27 February 2017

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

FOR RELEASE TO THE MARKET

Dear Sir / Madam,

Re: Media Release and Presentation of Results for the Half Year Ended 31st December 2016

Attached for immediate release in relation to AUB Group Limited (AUB) half year results:

- Media Release
- Presentation

Yours faithfully,

Justin Coss
Company Secretary

For further information, contact Justin Coss Tel: (02) 9935 2224
justinc@aubgroup.com.au

ASX release

27th February 2017

AUB Group's focused approach continues to drive profitable growth and shareholder benefits

Summary:

— 12.7% increase in Adjusted NPAT[1] to $14.5 million (1H16: $12.9 million), with growth across all operating units. Adjusted earnings per share increased 10.5% to 20.6 cents.

— 15.0% increase in revenue from ordinary activities to $121.8m.

— Interim fully franked dividend of 12.5 cents per share, up 0.5 cents per share on prior comparable period.

— Organic growth is the key driver of business performance as a result of ongoing strategy execution.

— Reported Net Profit After Tax for 1H17[2] of $12.4 million (1H16: $23.8 million), a decrease on prior comparable period due to non-recurring profit on sale of investments and fair value adjustments earned in 1H16.

— Given performance to date, the Group now expects Adjusted NPAT growth in the range of 3 to 8% up from our previous advice of 0-5% adjusted NPAT growth for FY17.

AUB Group Limited (ASX:AUB) has reported a 12.7% increase in Adjusted Net Profit After Tax (Adjusted NPAT[2]), to $14.5m (1H16: $12.9m), with a strong performance from all business areas in the half. On an Adjusted basis earnings per share has increased to 20.6 cents per share, up 10.5% over the prior comparable period.

Due to profits on sale of investments and significant fair value adjustments earned in 1H16, which were non-recurring, AUB Group's consolidated Net Profit After Tax (Reported NPAT) decreased to $12.4 million (1H16: 23.8m).

AUB Group CEO and Managing Director Mark Searles said: "The quality of AUB Group's result reflects the ongoing benefits of implementing the Group's strategy as well as adherence to our business model and operating model. We have been consistent in the execution of the Group's strategy over the last three years and this has again driven solid growth and good operational performance for all areas of the Group. The return to a more stable premium rate environment will further help support the Group's financial performance going forward."

The company has increased its interim dividend to 12.5 cents per share fully franked (FY15: 12.0 cps), payable on 28th April 2017.

Highlights of the 1H17 results by operating area include:

Australian Broking:

- **3.8% increase in profit contribution from Australian Insurance Broking in the half on a like for like basis[3].** Australian Broking contributed $19.1 million (1H16: $19.0m) to the Group in the half, in a market where insurance premiums have been stabilising and there is evidence of premium rate increases in selected areas. Overall earnings from ancillary products and services continue to grow and margins improved by 1.1% to 25%.
- **Launch of the Austbrokers Life Solutions product** in partnership with Suncorp Life complements the current advised life offerings, as we continue to execute our strategy of Total Risk Solutions for clients.

1 NPAT excluding adjustments to carrying values of associates, profit on sale and deconsolidation of controlled entities, contingent consideration adjustments, impairment charge and amortisation of intangibles. Performance measure used by management to assess underlying business performance.

2 1H17: six months ended 31 December 2016.

3 Excluding operating profits arising from directly acquired or divested businesses from both periods.

New Zealand

- **$1.9m increase in profit contribution from New Zealand to $2.5m** (1H16: $0.6m), reflecting strong organic growth and the contribution from the acquisition of Runacres & Associates Ltd in January 2016 and smaller acquisitions by associates.

Risk Services

- **11% increase in profit contribution from Risk Services to $3.5m,** with contribution from acquisitions by existing equity partner business, the addition of ancillary services and continued organic growth over the prior comparable period.
- **The completion of the national footprint of our 60% owned rehabilitation specialist, Altius Group Pty Ltd** with the acquisition of PeopleSense Pty Ltd, a Western Australian licensed provider.

Underwriting Agencies

- **28% increase in profit contribution from Underwriting Agencies on a like for like basis**[4], with policy count up 12% despite declines in premium rates which were down 2.3% on average across the portfolio. Underwriting Agencies contributed $4.3 million (1H16: $3.6m) to the Group in the half, despite the divestment of an agency in the prior period, and margins improved.
- One new agency launched to market (specialty liability underwriting) and one planned for the second half.

Group Services and Corporate Costs

- In recognition of the expansion of the AUB Group, beyond its traditional heritage of Australian Broking, **a new management structure has been implemented** with leaders appointed to each market facing segment (Australian Broking, New Zealand, Underwriting Agencies, and Risk Services).
- **AUB Group remains focused on managing the group cost to income ratio**, which has enabled continued investment in infrastructure as the group diversifies into new segments and geographies.

Capital management

- **Net assets at 31 December are $354.4 million** (FY16: $351.2 million), predominantly due to the recognition of non controlling interests on reduction of equity ownership in partner businesses and on new acquisitions.
- **Gearing is stable at 20.0%** (FY16: 20.2%). The parent entity has cash and undrawn committed facilities of $24.0m at 31 December 2016. In addition, the Group has additional balance sheet capacity should further opportunities arise.

Dividends

The Board has declared an interim fully franked final dividend of 12.5 cents per share. This dividend is payable on 28th April 2017 to shareholders on the record date of 7th April 2017. No Dividend Reinvestment Plan (DRP) arrangements will be offered for the interim dividend, as the Group has a preference for utilising cash and debt capacity in the current low interest rate environment.

Outlook

- There is evidence of premium rates stabilising in selected portfolios. The continuation of transition to a stable rate environment in Australia and New Zealand in FY17 and targeted rate increase in underperforming segments is dependent on actions by insurers. Drivers of revenue in Risk Services remain positive and are not impacted by the insurance cycle. Margins are expected to improve as revenues are delivered from investments.
- As demonstrated in 1H17, the Group expects continued organic growth as a result of continued disciplined strategic execution, supplemented by relevant acquisition and start-up investment opportunities in Australia and New Zealand across Insurance Broking, Underwriting Agencies and Risk Services.
- As previously commentated, investments in strengthening the management team and building key competencies support the evolution of the operating model with the objective of underpinning growth. We will continue to invest appropriately to ensure the development of our value proposition ensuring we are highly relevant and attractive to future partners, staff and clients, while maintaining a focus on margins.
- Given performance to date, the Group now expects Adjusted NPAT in the range of 3 to 8%, up from our previous advice of 0 to 5% Adjusted NPAT growth for FY17.

