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23 February 2021

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

FOR RELEASE TO THE MARKET

Appendix 4D and Half Year Financial Report

Please find attached for immediate release in relation to AUB Group Limited (**ASX: AUB**) the following documents:

- Appendix 4D – Half-Year Report for the period ended 31 December 2020; and
- Financial Report for the half year ended 31 December 2020.

ENDS

This release has been authorised by the AUB Board.

For further information, contact David Franks, Joint Company Secretary, on +61 2 8098 1169 or davidf@aubgroup.com.au.

About AUB Group
AUB Group Limited is Australasia's largest equity-based insurance broker network driving approximately A$3.6 billion GWP, servicing 700,000 clients and over one million policies across more than 450 locations.

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

ASX DISCLOSURE – APPENDIX 4D
Half-Year Report – 31 December 2020

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 2020.

1. Reporting Period

Current reporting period – six months ended 31 December 2020

Previous corresponding period – six months ended 31 December 2019

2. Results for Announcement to the Market

					$'000
2.1	Revenue from ordinary activities[1]	up	3.1%	to	167,990
2.2	a) Profit (loss) from ordinary activities after tax attributable to members	up	44.5%	to	23,981
	b) Total comprehensive income after tax attributable to members	up	44.1%	to	24,231
2.3	Net profit (loss) attributable to members	up	44.5%	to	23,981
2.4	Underlying NPAT[2]	up	44.2%	to	30,747

2.5 Dividends

	Amount Per Security	Franking at 30% tax rate	Franked Amount Per Security
Interim dividend determined	16.0 cents	100%	16.0 cents

An increase in cash dividend of $1.2m over the prior comparable period.

2.6 Record date for determining entitlement to the interim dividend Friday 5th March 2021.

[1] Revenue from ordinary activities includes: Revenue, Other income, and Profits from Associates.
[2] Underlying NPAT is the measure used by management and the Board to assess underlying business performance. Underlying NPAT excludes adjustments to carrying values of associates, profit on sale and deconsolidation of controlled entities, contingent consideration adjustments, impairment charges and amortization of intangibles. Underlying NPAT is non-IFRS financial information and as such has not been audited.

2.7 A brief explanation of any of the figures in 2.1 to 2.5 necessary to enable the figures to be understood is contained in the Directors' Report section of the Half-Year Report – 31 December 2020 attached as Attachment A.

3. Statement of Comprehensive Income

The Statement of Comprehensive Income is contained in Attachment A – Financial Statements.

4. Statement of Financial Position

The Statement of Financial Position is contained in Attachment A – Financial Statements.

5. Statement of Cash Flows

The Statement of Cash Flows is contained in Attachment A – Financial Statements.

6. Dividends

On 23 February 2021, the Directors determined a fully franked interim dividend of 16.0 cents per share. This dividend is payable on Thursday 8th April 2021. Based on issued shares of 74,379,201 shares, this dividend will total $11,900,672.

7. Dividend Reinvestment Plan

The board has determined for the Dividend Reinvestment Plan (DRP) to remain activated until further notice in accordance with clause 9.1 of the Plan Rules.

8. Movements in Retained Earnings

An analysis of the movements through Retained Earnings is shown in Attachment A - Financial Statements.

9. Net Tangible Assets Per Security

31 December 2020	$0.31
31 December 2019	$0.71

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

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

Acquisitions	Date	Contribution to Profit after tax	
		1H21 $'000	1H20 $'000
Experien Insurance Services Pty Ltd	01/08/20	1,149	-
360 Investments Pty Ltd	01/12/20	(123)	-
Bestmark Insurance Brokers Pty Ltd	01/09/20	56	-
Fleetsure Pty Ltd	26/11/20	331	202
QRM Claims Management Pty Ltd	01/08/20	63	-

There were no entities where control has been lost during the period.

11. Associates and Joint Venture Entities

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

12. Any other Significant Information

Any other significant information needed to make an informed assessment of the financial performance and financial position is included in Attachment A – Financial Report.

13. Accounting Standards Applied to Foreign Entities

Not Applicable.

14. Commentary on the Results for the Period

A commentary on the results for the period is contained in the Directors Report section of Attachment A – Financial Report.

15. 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 23 February 2021 prepared by Ernst & Young and included in the Half-Year Report – 31 December 2020 attached as Attachment A.

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ATTACHMENT A

AUB GROUP LIMITED
A.B.N. 60 000 000 715

FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2020

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DIRECTORS' REPORT

HALF YEAR ENDED 31 DECEMBER 2020

Your Directors present their report with the consolidated financial statements of AUB Group Limited (the 'Company') for the six months ended 31 December 2020.

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DIRECTORS

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

D C Clarke (Chair)
M P C Emmett (Chief Executive Officer and Managing Director)
R J Carless
P A Lahiff
R J Low
C L Rogers

REVIEW AND RESULTS OF OPERATIONS

OPERATING RESULTS FOR THE HALF YEAR

Reported Net Profit After Tax attributable to equity holders of the parent (Reported NPAT) increased 44.5% to $24m in 1H21 (1H20: $16.6m). The increased Reported NPAT was due to a mixture of strong underlying organic and acquisition driven growth primarily in the Australian Broking division.

On a Reported NPAT basis, earnings per share was 32.35 cents for the half year, 43.8% above the prior comparable period.

Underlying Net Profit After Tax (Underlying NPAT) is a key measure used by management and the board to assess and review business performance. Underlying NPAT excludes non-controlling interests and the impact of fair value adjustments to the carrying value of associates, profits on sale and deconsolidation of controlled entities, contingent consideration adjustments, amortisation of intangibles, impairment charges and acquisition costs.

Underlying NPAT increased 44.2% to $30.7m in 1H21 (1H20: $21.3m) due to the aforementioned mixture of strong underlying organic and acquisition driven growth primarily in the Australian Broking division.

On an Underlying NPAT basis, earnings per share increased by 43.2% to 41.47 cents.

The reconciliation between Reported NPAT and Underlying NPAT is shown in Note 3 of the Financial Statements.

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RESULTS BY OPERATING SEGMENT

Australian Broking – underlying pre-tax profit for the half year increased by 60.1% to $39.3m (1H20: $24.6m). This increase driven by both organic and acquisition related growth as follows:

- Organic profit growth was assisted by:
  - Increased Commercial lines insurance premiums averaging 7.4% over the period.
  - Ongoing cost reductions due to network rationalisation.
- Acquisition related profit growth included strong contributions as a result of investments in BizCover (1 February 2020) and Experien (1 August 2020).

New Zealand Broking – underlying pre-tax profit for the half year increased by 5.9% to $5.2m. Continued flat premium rates were observed. NZbrokers continues to perform well with growth in members and continually enhanced membership proposition including in the technology space.

