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

PSC INSURANCE GROUP LTD (PSI) – ACQUISITIONS & NEW BUSINESS UPDATE

Acquisitions Update

PSI are pleased to announce the following acquisitions.

Turner Insurance Services Ltd (Turner)

Turner has been operating since 1993 and is a Leicester (UK) based retail insurance broking business servicing the insurance needs of regional and local businesses. The Directors and management team are highly experienced in their local market. Turner has revenue of a little under £3.0m (A\$5.3m) and the profitability of the business has been sound for a long period.

The investment in Turner is the first investment by PSI into a retail broking business in the UK. Given this is PSI's core business in Australia, a presence in this market in the UK is a natural strategic progression for the Group.

Key terms of the transaction are:

- PSI has acquired 70% of Turner for a total consideration of approximately £3.96m (A\$7.06m).
- 50% of the Total Consideration is payable in cash on completion, with the balance over 2 years, with the final 25% adjustable, dependent on the annual revenue after 2 years.
- Additionally, PSI and the vendors have entered into options agreements, whereby the remaining 30% of the equity can be purchased by PSI in the period up to 4 years after completion.

The key Directors and management will remain with the business after completion and PSI are delighted to welcome all the staff to the Group.

Easy Broking Online Ltd (EBO)

EBO is a UK based underwriting agency, specialising in SME property risks. Its products are sold through UK brokers and delivered by an online platform and has current revenue of approximately £0.6m (A\$1.1m). PSI currently own approximately 23% of EBO via its UK subsidiary Alsford Page & Gems Ltd.

We believe there is strong growth opportunities when combined with the existing broker distribution channels of our Carroll Holman and Breeze Underwriting businesses in the UK and this adds to the Group's expanding suite of online platform enabled businesses.

Key terms of the transaction are:

- PSI has acquired shares to take its shareholding to 100%, with additional cost to PSI of approximately £0.58m (A\$1.03m).
- 70% payable upon completion with both cash and PSI shares, with the final 30% adjustable, dependent on the annual revenue after the completion anniversary.

The key management and staff will remain with the business and PSI are delighted to welcome them to the Group.

Earnings Impact of Acquisitions

We anticipate a combined share of EBITDA net of results applicable to relevant minority shareholders, to initially exceed £0.6m (A\$1.1m) on an annualised basis.

The acquisitions will be funded by a combination of own cash and bank debt.

The pipeline of acquisition opportunities continues to look strong.

New Business Update

PSI is pleased to announce the commencement of two new businesses within the Group.

Chase Underwriting International

Following the success of Chase Underwriting in Australia, the Group has now formally launched Chase Underwriting International (CUI) – a specialist wholesale insurance agency handling the needs of the construction sector. CUI is based in London and will be initially focussed on a mix of annual and single project risks in the UK, Europe, USA and Middle East.

The business is led by Mr Simon Challinor, who is a highly experienced and respected insurance professional whose career in insurance and Lloyds spans almost 35 years. The business has the support of a number of Lloyds syndicates for its capacity.

We are delighted to welcome Simon to the Group.

PSC Insurance Brokers (Western)

With the continued growth of the western suburbs of Sydney, the Group has commenced a broking operation focussed on developing our business in this important growth area. The start-up business has been aided by a small client portfolio purchase.

We are delighted to welcome Mr Thor Kreft and Mr Ryan Siviour to the Group.

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