4 Excluding operating profits arising from directly acquired or divested businesses from both periods.

Webcast

Mark Searles, CEO & Managing Director and Jodie Blackledge, Chief Financial Officer will host a webcast today at 10:00am AEST followed by a Q&A session – details below:

Direct DDI(s) for Teleconference:	Australia Access:	1800 268 560
	New Zealand:	0800 466 125
	International:	+61 2 8047 9300
Teleconference Participant Pin Code:	172172#	

Webcast Audience Link:

http://event.onlineseminarsolutions.com/wcc/r/1335986-1/2DE904698F9AB0761DAC338EC8AD7748

M. P. L. Searles
CEO & Managing Director

For further information, contact Mark Searles Tel (02) 9935 2255
Jodie Blackledge Tel (02) 9935 2231

– Ends –

This release contains "forward-looking" statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipated", "expected", "projections", "guidance, "forecast", "estimates", "could", "may", "target", "consider", "will" and other similar expressions. Forward looking statements, opinion and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes will not differ materially from these statements. To the fullest extent permitted by law, AUB Group and its directors, officers, employees, advisers, agents and intermediaries do not warrant that these forward looking statements relating to future matters will occur and disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

AUB GROUP FY17 PRESENTATION OF FINANCIAL RESULTS

Table 1 Financial Results Summary

FINANCIAL RESULTS SUMMARY	1H17 $ 000	1H16 $ 000	Variance %
Revenue from ordinary activities[1]	121,825	105,938	15.0%
Profit before tax	21,197	31,750	-33.2%
Net profit after tax (before non-controlling interests)	16,750	26,563	-36.9%
Net profit attributable to members (Reported NPAT)	12,404	23,788	-47.9%
Adjusted NPAT[2]	14,519	12,885	12.7%
Reported earnings per share	19.43	38.00	-48.9%
Adjusted earnings per share[2]	22.74	20.58	10.5%
Dividend paid per share	28.0	27.7	1.1%
Dividend proposed per share	12.5	12.0	4.2%

1. Revenue from ordinary activities includes the Group's share of net profit after tax from associates which are companies and the Group's share of net profits before tax from associates which are unit trusts.
2. Adjusted NPAT represents the underlying profitability of the business used by management and the board to assess performance of the business. Further details are provided in the table below. Adjusted earnings per share is earnings per share calculated with reference to Adjusted NPAT.

Table 2 Reconciliation of Adjusted NPAT to Reported NPAT(1)

The Reported profits of the business include non-operational items, such as profits and losses on sale of equity interests, fair value adjustments to carrying values on ownership changes, changes to estimates or payments of deferred contingent consideration amounts, impairment adjustments and amortisation of intangible assets. These profits or losses are not part of the regular trading activities and can distort the underlying performance of the business. These items have been eliminated to provide a clear representation of the underlying trading performance. This measure, labelled Adjusted NPAT, is used by management and the board to assess operational performance, and is reconciled below.

RECONCILIATION OF ADJUSTED NPAT TO REPORTED NPAT (1)	1H17 $ 000	1H16 $ 000	Variance %
Net Profit after tax attributable to equity holders of the parent	12,404	23,788	-47.9%
Reconciling items net of tax and non controlling interest adjustments for:			
Adjustments to contingent consideration for acquisitions of controlled entities and associates (net of non controlling interests) [2]	142	(1,691)	-108.4%
Add back offsetting impairment charge to the carrying value of associates & goodwill, related to above	-	1,691	-100.0%
Net adjustment	142	-	
Plus loss / less (profit) on sale of insurance portfolios and associates net of tax [3]	40	(6,318)	-100.6%
Adjustment to carrying value of entities (to fair value) on date they became deconsolidated [4]	-	(6,504)	-100.0%
Net Profit from operations	12,586	10,966	14.8%
Add back amortisation of intangibles net of tax [5]	1,933	1,919	0.7%
Adjusted NPAT	**14,519**	**12,885**	**12.7%**

1 The financial information in this table has been derived from the financial statements, reviewed by the auditors. The adjusted NPAT is non-IFRS financial information and as such has not been audited in accordance with Australian Accounting Standards.

2 The Group's acquisition policy 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 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) may be made to the carrying value.

3 In the prior period the Group sold its entire shareholdings in three associates and sold part of its shareholding in another, resulting in profits on sale. Such profits may not occur in a future periods unless similar transactions occur.

4 The adjustments to carrying values of associates or controlled entities arise where the Group increases its equity in associates whereupon they became controlled entities or decreases its equity in a controlled entity and it becomes an associate (deconsolidated). As required by accounting standards the carrying values for the existing investments have been adjusted to fair value and the increase included in net profit. Such adjustments will only occur in future if further acquisitions or sales of this type are made.

5 Amortisation expense is a non-cash item.

Table 3 Management Presentation of Results

A number of the businesses in the AUB Group are associates and are not consolidated in the financial statements. In order to give a more comprehensive view of performance, the following table aggregates 100% of these businesses' revenues and expenses with those of the consolidated businesses before deducting outside shareholder interests. This provides a view as to the growth in the network without potential distortion from shareholding changes that may move entities from consolidated to associates or vice versa. The following analysis is presented on an Adjusted NPAT basis. A reconciliation of this data to the operating segments per the financial statements is included in the Director's Report.

