



APPENDIX 4D

For The Half-Year Ended 31 December 2022

APPENDIX 4D

Half-Year Report for the six months to 31 December 2022

Name of entity

PSC INSURANCE GROUP LIMITED

ABN 81 147 812 164

1. Reporting period

Report for the half-year ended 31 December 2022

Previous corresponding periods are financial year ended 30 June 2022 and half-year ended 31 December 2021

2. Results for announcement to the market

Revenues from ordinary activities up 16.4% to \$138.5m

Profit from ordinary activities after tax attributable to members up 31% to \$21.3m

Net profit for the period attributable to members up 31% to \$21.3m

Dividends	Amount per security	Franked amount per security
Interim dividend (FY 2023, to be paid 6 April 2023)	5.2 ¢	3.12 ¢
Final dividend (FY 2022, paid 12 October 2022)	7.5 ¢	4.5 ¢
Previous corresponding period (12 months 2022)	12 ¢	7.65 ¢

Record date for determining entitlements to the dividend 8 March 2023 - 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 2022 half-year results announcement.

3. Net tangible assets per security

Dividends	Current period (31 December 2022)	Previous corresponding period (31 December 2021)
Net tangible asset backing per ordinary security	(\$0.19)	(\$0.33)

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 2022	6/4/2022	\$14,899,688
Final dividend year ended 30 June 2022	12/10/2022	\$26,420,396

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 2023)	5.2 ¢	3.12 ¢	-
Previous year (half-year 2022)	4.5¢	3.15¢	-

Total dividend on all securities

Dividends	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities	\$18,420	\$14,900
Preference securities	nil	nil
Other equity instruments	nil	nil
Total	\$18,420	\$14,900

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 23 dividend payable on 6 April 2023. The record date for the dividend is 8 March 2023. Elections to participate in the DRP for this dividend close 5.00 pm (AEDT) 9 March 2023.

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 10 March 2023 to 23 March 2023.

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 2022

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2022

PSC Insurance Group Limited & Controlled Entities
ACN 147 812 164
Level 4, 96 Wellington Parade East Melbourne VIC 3002
www.pscinsurancegroup.com.au

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 2022 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 2022 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 19% on the prior period to \$48.6m. The operating performance and organic growth across all areas of the Group was strong. We completed a number of acquisitions during the period, including Trade Credit Risk Pty Ltd, Aviation Marine General Insurance Pty Ltd and Charter Union Insurance Brokers Ltd in Hong Kong. Underlying net profit after tax before amortisation (NPATA) was up 27% on the prior period to \$35.2m. Statutory net profit after tax (NPAT) was up 30% on the prior period to \$21.5m.

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: 22 February 2023



Antony Robinson

Managing Director

Melbourne

Date: 22 February 2023

AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 2022, 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.

A stylized signature of 'Ernst & Young' in a cursive script.

Ernst & Young

A stylized signature of 'T M Dring' in a cursive script.

T M Dring
Partner
Melbourne
22 February 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31-Dec 2022 \$'000	31-Dec 2021 \$'000
Revenue		
Fee and commission income	134,640	118,619
Other revenue	384	103
Interest income	1,702	146
Share of equity accounted results	77	314
Gain / (loss) on financial instruments	1,215	(351)
Investment income	449	109
	138,467	118,940
Expenses		
Administration and other expenses	(22,057)	(14,391)
Depreciation expense - property, plant and equipment	(1,017)	(1,073)
Depreciation expense - right-of-use assets	(2,486)	(2,762)
Amortisation expense	(6,947)	(6,122)
Employee benefits expense	(66,054)	(60,539)
Finance costs	(3,996)	(4,831)
Finance costs - lease liabilities	(556)	(736)
Expected credit losses	(1)	(48)
Employee contractors	(1,552)	(1,341)
Information technology costs	(2,701)	(2,454)
Professional fees	(1,751)	(2,101)
	(109,118)	(96,398)
Profit before income tax expense	29,349	22,542
Income tax expense	(7,858)	(5,979)
Net profit from continuing operations	21,491	16,563
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	2,320	1,820
Other comprehensive income for the half-year	2,320	1,820
Total comprehensive income	23,811	18,383
Profit is attributable to:		
- Owners of PSC Insurance Group Limited	21,316	16,277
- Non-controlling interests	175	286
	21,491	16,563
Total comprehensive income is attributable to:		
- Owners of PSC Insurance Group Limited	23,636	18,097
- Non-controlling interests	175	286
	23,811	18,383
Earnings per share for profit attributable to the equity holders of the parent entity:		
Basic earnings per share	6.1 cents	5.0 cents
Diluted earnings per share	6.1 cents	4.9 cents

