and equipment	(1,073)	(1,015)
Depreciation expense - right-of-use assets	(2,762)	(1,857)
Amortisation expense	(6,122)	(4,118)
Employee benefits expense	(60,539)	(49,917)
Finance costs	(4,831)	(4,417)
Finance costs - lease liabilities	(736)	(556)
Expected credit losses	(48)	(2,034)
Employee contractors	(1,341)	(1,399)
Information technology costs	(2,454)	(2,142)
Professional fees	(2,101)	(1,808)
	(96,398)	(80,412)
Profit before income tax expense	22,542	19,068
Income tax expense	(5,979)	(5,422)
Net profit from continuing operations	16,563	13,646
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	1,820	(2,836)
Other comprehensive income for the half-year	1,820	(2,836)
Total comprehensive income	18,383	10,810
Profit is attributable to:		
- Owners of PSC Insurance Group Limited	16,277	13,515
- Non-controlling interests	286	131
	16,563	13,646
Total comprehensive income is attributable to:		
- Owners of PSC Insurance Group Limited	18,097	10,679
- Non-controlling interests	286	131
	18,383	10,810
Earnings per share for profit attributable to the equity holders of the parent entity:		
Basic earnings per share	5.0 cents	4.6 cents
Diluted earnings per share	4.9 cents	4.5 cents

The accompanying notes form part of these condensed financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	31-Dec 2021 \$'000	30-Jun 2021 \$'000
Current assets			
Cash and cash equivalents	4	48,990	47,824
Financial assets - trust cash	5	250,893	244,464
Receivables		8,825	8,446
Contract assets - broking		44,697	57,714
Financial assets - derivatives	5	-	519
Other assets		9,007	9,012
Total current assets		362,412	367,979
Non-current assets			
Receivables		1,185	1,461
Financial assets - investments in shares and unit trusts	5	50,499	50,567
Equity accounted investments	12	9,346	9,131
Property, plant and equipment		18,144	18,330
Intangible assets	10	455,477	420,880
Right-of-use assets		20,618	20,516
Total non-current assets		555,269	520,885
Total assets		917,681	888,864
Current liabilities			
Payables		278,942	263,620
Provisions		4,329	4,600
Current tax liabilities		7,729	5,081
Financial liabilities - derivatives		239	-
Lease liabilities		4,455	3,962
Contract liabilities - deferred revenue		7,148	5,169
Amounts payable to vendors		19,708	19,680
Total current liabilities		322,550	302,112
Non-current liabilities			
Borrowings		183,877	176,679
Provisions		595	613
Deferred tax liabilities		26,652	27,232
Financial liabilities - derivatives		-	48
Lease liabilities		19,510	19,269
Contract liabilities - deferred revenue		358	354
Amounts payable to vendors		18,032	16,150
Total non-current liabilities		249,024	240,345
Total liabilities		571,574	542,457
Net assets		346,107	346,407
Equity			
Share capital	7	332,780	331,174
Reserves	8	(34,869)	(37,250)
Retained earnings		46,676	51,368
Equity attributable to owners of PSC Insurance Group Limited		344,587	345,292
Non-controlling interests		1,520	1,115
Total equity		346,107	346,407

The accompanying notes form part of these condensed financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Share capital	Reserves	Retained Earnings	Non- controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020	243,043	(40,449)	39,235	2,692	244,521
Profit for the half-year	-	-	13,515	131	13,646
Exchange differences on translation of foreign operations, net of tax	-	(2,836)	-	-	(2,836)
Total comprehensive income for the half-year	-	(2,836)	13,515	131	10,810
Transactions with owners in their capacity as owners:					
Capital issued	60,000	-	-	-	60,000
Capital issuing costs	(1,285)	-	-	-	(1,285)
Shares in lieu of cash for acquisition of subsidiary	3,507	-	-	-	3,507
Dividend reinvestment	760	-	-	-	760
Dividend reinvestment underwrite shares issued	10,000	-	-	-	10,000
Non-controlling interest arising from business combination	-	(4,642)	-	(2,626)	(7,268)
Employee share issues	-	175	-	-	175
Put option exercised	-	2,498	-	959	3,457
Dividends paid	-	-	(15,814)	(100)	(15,914)
Total transactions with owners	72,982	(1,969)	(15,814)	(1,767)	53,432
Balance as at 31 December 2020	316,025	(45,254)	36,936	1,056	308,763