MANAGEMENT PRESENTATION OF RESULTS	1H17 $000	1H16 $000	Variance
Australian Broking revenue	143,613	148,212	-3.1%
Australian Broking expenses	(107,770)	(112,951)	-4.6%
Net profit - Australian Broking	35,843	35,261	1.6%
Profit attributable to other equity interests	(16,758)	(16,261)	3.1%
Australian Broking net profit	**19,085**	**19,000**	**0.4%**
New Zealand Broking revenue	17,963	7,652	134.7%
New Zealand Broking expenses	(13,279)	(6,632)	100.2%
Net profit - New Zealand Broking	4,684	1,020	359.2%
Profit attributable to other equity interests	(2,181)	(448)	386.8%
New Zealand Broking net profit	**2,503**	**572**	**337.6%**
Underwriting Agencies revenue	25,036	24,116	3.8%
Underwriting Agencies expenses	(18,512)	(19,366)	-4.4%
Net profit - Underwriting Agencies	6,524	4,750	37.3%
Profit attributable to other equity interests	(2,186)	(1,160)	88.4%
Underwriting Agencies net profit	**4,338**	**3,590**	**20.8%**
Risk Services revenue	38,809	28,754	35.0%
Risk Services expenses	(32,473)	(23,159)	40.2%
Net profit - Risk Services	6,336	5,595	13.2%
Profit attributable to other equity interests	(2,802)	(2,407)	16.4%
Risk Services net profit	3,534	3,188	10.9%
Net profit before corporate income / expenses	**29,460**	**26,350**	**11.8%**
Corporate expenses	(8,498)	(7,165)	18.6%
Acquisition expenses	3	(381)	-100.8%
Corporate finance costs	(850)	(1,547)	-45.1%
Corporate income	1,068	876	21.9%
Net corporate expenses	**(8,277)**	**(8,217)**	**0.7%**
Net profit before tax	21,183	18,133	16.8%
Income tax expense	(6,664)	(5,248)	27.0%
Adjusted NPAT	**14,519**	**12,885**	**12.7%**

AUB GROUP LTD
HALF YEAR RESULTS

FOR THE PERIOD ENDED 31 DECEMBER 2016 (1H17)

27TH FEBRUARY 2017

NOTICE

SUMMARY INFORMATION

This document has been prepared by AUB Group Limited (ABN 60 000 000 715) (AUB). It is a presentation of general background information about AUB's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with AUB's other announcements released to ASX (available at www.asx.com.au). It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with professional advice, when deciding if an investment is appropriate.

TERMINOLOGY

This presentation uses Adjusted NPAT to present a clear view of the underlying profit from operations. Adjusted NPAT comprises consolidated profit after tax adjusted for value adjustments for the carrying value of associates, after tax profits on the sale of portfolios, interests in associates and controlled entities, contingent consideration adjustments, and income tax credits arising from the recognition of deferred tax assets. It is used consistently and without bias year on year for comparability. A reconciliation to statutory profit is provided in the appendix to this Presentation.

FORWARD LOOKING STATEMENTS

This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of AUB, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that the actual outcomes will not differ materially from these statements. Neither AUB nor any other person gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Except as required by applicable law or the ASX Listing Rules, AUB disclaims any obligation or undertaking to publicly update any forward looking statements, whether as a result of new information or future events.

Statements about past performance are not necessarily indicative of future performance.

NOT AN OFFER

This document does not constitute an offer, invitation, solicitation, recommendation, advice or recommendation with respect to issue, purchase, or sale of any shares or other financial products in AUB. This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended (Securities Act) (US Person)). Securities may not be offered or sold in the United States or to US Persons absent registration or an exemption from registration. AUB shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States.

OVERVIEW

MARK SEARLES
MANAGING DIRECTOR & CEO

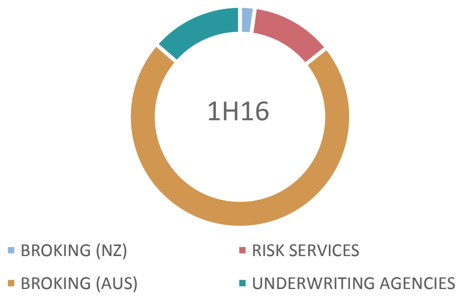
1H17 FIRST HALF RESULTS HIGHLIGHTS

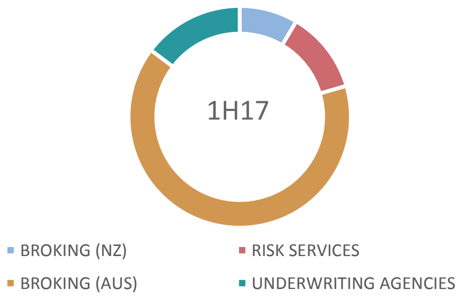
Group continues to drive growth with focussed approach.

ADJUSTED NPAT[1] GROWTH	+12.7%
ADJUSTED EPS[1] GROWTH	+10.5%
1H17 INTERIM DIVIDEND INCREASED TO 12.5 CENTS PER SHARE	+4.2%
GROUP REVENUE INCREASED Increase from 1H16: \$105.9M to 1H17: \$121.8M	+15.0%

[1] Adjusted NPAT is used by management and the Board to assess operational performance and is reconciled in Appendix 1. Adjusted EPS is calculated using Adjusted NPAT.

