22 February 2016

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

PSC INSURANCE GROUP LTD (PSI) – HALF YEAR 31 DECEMBER 2015 RESULTS ANNOUNCEMENT

Summary:

- Underlying revenue up 36% on the prior corresponding period (pcp) to $27.6 million and ahead of prospectus expectations of $27.0 million.
- Underlying[1] earnings before interest, tax, depreciation and amortisation (EBITDA) up 19% on the pcp to $6.74 million and ahead of prospectus expectations of $5.87 million.
- Underlying net profit after tax and before amortisation (NPATA) up 30% on the pcp to $3.7million.
- Statutory NPATA of $2.2 million, after material one off staff share expenses and IPO related expenses.
- Inaugural interim dividend of 1.2 cents per share, fully franked.

Revenue:

Increased revenue was the result of a combination of both acquisitions and organic growth from existing businesses.

The Group completed on three acquisitions in the half year to 31 December 2015, and these contributed approximately $0.5 million in incremental revenue over the period. These acquisitions were as follows and highlighted in the prospectus:

- Hamilton Brokers (insurance broking).
- David Denson Insurance (insurance broking).
- T A Management (life broking).

The half year results also include incremental revenue of $4.7 million from the Group's London reinsurance operations, Alsford Page & Gems, which completed during the FY15[2].

Existing businesses have continued to grow at a sound level. This growth has been broad based, across both Australian and UK operations, with satisfactory growth in the Group's Australian broking operations considering market conditions and good growth across the Australian underwriting agency and broker network businesses. The Group's UK operations have traded satisfactorily on a

[1] Excluding the one off costs associated with the expensed staff share allocation and one off costs associated with the IPO which were not offset against paid up capital
[2] Transaction completed with effect 1st January 2015

year on year basis, with the London reinsurance operations of Alsford Page & Gems up on the prior corresponding period and the exchange rate differentials providing a benefit in the first half.

Underlying EBITDA:

Increased underlying EBITDA was largely the result of the organic growth in the existing businesses, noting:

- The incremental EBITDA from the 3 acquisitions completed in FY16 was approximately $0.24 million.
- The Alsford Page & Gems business contributed a small loss for the half year period as its revenue (and profitability) is proportionally weighted to the Group's second half. The peak period of revenue and profitability for Alsford Page & Gems is January, and this year's renewal period has met Group management expectations.
- The Group organic revenue growth has translated to increased EBITDA through careful cost management.

The underlying EBITDA is before one off corporate costs associated with the IPO process of approximately $1.9 million, the main of which was a non cash expense of approximately $1.5 million relating to the staff share allocation. The balance relates to one off IPO related costs not offset against paid up equity capital.

NPATA:

Statutory and underlying NPATA is after an interest charge on the Group's debt of $1.0 million. As highlighted in the prospectus, funds received from the IPO were used to repay the majority of the Group's debts[3].

This position is reflected in the Group balance sheet on balance date.

Future interest charges would be the result of additional drawings on the Group's ongoing committed debt facility from acquisitions.

Interim Dividend:

As stated in the prospectus, it is the Group's intention to target a payout ratio of 60-70% of NPATA. At the time of the prospectus it was the intention to pay a final dividend for FY16.

The Directors have decided to additionally pay an interim dividend of 1.2 cents per share with a record date of 16 March 2016 and a payment date of 15 April 2016. This dividend will be fully franked.

[3] With the exception of an ongoing debt facility in the UK which was maintained post IPO.

As there will be a difference between statutory and underlying NPATA in FY16, for FY16 it is the Directors current intentions to base FY16 dividends on underlying NPATA.

Please direct any queries to Paul Dwyer, Managing Director, on 0409 995 105.