Australian Agencies – underlying pre-tax profit for the half year decreased by 4.8% to $5.3m. COVID-19 impacted clients in the Hospitality, Bus and Coach and Film industries during a transitional year. The restructuring of Australian Agencies has commenced, complemented by the investment in 360 Underwriting Solutions in December 2020, which accelerates AUB Group's scale in Agencies.

Health & Rehab - Pre-tax profits increased by $1.0m or 58.4% to $2.8m for the half year, primarily due to Altius Group's increased revenue and reduced costs. See further on Altius Group disposal below.

GOVERNMENT ASSISTANCE

Reported NPAT in 1H21 includes an amount of $1.7m related to JobKeeper receipts by controlled entities ($0.08m) and non-controlled entities ($1.63m).

GEARING RATIO

Gearing based on the Consolidated Financial Statements decreased to 34.0% at 31 December 2020 (30 June 2020: 34.2%). AUB Group has undrawn facilities of $17.8m at 31 December 2020 (30 June 2020: $58.0m).

DIVIDEND PAYMENTS

The Directors have determined a fully franked interim dividend of 16.0 cents per share totaling $11.90m which will be payable to shareholders on 8 April 2021 (record date 5 March 2021). The Dividend Reinvestment Plan (DRP) arrangements will remain activated.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 20 January 2021, AUB Group Limited entered into an arrangement to dispose of its entire interest in Altius Group Pty Ltd (Altius) for cash proceeds of approximately $57m (this number is net of tax, transaction and other relevant costs and includes AUB Group's entitlement to pre - disposal dividends for profits recognised but not yet distributed up to date of sale). The transaction is expected to be completed by April 2021, and on completion Altius will cease to be a controlled entity of the Group. The sale is expected to result in a post - tax profit on disposal of $10m after expensing $5.4m related to the increased value of a put and call option in favour of an existing Altius minority shareholder at 31 December 2020. Neither of these amounts will be reflected in Underlying Net Profit After Tax. As a result of the other shareholder also disposing of their interest in Altius on completion, the remaining related put option liability of the Group related to that parcel of shares will be extinguished on completion through equity.

DIRECTORS' REPORT

HALF YEAR ENDED 31 DECEMBER 2020

ROUNDING

The financial report is presented in Australian dollars ($) and all values are rounded to the nearest $1,000 (where rounding is applicable), unless otherwise stated, under the option available to the Company under ASIC instrument *"Rounding in Financial / Directors' Reports"* 2016/191. The Company is an entity to which the legislative instrument applies.

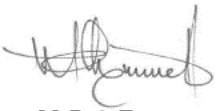
AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of directors.



D C Clarke
Chairman



M P C Emmett
Chief Executive Officer and Managing Director

Sydney: 23 February 2021

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AUDITOR'S INDEPENDENCE DECLARATION

HALF YEAR ENDED 31 DECEMBER 2020

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

As lead auditor for the review of the financial report AUB Group Limited for the financial half-year ended 31 December 2020, 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

Michael Wright
Partner
23 February 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HALF YEAR ENDED 31 DECEMBER 2020

	Notes	HY21 $'000	HY20 $'000
Revenue from contracts with customers	4 (i)	149,251	149,026
Other Income	4 (ii)	548	1,470
Share of profit of associates	4 (iii)	18,191	12,403
Cost to provide services and administrative expenses	4 (iv)	(127,101)	(130,870)
Finance costs	4 (v)	(3,839)	(4,123)
		37,050	27,906
Adjustments to carrying value	4(vi)	(1,207)	(4,476)
Profit from sale or dilution of interests in associates, controlled entities and broking portfolios	4(vii)	1,046	2,531
Profit before income tax		36,889	25,961
Income tax expense		(7,635)	(7,040)
Net Profit After Tax		**29,254**	**18,921**
Net Profit after tax for the period attributable to:			
Equity holders of the parent		23,981	16,596
Non-controlling interests		5,273	2,325
		29,254	**18,921**
Basic earnings per share (cents per share)		32.3	22.5
Diluted earnings per share (cents per share)		32.2	22.4
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement in foreign currency translation reserve		280	238
Income tax benefit relating to currency translation		-	-
Other comprehensive income after income tax for the period		280	238
Total comprehensive income after tax for the period		**29,534**	**19,159**
Total comprehensive income after tax for the period attributable to:			
Equity holders of the parent		24,231	16,811
Non-controlling interests		5,303	2,348
		29,534	**19,159**

The above Consolidated Statement of Comprehensive Income (SOCI) should be read in conjunction with the notes to the Financial Report.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	HY21 $'000	FY20 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		66,303	84,374
Cash and cash equivalents - Trust		159,847	158,777
Trade and other receivables		57,670	68,539
Lease Net Investment		753	529
Other financial assets		681	348
Total Current Assets		285,254	312,567
Non-current Assets			
Trade and other receivables		47	111
Other financial assets		40	40
Investment in associates	8	267,331	271,041
Property, plant and equipment		11,994	11,676
Intangible assets and goodwill		510,735	385,497
Right of Use Asset & Lease Net Investment		25,059	26,322
Deferred Tax Asset		14,875	14,538
Total Non-current Assets		830,081	709,225
Total Assets		**1,115,335**	**1,021,792**
LIABILITIES			
Current Liabilities			
Trade and other payables		195,782	215,186
Deferred revenue from contracts with customers		6,440	6,243
Income tax payable		5,979	9,366
Provision for employee entitlements		18,310	17,494
Lease Liabilities		8,842	8,224
Interest-bearing loans and borrowings	6	4,004	11,104
Total Current Liabilities		239,357	267,617
Non-current Liabilities			
Trade and other payables		19,718	547
Provisions		4,403	3,664
Deferred tax liabilities		18,174	15,999
Lease liabilities		19,385	21,443
Interest bearing loans and borrowings	6	258,955	220,666
Total Non-current Liabilities		320,635	262,319
Total Liabilities		**559,992**	**529,936**
Net Assets		**555,343**	**491,856**
EQUITY			
Issued capital	10	266,536	258,947
Retained earnings		176,596	179,005
Foreign currency translation reserve		(1,192)	(1,442)
Put Option Reserve		(19,663)	(14,778)
Share based payments reserve	11	9,371	8,469
Equity attributable to equity holders of the parent		**431,648**	**430,201**
Non-controlling interests		123,695	61,655
Total Equity		**555,343**	**491,856**