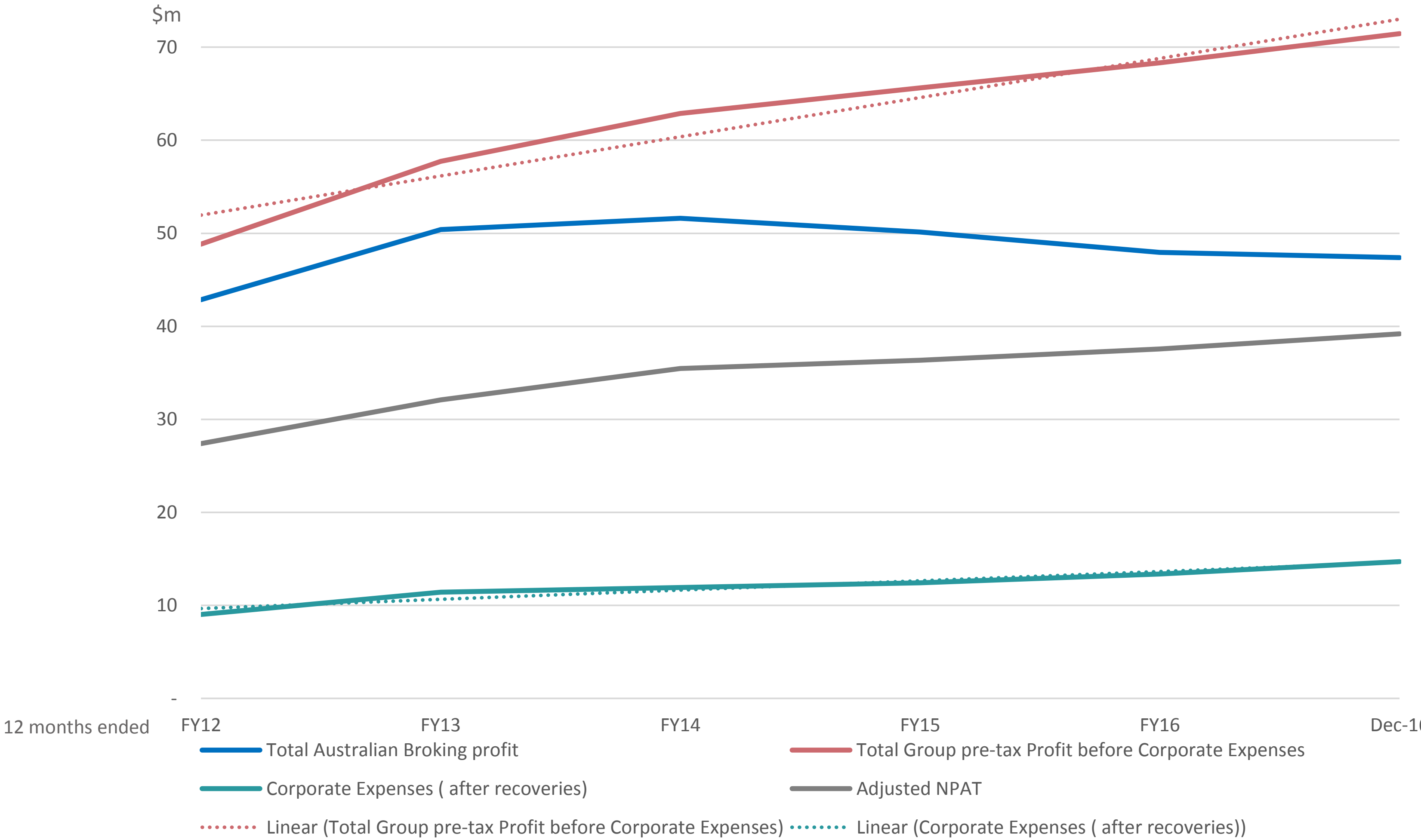
Profit contribution (pre-tax) by business area





GROUP'S DISCIPLINED APPROACH DELIVERING

Business model, Operating model and Group strategy supporting continuous growth.



PERFORMANCE HIGHLIGHTS

Growth drivers across all segments.

AUSTRALIAN BROKING

PROFIT CONTRIBUTION INCREASE (inc divestment vs pcp[1])	+0.4%
ORGANIC GROWTH (before NCI[2])	+5.3%
MARGINS INCREASED	+1.2%
CLIENT NUMBERS AND POLICY COUNT INCREASED	
NEW CAPABILITIES/SERVICES LAUNCHED	

NEW ZEALAND BROKING

PROFIT CONTRIBUTION INCREASE	+$1.9m
NEW ACQUISITIONS BY EQUITY PARTNERS	+2
EXPANDED BROKING GROUP FOOTPRINT	+2
NEW CAPABILITIES/SERVICES LAUNCHED	

UNDERWRITING AGENCIES

PROFIT CONTRIBUTION INCREASE (inc divestments vs pcp[1])	+28%
POLICY COUNT	+12%
NEW CAPABILITIES/SERVICES LAUNCHED	

RISK SERVICES

PROFIT CONTRIBUTION INCREASE	+11%
NEW ACQUISITIONS BY EQUITY PARTNERS	+2
EXPANDED NATIONAL FOOTPRINT	
NEW CAPABILITIES/SERVICES LAUNCHED	

Notes:
1. pcp: prior comparable period.
2. NCI: Non-controlling interests.

FINANCIAL PERFORMANCE

JODIE BLACKLEDGE
CFO

AUB GROUP

KEY RESULTS

Growth in all businesses in a stablising premium rate environment.

- Revenue[2] up 15.0% pcp[1] with growth across all business areas.
- Adjusted NPAT increased 12.7% to $14.5m.
- Adjusted EPS growth increasing by 10.5%.
- Interim dividend increased to 12.5 cents, with guidance range for the year upgraded.
- 1H17 Reported NPAT $12.4m down from $23.8m in the pcp, as profits on sale of the investments and fair value adjustments in the prior half, which were non-recurring.

