



25th February 2016

The Manager
Company Announcements
Australian Securities Exchange
Level 6, Exchange Centre,
20 Bridge Street
Sydney, NSW 2000

Dear Sir / Madam,

Re: Appendix 4D and Financial Report for the Half Year Ended 31st December 2015

Attached for immediate release is the AUB Group Limited (AUB):

1. Appendix 4D – Half-Year Report 31st December 2015 and
2. Attachment A to Appendix 4D – Financial Statements for the half year ended 31st December 2015.

The following associated documents will be provided separately:

- Media Release
- Presentation on the Half Year results

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'J. Coss'.

J. Coss
Company Secretary

For further information, contact Justin Coss

Tel: (02) 9935 2201
Mobile: 0424 758 719

AUB Group Limited

Level 21, 111 Pacific Highway,
North Sydney, NSW 2060

ABN 60 000 000 715
ACN 000 000 715

aubgroup.com.au



AUB Group Limited
ABN 60 000 000 715
ASX Disclosure – Appendix 4D

ASX DISCLOSURE – APPENDIX 4D
Half-Year Report – 31 December 2015

Under Listing Rule 4.2.A.3 of the Australian Stock Exchange Limited (the “ASX”), the following information must be given to the ASX. The information should be read in conjunction with the financial report for the year ending 30 June 2015.

1. Reporting Period

Current reporting period – six months ended 31 December 2015

Previous corresponding period – six months ended 31 December 2014

2. Results for Announcement to the Market

			\$000
2.1	Revenue from ordinary activities	up 8.4 %	to 105,938
2.2	Profit from ordinary activities after tax attributable to members	up 71.7 %	to 23,788
2.3	Net profit attributable to members	up 70.5 %	to 23,625
2.4	Dividends		

	Amount Per Security	Franking at 30% Tax Rate	Franked Amount Per Security
Interim Dividend	12.0 cents	100%	12.0 cents

Record date for determining entitlement to the interim dividend.

Monday, 11 April 2016

A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood is contained in the Directors’ Report section of the Half-Year Report – 31 December 2015 attached as Attachment A.

3. Net Tangible Assets Per Security

31 December 2015	\$1.80
31 December 2014	\$1.56

4. Entities Over Which Control has been Gained or Lost During the Period

Details of entities over which control has been gained during the period.

	Date	Contribution to Profit	
		2015 \$'000	2014 \$'000
Allied Health Australia Pty Ltd	1/07/15	507	-
Financial Affairs Pty Ltd	15/07/15	128	-
CIM Group Holdings Pty Ltd	1/12/15	4	-

Details of entities over which control has been lost during the period.

	Date	Contribution to Profit	
		2015 \$'000	2014 \$'000
AEI Transport Pty Ltd and controlled entities	1/07/15	704	607

5. Dividends

On 25 February 2016, the Directors declared a fully franked interim dividend of 12.0 cents per share. This dividend is payable on 29 April 2016. Based on issued shares of 63,272,558 shares, this dividend will total \$7,592,707.

6. Dividend Reinvestment Plan

The proposed dividend of 12.0 cents per share will be eligible for reinvestment under the Company's Dividend Reinvestment Plan (DRP). The DRP will be open to future dividends until further notice.

For shareholders to be eligible for the DRP in relation to the interim dividend for the year ended 30 June 2016 elections will need to be received by the share registry by 5pm on 12 April 2016.

If a shareholder has previously submitted an election to participate in the DRP, those instructions will apply to the forthcoming interim dividend and all future dividends. If a shareholder wishes to vary its participation status, a notice of variation must be received by the share registry by 5pm on 12 April 2016 in order to be effective for the forthcoming interim dividend.

The price for AUB Group shares allocated under the DRP will be the "price" determined under the DRP rules (being the daily volume weighted average market price of all ordinary shares sold in the ordinary course of trading on the ASX during the 5 day trading period starting on the second business day following the record date of the dividend) less any applicable discount determined by the AUB Group' board.

For the forthcoming interim dividend for the year to 30 June 2016, ordinary shares will be issued at a 2.5% discount to the relevant "price". AUB Group may determine a different discount for subsequent dividends.

AUB Group does not propose to have any DRP shortfall for the interim dividend underwritten.

The DRP will be open to shareholders whose registered address is in Australia or New Zealand at the relevant record date.

7. Associates and Joint Venture Entities

Details of associates are shown in the Half-Year Financial Report.

8. Accounting Standards Applied to Foreign Entities

Not Applicable.

9. Audit Dispute or Qualification

There is no audit dispute or qualification. Refer to the Independent Auditor's Review Report to the members of AUB Group Limited dated 25 February 2016 prepared by Ernst & Young and included in the Half-Year Report – 31 December 2015 attached as Attachment A.

AUB Group Limited

ABN 60 000 000 715

Appendix 4D Attachment A

Financial Report
for Half-Year Ended
31 December 2015



AUB GROUP LIMITED
(FORMERLY AUSTBROKERS HOLDINGS LIMITED)

A.B.N. 60 000 000 715

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015

AUB GROUP LIMITED
A.B.N. 60 000 000 715
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AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)
A.B.N. 60 000 000 715
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Directors' Report

Your directors submit their report for the half-year ended 31 December 2015.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for the whole period unless otherwise stated.

D C Clarke (appointed Chairman from 26 November 2015)
M P L Searles (Chief Executive)
R J Carless
P A Lahiff (appointed 1 October 2015)
R A Longes (retired 26 November 2015)
R J Low

REVIEW AND RESULTS OF OPERATIONS

Results for Half-year

Net profit after tax attributable to equity holders of the parent increased by 71.7% to \$23.8 million (2015: \$13.9 million). The profit for the current period included after tax adjustments for: a fair value adjustment to the carrying value of controlled entities on the date at which they became associate entities of \$6.5 million; a profit on the sale of interests in associates of \$6.3 million; and profit on the reduction in contingent consideration payments and offsetting loss on reduction of the carrying value of associates & goodwill. If the above mentioned items, together with the amortisation of intangibles are excluded (as shown in the table below), the net profit (Adjusted NPAT) was \$12.9 million in 2015 (2014: \$12.5 million) an increase of 3.5%. In the table below, the Adjusted NPAT of \$12.9 million is reconciled to the net profit attributable to equity holders of the parent as reported in the Income Statement.

Reconciliation of Reported and Adjusted NPAT	Note	31/12/2015	31/12/2014	CHANGE
	(1)	\$'000	\$'000	%
Adjusted NPAT from operations attributable to equity holders of the parent		12,885	12,447	3.5%
Adjustments after tax:				
Fair value adjustment to the carrying value of (a) associates on the date at which they became controlled entities or (b) controlled entities on the date they became an associate	(2)	6,504	3,525	
Profit on sale of interests in associates	(3)	6,318		
Reduction in contingent consideration for acquisition of controlled entities and associates	(4)	1,691		
Offsetting impairment charge to the carrying value of associates & goodwill, related to the above	(4)	(1,691)		
Net profit after tax from operations before amortisation of intangibles		25,707	15,972	61.0%
Less Amortisation of intangibles	(5)	(1,919)	(2,119)	9.4%
Net profit attributable to equity holders of the parent as reported in the Income Statement		23,788	13,853	71.7%

Notes:

(1) The financial information in this table has been derived from the audited financial statements. The Adjusted NPAT is non-IFRS financial information and as such has not been audited in accordance with Australian Accounting Standards.

(2) The adjustments to the carrying value of controlled entities or associates, arise where the group increases its equity in an associate whereupon it becomes a controlled entity (consolidation) or decreases its equity in a controlled entity such that it becomes an associate (de-consolidation). As required by accounting standards the carrying values for the existing investments have been adjusted to fair value at the date of the change and the increase included in net profit. Such adjustments will only occur in the future if similar transactions occur.