	Share capital	Reserves	Retained Earnings	Non- controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2021	331,174	(37,250)	51,368	1,115	346,407
Profit for the half-year	-	-	16,277	286	16,563
Exchange differences on translation of foreign operations, net of tax	-	1,820	-	-	1,820
Total comprehensive income for the half-year	-	1,820	16,277	286	18,383
Transactions with owners in their capacity as owners:					
Capital issuing costs	(36)	-	-	-	(36)
Shares in lieu of cash for acquisition of subsidiary	1,200	-	-	-	1,200
Dividend reinvestment	192	-	-	-	192
Non-controlling interest arising from business combination	-	-	-	566	566
Employee share issues	250	561	-	-	811
Dividends paid	-	-	(20,969)	(447)	(21,416)
Total transactions with owners	1,606	561	(20,969)	119	(18,683)
Balance as at 31 December 2021	332,780	(34,869)	46,676	1,520	346,107

The accompanying notes form part of these condensed financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	31-Dec 2021 \$'000	31-Dec 2020 \$'000
Cash flow from operating activities		
Receipts from customers	138,192	109,456
Payments to suppliers and employees	(77,437)	(66,107)
Trust distributions / dividends received	539	542
Interest received	118	204
Interest paid	(4,209)	(4,144)
Income tax paid	(6,959)	(5,124)
Net cash provided by operating activities	50,244	34,827
Cash flow from investing activities		
Payments for deferred consideration/business acquisitions	(31,332)	(24,977)
Payment for property, plant and equipment	(862)	(791)
Payment for financial assets	-	(418)
Payment for other investments	(284)	(317)
Proceeds from sale of equity investments	432	-
Net proceeds / (payments) from derivatives	139	(296)
Net cash used in investing activities	(31,907)	(26,799)
Cash flow from financing activities		
Proceeds from borrowings	91,379	15,481
Repayments of borrowings	(84,460)	-
Capital issued	-	60,000
Capital issuing costs	(76)	(1,285)
Dividend reinvestment underwrite shares issued	-	10,000
Proceeds from employee share issues	250	-
Payment of lease liabilities	(3,174)	(2,140)
Dividends paid	(21,225)	(15,153)
Payment of related party loans and receivables	(10)	(61)
Repayments of related party loans and receivables	327	2,649
Net cash (used in) / provided by financing activities	(16,989)	69,491
Reconciliation of cash		
Cash at beginning of the half-year	47,824	25,973
Net increase in cash held	1,348	77,519
Effect of exchange rate fluctuation on cash held	(182)	(254)
Cash at end of the half-year	48,990	103,238

The accompanying notes form part of these condensed financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: CORPORATE INFORMATION

These condensed half-year financial statements of PSC Insurance Group Limited and its controlled entities (collectively, the Group) for the six months ended 31 December 2021 was authorised for issue by the Directors on 23 February 2022.

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

These 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.

These 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 the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2021 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 of 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, unless otherwise stated.

(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 statement.

(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 2021.

There have been no new accounting policies adopted since the year ended 30 June 2021 which have had a material effect in the preparation of the condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time, but these do not have an impact on the condensed consolidated financial statements of the Group.



NOTE 3: SELECTED (REVENUE) AND EXPENSE ITEMS

	31-Dec 2021	31-Dec 2020
	\$'000	\$'000
Administration and other expenses includes:		
Acquisition legal and professional fees	839	133
Other acquisition and transactions related costs	23	664
Non-operating employment costs	373	1,648
Unrealised loss on foreign exchange	524	144
Realised (gain) / loss on foreign exchange	(1,167)	417
Net loss / (gain) on deferred consideration	1,944	(138)
Share-based payment expense	562	210
Unwind of prepaid bank fees (Barings)	2,198	-
Other expenses	119	537
Expected credit losses:	48	2,034
Gain / (loss) on financial instruments includes:		
Gain / (loss) on fair value adjustments	68	(3,401)
Gain / (loss) on derivatives	715	(2,438)
Loss on sale of shares	(432)	-
	5,814	(190)