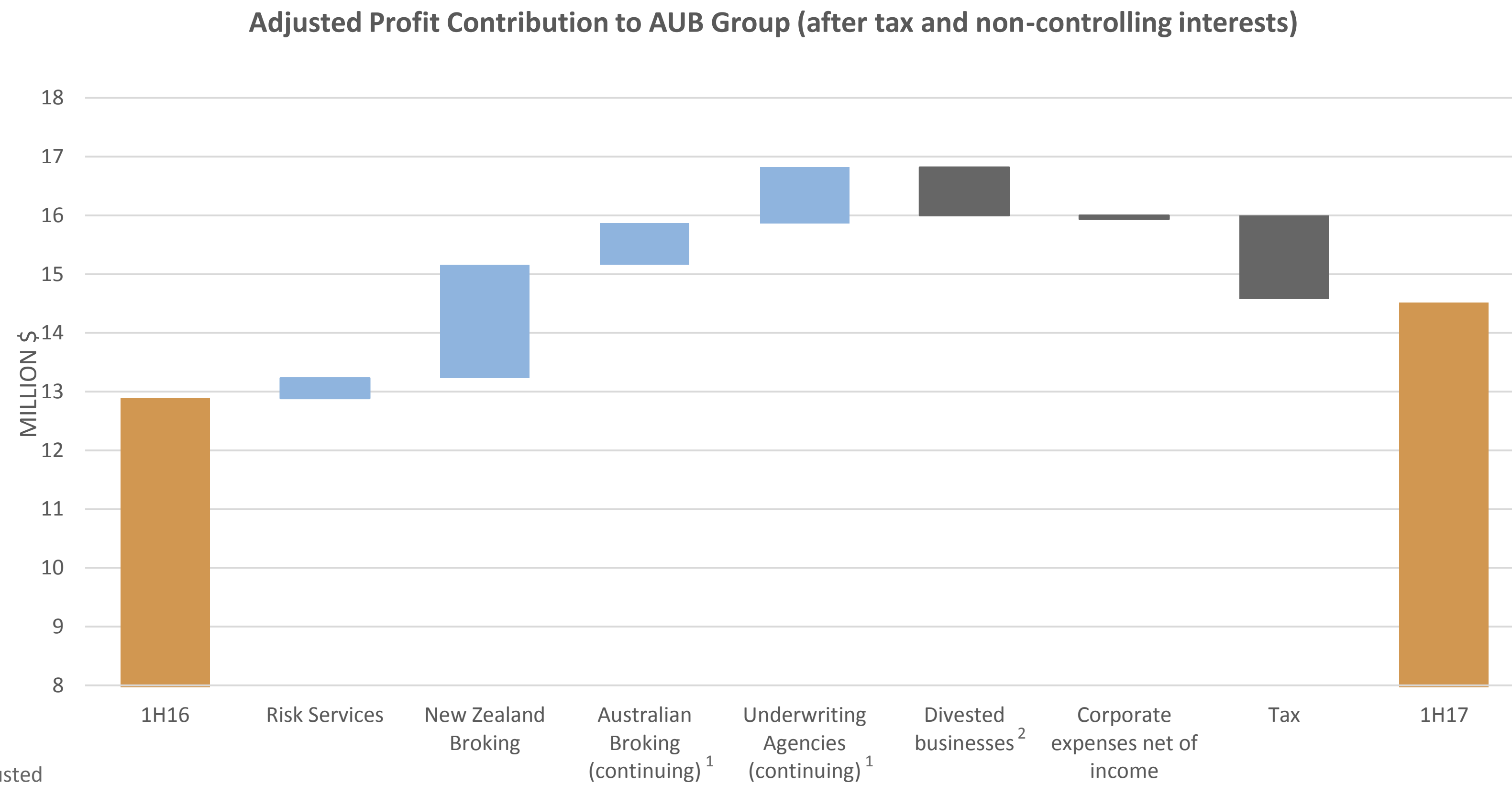
	1H17	1H16	GROWTH
REVENUE FROM ORDINARY ACTIVITIES ($000S) [2]	121,825	105,938	15.0%
ADJUSTED NPAT[3] ($000S)	14,519	12,885	12.7%
EPS ADJUSTED[3] (CENTS)	22.74	20.58	10.5%
REPORTED NPAT ($000S)	12,404	23,788	(47.8%)
DIVIDENDS PER SHARE (CENTS)	12.5	12.0	4.2%

[1] pcp: prior comparable period.
[2] Revenue from ordinary activities includes: Revenue and profit from associates, per the half year Income Statement.
[3] Adjusted NPAT is used by management and the board to assess operational performance and is reconciled in Appendix 1. Adjusted EPS is calculated using Adjusted NPAT.

AUB GROUP

AUB GROUP PROFIT CONTRIBUTION ANALYSIS

Execution of strategy delivers growth and diversification.



Adjusted NPAT $000s	1H16	Risk Services	New Zealand Broking	Australian Broking (continuing)[1]	Underwriting Agencies (continuing)[1]	Divested businesses[2]	Corporate expenses net of income	Tax	1H17
	12,885	346	1,931	703	955	(825)	(60)	(1,416)	14,519

Pre-tax

[1] All continuing businesses including acquisitions in the current period.
[2] Strathern and Newsurety businesses divested before 1 July 2016.

INSURANCE BROKING - AUSTRALIA

Organic growth in stabilizing market.

- Organic Broker profits[1] (before non-controlling interests) increased with premium rates stabilizing, growth in other income sources (life insurance, client and policy count) and maintaining expense growth below revenue growth.
- Premium rate environment is highly variable with evidence of premium rate increases in certain product and client risk profiles. On average 1-2% price increase experienced across the portfolio. Commission to fee ration has increased slightly to 65:35 (1H16 64:36).
- Good growth in life income as brokers expand client value propositions and make investments in life capabilities.
- Client numbers and policy count up over 1H16.
- Margins improving with expense growth held below revenue growth on an organic basis.
- While underlying growth drivers positive, overall Australian Broking profit contribution was flat, due to the absence of earnings from the Strathearn business sold in December 2015.

Profit contribution to AUB Group – Pre-tax(2) ($000s)	1H17	1H16	Var	% Var	Organic(1)
Commission and fee income (net)3	115,510	120,178	(4,668)	(3.9%)	4.6%
Life income	7,284	6,786	498	7.3%	
Profit commissions	526	-	526	N/a	
Premium funding3	13,440	14,212	(772)	(5.4%)	
Interest	3,600	3,752	(152)	(4.1%)	
Other income	3,253	3,284	(31)	(0.9%)	
Total income	143,613	148,212	(4,599)	(3.1%)	4.1%
Expenses	(107,770)	(112,951)	5,181	(4.6%)	3.7%
Profit before tax and non-controlling interests (PBT&NCI)	35,843	35,261	582	1.7%	5.3%
Non-controlling interests	(16,758)	(16,261)	(497)	3.1%	
Net profit before tax attributable to equity holders of parent entity	19,085	19,000	85	0.4%	3.8%

(1) Organic profits exclude divestments (Strathearn) from 1H16 and 1H17 periods. No new direct acquisitions have been made in the relevant period.
(2) Management presentation of Adjusted profit, refer Appendix 2 for further details.
(3) Reclassification of revenue category by an associate has changed the presentation of these number for both 1H16 & 1H17. Total income is unchanged.

AUB GROUP

INSURANCE BROKING – NEW ZEALAND

Increasing scale and further consolidating market position.

- Pre-tax profit contribution to AUB Group of $2.5m ($0.6m in 1H16), with a strong contribution from Runacres (not included in the prior comparable period). Organic growth delivered despite tough rate environment.
- Continue to see premium rate declines, however expectations this may improve following local NZ natural disasters.
- Consolidating our position of being the largest broking management group and 3rd largest broker by GWP in NZ with two new members added to NZbrokers and two new equity brokers (via 50% owned associate BrokerWeb Risk Services). A strong pipeline of acquisition activity continues.
- Progressing similar strategy to Australian Broking, expanding by acquisition and organic growth through executing the client-centric Total Risk Solutions strategy, expanding premium funding, risk services and underwriting agencies.
- Investment in New Zealand management and infrastructure continues as the business expands.