(3) During the period the Group sold its entire equity in one associate and sold part of its equity in another, resulting in profits on sale. These may not recur in the future unless similar transactions occur.

(4) The Group's acquisition approach is to defer a component of the purchase price, which is determined by future financial results. An estimate of the contingent consideration is made at the time of the acquisition and is reviewed and varied at balance date, if estimates change or payments are made. This adjustment can be a loss (if increased) or a profit (if reduced). Where an estimate or payment is reduced, an offsetting adjustment (impairment) is made to the carrying value.

(5) Amortisation of intangibles expense decreased over last half year due to some intangible assets being fully depreciated. This expense is a non-cash item.

Overview

The Group's results were impacted by reducing insurance premium rates in the insurance broking and underwriting agencies sectors which reduced brokers' and agencies' commission income on new and renewal business. This was offset by other income and a strong contribution from Risk Services and New Zealand businesses. As a result of the Group's diversification strategy, 27.3% of Group pre-tax profits for the half year ended 31 December 2015 were contributed from sources other than Australian Broking.

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)
A.B.N. 60 000 000 715
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

REVIEW AND RESULTS OF OPERATIONS

Overview (cont)

Insurance Broking (Australia and New Zealand) pre-tax profit contribution was down 1.8% on the prior comparable period. Broking income continues to be impacted by the declining premium environment and reduced interest rates, however Broking businesses have demonstrated resilience by maintaining revenues and tight management of costs. Clients and policies increased. Acquisition activity continued with new stand alone and bolt on acquisitions in Australia and New Zealand. In addition the Group divested of all of its shareholding in Strathearn Insurance Group and sold equity in another associate, realising an after tax profit of \$6.3m.

Underwriting agencies' pre-tax profits were 5.2% below the prior comparable period. Income overall increased by 7.7%, with strong policy growth being offset by lower average premiums and strong contribution from profit commissions. Expenses increased by 13.2% reflecting the investment required in start up agencies and in management and infrastructure support of a growing business.

Risk Services businesses contributed \$3.2m pre-tax profit, reflecting a full six months contribution from two recent acquisitions that were not reflected in the prior comparable period. The Risk Services businesses continue to experience strong organic revenue growth.

Group costs increased 13.9% over the prior comparable period and include short term incentive provisions that were not in the prior half year results (due to performance being below hurdle rates in that period). Excluding these provisions, costs would have decreased 1.5%, demonstrating cost control. AUB Group extended its funding facility to 30 November 2018 and increased the limit to \$79.45m.

DIVIDEND PAYMENTS

A final dividend of \$17,245 million was paid in October 2015.

The Directors have declared a fully franked interim dividend of 12.0 cents per share payable to shareholders at the record date of 11 April 2016 which will be paid on 29 April 2016.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than as disclosed in Note 25 to the Financial Statements, there were no significant events occurring after the balance date.

ROUNDING

The amounts contained in the half-year financial report and this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of the directors.



D C Clarke
Chairman

Sydney, 25 February 2016



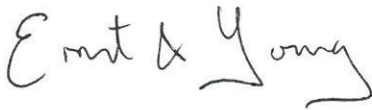
M P L Searles
Managing Director

Auditor's Independence Declaration to the Directors of AUB Group Limited

As lead auditor for the review of AUB Group Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



David Jewell
Partner

25 February 2016

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)

A.B.N. 60 000 000 715

INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

		Consolidated	
	Notes	6 months ended 31 December 2015	6 months ended 31 December 2014
		\$'000	\$'000
Revenue	4 (i)	93,906	85,167
Other income	4 (ii)	2,295	3,376
Share of profit of associates	4 (iii)	9,737	9,148
Expenses	4 (iv)	(87,265)	(79,804)
Finance costs	4 (v)	<u>(2,358)</u>	<u>(1,795)</u>
		16,315	16,092
Income arising from adjustments to carrying values of associates, controlled entities and profit from sale of interests in controlled entities and associates			
- Adjustments to carrying value of associates, controlled entities and contingent consideration payments	4(vi)	6,313	3,525
- Profit from sale of interests in controlled entities and associates	4(vii)	<u>9,122</u>	<u>-</u>
Profit before income tax		31,750	19,617
Income tax expense	5	<u>5,187</u>	<u>2,956</u>
Net Profit after tax for the period		<u>26,563</u>	<u>16,661</u>
Net Profit after tax for the period attributable to:			
Equity holders of the parent		23,788	13,853
Non-controlling interests		<u>2,775</u>	<u>2,808</u>
		<u>26,563</u>	<u>16,661</u>
Basic earnings per share (cents per share)	21 (b)	38.0	22.8
Diluted earnings per share (cents per share)	21 (b)	37.8	22.7

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)

A.B.N. 60 000 000 715

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	Consolidated	
	6 months ended	6 months ended
	31 December 2015	31 December 2014
Notes	\$'000	\$'000
Net Profit after tax for the period	26,563	16,661
Other comprehensive income		
Net movement in foreign currency translation reserve	(102)	-
Income tax benefit arising from currency translation adjustments	(13)	-
Other comprehensive (expense) after tax for the period	(115)	-
Total comprehensive income after tax for the period	26,448	16,661
Total comprehensive income after tax for the period attributable to:		
Equity holders of the parent	23,625	13,853
Non-controlling interests	2,823	2,808
	26,448	16,661

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)

A.B.N. 60 000 000 715

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Consolidated	
	Notes	As at 31 December 2015	As at 30 June 2015
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	50,907	50,511
Cash and cash equivalents - Trust	6	91,723	105,498
Trade and other receivables	9	138,884	165,053
Other financial assets	10	2,345	150
Total Current Assets		283,859	321,212
Non-current Assets			
Trade and other receivables	11	156	143
Investment in associates	12	131,389	141,661
Other financial assets	13	70	72
Property, plant and equipment	15	6,982	6,507
Intangible assets and goodwill	16	224,646	199,836
Deferred income tax asset		5,399	5,574
Total Non-current Assets		368,642	353,793
TOTAL ASSETS		652,501	675,005
LIABILITIES			
Current Liabilities			
Trade and other payables	18	187,462	252,380
Income tax payable	5	3,250	5,975
Provisions	19	10,951	10,055
Interest bearing loans and borrowings	20	5,892	8,624
Total Current Liabilities		207,555	277,034
Non-current Liabilities			
Trade and other payables	18	15,721	19,280
Provisions	19	2,407	2,735
Deferred tax liabilities		6,627	7,189
Interest bearing loans and borrowings	20	82,725	57,441
Total Non-current Liabilities		107,480	86,645
TOTAL LIABILITIES		315,035	363,679
NET ASSETS		337,466	311,326
EQUITY			
Issued capital	21 (a)	137,539	128,890
Retained earnings		135,603	128,165
Share based payments reserve		6,029	5,707
Foreign currency translation reserve		(342)	(179)
Asset revaluation reserve		455	540
Equity attributable to equity holders of the parent		279,284	263,123
Non-controlling interests		58,182	48,203
TOTAL EQUITY		337,466	311,326

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)