NOTE 4: CASH AND CASH EQUIVALENTS

	31-Dec 2021	30-Jun 2021
	\$'000	\$'000
Cash on hand	32	10
Cash at bank	35,949	25,814
Cash on deposit	13,009	22,000
	48,990	47,824

NOTE 5: FINANCIAL ASSETS

	31-Dec 2021	30-Jun 2021
	\$'000	\$'000
Financial assets - current		
Trust cash	250,893	244,464
Derivatives	-	519
Total current financial assets	250,893	244,983
Financial assets - non current		
Shares in listed corporations	45,693	45,799
Other shares and units held	4,806	4,768
Total non current financial assets	50,499	50,567

NOTE 6: DIVIDENDS

	31-Dec 2021	31-Dec 2020
	\$'000	\$'000
(a) Dividends paid or declared		
Dividends paid, partly franked	20,969	15,814
Dividends paid to non-controlling interests, unfranked	447	100
	21,416	15,914
(b) Dividends declared after the reporting period and not recognised		
Since the end of the reporting period the Directors have recommended / declared dividends of 4.5 cents per share (2021: 4.0 cents per share) franked to 70%.	14,900	12,500
	14,900	12,500

NOTE 7: SHARE CAPITAL

	31-Dec 2021	30-Jun 2021
	\$'000	\$'000
(a) Issued and paid-up capital		
327,635,392 Ordinary shares fully paid (June 2021: 321,181,525)	332,780	331,174

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

	31-Dec 2021	31-Dec 2021
	No of shares	\$'000
(b) Movements in shares on issue		
31 December 2021		
Beginning of half-year	321,181,525	331,174
Capital issuing costs	-	(36)
Shares in lieu of cash for acquisition of subsidiary	364,230	1,200
Dividend reinvestment	45,359	192
Loan funded shares	5,737,625	250
Converted share options	306,653	-
End of half-year	327,635,392	332,780

NOTE 7: SHARE CAPITAL (Continued)

	31-Dec 2020	31-Dec 2020
	No of shares	\$'000
31 December 2020		
Beginning of half-year	287,019,337	243,043
Capital issued	20,000,000	60,000
Capital issuing costs	-	(1,285)
Shares in lieu of cash for acquisition of subsidiary	1,325,118	3,507
Dividend reinvestment	278,302	760
Dividend reinvestment underwrite shares issued	3,660,322	10,000
Loan funded shares	213,363	-
End of half-year	312,496,442	316,025

(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 2021	30-Jun 2021
	\$'000	\$' 000
Share-based payment reserve	3,414	2,853
Foreign currency translation reserve	3,357	1,537
Revaluation surplus	1,443	1,443
Non-controlling interest reserve	(43,083)	(43,083)
Reserves	(34,869)	(37,250)

NOTE 9: SEGMENT INFORMATION

(a) Description of segments

The Group has four reportable segments as described below:

- **Distribution:** Insurance Broking, including PSC Network Insurance Partners, life broking and PSC Workers Compensation Services.
- **Agency:** Underwriting agencies, including Chase Underwriting, Breeze Underwriting, Online Insurance Solutions and Medical Indemnity Australia.
- **United Kingdom (International):** Businesses including Paragon International Insurance Brokers, Paragon Bermuda, Carrolls, Breeze Underwriting (UK), Chase Underwriting (UK), PSC UK Insurance Brokers, PSC Europe and the Hong Kong businesses.
- **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 Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

(b) Segment information

The Group'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.