The accompanying notes form part of these condensed financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		31-Dec 2022	30-Jun 2022
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents	4	94,118	106,110
Financial assets - trust cash	5	248,977	241,289
Receivables		9,177	10,264
Contract assets - broking		44,245	62,287
Financial assets - derivatives	5	265	-
Other assets		10,205	7,399
Total current assets		406,987	427,349
Non-current assets			
Receivables		2,321	1,022
Financial assets - investments in shares and unit trusts	5	44,685	44,755
Equity accounted investments	12	21,861	9,236
Property, plant and equipment		16,797	17,354
Intangible assets	10	478,896	457,295
Right-of-use assets		18,348	19,818
Total non-current assets		582,908	549,480
Total assets		989,895	976,829
Current liabilities			
Payables		272,667	263,241
Provisions		6,036	5,461
Current tax liabilities		10,472	6,316
Financial liabilities - derivatives		-	906
Lease liabilities		4,776	4,842
Contract liabilities - deferred revenue		9,753	7,653
Amounts payable to vendors		33,118	35,834
Total current liabilities		336,822	324,253
Non-current liabilities			
Borrowings		187,521	186,979
Provisions		622	541
Deferred tax liabilities		28,914	32,077
Lease liabilities		17,063	18,459
Contract liabilities - deferred revenue		362	360
Amounts payable to vendors		6,525	5,395
Total non-current liabilities		241,007	243,811
Total liabilities		577,829	568,064
Net assets		412,066	408,765
Equity			
Share capital	7	418,966	411,661
Reserves	8	(45,521)	(46,890)
Retained earnings		37,053	42,157
Equity attributable to owners of PSC Insurance Group Limited		410,498	406,928
Non-controlling interests		1,568	1,837
Total equity		412,066	408,765

The accompanying notes form part of these condensed financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	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 changes	-	-	-	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

	Share capital	Reserves	Retained Earnings	Non- controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2022	411,661	(46,890)	42,157	1,837	408,765
Profit for the half-year	-	-	21,316	175	21,491
Exchange differences on translation of foreign operations, net of tax	-	2,320	-	-	2,320
Total comprehensive income for the half-year	-	2,320	21,316	175	23,811
Transactions with owners in their capacity as owners:					
Capital issuing costs	(29)	-	-	-	(29)
Shares in lieu of cash for acquisition of subsidiary	6,809	-	-	-	6,809
Dividend reinvestment	525	-	-	-	525
Non-controlling interest changes	-	(2,064)	-	(93)	(2,157)
Put option reserve	-	(193)	-	(186)	(379)
Employee share issues	-	1,306	-	-	1,306
Dividends paid	-	-	(26,420)	(165)	(26,585)
Total transactions with owners	7,305	(951)	(26,420)	(444)	(20,510)
Balance as at 31 December 2022	418,966	(45,521)	37,053	1,568	412,066

The accompanying notes form part of these condensed financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31-Dec 2022 \$'000	31-Dec 2021 \$'000
Cash flow from operating activities		
Receipts from customers	157,594	138,192
Payments to suppliers and employees	(91,553)	(77,437)
Trust distributions / dividends received	1,187	539
Interest received	1,681	118
Interest paid	(3,503)	(4,209)
Income tax paid	(8,567)	(6,959)
Net cash provided by operating activities	56,839	50,244
Cash flow from investing activities		
Payments for deferred consideration/business acquisitions	(24,614)	(31,332)
Payment for property, plant and equipment	(422)	(862)
Proceeds from sale of financial assets	142	-
Payment for financial assets	(21)	-
Payment for other investments	(30)	(284)
Payment for equity investments	(12,868)	-
Proceeds from sale of equity investments	-	432
Net (payments) / proceeds from derivatives	(1,178)	139
Net cash used in investing activities	(38,991)	(31,907)
Cash flow from financing activities		
Proceeds from borrowings	-	91,379
Repayments of borrowings	-	(84,460)
Capital issuing costs	(30)	(76)
Proceeds from employee share issues	-	250
Payment of lease liabilities	(3,038)	(3,174)
Dividends paid	(26,060)	(21,225)
Payment of related party loans and receivables	(1,521)	(10)
Repayments of related party loans and receivables	397	327
Net cash used in financing activities	(30,252)	(16,989)
Reconciliation of cash		
Cash at beginning of the half-year	106,110	47,824
Net (decrease) / increase in cash held	(12,404)	1,348
Effect of exchange rate fluctuation on cash held	412	(182)
Cash at end of the half-year	94,118	48,990

The accompanying notes form part of these condensed financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 was authorised for issue by the Directors on 22 February 2023.