The above Consolidated Statement of Financial Position (SOFP) should be read in conjunction with the notes to the Financial Report.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Issued capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Put option reserve $'000	Share based payment reserve $'000	Total $'000	$'000	$'000
At 1 July 2020	**258,947**	**179,005**	**(1,442)**	**(14,778)**	**8,469**	**430,201**	**61,655**	**491,856**
Net Profit After Tax for the period	-	23,981	-	-	-	23,981	5,273	29,254
Other comprehensive income	-	-	250	-	-	250	30	280
Total comprehensive income for the period	**-**	**23,981**	**250**	**-**	**-**	**24,231**	**5,303**	**29,534**
Transactions with owners in their capacity as owners:								
Ownership changes without gaining / losing control	-	(5,642)	-	-	-	**(5,642)**	(14,653)	(20,295)
Non-controlling interests relating to new acquisitions (see Note 7)	-	-	-	-	-	**-**	77,068	77,068
Transfer to put option reserve	-	5,468	-	(4,885)	-	**583**	-	583
Net cost of share-based payment	-	-	-	-	902	**902**	-	902
Capital issued under dividend reinvestment plan	1,985	-	-	-	-	**1,985**	-	1,985
Issue of shares	5,604	-	-	-	-	**5,604**	-	5,604
Equity dividends	-	(26,216)	-	-	-	**(26,216)**	(5,678)	(31,894)
At 31 December 2020	**266,536**	**176,596**	**(1,192)**	**(19,663)**	**9,371**	**431,648**	**123,695**	**555,343**

The above Consolidated Statement of Changes in Equity (SOCIE) should be read in conjunction with the notes to the Financial Report.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2019

	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Issued capital	Retained earnings	Foreign currency translation reserve	Put option reserve	Share based payment reserve	Total		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2019	**255,662**	**171,447**	**372**	**(19,919)**	**7,820**	**415,382**	**68,302**	**483,684**
Profit for the period 1 July - 31 December	-	16,596	-	-	-	16,596	2,325	18,921
Other comprehensive income 1 July - 31 December	-	-	215	-	-	215	23	238
Total comprehensive income for the year	**-**	**16,596**	**215**	**-**	**-**	**16,811**	**2,348**	**19,159**
Transactions with owners in their capacity as owners:								
Adjustment relating to increases in the voting shares in controlled entities	-	562	-	-	-	562	(4,535)	(3,973)
Adjustment relating to reductions in the voting shares in controlled entities	-	549	-	-	-	549	459	1,008
Transfer to put option reserve & impact of put option release	-	(762)	-	762	-	-	-	-
Net cost of share-based payment	-	-	-	-	462	462	-	462
Capital issued under dividend reinvestment plan	3,285	-	-	-	-	3,285	-	3,285
Equity dividends	-	(23,888)	-	-	-	(23,888)	(4,641)	(28,529)
At December 2019	**258,947**	**164,504**	**587**	**(19,157)**	**8,282**	**413,163**	**61,933**	**475,096**

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CONSOLIDATED STATEMENT OF CASH FLOWS
HALF YEAR ENDED 31 DECEMBER 2020

	Notes	HY21 $'000	HY20 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		145,741	148,190
Dividends / trust distributions received from associates		21,487	14,387
Management fees received from associates / related entities, and interest received		8,425	8,618
Payments to suppliers and employees		(108,412)	(123,717)
Income tax paid		(12,895)	(10,793)
Interest paid		(3,087)	(3,038)
Interest paid - lease liabilities		(616)	(786)
Net cash from operating activities before customer trust account movements		50,643	32,861
Net (decrease) in cash held in customer trust accounts		(17,323)	(15,176)
NET CASH FLOWS FROM OPERATING ACTIVITIES		33,320	17,685
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of consolidated entities, net of cash acquired	7	(13,199)	(1,440)
Payment for new associates and increases in holdings in associates		(2,588)	(3,516)
Proceeds from reduction in interests in associates		1,417	1,934
Proceeds from reduction in interests in controlled entities		978	1,250
Payment for increase in interests in controlled entities		(18,152)	(3,973)
Payment for contingent consideration on prior year acquisitions		(1,407)	(2,251)
Payment for new broking portfolios purchased		(1,385)	-
Net payments from purchases / sales of plant and equipment, capitalised projects, and other assets		(3,159)	(2,242)
Net repayment of loans to associates / related entities		1,264	821
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(36,231)	(9,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders*		(34,932)	(20,603)
Dividends paid to shareholders of non-controlling interests		(5,678)	(4,641)
Increase in borrowings		40,568	464
Repayment of borrowings		(9,589)	(15,353)
Payments of principal for lease liabilities		(4,602)	(3,545)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(14,233)	(43,678)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(17,144)	(35,410)
Cash and cash equivalents at beginning of the period		243,151	219,997
Impact as a result of foreign exchange		143	190
Cash and cash equivalents at the end of the period		226,150	184,777

*Excludes Dividend Reinvestment Plan (DRP) which is a non-cash item.

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1. CORPORATE INFORMATION

The consolidated financial statements are those of AUB Group Limited (the parent 'Company') and all entities that AUB Group Limited controlled (together the 'Group') during the year and at the reporting date.

The interim financial report of AUB Group Limited for the six months ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 23 February 2021.

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 services across Australia and New Zealand for insurance broking, agency, and distribution of ancillary products within the support services businesses.

The registered office and principal place of business of the Company is Level 14, 141 Walker Street, North Sydney NSW 2060, Australia.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of the financial report

The general purpose condensed financial report for the half year ended 31 December 2020 has been prepared in accordance with AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with IAS 34 "Interim Financial Reporting" as issued by the International 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), unless otherwise stated, under the option available to the Company under ASIC instrument "Rounding in Financial / Directors' Reports" 2016/191. The functional currency of the Group and all segments other than New Zealand is Australian Dollars. The New Zealand segment's functional currency is New Zealand dollars.

The financial statements have been prepared on a going concern basis.

There are no changes to significant accounting judgements, estimates and assumptions from those used at 30 June 2020. The accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting period except new and amended accounting standards which came into effect on 1 July 2020, which are detailed in Note 2.2.

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

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 should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2020.

b) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions are found in the relevant notes to the financial statements.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill / intangibles and investments in associates

The Group determines whether goodwill is impaired at least on an annual basis and for any identifiable intangibles and investments in associates that have an indicator of impairment. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. COVID-19 was considered in our assessment of (1) EBIT market multiples, (2) required return on equity in relation to Discounted Cash Flow (DCF) models and (3) future cash flow projections in DCF models. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in Note 13 to the Group's Annual report as at 30 June 2020. At half year the Group performs a review of impairment indicators.

Measurement of contingent considerations

Contingent considerations terms vary between transactions but generally involve using the weighted average expected future profits of the company being acquired to compute the current liability. See Note 7(a) for further details.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Re-estimation of put options financial liability

A financial liability has been recognised representing an estimate of the value the Group could be required to pay on the future exercise by holders of put options. The Group re-estimates the put options financial liability at the reporting date, taking into account the estimated future outcomes for income or profit, on which the purchase price will be determined. Historical trends and any relevant external factors are taken into account in determining the likely outcome. See Note 15 to the Group's Annual report as at 30 June 2020 for further details.