	Distribution	Agency	United Kingdom	Group	Total
31 December 2021	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue					
Commission income	22,789	6,838	60,243	-	89,870
Fees income	19,636	859	1,538	-	22,033
Other fees	4,815	722	1,179	-	6,716
Other revenue	5	-	98	-	103
Interest income	122	11	-	13	146
Share of equity accounted results	-	-	52	262	314
Gain / (loss) on financial instruments	432	-	(715)	(68)	(351)
Investment income	-	-	-	109	109
Total segment revenue	47,799	8,430	62,395	316	118,940
Segment revenue from external source	47,799	8,430	62,395	316	118,940
<i>Segment result</i>					
Total segment result	12,492	2,113	11,102	(9,144)	16,563
Segment result from external source	12,492	2,113	11,102	(9,144)	16,563
<i>Items included within the segment result:</i>					
Depreciation expense - property, plant and equipment	(339)	(105)	(406)	(223)	(1,073)
Depreciation expense - right-of-use assets	(970)	(175)	(1,617)	-	(2,762)
Amortisation expense	(2,149)	(98)	(3,875)	-	(6,122)
Interest expense	(83)	-	(13)	(4,735)	(4,831)
Interest expense - lease liabilities	(146)	(52)	(538)	-	(736)
Income tax expense	(4,553)	(835)	(1,790)	1,199	(5,979)
Total segment assets	173,608	22,510	235,723	485,840	917,681
Total segment liabilities	159,079	22,139	212,609	177,747	571,574

NOTE 9: SEGMENT INFORMATION (Continued)

	Distribution	Agency	United Kingdom	Group	Total
31 December 2020	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue					
Commission income	20,064	5,129	44,013	-	69,206
Fees income	16,519	1,570	209	-	18,298
Other fees	4,300	282	48	-	4,630
Other revenue	(51)	-	807	4	760
Interest income	166	16	4	18	204
Share of equity accounted results	-	-	31	87	118
Gain / (loss) on financial instruments	-	-	2,438	3,401	5,839
Investment income	-	-	-	425	425
Total segment revenue	40,998	6,997	47,550	3,935	99,480
Segment revenue from external source	40,998	6,997	47,550	3,935	99,480
<i>Segment result</i>					
Total segment result	9,918	1,367	4,552	(2,191)	13,646
Segment result from external source	9,918	1,367	4,552	(2,191)	13,646
<i>Items included within the segment result:</i>					
Depreciation expense - property, plant and equipment	(339)	(97)	(356)	(223)	(1,015)
Depreciation expense - right-of-use assets	(853)	(156)	(848)	-	(1,857)
Amortisation expense	(1,589)	(232)	(2,297)	-	(4,118)
Interest expense	(97)	-	(5)	(4,315)	(4,417)
Interest expense - lease liabilities	(160)	(12)	(384)	-	(556)
Income tax expense	(3,809)	(479)	(1,360)	226	(5,422)
Total segment assets - 30 June 2021	175,969	26,441	216,395	470,059	888,864
Total segment liabilities - 30 June 2021	143,896	22,562	203,470	172,529	542,457

NOTE 10: INTANGIBLE ASSETS

	31-Dec 2021 \$'000	30-Jun 2021 \$'000
Goodwill at cost	356,434	333,254
Identifiable intangible assets at cost	126,350	108,709
Accumulated amortisation and impairment	(27,307)	(21,083)
	99,043	87,626
Total intangible assets	455,477	420,880

(a) Reconciliations

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

	31-Dec 2021 \$'000	30-Jun 2021 \$'000
<i>Goodwill at cost</i>		
Opening balance	333,254	257,040
Additions through business combination (i)	19,573	71,477
Net foreign currency movement arising from foreign operations	3,607	4,737
Closing balance	356,434	333,254
<i>Identifiable Intangible assets at cost</i>		
Opening balance	87,626	59,332
Additions through business combination (i)	10,854	32,029
Acquired additions through business combination	-	5
Other additions	6,199	3,823
Amortisation expense	(6,122)	(8,968)
Net foreign currency movement arising from foreign operations	486	1,405
Closing balance	99,043	87,626
Total intangible assets	455,477	420,880

(i) Additional goodwill and identifiable intangible assets include the business acquisitions of Montage General Insurance Ltd and Alliance Insurance Broking Services Pty Ltd.

NOTE 11: BUSINESS COMBINATIONS**Acquisitions for half-year ended 31 December 2021**

In accordance with the Group strategy, a series of acquisitions were completed during the half-year. These acquisitions complement the Groups growth strategies in existing and emerging international markets.