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 2022 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 2022.

There have been no new accounting policies adopted since the year ended 30 June 2022 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 2022	31-Dec 2021
	\$'000	\$'000
Administration and other expenses includes:		
Acquisition legal and professional fees	731	839
Other acquisition and transactions related costs	-	23
Non-operating employment costs	209	373
Unrealised loss on foreign exchange	593	524
Realised loss / (gain) on foreign exchange	1,220	(1,167)
Net loss on deferred consideration	3,988	1,944
Share-based payment expense	1,309	562
Unwind of prepaid bank fees (Barings)	-	2,198
Other expenses	411	119
Expected credit losses:	1	48
(Loss) / gain on financial instruments includes:		
(Loss) / gain on fair value adjustments	(52)	68
(Loss) / gain on derivatives	(1,163)	715
(Loss) on sale of shares	-	(432)
	7,247	5,814

NOTE 4: CASH AND CASH EQUIVALENTS

	31-Dec 2022	30-Jun 2022
	\$'000	\$'000
Cash on hand	31	31
Cash at bank	63,036	61,592
Cash on deposit	31,051	44,487
	94,118	106,110

NOTE 5: FINANCIAL ASSETS

	31-Dec 2022	30-Jun 2022
	\$'000	\$'000
Financial assets - current		
Trust cash	248,977	241,289
Derivatives	265	-
Total current financial assets	249,242	241,289
Financial assets - non current		
Shares in listed corporations	39,457	39,527
Other shares and units held	5,228	5,228
Total non current financial assets	44,685	44,755

NOTE 6: DIVIDENDS

	31-Dec 2022	31-Dec 2021
	\$'000	\$'000
(a) Dividends paid or declared		
Dividends paid, partly franked	26,420	20,969
Dividends paid to non-controlling interests, unfranked	165	447
	26,585	21,416
(b) Dividends declared after the reporting period and not recognised		
Since the end of the reporting period the Directors have recommended / declared dividends of 5.2 cents per share franked to 60% (2022: 4.5 cents per share franked to 70%)	18,420	14,900
	18,420	14,900

NOTE 7: SHARE CAPITAL

	31-Dec 2022	30-Jun 2022
	\$'000	\$'000
(a) Issued and paid-up capital		
354,142,606 Ordinary shares fully paid (June 2022: 348,955,012)	418,966	411,661

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

	31-Dec 2022	31-Dec 2022
	No of shares	\$'000
(b) Movements in shares on issue		
31 December 2022		
Beginning of half-year	348,955,012	411,661
Capital issuing costs	-	(29)
Shares in lieu of cash for acquisition of subsidiary	1,537,446	6,809
Dividend reinvestment	108,923	525
Loan funded shares	744,500	-
Converted share options	2,796,725	-
End of half-year	354,142,606	418,966

NOTE 7: SHARE CAPITAL (Continued)

	31-Dec 2021	31-Dec 2021
	No of shares	\$'000
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

(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 2022	30-Jun 2022
	\$'000	\$'000
Share-based payment reserve	5,891	4,585
Foreign currency translation reserve	(7,515)	(9,835)
Revaluation surplus	1,443	1,443
Put option reserve	(193)	-
Non-controlling interest reserve	(45,147)	(43,083)
Reserves	(45,521)	(46,890)