Expected Credit Loss - COVID-19

Whilst the subsidiaries and associates of the Group are diversified across industry sectors and customer segments, there may be some limited cases of customers experiencing short to medium term liquidity issues due to COVID-19 which may increase the risk of non-collectability in particular in relation to policies where customers are not required to maintain insurance under a legislative instrument or those industry sectors and customers segmented significantly impacted by COVID-19. See Note 11 to the Group's Annual report as at 30 June 2020 for further details.

Deferred Tax Assets

Deferred tax assets (DTA) are recognised for deductible temporary differences when management considers that it is probable that future tax profits will be available to utilise those temporary differences. Judgement is required in relation to DTAs recognised in relation to carry forward losses. The future profitability of each entity or tax consolidation group (if a part of a tax consolidation group) needs to be assessed including where a capital loss is made, the probability of a future capital gain to offset the carrying forward capital loss. See Note 5 to the Group's Annual Report as at 30 June 2020 for further details.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and methods of computation are the same as those adopted in prior years except new and amended accounting standards which came into effect on 1 July 2020, both of which are detailed below.

The 31 December 2020 financial statements, and respective notes to the financial statements have been prepared in accordance with the new and amended accounting standards. The accounting policies in the notes below have also been updated to reflect the new and amended accounting standards in effect during the year.

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2020:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business;
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- AASB 2020-3 Amendment to AASB 9 – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018–2020 Cycle);
- AASB 2020-4 Amendments to AASs – Covid-19-Related Rent Concessions;
- AASB 2019-1 Amendments to AASs – References to the Conceptual Framework; and
- AASB 2019-5 Amendments to AASs – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

The Group also elected to early adopt the following amendments as at 1 July 2019:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are a number of new accounting standards and amendments issued, but not yet effective, none of which have been early adopted by the Group in this Financial Report. The new standards and amendments (noted below), when applied in future periods, are not expected to have a material impact on the financial position of the Group.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- AASB 2020-3 Amendments to AASB 3 – Reference to the Conceptual Framework; and
- AASB 2020-3 Amendments to AASB 137 – Onerous Contracts —Cost of Fulfilling a Contract.

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3. OPERATING SEGMENTS

The Group's corporate structure is organised into four business units which have been identified as separate reportable segments as follows:

1. **Australian Broking**: assess the insurable risks and risk appetite of customers and sources relevant insurance products from insurers and underwriters which meets the needs of the customer. Post policy binding services primarily include claims handling services on behalf of the customer (claims preparation). Customers are generally comprised of Small and Medium Enterprise (SME) businesses, however services are also provided to large institutions and individuals.
2. **Australian Agencies**: assess risk profile and pricing of policies requested by brokers on behalf of the insurer. Post policy binding services primarily include claims handling services on behalf of the insurer (claims processing). Customers are generally comprised of brokers operating within the SME insurance industry sector.
3. **New Zealand:** provides broking and agency services within the New Zealand market. Operations are centrally monitored and managed by AUB Group NZ head office. As a distinct overseas operation and investment, performance of the segment is separately monitored.
4. **Support Services:** provides a diversified range of services to support the Broking, Agency, and New Zealand segments, and external clients. Services includes post claim rehabilitation, investigation, loss adjusting, legal, and AUB Group head office support. These sub segments are not individually reportable.

Discrete financial information about each of these segments is reported to management on a regular basis and the operating results are monitored separately for the purposes of resource allocation and performance assessment.

As a result of organic growth and acquisitions, the Australian Agencies segment and the New Zealand segment have become separately reportable. Australian Broking, Australian Agencies, and New Zealand was previously reported in a single operating segment known as Insurance Intermediaries.

Due to the continued decline of the Risk Services entities as a proportion of the Group, the segment is no longer individually reportable and has been aggregated within the Support Service segment.

Each segment, except Support Services, contains entities which operate within a uniform regulatory environment, and contains similar characteristics in relation to customer profile and operational risks. Comparatives have been restated accordingly.

Underlying Net Profit Before Tax

Performance of segments are reviewed by Chief Operating Decision Maker ('CODM') on an Underlying Net Profit Before Tax (UNPBT) basis. UNPBT excludes the effects of non-recurring events or other items not representative of the underlying operations items of income and expenditure which do not represent the underlying performance of the Group and segments of the Group, such as restructuring costs, acquisition costs, fair value gain / losses, profits on sale, amortisation of broking registers and impairments. Such items are considered to be a result of non-recurring events or non-representative of the underlying operations of the Group and segments of the Group. UNPBT also excludes non-controlling interests to reflect the performance attributable to the shareholders of the Group.

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3. OPERATING SEGMENTS (continued)

UNPAT reconciles to the Profit after income tax attributable to equity holders of the parent (Reported NPAT) within the Statement of Comprehensive Income (SOCI) as follows:

	Notes	HY21 $'000	HY20 $'000
Net profit after tax attributable to equity holders of the parent	SOCI	23,981	16,596
Add non-controlling interest after tax	SOCI	5,273	2,325
Add Income tax expense	SOCI	7,635	7,040
Profit Before Tax		**36,889**	**25,961**
Add back / (less):			
- Share of associates' tax		7,509	4,338
- Amortisation of broking registers	4(iii), 4(iv)	8,505	4,894
- Interest unwind on put option liability	4(v)	98	187
- Adjustments to carrying value	4(vi)	1,207	4,476
- Profit from sale or dilution of interests in associates, controlled entities and broking portfolios	4(vii)	(1,046)	(2,531)
- Impairment of the Right of Use Asset and Onerous Lease Expense		592	-
- Group share of associate profit from sale or dilution of interests in associates, controlled entities and broking portfolios		913	(609)
- Legal, due diligence and debt costs		763	1,254
- Non-Controlling Interests pre-tax on underlying results*		(10,612)	(7,178)
Underlying Net Profit Before Tax		**44,818**	**30,792**
- tax effects of the above items		(14,071)	(9,465)
Underlying Net Profit After Tax		**30,747**	**21,327**

* Excludes non-controlling interests share of non-recurring events or other items not representative of the underlying operations, outlined above.

	6 months ended 31 December 2020				
Segment Financial Performance	Australian Broking $'000	Australian Agencies $'000	New Zealand $'000	Support Services $'000	Total $'000
Inter-segment revenue**	919	-	-	2,078	2,997
Revenue from external customers	84,448	23,022	21,143	21,186	149,799
Total revenue and other income	85,367	23,022	21,143	23,264	152,796
Share of Net Underlying Profits of Associates accounted for using the equity method before amortisation on broking registers and income tax expense	25,166	1,486	809	-	27,461
Total income	**110,533**	**24,508**	**21,952**	**23,264**	**180,257**
Less: Expenses					
Total underlying cost to provide services and administrative expenses***	(60,887)	(18,247)	(14,618)	(24,954)	(118,706)
Inter-segment expenses**	(1,209)	(938)	(850)	-	(2,997)
Interest paid and other borrowing costs	(360)	(5)	(207)	(2,552)	(3,124)
Non-controlling interest	(8,763)	(55)	(1,038)	(756)	(10,612)
Underlying Net Profit Before Tax	**39,314**	**5,263**	**5,239**	**(4,998)**	**44,818**

** Management fees and interest on loans are recognised as revenue within the Support services segment, and as an expense within other segments.