A.B.N. 60 000 000 715

**STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

		Consolidated	
	Notes	6 months ended 31 December 2015 \$'000	6 months ended 31 December 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		91,233	82,538
Dividends received from non-related entities		51	38
Dividends/trust distributions received from associates		11,423	9,886
Interest received		1,365	2,030
Management fees received from associates / related entities		6,634	4,927
Payments to suppliers and employees		(88,531)	(76,139)
Interest paid		(1,558)	(1,496)
Income tax (paid)		(7,487)	(6,817)
Net cash from operating activities before customer trust account movements		13,130	14,967
Net (decrease) in cash held in customer trust accounts		(5,082)	(3,292)
NET CASH FLOWS FROM OPERATING ACTIVITIES		8,048	11,675
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds from reduction in interests in controlled entities	7 (a)	2,424	-
Payment for increase in interests in controlled entities	7 (a), (b)	(291)	(989)
Proceeds from new shares issued to non-controlling interests	7 (c), (e)	2,624	811
Payment for new consolidated entities, net of cash acquired	7 (c), (e)	(13,977)	(4,344)
Cash outflow from deconsolidation of controlled entity	7 (d)	(10,539)	-
Payment for new broking portfolios purchased by members of the economic entity		(774)	(33)
Payment for new associates	12	(1,748)	(16,423)
Prepayment for acquisition of controlled entity (including other acquisition costs)	25	(33,974)	-
Proceeds from disposal of associates	12	28,930	-
Payment for plant and equipment		(1,106)	(730)
Advances for mortgages to associates / related entities		(2,192)	(243)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(30,623)	(21,951)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Dividends paid to shareholders		(8,596)	(6,824)
Dividends paid to non-controlling interests		(1,980)	(3,605)
Net Proceeds from issue of share capital		-	7,205
Payment for deferred settlement on prior year acquisitions		(3,930)	(1,491)
Repayment of borrowings and lease liabilities		(1,285)	(1,826)
Proceeds from increase in borrowings and lease liabilities		26,397	7,286
Repayments from / (advances) to related entities		(1,410)	174
NET CASH FLOWS FROM FINANCING ACTIVITIES		9,196	919
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		156,009	152,157
CASH AND CASH EQUIVALENTS AT END OF PERIOD		142,630	142,800

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)

A.B.N. 60 000 000 715

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interest</i>	<i>Total equity</i>
	Issued Capital	Retained earnings	Asset revaluation reserve	Foreign currency translation reserve	Share based payment reserve	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED							
At 1 July 2015	128,890	128,165	540	(179)	5,707	263,123	48,203 311,326
Profit for the period	-	23,788	-	-	-	23,788	2,775 26,563
Other comprehensive income	-	-	-	(163)	-	(163)	48 (115)
Total comprehensive income for the period 1 July 2015 to 31 December 2015	-	23,788	-	(163)	-	23,625	2,823 26,448
Adjustment relating to an increase in the voting shares in controlled entities. (see note 7(a))	-	1,569	-	-	-	1,569	565 2,134
Non-controlling interests relating to new acquisitions (see note 7(c))	-	-	-	-	-	-	15,137 15,137
Adjustment resulting from the deconsolidation of controlled entity (see note 7 (d))		(759)				(759)	(6,566) (7,325)
Transfer from asset revaluation reserve	-	85	(85)	-	-	-	- -
Cost of share-based payment	-	-	-	-	306	306	- 306
Tax benefit related to employee share trust transactions.	-	-	-	-	16	16	- 16
1,004,770 shares were issued at \$8.6295 as a result of a Dividend Reinvestment Plan (see note 21)	8,671	-	-	-	-	8,671	- 8,671
Allotted 11,099 shares at an issue price of \$NIL (see note 21)	-	-	-	-	-	-	- -
Share issue expenses	(22)	-	-	-	-	(22)	- (22)
Equity dividends	-	(17,245)	-	-	-	(17,245)	(1,980) (19,225)
At 31 December 2015	137,539	135,603	455	(342)	6,029	279,284	58,182 337,466

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)

A.B.N. 60 000 000 715

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interest</i>	<i>Total equity</i>
	Issued Capital	Retained earnings	Asset revaluation reserve	Foreign currency translation reserve	Share based payment reserve	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED							
At 1 July 2014	108,339	114,836	1,000	-	5,296	229,471	40,108 269,579
Profit for the period	-	13,853	-	-	-	13,853	2,808 16,661
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period 1 July 2014 to 31 December 2014	-	13,853	-	-	-	13,853	2,808 16,661
Adjustment relating to an increase in the voting shares in controlled entities. (see note 7(b))	-	(490)	-	-	-	(490)	(499) (989)
Non-controlling interests relating to new acquisitions (see note 7(e))	-	-	-	-	-	-	4,389 4,389
Transfer from asset revaluation reserve	-	247	(247)	-	-	-	-
Cost of share-based payment	-	-	-	-	246	246	- 246
Tax benefit related to employee share trust transactions.	-	-	-	-	(40)	(40)	- (40)
1,624,367 shares were issued at \$9.8016 as a result of a Dividend Reinvestment Plan (see note 21)	15,924	-	-	-	-	15,924	- 15,924
Allotted 132,800 shares at an issue price of \$4.20 (see note 21)	558	-	-	-	-	558	- 558
Allotted 27,834 shares at an issue price of \$NIL (see note 21)	-	-	-	-	-	-	-
Share issue expenses	(177)	-	-	-	-	(177)	- (177)
Equity dividends	-	(15,924)	-	-	-	(15,924)	(3,605) (19,529)
At 31 December 2014	124,644	112,522	753	-	5,502	243,421	43,201 286,622

1. CORPORATE INFORMATION

The financial report of AUB Group Limited (formerly Austbrokers Holdings Limited) for the six months ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 25 February 2016.

On 26 November 2015, Austbrokers Holdings Limited changed its name to AUB Group Limited.

AUB Group Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activities during the year of entities within the consolidated group were the provision of insurance broking services, distribution of ancillary products, risk services and conducting underwriting agency businesses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the half year financial statements

The general purpose condensed financial statements for the half year ended 31 December 2015 have been prepared in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except where otherwise stated.

The financial report is presented in Australian dollars (\$) and all values are rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated group as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by AUB Group Limited in accordance with the continuous disclosure obligations of the ASX listing rules.

There are no changes to significant accounting judgements, estimates and assumptions from those used at 30 June 2015.

Certain previous period comparative information has been revised in this financial report to conform with the current period's presentation.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES, INTERPRETATIONS AND NEW ACCOUNTING STANDARDS,

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report except for the adoption of new accounting standards that took effect from 1 July 2015 as detailed in note 3 of the 30 June 2015 Financial Statements. The adoption of these new accounting standards did not have a material effect on the financial position or performance of the Consolidated group.

There are a number of Standards and Interpretations (issued after 1 July 2015), mandatory for annual periods beginning on or after 1 January 2016. The Group has reviewed the impact of these changes and has determined that the adoption of these standards (except for IFRS 16 shown below) will not have any material effect on the financial position or performance of the Consolidated group.

Amendments to IFRS 16 "Leases".

The amendments clarify the principle in IFRS 16 that revenue reflects the pattern of economic benefits that are generated from the operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The new standard will be effective prospectively for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Group has chosen not to early adopt this standard, and has not yet determined the impact of these amendments on the financial statements.

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	6 months ended 31 December 2015 \$'000	Consolidated 6 months ended 31 December 2014 \$'000
4. REVENUE AND EXPENSES		
(i) Revenue		
Commission, Brokerage and Fee Income	87,272	80,240
Management fees	6,634	4,927
Total revenue	93,906	85,167
(ii) Other income		
Dividends from other persons	51	38
Interest from related parties	13	10
Interest from other persons / corporations	1,352	2,020
Other income	879	1,308
Total other income	2,295	3,376
(iii) Share of profit of associates		
Share of Net Profits of Associates Accounted for using the Equity Method before amortisation	11,403	10,445
Amortisation of Intangibles - Associates	(1,666)	(1,297)
Total share of profit of associates	9,737	9,148
(iv) Expenses		
Amortisation of Intangibles - controlled entities	1,415	2,073
Salaries and wages	56,585	49,733
Share-based payments	306	246
Audit fees	648	748
Travel/Telephone/ Motor/Stationery	4,084	3,370
Depreciation of property plant and equipment	1,011	1,063
Amortisation of capitalised Project costs	202	-
Rent (operating leases)	4,648	4,265
Commission expense	6,692	6,124
Insurance	2,348	2,213
Other expenses	9,326	9,969
Total expenses	87,265	79,804
(v) Finance costs		
Borrowing costs	2,358	1,795
Total finance costs	2,358	1,795
(vi) Adjustments to carrying value of associates, controlled entity and contingent consideration payments		
Adjustment to contingent consideration on acquisition of controlled entities and associates.	1,691	-
Impairment charge relating to the carrying value of associates and goodwill	(1,691)	-
Fair value adjustment to carrying value of controlled entity and associate. (see note 7 (d),(e))	6,313	3,525
	6,313	3,525
(vii) Profit from sale of interests in controlled entities and associates		
Profit from sale of interests in associates (see note 12)	7,978	-
Profit from sale of interests in controlled entity (see note 7 (d))	1,144	-
Total profit from sale of interests in controlled entities, broking portfolios and contingent consideration adjustments	9,122	-