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, Chase Travel and Medisure Indemnity Australia.
 - **United Kingdom (International):** Businesses including Paragon International Insurance Brokers, Paragon Bermuda, Carroll's, 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 2022	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue					
Commission income	27,932	8,512	63,969	-	100,413
Fees income	22,558	1,116	3,173	-	26,847
Other fees	5,506	521	1,353	-	7,380
Other revenue	7	-	377	-	384
Interest income	975	113	1	613	1,702
Share of equity accounted results	-	-	55	22	77
Gain on financial instruments	-	-	1,163	52	1,215
Investment income	-	-	-	449	449
Total segment revenue	56,978	10,262	70,091	1,136	138,467
Segment revenue from external source	56,978	10,262	70,091	1,136	138,467
Segment result					
Total segment result	11,377	3,215	13,862	(6,963)	21,491
Segment result from external source	11,377	3,215	13,862	(6,963)	21,491
<i>Items included within the segment result:</i>					
Depreciation expense - property, plant and equipment	(381)	(95)	(324)	(217)	(1,017)
Depreciation expense - right-of-use assets	(1,187)	(173)	(1,126)	-	(2,486)
Amortisation expense	(3,319)	(98)	(3,513)	(17)	(6,947)
Interest expense	(88)	-	(15)	(3,893)	(3,996)
Interest expense - lease liabilities	(155)	(45)	(356)	-	(556)
Income tax expense	(4,711)	(1,208)	(3,487)	1,548	(7,858)
Total segment assets - 31 December 2022	204,698	22,145	249,871	513,181	989,895
Total segment liabilities - 31 December 2022	195,573	21,126	213,048	148,082	577,829

NOTE 9: SEGMENT INFORMATION (Continued)

	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 - 30 June 2022	210,491	31,182	207,877	527,279	976,829
Total segment liabilities - 30 June 2022	180,754	26,093	181,593	179,624	568,064

NOTE 10: INTANGIBLE ASSETS

	31-Dec 2022	30-Jun 2022
	\$'000	\$'000
Goodwill at cost	368,778	357,136
Identifiable intangible assets at cost	150,185	133,035
Accumulated amortisation and impairment	(40,067)	(32,876)
	110,118	100,159
Total intangible assets	478,896	457,295

(a) Reconciliations

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

	31-Dec 2022	30-Jun 2022
	\$'000	\$'000
<i>Goodwill at cost</i>		
Opening balance	357,136	333,254
Additions through business combination (i)	10,205	31,582
Net foreign currency movement arising from foreign operations	1,437	(7,700)
Closing balance	368,778	357,136
<i>Identifiable intangible assets at cost</i>		
Opening balance	100,159	87,626
Additions through business combination (i)	9,683	18,703
Acquired additions through business combination	226	-
Other additions	6,507	9,002
Amortisation expense	(6,947)	(12,564)
Net foreign currency movement arising from foreign operations	490	(2,608)
Closing balance	110,118	100,159
Total intangible assets	478,896	457,295

(i) Additional goodwill and identifiable intangible assets include the business acquisitions of Charter Union Insurance Brokers Ltd, Trade Credit Risk Pty Ltd and Aviation Marine General Insurance Pty Ltd.

NOTE 11: BUSINESS COMBINATIONS

Acquisitions for half-year ended 31 December 2022

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 vehicles:

- i. Company and its subsidiary entity/(ies)
- ii. Client list and employee benefits

(a) Consideration paid/payable

	Charter Union Insurance Brokers Ltd	Trade Credit Risk Pty Ltd	Aviation Marine General Insurance Pty Ltd	Total
	\$'000	\$'000	\$'000	\$'000
Cash consideration paid	5,560	4,073	-	9,633
Equity Consideration	-	460	2,484	2,944
Contingent consideration	2,536	959	942	4,437
Total purchase consideration	8,096	5,492	3,426	17,014
Ownership share	100%	90%	70%	
Acquisition vehicle	(i)	(ii)	(i)	
Date of acquisition	12/8/2022	9/11/2022	8/12/2022	
Fair value of non-controlling interest	-	186	666	852
Total non-controlling interest	-	186	666	852

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 \$4.4m 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.

(b) Identifiable assets and liabilities acquired

Recognised on acquisition at fair value

	Charter Union Insurance Brokers Ltd	Trade Credit Risk Pty Ltd	Aviation Marine General Insurance Pty Ltd	Total
	\$'000	\$'000	\$'000	\$'000
- Cash and Cash equivalents	801	-	125	926
- Financial assets - trust cash	1,877	-	-	1,877
- Contract assets - broking	531	-	158	689
- Property, plant and equipment	18	-	-	18
- Identifiable intangibles	4,100	2,715	2,868	9,683
- Acquired Intangibles	-	-	226	226
- Trade and other receivables	10	-	-	10
- Other Assets	134	-	9	143
- Right of use Assets	-	-	55	55
- Lease liabilities	-	-	(57)	(57)
- Deferred tax liabilities	(1,974)	(796)	(826)	(3,596)
- Trade and other payables	(1,893)	-	(131)	(2,024)
- Income tax payable	(9)	-	(94)	(103)
- Provisions	(9)	(62)	(115)	(186)
	3,586	1,857	2,218	7,661