***Excludes non operation expenses, refer to preceding table for reconciliation between statutory profit and underlying profit before tax.

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3. OPERATING SEGMENTS (continued)

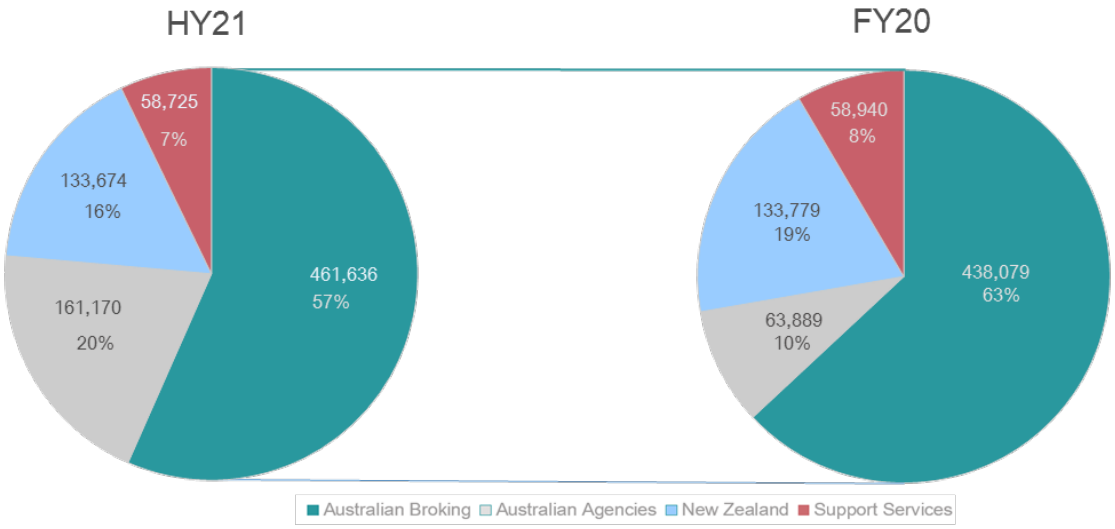
	6 months ended 31 December 2019				
	Australian Broking	Australian Agencies	New Zealand	Support Services	Total
Segment Financial Performance	$'000	$'000	$'000	$'000	$'000
Inter-segment revenue*	890	-	-	3,545	4,435
Revenue from external customers	77,704	22,974	22,196	27,622	150,496
Total revenue and other income	**78,594**	**22,974**	**22,196**	**31,167**	**154,931**
Share of Net Underlying Profits of Associates accounted for using the equity method before amortisation on broking registers and income tax expense	14,092	1,059	532	-	15,683
Total income	**92,686**	**24,033**	**22,728**	**31,167**	**170,614**
Less: Expenses					
Total underlying cost to provide services and administrative expenses**	(59,944)	(17,287)	(15,282)	(32,546)	(125,059)
Inter-segment expenses*	(2,188)	(1,138)	(1,109)	-	(4,435)
Interest paid and other borrowing costs	(1,292)	-	(380)	(1,478)	(3,150)
Non-controlling interest	(4,706)	(79)	(1,012)	(1,381)	(7,178)
Underlying Net Profit Before Tax	**24,556**	**5,529**	**4,945**	**(4,238)**	**30,792**

* Management fees and interest on loans are recognised as revenue within the Support services segment, and as an expense within other segments.

**Excludes non operation expenses, refer to preceding table for reconciliation between statutory profit and underlying profit before tax.

Segment Non-Current Assets

The total of non-current assets other than financial instruments and deferred tax assets are provided in the following graphs. The measurement of segment non-current assets follows the accounting policies of the Group.



Intangible assets such as Goodwill, and investment in associates have been presented within the segment the respective underlying operations is contained.

Disaggregated information by segment of the carrying value of associates are disclosed in Note 8.

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4. REVENUE AND EXPENSES

Revenue

The Group will recognise as revenue the amount of the transaction price that is allocated to the performance obligation, excluding any amounts highly probable of significant reversal, when the performance obligation has been satisfied.

For further information on the Group's policies, please refer to the 2020 Annual Report.

		HY21 $'000	HY20 $'000
i)	**Revenue from contracts with customers**		
	Commission, brokerage and fee Income	138,856	140,110
	Management fees from related entities	7,877	7,148
	Other revenue	2,518	1,768
	Total revenue from contracts with customers	149,251	149,026
	Recognised at a point in time	107,230	106,725
	Recognised over time	42,021	42,301
ii)	**Other income**		
	Dividends from other persons / corporations	-	-
	Interest received	165	40
	Interest from other persons / corporations	383	1,430
	Total other income	548	1,470
iii)	**Share of profit of associates**		
	Share of Associates Profits After Tax but Before Amortisation	21,724	13,521
	Amortisation of intangibles – Associates	(3,533)	(1,118)
	Total share of profit of associates	18,191	12,403

Dividends are recognised at a point of time, whilst interest is recognised over time in accordance with contractual terms.

Share of profit of associates are recognised using the equity accounted method.

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4. REVENUE AND EXPENSES (continued)

Expenses

Expenses including salaries and wages, business technology and software costs, insurance, advertising and marketing, and interest are recognised as incurred or as services are provided to the Group.

For further information on the Group's policies, please refer to the 2020 Annual Report.

		HY21	HY20
		$'000	$'000
iv)	**Expenses**		
	Salaries and wages	82,490	85,316
	Commission expense	7,131	6,109
	Depreciation	1,368	1,928
	Amortisation of broking registers	4,971	3,776
	Amortisation of capitalised project costs	489	435
	Amortisation / impairment of right of use asset and rent expense	5,935	6,896
	Business technology and software costs	6,866	4,537
	Insurance	4,675	3,710
	Legal fees / acquisition costs	866	1,379
	Advertising, marketing and travel costs	3,116	5,911
	Share based payments	550	377
	Other expenses	8,644	10,496
	Total cost to provide services and administrative expenses	127,101	130,870
v)	**Finance costs**		
	Interest paid and other borrowing costs	3,124	3,150
	Interest unwind on lease liability	617	786
	Interest unwind on put option liability	98	187
	Total finance costs	3,839	4,123
vi)	**Adjustments to carrying value**		
	Adjustment to contingent consideration on acquisitions	314	23
	Remeasurement of put option liability	(5,372)	950
	Fair value adjustment relating to the carrying value of associates and goodwill	3,851	(5,449)
	Total adjustments to carrying value	(1,207)	(4,476)
vii)	**Profit from sale or dilution of interests in associates, controlled entities and broking portfolios**		
	Profit on sale of controlled entities leading to deconsolidation	-	-
	Profit from sale or dilution of interests in associates and broking portfolios	1,046	2,531
	Total profit from sale or dilution of interests in associates, controlled entities and broking portfolios	1,046	2,531