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	Consolidated	
	6 months ended	6 months ended
	31 December 2015	31 December 2014
	\$'000	\$'000

5. INCOME TAX

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:

Profit before income tax	31,750	19,617
At the company's statutory income tax rate of 30% (2014:30%)	9,525	5,885
Rebateable dividends	(15)	(11)
Profit on sale	(129)	-
Non taxable share of profits from associated entities	(2,069)	(1,920)
Under/(Over) provision prior year	(353)	(215)
Fair value adjustment to carrying value of associate on the date it became a controlled entity	-	(1,057)
Fair value adjustment to carrying value of controlled entity on the date it became an associate	(1,894)	-
Adjustments to contingent consideration on acquisition of controlled entity and associate	(507)	-
Impairment charge relating to the carrying value of controlled entity and associate	507	-
Non deductible expenses/other	122	274
Income tax expense reported in the consolidated income statement	5,187	2,956

	As at	As at
	31 December 2015	30 June 2015
	\$'000	\$'000

Provision for income tax	3,250	5,975
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	As at	As at
	31 December 2015	31 December 2014
	\$'000	\$'000

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	50,907	37,905
Cash and cash equivalents - Trust	91,723	104,895
Total cash and cash equivalents	142,630	142,800

Trust cash cannot be used to meet business obligations/operating expenses other than payments to underwriters and/or refunds to policyholders.

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7. BUSINESS COMBINATIONS

The business combinations referred to in note 7(a) - 7(e) relate to insurance broking and underwriting agency businesses except for 7 (c), Allied Health Australia Pty Ltd and CIM Pty Ltd, which relates to risk related services.

A major strategy of the group is to acquire part ownership in insurance broking, underwriting agency and risk services businesses or portfolios. The terms of these acquisitions vary in line with negotiations with individual vendors but are structured to achieve the Group's benchmarks for return on investment.

Where acquisitions include an element of purchase price contingent on business performance, management has estimated the fair value of this contingent consideration based on a probability weighted best estimate of future outcomes for income or profit, on which the purchase price is determined, discounted to present value. Historical trends and any relevant external factors are taken into account in determining the likely outcome.

An increase or decrease in the weighted best estimate of future outcomes will result in an increase or decrease in contingent liabilities respectively.

For business combinations referred to in notes 7(c) and 7(e) goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of the business. As at acquisition date, any goodwill relates to benefits from the combination of synergies as well as the entity's ability to generate future profits.

The Group measures the net assets acquired in business combinations at their fair value at the date of acquisition. If new information becomes available within one year of acquisition about the facts and circumstances that existed at the date of acquisition, then any revisions to the fair value previously recognised, will be retrospectively adjusted.

a) Equity transactions between owners - current period

Effective 1 July 2015, a controlled entity acquired all of the voting shares it did not hold in Interfin Pty Ltd (Interfin) by issuing shares in AB Phillips to the value of \$336,846. This resulted in AUB Group diluting its shareholding in AB Phillips from 58% to 56.9%.

Effective 1 July 2015, the Consolidated entity diluted its voting shares in Austbrokers SPT Unit Trust (SPT) from 70% to 60% after SPT issued \$600,615 in additional units in the trust. As part of the transaction AUB Group Limited also disposed of 206,243 units in SPT for \$383,643.

Effective 28 October 2015, the Consolidated entity acquired an additional 1.8% of the voting shares in InterRISK Australia Pty Ltd (InterRISK) for \$287,530 increasing its equity ownership from 77.1% to 78.9%.

Effective 1 November 2015, the Consolidated entity sold 10% of the voting shares in Austbrokers Canberra Pty Ltd (Canberra) for \$1,500,000 decreasing its equity ownership from 85% to 75%.

	Carrying value of assets attributable to InterRISK and Interfin \$'000	Carrying value of assets attributable to Canberra and SPT \$'000
Cash	16,207	13,529
Receivables	17,135	12,294
Property plant and equipment	298	735
Intangibles	25,161	6,940
TOTAL ASSETS	58,801	33,498
Payables and provisions	32,289	23,372
Tax Liabilities	17	555
TOTAL LIABILITIES	32,306	23,927
NET ASSETS	26,495	9,571
Non-controlling interest in net assets	(1,725)	-
Net Assets attributable to AUB Group	24,770	9,571
Cash (received) on sale of shares /units in trust	-	(1,883)
(Proceeds) from additional units in trust issued	-	(601)
Cash Paid	291	-
Capital gains tax on sale of units	-	59
Adjustment to non-controlling interest	(499)	1,064
Transfer to retained earnings on acquisition/dilution in voting shares	208	1,361

7. BUSINESS COMBINATIONS (continued)**b) Equity transactions between owners - previous period**

Effective 1 August 2014, the Consolidated entity acquired an additional 10% of the voting shares in Austbrokers Premier Pty Ltd for \$625,000 increasing its equity ownership to 90%.

Effective 1 July 2014, the Consolidated entity acquired an additional 9.1% of the voting shares in Sura Hospitality Pty Ltd as trustee for G.U.S. Trust for \$364,368 increasing its equity ownership to 100%.

Carrying value of assets attributable to Austbrokers Premier Pty Ltd and Sura Hospitality Pty Ltd at the date of acquisition were;

	\$'000
Cash	1,183
Receivables	7,180
Property plant and equipment	111
Intangibles	5,591
TOTAL ASSETS	14,065
Payables and provisions	8,401
Tax Liabilities	88
TOTAL LIABILITIES	8,489
NET ASSETS	5,576
Cash Paid	989
Adjustment to non-controlling interest	(499)
Transfer to retained earnings on acquisition additional voting shares in Austbrokers Premier Pty Ltd and Sura Hospitality Pty Ltd.	(490)

c) Acquisition of new controlled entity - current period

On 1 July 2015, the Group acquired 60% of the voting shares in Allied Health Australia Pty Ltd (Allied) for \$18,217,000 which included the fair value of the deferred consideration payment of \$8,741,905 payable no later than 24 months after the date of acquisition. The maximum amount of the contingent consideration payable is \$12,245,000

On 15 July 2015, a controlled entity acquired an additional 100% of the voting shares in Financial Affairs Pty Limited (Financial Affairs) for \$4,256,340 which included a fixed deferred consideration payment of \$816,340.

Effective 1 December 2015, Forean Group Holdings purchased the assets of Rebem Pty Ltd through a newly incorporated 100% owned subsidiary, CIM Group Holdings Pty Ltd (CIM) for \$2,940,117 including a contingent consideration of \$1,185,485. There is no cap on the contingent amount payable.

Effective 31 December 2015, an 80% controlled entity in New Zealand issued additional voting shares totalling \$13,120,800 including a contribution from non-controlling interests of \$2,624,160.