Profit contribution to AUB Group – Pre-tax [1] ($000s)	1H17	1H16	Var	% Var	Organic[2]
Total income	17,963	7,652	10,311	135%	
Expenses	(13,279)	(6,632)	6,647	100%	
Profit before tax and non-controlling interests (PBT&NCI)	4,684	1,020	3,664	359%	8%
Non-controlling interests	(2,181)	(448)	(1,733)	387%	
Net profit before tax attributable to equity holders of parent entity	2,503	572	1,931	338%	16%

Note: (1) Profit contribution to AUB Group includes interest charges on debt held in AUB Group NZ. Management presentation of Adjusted profit, refer Appendix 2 for further details.
(2) Organic growth is calculated based PBT&NCI excluding profit from new acquisitions (including Runacres and acquisitions by BWRS) in 1H17, over 1H16 PBT&NCI.

UNDERWRITING AGENCIES

Return to growth in a competitive market.

- Pre tax profit contribution from Underwriting Agencies of $4.3m, up $0.7m (21%) on prior comparable period, with strong performances in plant & equipment and Commercial agencies and organic growth across the portfolio.
- 12% growth in policies over pcp more than compensated for reductions in average premiums per policy (down 2.3% over pcp). Premium rate increases in some portfolios, however generally rates are still competitive (especially Strata).
- Profit commissions of $1.0m consistent with prior half excluding divested operations.
- Fees for transition included in 'Other fees' and will run off over next 12 months.
- As flagged, margins have improved from 19.6% to 26.1% pcp and expenses are flat, excluding divested businesses. Management continue to focus on improving the cost to income ratio, balancing shareholder returns and continued investment in core business infrastructure to support a growing business.

Profit contribution to AUB Group – Pre-tax [1, 2] ($000s)	1H17	1H16	Var	Var %	Organic [3]
Commission and fee income (net of sub agents)	22,715	21,583	1,132	5%	12%
Profit commissions	955	1,668	(713)	(43%)	n/d
Claims handling	293	373	(80)	(21%)	n/d
Other fees	710	176	534	304%	n/d
Interest	363	316	47	15%	n/d
Total income	25,035	24,116	920	4%	10%
Expenses	(18,511)	(19,366)	(855)	(4%)	0%
Profit before tax and non-controlling interests (PBT&NCI)	6,524	4,750	1,775	37%	52%
Non-controlling interests	(2,186)	(1,160)	(1,027)	89%	
Net profit before tax attributable to equity holders of parent entity	4,338	3,590	748	21%	28%

Notes: (1) Management presentation of Adjusted profit, refer Appendix 2 for further details.
(2) Numbers may not add due to rounding.
(3) Organic, excludes contribution from entities divested in both FY15 and FY16. 'n/d' Not disclosed, as commercially sensitive.

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RISK SERVICES

Growing profit and capability.

- Pre tax profit contribution increased to $3.5m with acquisitions by equity partners and organic growth.
- Growth in **injury management and rehabilitation services** underpinned by expanding insurer relationships, a broadening geographic footprint and continued quality return to work outcomes. In 1H17 we have achieved the completion of the national footprint of our 60% owned rehabilitation specialist Altius Group Pty Ltd with the acquisition of PeopleSense (WA).
- Revenues from **ancillary insurer services** builds with deepening relationships and new services. Our partner businesses have continued to invest in new services (legal and loss adjusting) and acquired new capabilities (AHC Investigations) in 1H17.
- Margins down for the half as businesses invest in people and capability to support top line growth. Margins expected to improve in second half as revenues flow through.
- Organic profit growth contribution muted by investment in core competencies to support future growth.
- AUB Group continues to add value to these businesses via its broker network, group services and insurer relationships. Consolidation in the sector continues and AUB Group is well placed to acquire within strict adherence to criteria.

Profit contribution to AUB Group – Pre-tax (1) ($000s)	1H17	1H16	Var	% Var	Organic (2)
Revenue	38,809	28,754	10,055	35%	
Expenses	(32,473)	(23,159)	(9,314)	40%	
Profit before tax & non-controlling interests (PBT&NCI)	6,336	5,595	741	13%	1.2%
Non-controlling interests	(2,802)	(2,407)	(395)	16%	
Net profit before tax attributable to equity holders of parent entity	3,534	3,188	346	11%	4.9%

Note (1) Management presentation of Adjusted profit, refer Appendix 2 for further details.
(2) Organic growth is calculated as PBT&NCI excluding profit from new and bolt on acquisitions in 1H17, over 1H16 PBT&NCI.

BALANCE SHEET & FUNDING

Balance sheet remains strong.

Group balance sheet:

- Investments (the aggregate of Investments in Associates and Intangible Assets and Goodwill) total $384.5m stable (30 June 2016: $380.6m), with increases from acquisitions in the partner network, being largely offset by amortisation charges.
- Gearing is stable at 20% and total consolidated entities debt is unchanged at $88.6m including controlled subsidiaries which have separate facilities.
- Borrowing by associates at 31 December 2016 not on AUB Group balance sheet is up slightly at $49.0m ($47.0m at 30th June 2016).[1]

Parent entity funding position:

- Parent entity debt facility is unchanged and cash and undrawn facilities total $24.0m at 31 December 2016.
- As at 31 December 2016, $19.9m is committed to future earn out payments over next 12 months. This is down from $32.2m at 30 June with a high proportion of deferred payments falling due in 1H17.