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5. DIVIDENDS PAID AND PROPOSED

	HY21 $'000	HY20 $'000
Equity dividends on ordinary shares:		
Dividends paid or recognised as a liability during the period		
Final franked dividend for financial year ended 30 June 2019: 32.5 cents	-	23,888
Interim franked dividend for financial year ended 30 June 2020 14.5 cents (payment was deferred to 3 September 2020)	10,701	-
Final franked dividend for financial year ended 30 June 2020: 35.5 cents	26,216	-
Total dividends paid / provided in current period	36,917	23,888
In addition to the above, dividends paid to non-controlling interests totalled $5.68m (HY20: $4.64m).		
Dividends proposed and not recognised as a liability		
Interim franked dividend for financial year ended 30 June 2020 14.5 cents (payment was deferred to 3 September 2020)	-	10,701
Interim franked dividend determined for financial year ended 30 June 2021: 16.0 cents	11,901	-
	11,529	10,701

The tax rate at which paid dividends have been franked is 30% (HY20: 30%).

Dividends proposed and accrued will be franked at the rate of 30% (HY20: 30%).

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6. INTEREST BEARING LOANS AND BORROWINGS

Group Borrowing facilities as at 31 December 2020

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

AUB Group Limited secured a syndicated, multi-currency debt facility comprising Australia and New Zealand Banking Group Limited (ANZ) and Macquarie Bank Limited (Macquarie) for $250m (30 June 2020: $250m). This facility includes an advance in NZ$ totaling NZ$45m (2020: NZ$45m). The debt facility expires on 6 December 2022 with mechanism for a one year extension on agreement of both parties.

In addition to the syndicated debt facility provided to AUB Group Limited, controlled entities within the group have also negotiated other facilities with other banks as shown below. Whilst the facilities expire beyond the next 12 months some facilities have provision for mandatory principal repayments during the facility period. These mandatory repayments are shown as current liabilities.

	HY21	FY20
	$'000	$'000
Current		
Secured bank loan	3,648	10,095
Other	356	1,009
Total interest bearing loans and borrowings (current)	4,004	11,104
Non-current		
Secured bank loan	258,466	220,067
Other	489	599
Total interest bearing loans and borrowings (non-current)	258,955	220,666

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

Group gearing ratio

The Group monitors capital using the gearing ratio. The gearing ratio is calculated as contingent considerations payable plus total borrowings of controlled entities and our share of total borrowings of associates divided by total equity, total borrowings of controlled entities and our share of total borrowings of associates and contingent consideration payable.

	HY21	FY20
	$'000 / %	$'000 / %
The gearing ratios at were as follows;		
Debt to equity ratio		
Interest bearing loans and borrowings- controlled entities	262,959	231,770
Interest bearing loans, borrowings & contingent consideration payable - associates (AUB Group share)	18,375	20,055
Contingent consideration payable	5,292	3,395
Total debt	286,626	255,220
Total equity	555,343	491,856
Total equity and debt	841,969	747,076
Gearing Ratio - total debt / (total equity and debt)	34.0%	34.2%

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7. BUSINESS COMBINATIONS AND TRANSACTIONS INVOLVING LOSS OF CONTROL

a) Business combinations

A major strategy of the Group is to acquire part ownership in insurance broking, underwriting agency and other insurance intermediary 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.

The business combinations relate to insurance broking and agency businesses in Australia except Brokerweb Risk Services Limited (BWRS) which is a broker incorporated in New Zealand.

For further information on the Group's policies, please refer to the 2020 Annual Report.

a) i) During the current period, the following transactions occurred:

- Effective 1 August 2020, the Group acquired 73.2% of Experien Insurance Services Pty Limited for $17.71m ($12.11m in cash, and $5.60m in Company shares). The agreement contained put options exercisable after 3 years but before 5 years, and after 5 years. A total put option liability of $6.8m was recognised in relation to both put options covering all non-controlling interests. This was booked directly against the Put Option Reserve and resulted in $nil impact on the profit and loss on initial recognition.

- Effective 1 September 2020, a controlled entity of the Group acquired 100% (AUB's effective interest of 84.9%) of Bestmark Pty Ltd (Bestmark) through a share swap with Bestmark's vendors. Refer to Note 9 for further information.

- Effective 26 November 2020, a controlled entity of the Group acquired a further 30% of Fleetsure for $5.50m increasing its shareholding to 80%. A $3.85m fair value gain on step up was recognised on obtaining control of the entity.

- Effective 1 December 2020, a controlled entity of the Group acquired 100% (AUB's effective interest of 52.3%) of 360 Investments Pty Ltd and its controlled entities and associates (360) through a share swap with 360's vendors and $19.52m in cash consideration. As a result of the series of stapled transactions, AUB diluted its interest in SURA Hospitality to 52.3% (FY20: 100%), Fleetsure to 41.8% (pre-acquisition 80%, FY20: 50%), SURA Plant & Equipment to 76.2% (FY20: 100%), and SURA Bus & Coach to 90.5% (FY20: 100%). Further details on the transaction are contained on the following page.

The above acquisitions have been provisionally accounted for as the initial accounting for the business combinations are incomplete at the reporting date. The accounting is expected to be completed within 12 months of the acquisition date.

Business Acquired	Transaction date(s)	HY21	FY20
		% / $ '000	%
Experien Insurance Services Pty Ltd	01-Aug-20	73.2	-
360 Investments Pty Ltd	01-Dec-20	52.3	-
Bestmark Insurance Brokers Pty Ltd	01-Sep-20	84.9	-
Fleetsure Pty Ltd*	26-Nov-20; 01-Dec-20	41.8	50.0
All other transactions	Various	Various	Various
Total consideration attributed to all additional interests acquired		**107,144**	
Less contingent / deferred consideration		(270)	
Less shares issues by the Company		(5,604)	
Less shares issued by a subsidiary of the Group		(63,334)	
Less cash acquired		(24,737)	
Payments for acquisition of consolidated entities, net of cash acquired		**13,199**	
Goodwill arising on acquisition related to the Group		69,701	
Goodwill arising on acquisition relating to non-controlling interests		50,014	
Total Goodwill arising on acquisition		119,715	
Net increase in non-controlling interests		77,068	

* The Group's effective shareholding in the entity is less than 50%, but the Group assessed it still has control, as a subsidiary of the Group has more than 50% interest and rights in the entity.

The total Revenue and Net Profit After Tax recognised during 6 months ended 31 December 2020 in relation to the current period acquisitions were $7.19m, and $1.48m respectively. Had the entities been acquired at the beginning of the period ended 31 December 2020, the Revenue and Net Profits would have been $24.33m and $2.77m respectively.