(c) Goodwill on acquisition

	Charter Union Insurance Brokers Ltd	Trade Credit Risk Pty Ltd	Aviation Marine General Insurance Pty Ltd	Total
	\$'000	\$'000	\$'000	\$'000
Total consideration paid / payable	8,096	5,492	3,426	17,014
Total net identifiable (assets) / liabilities acquired	3,586	1,857	2,218	7,661
Non-controlling interests acquired	-	186	666	852
Goodwill on acquisition	4,510	3,821	1,874	10,205

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

	Charter Union Insurance Brokers Ltd	Trade Credit Risk Pty Ltd	Aviation Marine General Insurance Pty Ltd	Total
	\$'000	\$'000	\$'000	\$'000
Revenue	1,440	103	124	1,667
EBITDA	520	(90)	74	504
Profit / (loss) after tax	357	(99)	32	290
<i>Financial performance if held for 12 months</i>				
Revenue	4,135	2,022	1,700	7,857
EBITDA	1,302	506	850	2,658
Profit after tax	1,087	354	595	2,036

(e) Transaction costs

The Group incurred transaction costs of \$0.03m (2022: \$0.03m) 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.

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

Associated Companies	Principal activity	Principal place of business	Ownership interest	
			31-Dec 2022	30-Jun 2022
Shares - Eldon Risk Partners Limited	Insurance services and broking	United Kingdom	40%	0%
Shares - Bay Building Group Pty Ltd	Building services specialising in insurance building	Australia	40%	0%

		31-Dec 2022	30-Jun 2022
Associated Companies		\$'000	\$'000
Investments in entities holding client lists		21,861	9,236
		21,861	9,236

Reconciliation of interests in Associates				
Opening balance			9,236	9,130
Additions			12,921	-
Other valuation adjustments			(296)	961
Disposals			-	(855)
			21,861	9,236

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 2022.

	Total	Level 1	Level 2	Level 3
As at 31 December 2022	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>				
Shares in listed corporations	39,457	39,457	-	-
Other shares and units held	5,228	-	-	5,228
Derivatives (forward exchange contracts)	265	-	265	-
Total	44,950	39,457	265	5,228
<i>Financial liabilities</i>				
Contingent consideration	39,643	-	-	39,643
Total	39,643	-	-	39,643

	Total	Level 1	Level 2	Level 3
As at 30 June 2022	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>				
Shares in listed corporations	39,527	39,527	-	-
Other shares and units held	5,228	-	-	5,228
Total	44,755	39,527	-	5,228
<i>Financial liabilities</i>				
Contingent consideration	41,229	-	-	41,229
Total	41,229	-	-	41,229

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 2022	30-Jun 2022
Shares in listed corporations	\$'000	\$'000
Opening Balance	39,527	45,785
Fair value adjustments - unrealised	(70)	(6,258)
Closing balance	39,457	39,527

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 2022	30-Jun 2022
Other shares and units held	\$'000	\$'000
Opening Balance	5,228	4,768
Additional holdings	21	75
Fair value adjustments - unrealised	(21)	385
Closing balance	5,228	5,228

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 2022	30-Jun 2022
Contingent consideration	\$'000	\$'000
Opening balance	41,229	35,830
Additions from acquisitions	4,437	6,636
Other additions	2,962	2,328
Deferred payments	(11,791)	(17,767)
Deferred share issues	(1,522)	(1,200)
Revaluations	3,988	16,971
Net foreign currency movement arising from foreign operations	340	(1,569)
Closing balance	39,643	41,229

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

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) Shares Issued

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

- 88,171 fully paid loan funded shares were issued on 3 February 2023 at a share price of \$4.73.

(b) WSC Insurance Brokers Pty Ltd

On 10 February 2023, Aviation Marine General Insurance Pty Ltd acquired the business assets of WSC Insurance Brokers Pty Ltd (an Australian insurance broking business). The calculation of the fair value of assets is yet to be finalised. Total consideration will be approximately \$4.7m, paid/payable 70% on completion. Details of the acquisition will be disclosed at the next reporting date.

DIRECTORS' DECLARATION

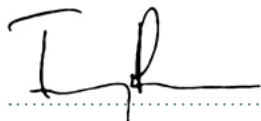
The Directors declare that:

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 2022 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: 22 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 2022, 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 2022 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



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 2022 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 stylized, handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

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

T M Dring
Partner
Melbourne
22 February 2023