These included the following acquisition vehicle:

- i. Company and its subsidiary entity/(ies)

(a) Consideration paid/payable

	Montage General Insurance Ltd	Alliance Insurance Broking Services Pty Ltd	Total
	\$'000	\$'000	\$'000
Cash consideration paid	1,982	18,082	20,064
Contingent consideration	783	5,853	6,636
Total purchase consideration	2,765	23,935	26,700
Ownership share	80%	100%	
Acquisition vehicle	(i)	(i)	
Date of acquisition	21 July 2021	6 September 2021	
Fair value of non-controlling interest	170	-	170
Total non-controlling interest	170	-	170

Contingent consideration

Contingent consideration is estimated based on agreed multiples of EBITDA, revenue or fees and commission in accordance with the sale and purchase agreements. The \$6.6m deferred contingent consideration shown above is variable and not capped. Refer to Note 13 for adjustments to the contingent liability amounts recognised for business combination in the current and prior periods.

NOTE 11: BUSINESS COMBINATIONS (Continued)**(b) Identifiable assets and liabilities acquired**

Recognised on acquisition at fair value

	Montage General Insurance Ltd	Alliance Insurance Broking Services Pty Ltd	Total
	\$'000	\$'000	\$'000
- Identifiable intangibles	1,178	9,676	10,854
- Deferred tax liabilities	(330)	(2,764)	(3,094)
- Provisions	-	(463)	(463)
	848	6,449	7,297

(c) Goodwill on acquisition

Total consideration paid / payable	2,765	23,935	26,700
Total net identifiable (assets) / liabilities acquired	848	6,449	7,297
Non-controlling interests acquired	170	-	170
Goodwill on acquisition	2,087	17,486	19,573

The value of goodwill represents the future benefit arising from the future earnings and synergies expected from the acquisitions. No goodwill is expected to be deductible for tax purposes.

(d) Financial performance since acquisition date

	Montage General Insurance Ltd	Alliance Insurance Broking Services Pty Ltd	Total
	\$'000	\$'000	\$'000
Revenue	407	2,321	2,728
EBITDA	143	1,334	1,477
Profit after tax	48	596	644
<i>Financial performance if held for 12 months</i>			
Revenue	1,189	6,962	8,151
EBITDA	418	3,342	3,760
Profit after tax	140	1,494	1,634

(e) Transaction costs

The Group incurred transaction costs of \$0.03m (2021: \$0.11m) in respect the above business combinations. Transaction costs included legal fees, stamp duty, due diligence and other direct costs incurred in relation to these acquisitions. These costs are included within Administration and other expenses in the Statement of Profit or Loss and other Comprehensive Income.

NOTE 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.

During the half-year, changes to investments in associates and joint ventures were:

1 - RP Mona Vale Pty Ltd - On 28 July 2021, the Group disposed of 25% of the shares of RP Mona Vale Pty Ltd.

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

Associated Companies	Nature of relationship	Principal place of business	Ownership interest	
			31-Dec 2021	30-Jun 2021
Shares - RP Mona Vale Pty Ltd	Investments in entities holding client lists	Australia	0%	25%
			31-Dec 2021	30-Jun 2021
Associated Companies			\$'000	\$'000
Investments in entities holding client lists			9,346	9,131
			9,346	9,131
Reconciliation of interests in Associates				
Opening balance			9,131	8,512
Additions			-	1,366
Other valuation adjustments			647	682
Disposals			(432)	(1,429)
			9,346	9,131

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

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

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. For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Contingent consideration liabilities measured and recognised at fair value have been determined to be Level 3. There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 31 December 2021.