Fair values of the identifiable assets and liabilities of Allied, Financial affairs and CIM as at the date of acquisition were:

	Fair value recognised on acquisition \$'000
Cash	693
Receivables	1,835
Intangibles	1,277
Plant and equipment	438
TOTAL ASSETS	4,243
Payables and borrowings	1,443
Borrowings	92
Deferred tax liability	383
Provisions	743
TOTAL LIABILITIES	2,661
NET ASSETS	1,582
Net assets acquired	1,333
Purchase price - cash paid	14,670
Purchase price - Deferred payment	10,743
Total purchase price of Acquisition	25,413
Goodwill arising on acquisition relating to the group	24,080
Goodwill arising on acquisition relating to the non-controlling interests	12,144
Total goodwill arising on acquisition	36,224
Cash outflow on acquisition is as follows;	
Net cash acquired with the acquisition	693
Cash paid	(14,670)
Net cash (outflow)	(13,977)

The acquisition of 60% of Allied was effective on 1 July 2015. The acquisition contributed \$507,071 to net profit after tax and \$7,583,608 to revenue.

The acquisition of 100% of CIM was effective on 1 December 2015. The acquisition contributed \$4,000 to net profit after tax and \$157,000 to revenue.

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7. BUSINESS COMBINATIONS (continued)

d) Deconsolidation of controlled entity on loss of control - current year

On 1 July 2015, the Group disposed 5% of the voting shares in AEI Transport Pty Ltd and its controlled entities (AEIT) for \$990,622 reducing its equity from 55% to 50% and therefore it is no longer consolidated from that date.

Carrying values of the assets and liabilities of AEIT on 1 July 2015:

	Carrying value of assets and liabilities \$'000
ASSETS	
Cash	11,530
Receivables	13,577
Plant and equipment	58
Other assets	93
Intangibles	11,143
TOTAL ASSETS	36,401
LIABILITIES	
Payables	22,725
Borrowings	2,000
Tax liabilities	171
TOTAL LIABILITIES	24,896
NET ASSETS	11,505
 Carrying value of controlled entity transferred to shares in Associates	 3,593
Fair value adjustment on the date the controlled entity became an Associate	6,313
Fair value of associate on the date the group lost controlling interest	9,906
 Sale proceeds.	 991
Less : carrying value of controlled entity on consolidation	(606)
Reversal of previous period transaction between owners transferred to retained earnings on sale of voting shares in controlled entity	759
 Profit on sale of voting shares in controlled entity	 1,144
Fair value adjustment on the date the controlled entity became an associate (see note 4(vi))	6,313
Profit on deconsolidation of controlled entities before tax and non-controlling interests	7,457
Tax expense	(952)
Total fair value adjustment and profit on deconsolidation of controlled entity - after tax	6,505
 Cash outflow on disposal is as follows;	
Net cash reduction on deconsolidation of controlled entity acquired with the controlled entity	(11,530)
Cash received on sale	991
Net cash (outflow) on deconsolidation of controlled entity	(10,539)

7. BUSINESS COMBINATIONS (continued)**e) Acquisition of new controlled entities - previous period**

On 1 July 2014, a controlled entity acquired an additional 75% of the voting shares in Asia Mideast Insurance and Reinsurance Pty Ltd (AMIR) for \$2,301,750 which included a deferred consideration payment of \$337,500, payable 12 months after the date of acquisition.

On 31 December 2014, the company owned 50% of the voting shares of Citycover (Aust) Pty Ltd (Citycover). On that date it acquired a further 22.5% interest for \$2,300,000. On 31 December 2014 Citycover ceased to be an associate and became a controlled entity.

Effective 1 November 2014, the company incorporated a new controlled entity in New Zealand, NZ Brokers Holdings Ltd (NZBH) with a share capital of \$4,056,327 in which it has 80% interest in the voting shares. The carrying value of the investment in this company is \$3,245,062. The amount received from non-controlling interests amounted to \$811,265.

Effective 1 November 2014, NZ Brokers Holdings Ltd acquired 100% of the voting shares of Brokerweb Management Ltd (BWM) for \$7,675,596 including a contingent consideration payment of \$1,567,116.

Fair values of the identifiable assets and liabilities of acquisitions referred to above as at the date of acquisition were:

	Citycover	AMIR	BWM
	Fair value recognised on acquisition \$'000	Fair value recognised on acquisition \$'000	Fair value recognised on acquisition \$'000
Cash	2,143	3,020	866
Receivables	1,574	3,511	733
Plant and equipment	190	27	233
Deferred tax asset	122	-	-
Intangibles	3,206	-	-
TOTAL ASSETS	7,235	6,558	1,832
Payables and borrowings	4,091	5,733	814
Deferred tax liability	962	133	-
Provision for taxation	266	37	450
Provisions	138	347	-
TOTAL LIABILITIES	5,457	6,250	1,264
NET ASSETS	1,778	308	568
Net assets acquired	1,289	231	568
Purchase price - cash paid	2,300	1,964	6,109
Purchase price - Deferred payment	-	338	1,567
Fair value adjustment on existing holding at the date of acquisition (see note 4(vi))	3,525	-	-
Carrying value of existing share in associate before acquisition	1,586	-	-
Total carrying value after acquisition	7,411	2,302	7,676
Goodwill arising on acquisition relating to the group	6,122	2,071	7,108
Goodwill arising on acquisition relating to the non-controlling interests	2,322	690	-
Total goodwill arising on acquisition	8,444	2,761	7,108
Cash inflow on acquisition is as follows;			
Net cash acquired with the controlled entity	2,143	3,020	866
Cash paid	2,300	1,964	6,109
Net cash (outflow) / inflow	(157)	1,056	(5,243)

The acquisition of 75% of AMIR was effective on 1 July 2014. The acquisition contributed a loss \$31,524 to net profit after tax and \$505,085 to revenue.

The fair value of the identifiable net assets acquired of AMIR and BWM were approximately equivalent to the carrying values of assets acquired at the date of acquisition. For Citycover, the fair value of the assets acquired were approximately equivalent to the carrying values of assets except for the identifiable intangibles and associated deferred tax.

The acquisition of an additional 22.5% of Citycover was effective on 31 December 2014. The acquisition did not make a contribution to the current period result other than its 50% contribution as an equity accounted associate.

The acquisition of 80% of the voting shares in the incorporated entity NZBH, was effective 1 November 2014. The acquisition contributed a loss \$382,025 to net profit after tax and \$NIL to revenue.

The acquisition of 100% of BWM by NZBH was effective 1 November 2014. The acquisition contributed a loss of \$386 to net profit after tax and \$286,287 to revenue.

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	Consolidated	
	6 months ended 31 December 2015 \$'000	6 months ended 31 December 2014 \$'000
8. DIVIDENDS PAID AND PROPOSED		
Equity dividends on ordinary shares:		
(a) Dividends paid during the period		
Final franked dividend for financial year ended 30 June 2014: 26.5 cents	-	15,924
Final franked dividend for financial year ended 30 June 2015: 27.7 cents	17,245	-
Total dividends paid in current period	17,245	15,924
In addition to the above, dividends paid to non-controlling interests totalled \$1,980,000 (2014: \$3,605,000).		
(b) Dividends proposed and not recognised as a liability		
Interim franked dividend for financial year ending 30 June 2015: 12.0 cents	-	7,409
Interim franked dividend for financial year ending 30 June 2016: 12.0 cents	7,593	-
	7,593	7,409
Dividends paid per share (cents per share) at declaration date	27.7	26.5
Dividends proposed per share (cents per share) not recognised at balance date	12.0	12.0
	Consolidated	
	As at 31 December 2015 \$'000	As at 30 June 2015 \$'000
9. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	23,730	22,031
Amount due from customers on broking/underwriting agency operations	77,925	139,946
Prepayment for acquisition of controlled entity	32,802	-
Related party receivables		
- other related	4,427	3,076
Total trade and other receivables (current)	138,884	165,053
The reduction in receivables from 30 June to 31 December is in line with industry cyclical movements where a large proportion of policies are renewed at June each year.		
10. OTHER FINANCIAL ASSETS (CURRENT)		
Mortgages - related entities (amortised cost)	2,320	128
Other	25	22
Total other financial assets (current)	2,345	150
The mortgages are secured by registered fixed and floating charges over assets in the business, securities and supplemented with cross guarantees and indemnities where necessary.		
11. TRADE AND OTHER RECEIVABLES (NON-CURRENT)		
Other receivables	156	143
Total receivables (non-current)	156	143