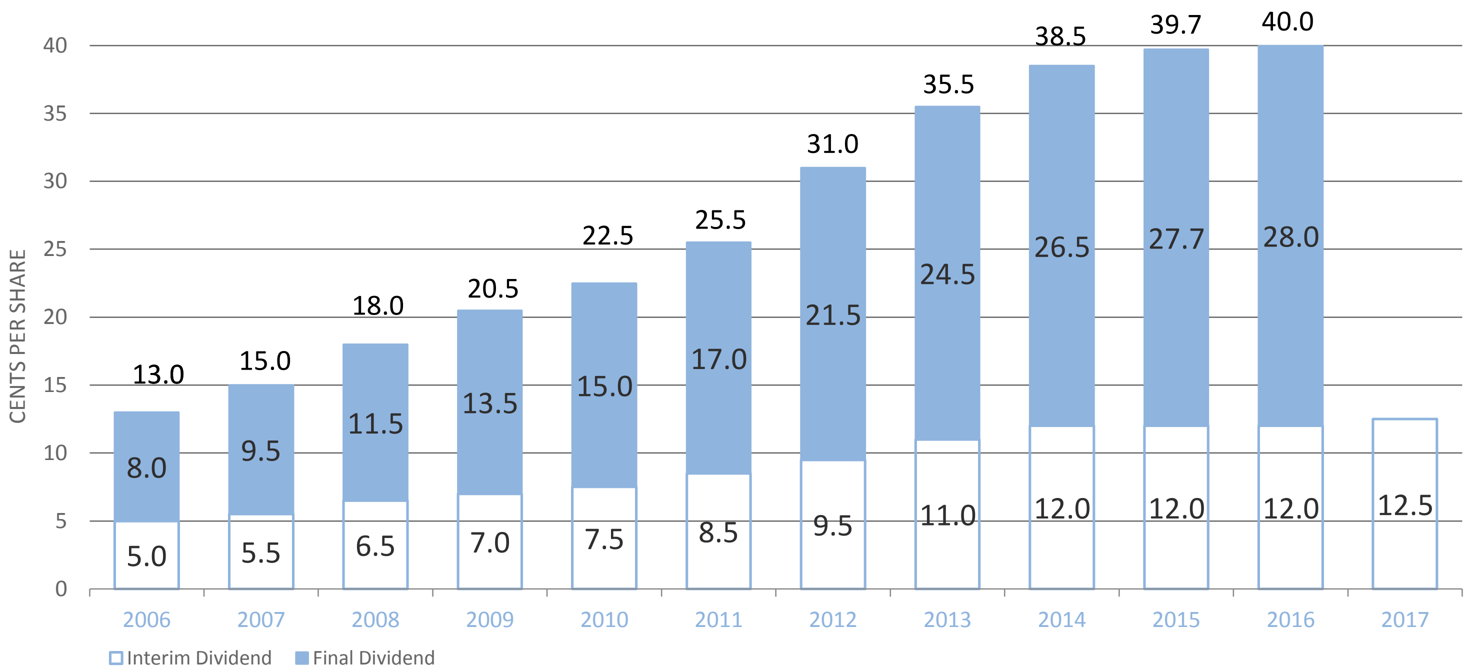
CONSOLIDATED BALANCE SHEET ($M)	31.12.16	30.06.16
CASH	61.0	70.9
CASH - TRUST	86.1	87.5
INTEREST BEARING LOANS AND BORROWINGS	88.6	88.6
INVESTMENT IN ASSOCIATES	132.2	133.9
INTANGIBLE ASSETS AND GOODWILL	252.1	246.7
TOTAL ASSETS	672.7	721.1
TOTAL LIABILITIES	318.3	369.9
EQUITY	354.4	351.2
GEARING (DEBT TO DEBT + EQUITY)	20.0%	20.2%
INTEREST COVER (EBITA)[2]	10.8x	8.6x

[1] Total debt of associates, before considering AUB Group's percentage shareholding.

[2] Interest cover is finance expense to EBITA (times). EBITA is calculated based Adjusted NPAT plus reported finance charges and adjusted for tax at 30%.

DIVIDENDS PER SHARE

- Interim dividend per share of 12.5 cents.
- DRP remains suspended, with the group preferring to utilise cash and debt capacity in the current low interest rate environment.



FY17 PRIORITIES

Continued disciplined focus, building on the strength of our Business Model; Operating Model and Group Strategy

- Business Model: leverage ‘skin in the game’ model to continue to drive both organic growth and via acquisition. Six investments by equity partners already completed in 1H17 with good pipeline of opportunities.

- Operating model: leverage Group scale to deliver leading products and services to partner businesses. Continue to build collaboration between partner businesses across the different areas. Focus on delivering increased efficiencies, opportunities and margins. Increasing use of outsourced management capabilities to drive efficiencies and reduce ‘non-core’ activities.

- Strategy: Ongoing focus delivering client-centric organic growth utilising Group’s ‘total risk solutions for clients’ approach.

- Focus on execution of new activities including adoption of Risk Analysis tool; Life business expansion and maximising Group’s ‘eco-system’ opportunities to support organic growth.

FY17 OUTLOOK

- There is evidence of premium rates stabilising in selected portfolios. The continuation of transition to a stable rate environment in Australia and New Zealand in FY17 and even targeted rate increase in underperforming segments is dependent on actions by insurers.

- Drivers of revenue in Risk Services remain positive and are not impacted by the insurance cycle. Margins expected to improve in second half.

- As demonstrated in 1H17, the Group expects continued organic growth as a result of disciplined strategic execution, supplemented by relevant acquisition and start-up investment opportunities in Australia and New Zealand across Insurance Broking, Underwriting Agencies and Risk Services.

- Given performance to date, the Group now expects Adjusted NPAT growth in the range of 3 to 8%, up from our previous advice of 0 to 5% Adjusted NPAT growth for FY17.