As at 31 December 2021	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Financial Assets</i>				
Shares in listed corporations	45,693	45,693	-	-
Other shares and units held	4,806	-	-	4,806
Total	50,499	45,693	-	4,806
<i>Financial liabilities</i>				
Derivatives (forward exchange contracts)	239	-	239	-
Contingent consideration	37,740	-	-	37,740
Total	37,979	-	239	37,740

As at 30 June 2021	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Financial Assets</i>				
Shares in listed corporations	45,799	45,799	-	-
Other shares and units held	4,768	-	-	4,768
Derivatives (forward exchange contracts)	519	-	519	-
Total	51,086	45,799	519	4,768
<i>Financial liabilities</i>				
Derivatives (forward exchange contracts)	48	-	48	-
Contingent consideration	35,830	-	-	35,830
Total	35,878	-	48	35,830

NOTE 13: FAIR VALUE MEASUREMENTS (Continued)**(b) Fair value of Financial Instruments**

The Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how their fair values are determined, including the valuation technique and inputs used.

Financial instrument	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets - Shares in listed corporations	Level 1	The fair value is calculated based on closing bid prices at the reporting date.	None	n/a
Financial assets - Other shares and units held	Level 3	The fair value is determined by reference to expected future cash flows and valuations of the underlying net asset base of the investment.	Forecast earnings and valuations of the underlying assets.	The fair value would increase/ (decrease) if: - The forecast assumptions were higher/(lower)
Financial assets / liabilities - Derivatives (forward exchange contracts)	Level 2	The fair value is calculated based on contracted exchange rates and current forward rates as determined by the issuer of the contract.	None	The fair value would increase/ (decrease) if: - The forecast foreign exchange rates were higher/(lower)
Amounts payable to vendors - contingent consideration	Level 3	The fair value is calculated based on an agreed multiple of EBITDA or fees and commissions. The discount used for long term deferred consideration is 6%.	Forecast EBITDA or fees and commissions	The fair value would increase/ (decrease) if: - The forecast EBITDA or fees and commissions were higher/ (lower)

(c) Reconciliation of recurring level 1 fair value movements

	31-Dec 2021	30-Jun 2021
Shares in listed corporations	\$'000	\$'000
Opening Balance	45,799	32,487
Disposal of holdings	-	(445)
Fair value adjustments - realised	-	195
Fair value adjustments - unrealised	(106)	13,562
Closing balance	45,693	45,799

Fair value adjustments are included in gain / (loss) on financial instruments in the consolidated profit and loss and other comprehensive income statement.

(d) Reconciliation of recurring level 3 fair value movements

	31-Dec 2021	30-Jun 2021
Other shares and units held	\$'000	\$'000
Opening Balance	4,768	1,966
Additional holdings	-	400
Fair value adjustments - unrealised	38	2,402
Closing balance	4,806	4,768

The Group measures the fair value for other shares and units held where there is no quoted market price, by reference to expected future cash flows and valuations of the underlying net asset base of the investment. The inputs into the valuations are based on the best information available about assumptions that market participants would use when pricing the assets.

	31-Dec 2021	30-Jun 2021
Contingent consideration	\$'000	\$'000
Opening balance	35,830	24,075
Additions from acquisitions	6,636	29,301
Deferred payments / revaluations	(3,814)	(17,214)
Deferred share issues	(1,200)	(1,176)
Net foreign currency movement arising from foreign operations	288	844
Closing balance	37,740	35,830

There were no significant differences between the carrying value of contingent consideration and the amount paid during the period.

NOTE 14: SUBSEQUENT EVENTS

The following loan funded shares have been issued since the end of the half-year:

- 213,790 fully paid shares were issued on 2 February 2022 at a share price of \$4.59.
- 255,000 fully paid shares were issued on 4 February 2022 at a share price of \$4.20.
- 3,000,000 fully paid shares were issued on 22 February 2022 at a share price of \$4.20.

There have been no other circumstances that have arisen since the end of the half-year which affect the state of affairs of the Group.

DIRECTORS' DECLARATION

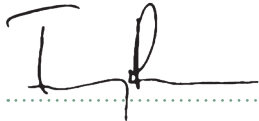
The Directors declare that:

1. In the Directors' opinion, the financial statements and notes thereto, as set out on pages 5 to 21, 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 2021 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: 23 February 2022

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 condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

INDEPENDENT AUDITOR'S REVIEW REPORT



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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2021 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.

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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'T M Dring'.

T M Dring
Partner
Melbourne
23 February 2022