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			Consolidated	
			As at 31 December 2015 \$'000	As at 30 June 2015 \$'000
12. INVESTMENT IN ASSOCIATES				
Investments at equity accounted amount:				
Associated entities - unlisted shares			131,389	141,661
			Equity accounted	
Name	Dec-15 %	Jun-15 %	As at 31 December 2015 \$'000	As at 30 June 2015 \$'000
Austral Insurance Brokers Pty Ltd	50.0	50.0	2,733	2,916
Austbrokers Dalby Insurance Brokers Pty Ltd	50.0	50.0	2,969	2,879
Austbrokers RIS Pty Ltd	49.9	49.9	2,630	2,610
Austbrokers ABS Aviation Pty Ltd	50.0	50.0	193	179
Austbrokers AEI Transport Pty Ltd	50.0	55.0	9,385	-
A & I Member Services Pty Ltd	50.0	50.0	-	-
Adroit Holdings Pty Ltd	50.0	50.0	13,452	13,375
Bruce Park Pty Ltd	49.9	49.9	1,402	1,425
Brett Grant and Associates Pty Ltd	50.0	50.0	1,598	1,677
Brokerweb Risk Services Ltd *	40.0	40.0	16,792	15,743
Citycover (Aust) Pty Ltd	0.0	0.0	-	-
Insurance Advisernet Australia Pty Ltd/ Insurance Advisernet Australia Unit Trust	49.9	49.9	16,652	15,870
Insurance Advisernet Holdings Pty Ltd / Insurance Advisernet Holdings Unit Trust	49.9	49.9	851	803
JMD Ross Insurance Brokers Pty Ltd	49.9	49.9	785	880
Markey Group Pty Ltd	49.9	49.9	3,431	3,855
Global Assured Finance Pty Ltd	49.9	49.9	-	-
K J Risk Pty Ltd	49.0	0.0	1,776	-
MGA Management Services Pty Ltd	49.9	49.9	11,109	10,485
Northern Tablelands Insurance Brokers Pty Ltd	49.9	49.9	83	94
Northlake Holdings Pty Ltd	50.0	50.0	5,390	5,506
Peter L Brown & Associates Pty Ltd	49.9	49.9	439	490
The Procure Group Pty Ltd	50.0	50.0	10,467	10,528
Rivers Insurance Brokers Pty Ltd	49.9	49.9	2,958	2,917
Strathearn Insurance Group Pty Ltd	0.0	49.9	-	21,215
Supabrook Pty Ltd	49.9	49.9	862	939
SRG Group Pty Ltd	50.0	50.0	1,990	2,097
Western United Financial Services Pty Ltd	49.9	49.9	2,937	1,895
WRI Insurance Brokers Pty Ltd	50.0	50.0	1,721	2,898
Countrywide Tolstrup Financial Services Group Pty Ltd / Countrywide Tolstrup Group Unit Trust	49.9	49.9	2,058	2,064
Oxley Insurance Brokers Pty Ltd / Port Macquarie Insurance Brokers Unit Trust	49.9	49.9	272	317
Coffs Harbour Insurance Brokers Unit Trust	37.5	37.5	131	187
Aust Re Brokers Pty Ltd	50.0	50.0	533	647
Tasman Underwriting Pty Ltd	50.0	50.0	569	520
Millennium Underwriting Agency Pty Ltd **	50.0	50.0	450	481
Cinesura Entertainment Pty Ltd	50.0	50.0	-	-
Sura Accident and Health Pty Ltd	50.0	50.0	-	-
Longitude Insurance Pty Ltd ***	56.1	56.1	644	898
NewSurety Pty Ltd	40.0	50.0	67	224
Sura Professional Risks Pty Ltd	50.0	50.0	499	469
Risk Strategies Pty Ltd	50.0	50.0	658	1,054
Nexus (Aust) Pty Ltd	50.0	50.0	11,266	11,887
Blumberg Pty Ltd	50.0	50.0	102	102
Bluestone Insurance Pty Ltd	50.0	50.0	-	-
Austbrokers RG Financial Services Pty Ltd	50.0	0.0	4	-
HQ Insurance Pty Ltd	40.4	40.4	1,531	1,535
			131,389	141,661

* The Group has an 80% interest in the controlled entity which has a 50% interest in Brokerweb Risk Services Ltd.

** The controlled entity owns 18.4% of Millennium Underwriting Agency Pty Ltd. The consolidated entity has a further 31.6% interest indirectly through an associate.

*** A controlled entity owns 37.5% of Longitude Insurance Pty Ltd. The consolidated entity has a further 18.58% interest indirectly through an associate.

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12. INVESTMENT IN ASSOCIATES (continued)

During the current period, the following transactions occurred;

- On 1 July 2015, the consolidated entity acquired 49% of the voting shares of K J Risk Pty Ltd for \$1,748,134.
- On 1 July 2015, the Group disposed 5% of the voting shares in AEI Transport Pty Ltd and its controlled entities for \$990,622 reducing its equity from 55% to 50%. AEI Transport Pty Ltd became an associate on that date.
- On 1 July 2015, a controlled entity acquired 50% of the voting shares in a newly incorporated entity, Austbrokers RG Financial Services Pty Ltd for \$100.
- On 30 September 2015, the consolidated entity disposed of 10% of the voting shares in NewSurety Pty Ltd for \$100,000 resulting in a profit of \$99,950 including an estimate for sale expenses.
- On 1 December 2015, the consolidated entity disposed of all the voting shares in Strathearn Insurance Group Pty Ltd for \$28,829,813 resulting in a profit of \$7,878,029 including an estimate for sale expenses.
- During the current period, further adjustments to contingent considerations in respect of an associate resulted in a reduction to the estimates previously recognised by the Consolidated Group by \$397,500. As the revised contingent consideration payments were below the original estimated contingent consideration payments, a corresponding and offsetting impairment charge of \$397,500 was recognised against the carrying value of that associate (see note (4vi)).

During the previous period, the following transactions occurred

- On 1 July 2014, the consolidated entity acquired 50% of the voting shares of Nexus Insurance Brokers Pty Ltd for \$12,253,179 which includes an amount of \$6,653,179 that represents the contingent consideration amount payable in the next 2 years.
- On 1 September 2014, the consolidated entity acquired 50% of the voting shares of Risk Strategies Pty Ltd for \$1,083,386 which includes an amount of \$383,386 which represents the contingent consideration payable in 12 months.
- On 1 July 2014, a controlled entity acquired 50% of the voting shares of Bluestone Insurance Pty Ltd and Blumberg Pty Ltd for \$50 and \$103,000 respectively.
- On 1 November 2014, a controlled entity in New Zealand acquired 50% of the voting shares of Brokerweb Risk Services Ltd for \$16,801,889 which includes an amount of \$6,780,164 which represents the contingent consideration payable in the next 2 years.
- On 31 December 2014, the company owned 50% of the voting shares of Citycover (Aust) Pty Ltd (Citycover). On that date it acquired a further 22.5% interest for \$2,300,000. Citycover ceased to be an associate and became a controlled entity.

Other information in respect of associated entities which carry on business directly or through controlled entities.