7. BUSINESS COMBINATIONS AND TRANSACTIONS INVOLVING LOSS OF CONTROL (continued)

a) i) During the current period, the following transactions occurred (continued):

A summary of the initial recognition of 360 Investments Pty Ltd and its controlled entities and associates are as follows:

	360 Investments Pty Ltd
	$'000
ASSETS	
Cash and cash equivalents	3,886
Cash and cash equivalents - Trust	16,207
Receivables	3,742
Intangibles and other	1,424
Property plant and equipment	614
Total Assets	25,873
LIABILITIES	
Payables and provisions	21,346
Borrowings	1,003
Deferred tax liabilities	1,129
Total Liabilities	23,478
Net Assets	2,395
Less Non-controlling interests	3,384
NET ASSETS ATTRIBUTABLE TO PARENT ENTITY	(989)
Cash paid	19,521
New shares issued by a subsidiary	60,479
Total purchase price	80,000
Goodwill arising on acquisition relating to the Group	40,141
Goodwill arising on acquisition relating to non-controlling interests	40,848
Total Goodwill arising on acquisition	80,989

The investment in 360 comprises of 18 businesses within the Australian agencies segment. The acquisition increases the Group's capability and is expected to improve operating efficiencies as a result of the increased economies of scale within the Australian agency group of businesses.

b) Loss of Control

During the period there were no transactions which resulted in the Group losing control of any of its subsidiaries.

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8. INVESTMENT IN ASSOCIATES

The Group's investments in its associates are accounted for under the equity method of accounting in the Consolidated Financial Statements. These are entities in which the Group has significant influence, and which are not controlled entities. The Group deems they have significant influence if they have more than 20% of the voting rights.

For further information on the Group's policies, please refer to the 2020 Annual Report.

	HY21	FY20	HY21	FY20
	%	%	$'000	$'000
Investments carrying value:				
Australian Broking				
Austbrokers ABS Aviation Pty Ltd	50.0	50.0	274	556
Austbrokers AEI Transport Pty Ltd	40.0	40.0	8,132	7,893
Austbrokers Dalby Insurance Brokers Pty Ltd	50.0	50.0	2,694	2,691
Austbrokers Hiller Marine Pty Ltd	50.0	50.0	56	-
Austbrokers Kelly Partners Pty Ltd	50.0	-	17	-
Austbrokers RIS Pty Ltd	49.9	49.9	2,464	2,563
Austbrokers SPT Pty Ltd	50.0	50.0	4,276	4,573
Austral Insurance Brokers Pty Ltd	50.0	50.0	1,715	1,632
BizCover Pty Limited	40.2	40.0	133,896	135,983
Bluestone Insurance Pty Ltd	50.0	50.0	-	-
Brett Grant and Associates Pty Ltd	50.0	50.0	1,542	1,569
Broker Claims Pty Ltd	47.5	47.5	-	-
Countrywide Insurance Holdings Pty Ltd	49.9	49.9	5,090	5,197
Global Assured Finance Pty Ltd	49.9	49.9	-	-
HQ Insurance Pty Ltd	49.7	49.7	4,105	4,568
Insurance Advisernet Australia Pty Ltd / Insurance Advisernet Australia Unit Trust	46.5	47.5	16,415	15,962
Insurance Advisernet Holdings Pty Ltd / Insurance Advisernet Holdings Unit Trust	46.5	47.5	675	407
JMD Ross Insurance Brokers Pty Ltd	40.0	50.0	1,027	1,343
KJ Risk Group Pty Ltd	49.0	49.0	1,704	1,647
Lea Insurance Broking Pty Ltd / Lea Insurance Broking Unit Trust	50.0	50.0	5,625	5,406
Markey Group Pty Ltd	49.9	49.9	6,099	6,616
MGA Management Services Pty Ltd	49.9	49.9	22,353	20,728
Nexus (Aust) Pty Ltd	50.0	50.0	6,571	7,049
NRIG Pty Ltd	25.0	25.0	142	78
Oxley Insurance Brokers Pty Ltd / Coffs Harbour Insurance Brokers Unit Trust	37.5	37.5	158	170
Oxley Insurance Brokers Pty Ltd / Port Macquarie Insurance Brokers Unit Trust	49.9	49.9	-	-
Peter L Brown & Associates Pty Ltd	50.0	50.0	870	777
Rivers Insurance Brokers Pty Ltd	49.9	49.9	4,985	4,819
SRG Group Pty Ltd	50.0	50.0	1,803	2,030
Supabrook Pty Ltd	49.9	49.9	1,148	706
The Procare Group Pty Ltd	49.3	50.0	13,860	13,750
Western United Financial Services Pty Ltd	49.9	49.9	1,871	2,085
			249,567	**250,798**

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8. INVESTMENT IN ASSOCIATES (continued)

	HY21	FY20	HY21	FY20
	%	%	$'000	$'000
Investments carrying value (continued):				
Australian Agencies				
Fleetsure Pty Ltd*	41.8	50.0	-	3,781
Longitude Insurance Underwriting Agency Pty Ltd	38.5	38.5	1,261	534
Millennium Underwriting Agency Pty Ltd	18.4	18.4	516	477
Sura Professional Risks Pty Ltd	50.0	50.0	1,019	1,367
Tasman Underwriting Pty Ltd	50.0	50.0	481	512
			3,277	**6,671**
New Zealand				
BWRS (North Shore) Limited	44.7	-	549	-
Dawson Insurance Brokers (Rotorua) Ltd	44.7	44.7	5,069	5,306
Commercial and Rural Insurance Limited	44.7	44.7	3,407	3,418
McDonald Everest Insurance Brokers Limited	44.7	44.7	2,367	2,359
Rosser Underwriting Limited (underwriting agent)	44.7	35.7	3,095	2,489
			14,487	**13,572**
Support Services			-	-
Total carrying value of associates			**267,331**	**271,041**

* During the period, the entity became controlled (80% of share rights held indirectly) through acquiring control of another entity which holds rights in Fleetsure Pty Ltd. The Group's look through interest was diluted to 41.8%.

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

a) The principal activity of each associate is insurance broking, except for associates owned by Austagencies Pty Ltd and Rosser Underwriting Limited in New Zealand which are agents for insurance underwriters and The Procare Group Pty Ltd which offers rehabilitation, investigation, and loss adjusting services.

b) There have been no significant subsequent events affecting the associates' profits for the period.

c) All associates, including unit trusts, were incorporated, or established in Australia, except for associates owned by AUB Group NZ Limited which is a controlled entity incorporated in New Zealand.

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9. SHARES IN CONTROLLED ENTITIES

New acquisition of controlled entities or transaction which lead to the Group obtaining or losing control in an entity during the current and previous period are disclosed in Note 7. The following transactions involve transactions between owners where there is no change in the control assessment.