APPENDICES

APPENDIX 1 - ADJUSTED NPAT

RECONCILIATION OF ADJUSTED NPAT TO REPORTED NPAT [(1)]	1H17 $ 000	1H16 $ 000	Variance %
Net Profit after tax attributable to equity holders of the parent	12,404	23,788	-47.9%
Reconciling items net of tax and non controlling interest adjustments for:			
Adjustments to contingent consideration for acquisitions of controlled entities and associates (net of non controlling interests) [2]	142	(1,691)	-108.4%
Add back offsetting impairment charge to the carrying value of associates & goodwill, related to above	-	1,691	-100.0%
Net adjustment	142	-	
Plus loss / less (profit) on sale of insurance portfolios and associates net of tax [3]	40	(6,318)	-100.6%
Adjustment to carrying value of entities (to fair value) on date they became deconsolidated [4]	-	(6,504)	-100.0%
Net Profit from operations	12,586	10,966	14.8%
Add back amortisation of intangibles net of tax [5]	1,933	1,919	0.7%
Adjusted NPAT	**14,519**	**12,885**	**12.7%**

1. The financial information in this table has been derived from the financial statements, reviewed by the auditors. The adjusted NPAT is non-IFRS financial information and as such has not been audited in accordance with Australian Accounting Standards.
2. The Group's acquisition policy 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 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) may be made to the carrying value.
3. During the prior comparable period the Group sold its entire shareholdings in three associates and sold part of its shareholding in another, resulting in profits on sale. These may not occur in a future periods unless similar transactions occur.
4. The adjustments to carrying values of associates or controlled entities arise where the Group increases its equity in associates whereupon they became controlled entities or decreases its equity in a controlled entity and it becomes an associate (deconsolidated). As required by accounting standards the carrying values for the existing investments have been adjusted to fair value and the increase included in net profit. Such adjustments will only occur in future if further acquisitions or sales of this type are made.
5. Amortisation expense is a non-cash item.

APPENDIX 2 – MANAGEMENT RESULTS[1]

MANAGEMENT PRESENTATION OF RESULTS	1H17 $000	1H16 $000	Variance
Australian Broking revenue	143,613	148,212	-3.1%
Australian Broking expenses	(107,770)	(112,951)	-4.6%
Net profit - Australian Broking	35,843	35,261	1.6%
Profit attributable to other equity interests	(16,758)	(16,261)	3.1%
Australian Broking net profit	**19,085**	**19,000**	**0.4%**
New Zealand Broking revenue	17,963	7,652	134.7%
New Zealand Broking expenses	(13,279)	(6,632)	100.2%
Net profit - New Zealand Broking	4,684	1,020	359.2%
Profit attributable to other equity interests	(2,181)	(448)	386.8%
New Zealand Broking net profit	**2,503**	**572**	**337.6%**
Underwriting Agencies revenue	25,036	24,116	3.8%
Underwriting Agencies expenses	(18,512)	(19,366)	-4.4%
Net profit - Underwriting Agencies	6,524	4,750	37.3%
Profit attributable to other equity interests	(2,186)	(1,160)	88.4%
Underwriting Agencies net profit	**4,338**	**3,590**	**20.8%**
Risk Services revenue	38,809	28,754	35.0%
Risk Services expenses	(32,473)	(23,159)	40.2%
Net profit - Risk Services	6,336	5,595	13.2%
Profit attributable to other equity interests	(2,802)	(2,407)	16.4%
Risk Services net profit	3,534	3,188	10.9%
Net profit before corporate income / expenses	**29,460**	**26,350**	**11.8%**
Corporate expenses	(8,498)	(7,165)	18.6%
Acquisition expenses	3	(381)	-100.8%
Corporate finance costs	(850)	(1,547)	-45.1%
Corporate income	1,068	876	21.9%
Net corporate expenses	**(8,277)**	**(8,217)**	**0.7%**
Net profit before tax	21,183	18,133	16.8%
Income tax expense	(6,664)	(5,248)	27.0%
Adjusted NPAT	**14,519**	**12,885**	**12.7%**

1. The financials in this table show a management view of the underlying performance of all investments, regardless of ownership level. Revenue and expenses includes all revenue and expenses of the underlying businesses, before considering non-controlling interests. This information is used by management and the board to review business performance.

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APPENDIX 3 – CASHFLOW

CONSOLIDATED CASHFLOW	1H17 $ 000	1H16 $ 000
Cash flows from operations	27,391	13,130
Cash flows from investing activities		
Acquisitions	(2,673)	(14,166)
Prepayment for acquisition of controlled entity	-	(33,974)
Proceeds from disposal of associates	-	28,930
Cash out flow from Deconsolidation of controlled entity	-	(10,539)
Sales proceeds / loan repayments	6,113	2,424
Plant equipment / other	(2,917)	(3,298)
	523	(30,623)
Cash flows from financing activities		
Dividends	(22,264)	(10,576)
Proceeds from share capital / DRP	-	-
Net borrowings	(258)	23,702
Payments for deferred settlements	(15,298)	(3,930)
	(37,820)	9,196
Net increase in cash ex broker trust account		
Net increase in broker trust account cash	(1,415)	(5,082)
Net decrease in cash	**(11,321)**	**(13,379)**

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APPENDIX 4 – OPERATING SEGMENT RECONCILIATION

RECONCILIATION OF OPERATING SEGMENTS	Consolidated 1H17			Consolidated 1H16		
	Insurance Intermediary $000	Risk Services $000	Total $000	Insurance Intermediary $000	Risk Services $000	Total $000
Profit before tax and after non-controlling interests from:						
Insurance broking - Australia	19,085	-	19,085	18,999	-	18,999
Insurance broking - New Zealand	2,503	-	2,503	572	-	572
Underwriting agencies	4,338	-	4,338	3,590	-	3,590
Risk Services	-	3,534	3,534	-	3,188	3,188
	25,926	3,534	29,460	23,161	3,188	26,349
Corporate income	1,068	-	1,068	876	-	876
Corporate expenses	(9,345)	-	(9,345)	(9,093)	-	(9,093)
Group Consolidated Profit before tax and after non-controlling interests	17,649	3,534	21,183	14,944	3,188	18,132
Tax	(5,516)	(1,148)	(6,664)	(4,259)	(988)	(5,247)
Adjusted NPAT	**12,133**	**2,386**	**14,519**	**10,685**	**2,200**	**12,885**
Less amortisation expense (net of tax)	(1,933)	-	(1,933)	(1,794)	(125)	(1,919)
Less non controlling interests in relation to contingent adjustments [1]	-	(15)	(15)	-	-	-
Less tax expense in relation to adjustments [1]	(39)	-	(39)	(2,613)	-	(2,613)
Profit after income tax and non controlling interests (refer Financial Statements note 21- Operating Segments)	**10,161**	**2,371**	**12,532**	**6,278**	**2,075**	**8,353**

[1] This includes adjustments to carrying value of associates, contingent consideration payments and profit on sale (see Financial Report note 4 (vi), (vii)).

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