- The principal activity of each associate is insurance broking, except for associates owned by Austagencies Pty Ltd, which are underwriting agents and The Procure Group Pty Ltd and Risk Strategies Pty Ltd which offer risk related services.
- The proportion of voting power held by the controlling entity in respect of each associate is 50% except for Coffs Harbour Unit Trust and Longitude Insurance Pty Ltd where voting power is 37.5%, Millennium Underwriting where the voting power is 18.4%, HQ Insurance Brokers Pty Ltd where the voting power is 40.4%.
- The reporting date of each associate is 31 December 2015 (prior period reporting date 31 December 2014).
- There have been no significant subsequent events affecting the associates' profits for the period.
- There were no impairment issues relating to the investment in associates.
- All associates, including unit trusts, were incorporated or established in Australia except for Brokerweb Risk Services Ltd which is incorporated in New Zealand.

	Consolidated	
	6 months ended 31 December 2015 \$'000	6 months ended 31 December 2014 \$'000
(g) The group's share of associates' profits/(losses)		
Share of associates':		
Revenue	48,191	41,323
Operating profits before income tax	14,170	12,990
Amortisation of intangibles	(1,666)	(1,297)
Net profit before income tax	12,504	11,693
Income tax expense attributable to operating profits	(2,767)	(2,545)
Share of associates' net profits	9,737	9,148
	As at 31 December 2015 \$'000	As at 30 June 2015 \$'000

13. OTHER FINANCIAL ASSETS (NON-CURRENT)

Other	70	72
Total other financial assets (non-current)	70	72

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14. SHARES IN CONTROLLED ENTITIES

A full list of controlled entities is contained in the 30 June 2015 financial statements.

Details of increases/decreases in equity in controlled entities and acquisition of controlled entities during the current and previous period are disclosed in note 7.

During the current period, further adjustments to contingent considerations in respect of a controlled entity relating to a prior year acquisition resulted in a reduction to the estimates previously recognised by the Consolidated Group by \$1,293,750. As the revised contingent consideration payments were below the original estimated contingent consideration payments, a corresponding and offsetting impairment charge of \$1,293,750 was recognised against the carrying value of that investment (see note (4vi)).

15. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	As at 31 December 2015 \$'000	As at 30 June 2015 \$'000
Property	803	730
Plant and equipment	17,837	16,690
Motor Vehicles	2,033	1,401
Total cost	20,673	18,821
Depreciation		
Property	119	114
Plant and equipment	12,703	11,593
Motor Vehicles	869	607
Total Accumulated Depreciation	13,691	12,314
Net carrying amount at end of period		
Property	684	616
Plant and equipment	5,134	5,097
Motor Vehicles	1,164	794
Net Carrying value	6,982	6,507

16. INTANGIBLE ASSETS AND GOODWILL

Goodwill	206,791	181,251
Insurance Broking Registers	42,146	43,725
Capitalised Project costs	1,011	1,011
Total cost	249,948	225,987
Amortisation		
Insurance Broking Registers	25,100	26,151
Capitalised Project costs	202	-
Total Accumulated Amortisation	25,302	26,151
Net carrying amount at end of period		
Goodwill	206,791	181,251
Insurance Broking Registers	17,046	17,574
Capitalised Project costs	809	1,011
Net Carrying value	224,646	199,836

17. SHARE-BASED PAYMENT PLANS**Employee Share Option Plan**

Share options are granted to senior executives by the ultimate parent company AUB Group Limited.

The share-based payments expense recognised in the income statement is included in note 4 (iv) Expenses.

Unless otherwise stated, all options are granted over shares in the ultimate controlling entity, AUB Group Limited.

	As at 31 December 2015 No.	As at 30 June 2015 No.
Share Options		
Outstanding at the beginning of the year	378,687	508,834
Granted during the period - Zero priced options	69,891	43,456
Exercised during the period: Options issued during 2007	-	(132,800)
Exercised during the period: Options issued during 2008	(11,099)	-
Exercised during the period: Options issued during 2011	-	(27,834)
Lapsed/forfeited during the period: Options issued during 2010	-	(12,969)
Lapsed/forfeited during the period: Options issued during 2011	(21,430)	-
Lapsed/forfeited during the period: Options issued during 2012	(5,713)	-
Lapsed/forfeited during the period: Options issued during 2013	(4,069)	-
Lapsed/forfeited during the period: Options issued during 2014	(4,558)	-
Outstanding at the end of the period	401,709	378,687

During the period the following options were issued or exercised

- 69,891 Share options were granted on 23 November 2015, exercisable 3 years from 23 November 2018 at an exercise price of \$NIL. The volume weighted average share price for the 5 business days prior to the date the options were issued was \$8.48. The options were valued using the dividend yield method resulting in an option price of \$7.3101.
- 11,099 Share options were exercised on 16 October 2015 at an exercise price of \$NIL. The volume weighted average price for the 5 business days prior to the date the options were exercised was \$8.82.
- 14,340 Zero priced options, lapsed on 1 July 2015 due to a staff member leaving.
- 21,430 options lapsed due to vesting conditions over the 4 years ended 30 June 2015, not being met.

During the prior year the following options were issued, exercised, lapsed or forfeited

- 43,456 Share options were granted on 31 October 2014, exercisable 3 years from 31 October 2014 at an exercise price of \$NIL. The volume weighted average share price for the 5 business days prior to the date the options were issued was \$10.2784. The options were valued using the dividend yield method resulting in an option price of \$9.0892.
- 132,800 Share options were exercised on 12 September 2014 at an exercise price of \$4.20. The volume weighted average price for the 5 business days prior to the date the options were exercised was \$10.87.
- 12,969 options lapsed due to vesting conditions over the 4 years ended 30 June 2014, not being met.
- 27,834 Share options were exercised on 16 December 2014 at an exercise price of \$NIL. The volume weighted average price for the 5 business days prior to the date the options were exercised was \$10.08.

18. TRADE AND OTHER PAYABLES**Current**

	Consolidated As at 31 December 2015 \$'000	As at 30 June 2015 \$'000
Trade payables	20,022	24,938
Amount payable on broking/underwriting agency operations	147,744	217,647
Other payables	19,075	9,200
Related party payables		
- Related entities	621	595
	187,462	252,380

Non-current

Other payables	15,721	19,280
	15,721	19,280

The reduction in payables from 30 June to 31 December is in line with industry cyclical movements where a large proportion of policies are renewed at June each year and therefore a higher level of payments to insurers are payable.

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	Consolidated	
	As at 31 December 2015 \$'000	As at 30 June 2015 \$'000
19. PROVISIONS		
Employee entitlements	12,496	11,918
Make good provision	862	872
Balance at the end of the period	<u>13,358</u>	<u>12,790</u>
Current	10,951	10,055
Non-current	<u>2,407</u>	<u>2,735</u>
	<u>13,358</u>	<u>12,790</u>
20. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Obligations under finance leases and hire purchase contracts	853	772
Unsecured loan from other related parties	148	459
Secured bank loan *	<u>4,891</u>	<u>7,393</u>
	<u>5,892</u>	<u>8,624</u>
Non-current		
Obligations under finance leases and hire purchase contracts	539	534
Unsecured loan from other parties	-	16
Secured bank loan *	<u>82,186</u>	<u>56,891</u>
	<u>82,725</u>	<u>57,441</u>
* The Group has negotiated facilities through various banks as shown below.		
<i>Summary of secured bank loans</i>		
<i>St George Bank</i>	66,844	47,826
<i>Macquarie Bank</i>	3,805	440
<i>Commonwealth Bank</i>	1,112	1,136
<i>National Australia Bank</i>	2,692	2,898
<i>Hunter Premium Funding</i>	440	524
<i>Westpac NZ Bank</i>	<u>12,184</u>	<u>11,460</u>
<i>Total secured bank loans</i>	<u>87,077</u>	<u>64,284</u>
<i>Secured loans at beginning of the period</i>	64,284	51,419
<i>Loan repayments made during period</i>	(914)	(2,990)
<i>Borrowings reduced on deconsolidation of controlled entity</i>	(2,000)	(3,783)
<i>Borrowings recognised on consolidation of newly acquired controlled entity</i>	4	488
<i>New borrowings during the period</i>	<u>25,703</u>	<u>19,150</u>
<i>Secured loans at end of the period</i>	<u>87,077</u>	<u>64,284</u>

On 1 December 2015, AUB Group Limited accepted terms for the refinancing and increasing of the existing St George Bank finance facilities for a further 3 years. The finance facility was increased from \$50.8 million to \$79.5 million. \$21 million of the new facility was utilised to acquire 100% of the voting shares in a New Zealand entity which was effective 1 January 2016 (see note 25).

The facilities are subject to financial undertakings and warranties typical of facilities of this nature and have sub-limits for various purposes including acquisitions.

Refer to 2015 Financial Statements for details of individual loans and arrangements.

During the current and prior periods, there were no defaults or breaches of terms and conditions of any of these facilities.

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	Consolidated	
	As at 31 December 2015 \$'000	As at 30 June 2015 \$'000
21(a). ISSUED CAPITAL		
Issued Capital opening balance	128,890	108,339
Net Proceeds from Dividend Reinvestment Plan	8,671	20,183
On 11 September 2014 allotted 132,800 shares at an issue price of \$4.20	-	558
On 16 December 2014 allotted 27,834 shares at an issue price of \$NIL	-	-
On 10 October 2015 allotted 11,099 shares at an issue price of \$NIL	-	-
Share issue expenses	(22)	(190)
Issued Capital	<u>137,539</u>	<u>128,890</u>
	Shares No.	Shares No.
Number of Shares on Issue (ordinary shares fully paid)	<u>63,272,558</u>	<u>62,256,689</u>
	Shares No.	Shares No.
Movements in shares on issue		
Beginning of the financial year	62,256,689	59,955,596
On 10 October 2015 allotted 11,099 shares at an issue price of \$NIL	11,099	-
On 30 October 2015 1,004,770 shares were issued at \$8.6295 as a result of a Dividend Reinvestment Plan.	1,004,770	-
On 11 September 2014 allotted 132,800 shares at an issue price of \$4.20	-	132,800
On 15 October 2014 696,147 shares were issued at \$9.8016 as a result of a Dividend Reinvestment Plan.	-	696,147
On 24 October 2014 928,220 shares were issued at \$9.8016 as a result of a Dividend Reinvestment Plan.	-	928,220
On 16 December 2014 allotted 27,834 shares at an issue price of \$NIL	-	27,834
On 30 April 2015 516,092 shares were issued at \$8.2522 as a result of a Dividend Reinvestment Plan.	-	516,092
Total Shares on Issue	<u>63,272,558</u>	<u>62,256,689</u>

Ordinary shares have the right to receive dividends and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

21(b). EARNINGS PER SHARE (EPS)

Earnings used in calculating EPS

- Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.
- Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Changes in weighted average number of shares

- There have been no significant transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Information on the classification of securities

- Options granted to employees as described in note 17 are considered to be potential ordinary shares and have been included in the determination of the diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of the basic earnings per share. The amount of the dilution of these options is the average market price of ordinary shares during the period minus the exercise price.

22. COMMITMENTS AND CONTINGENCIES

Finance lease and hire purchase commitments - Consolidated Group as lessee

The Consolidated Group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific group that holds the lease.

Operating lease commitments - Consolidated Group as lessee

The Consolidated Group has entered into leases for premises, commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between 3 and 7 years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)

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**NOTES TO THE FINANCIAL STATEMENTS
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22. COMMITMENTS AND CONTINGENCIES (continued)

	Consolidated	
	As at 31 December 2015 \$'000	As at 30 June 2015 \$'000
Contingent liabilities		
Estimates of the maximum amounts of contingent liabilities that may become payable		
AUB Group Limited has guaranteed loan facilities provided to associates in proportion to its shareholding.	5,143	3,656
AUB Group Limited has guaranteed lease facilities provided to an associate in proportion to its shareholding.	920	1,035
	<u>6,063</u>	<u>4,691</u>

AUB Group Limited has provided indemnities to other shareholders of related entities and associates in relation to guarantees given by those shareholders, to financiers of or lessors to entities in which AUB Group Limited has an equity interest. At balance date no liability has arisen in relation to these indemnities.

AUB Group Limited has entered into agreements with various financiers and shareholders of related entities and associates, granting options to put shares held in related companies or associates to AUB Group Limited at market values current at the date of exercise of that option. These have been given in relation to shares in the related entity/associate pledged by the borrower as security for funding provided to those shareholders in relation to the acquisition of those shares.

AUB Group Limited has entered into agreements with various shareholders of related entities and associates, granting options to put shares held by those shareholders to AUB Group Limited at market values current at the date of exercise of that option. The earliest the put option can be exercised is 5 years from the date of AUB acquiring its initial shareholding in those entities, which falls within the next 3-5 years.

23. OPERATING SEGMENTS

The company's corporate structure includes equity investments in insurance intermediary entities. Discrete financial information about each of these entities is reported to management on a regular basis and accordingly management considers each entity to be a discrete operating segment of the business. The company believes that all of the Group's equity investments in insurance intermediary entities or providers of insurance and risk related services, exhibit similar economic characteristics and have therefore been aggregated into a single reporting segment, being the insurance intermediary sector. This assessment is based on each of the operating segments having similar products and services, similar types of customer, employing similar operating processes and procedures and operating within a common regulatory environment. The group is in the business of distributing and advising on insurance or insurance related products in Australia and New Zealand.

24. FAIR VALUES OF RECOGNISED ASSETS AND LIABILITIES

There are no material differences between the carrying value and the fair value of all the Group's financial assets. The difference between the fair value and the carrying value of Group's financial liabilities only relates to loans and other borrowings. The fair value of the borrowings has been determined based on current interest rates which are similar to actual interest rates negotiated on current borrowings resulting in fair values being similar to carrying value. There are no differences between the carrying value and the fair value of the Group's trade and other payables.

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company's contingent considerations made in relation to acquisitions of controlled entities and associates are categorised as level 3. These are valued based on the inputs in the valuation used on new acquisitions during the reporting period, referred to Note 7.

All other assets and liabilities measured at fair value are categorised as level 2 under the three level hierarchy reflecting the availability of observable market inputs when estimating the fair value.

Management has assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The valuation methodology relating to the equity accounted associates and goodwill and insurance broking registers arising on consolidation of controlled entities have been disclosed in note 17 of the 30 June 2015 financial statements. There has been no change in the valuation methodology during the current period.

25. SUBSEQUENT EVENTS

On 1 January 2016, AUB Group acquired one of New Zealand's largest brokers, Runacres and Associates for \$32,802,000. The group acquired the business through its 80% owned entity AUB Group NZ Ltd on 31 December 2015 and the payment made in advance of settlement is included in the financial statements in note 9.

On 25 February 2016 the Directors of AUB Group Limited declared an interim dividend on ordinary shares in respect of the 2016 financial year. The total amount of the dividend is \$7,592,707 which represents a fully franked dividend of 12.0 cents per share. The dividend has not been provided for in the 31 December 2015 financial statements.

AUB GROUP LIMITED (FORMERLY AUSTBROKERS HOLDINGS LIMITED)
ABN 60 000 000 715
DIRECTORS' DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Directors' Declaration

In accordance with a resolution of the directors of AUB Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the 6 months period ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



D C Clarke
Chairman



M P L Searles
Managing Director

Sydney, 25 February 2016

To the members of AUB Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AUB Group Limited, which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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*. As the auditor of AUB Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

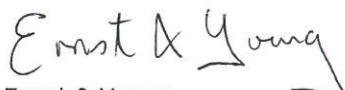
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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 AUB Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its 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*.


Ernst & Young


David Jewell
Partner
Sydney
25 February 2016