During the current period, the following transactions occurred:

- As a result of a series of step-up acquisitions during the period, the Group's interest in Northlake Holding Pty Ltd increased from 65.8% to 90.5% for a total consideration of $2.93m.

- Effective 28 August 2020 the Group acquired a further 18.5% of interest in Altius Group Pty Ltd (Altius) for $9.26m in upfront cash and a contingent deferred consideration of $3.14m. As a result of the transaction, the Group's put option liability in relation to the parcel of shares was extinguished resulting in a partial derecognition of $7.43m against the respective put option reserve. There was no profit or loss impact as a result of the transaction.

- Effective 1 September 2020, CityCover (Aust) Pty Ltd (CityCover) acquired all shares in Bestmark Insurance Pty Ltd via issuance of new shares in CityCover ($2.85m), diluting the Group's interest in CityCover from 95% to 73.5%. In the same arrangement, the Company's shares in Comsure Insurance Brokers Pty Ltd was swapped for additional shares in CityCover ($19.47m), increasing the Group's interest in CityCover from 73.5% to 83.8%.

Entity	Transaction date(s)	HY21	FY20
Increase in voting shares		%	%
Northlake Holdings Pty Ltd	01-Jul-20; 01-Oct-20; 01-Dec-20	90.5	65.8
Altius Group Pty Ltd	28-Aug-20	75.4	56.9
Comsure Pty Ltd	01-Sep-20	83.8	80.0
Decrease in voting shares			
CityCover (Aust) Pty Ltd	01-Sep-20	83.8	95.0

During the previous period, the following transactions occurred:

Entity	Transaction date(s)	HY20	FY19
Increase in voting shares		%	%
Altius Group Holdings Pty Ltd and its controlled entities	01-Jul-19	56.9	56.6
Austbrokers Corporate Pty Ltd and its controlled entities	01-Aug-19, 01-Oct-19, 01-Dec-19	100.0	90.5
AB Phillips Group Pty Ltd and its controlled entities	09-Oct-19	57.5	56.9
Decrease in voting shares			
Austbrokers Coast to Coast Pty Ltd and its controlled entity	01-Oct-19	51.0	75.0

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9. SHARES IN CONTROLLED ENTITIES (continued)

Name and Interests in controlled entities:	HY21 %	FY20 %
Australian Broking		
AB Phillips Group Pty Ltd and its controlled entities	57.5	57.5
Adroit Holdings Pty Ltd and its controlled entities	100.0	95.0
ABFS (NSW) Pty Ltd and its controlled entities	95.0	95.0
Austbrokers Canberra Pty Ltd	85.0	85.0
Austbrokers Coast to Coast Pty Ltd and its controlled entity	51.0	51.0
Austbrokers CityState Pty Ltd and its controlled entity	70.0	70.0
Austbrokers Life Pty Ltd	100.0	100.0
Austbrokers Member Services Pty Ltd	100.0	100.0
Austbrokers RWA Pty Ltd and its controlled entity	60.0	60.0
Austbrokers Southern Pty Ltd	80.0	80.0
Austbrokers Sydney Pty Ltd and its controlled entities	100.0	100.0
Austbrokers Trade Credit Pty Ltd	75.0	75.0
CityCover (Aust) Pty Ltd and its controlled entities (Austbrokers Comsure)	83.8	95.0
Comsure Insurance Brokers Pty Ltd and controlled entities*	83.8	80.0
Experien Insurance Services Pty Ltd	73.2	-
Finsura Holdings Pty Ltd and its controlled entities	70.0	70.0
Austbrokers Corporate Pty Ltd and its controlled entities**	100.0	100.0
McNaughton Gardiner Insurance Brokers Pty Ltd and its controlled entity	70.0	70.0
North Coast Insurance Brokers Pty Ltd and its controlled entity	75.0	70.0
Northlake Holdings Pty Ltd (Country Wide Insurance Brokers WA)	90.5	65.8
Terrace Insurance Brokers Pty Ltd and controlled entity	53.7	53.7
WRI Insurance Brokers Pty Ltd	100.0	100.0
Australian Agencies		
Austagencies Pty Ltd and its controlled entities	100.0	100.0
New Zealand		
AUB Group NZ Limited and its controlled entities	89.3	89.3
Support Services – Australia		
Altius Group Holdings Pty Ltd and its controlled entities	75.4	56.9
Adept Insurance Brokers Pty Ltd and its controlled entity	100.0	100.0
AEI Holdings Pty Ltd / AEI Insurance (Brokers) Pty Ltd	100.0	100.0
AHL Insurance Brokers (Aust) Pty Ltd	100.0	100.0
AUB Group Business Centre Pty Ltd	100.0	100.0
AUB Group Services Pty Ltd	100.0	100.0
Austbrokers Investments Pty Ltd	100.0	100.0
Austbrokers Employee Share Acquisition Schemes Trust	100.0	100.0
Austbrokers Pty Ltd	100.0	100.0
Australian Bus and Coach Underwriting Agency Pty Ltd	100.0	100.0
Kyros Cook & Associates Pty Ltd	100.0	100.0
Shield Underwriting Holdings Pty Ltd	100.0	100.0

* Now consolidated as part CityCover (Aust) Pty Ltd, refer to previous page for further information.

** The entity changed its name during the period, previously InterRISK Australia Pty Ltd.

All controlled entities are incorporated in Australia except for AUB Group NZ Limited and its controlled entities which are incorporated in New Zealand.

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10. ISSUED CAPITAL

	HY21 $'000	FY20 $'000
Issued Capital opening balance	258,947	255,662
Issued Capital under dividend reinvestment plan	1,985	3,285
Issue of shares*	5,604	-
Issued Capital closing balance	266,536	258,947

	Shares No.	Shares No.
Number of Shares on Issue (ordinary shares fully paid)	74,379,201	73,818,757
Movements in number of shares on issue		
Beginning of the financial period	73,818,757	73,502,778
Number of shares issued during period - dividend reinvestment plan	131,878	294,093
Issue of shares*	428,566	-
Number of shares issued during period - options exercised on 16 March 2020	-	21,886
Total Shares on Issue	74,379,201	73,818,757
Weighted average number of shares on issue at end of period	74,139,223	73,723,720

*428,566 shares were allotted at an issue price of $13.08 on 14 September 2020.

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 share capital is recognised at the fair value of the consideration received by the company, net of issue costs.

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

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11. SHARE-BASED PAYMENT PLANS

The Group provides benefits to employees (including Executive Directors) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

For further information on the Group's policies, please refer to the 2020 Annual Report.

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 Consolidated Statement of Profit or Loss is included in Note 4(iv) Expenses.

The number of options outstanding is represented by:

Financial year options issued	Option grant date	Earliest exercise date	Valuation* $	HY21	FY20
- 2017	24-Jan-17	24-Jan-20	8.99	26,081	26,081
- 2018	23-Nov-17	23-Nov-20	11.83	42,327	42,327
- 2019	31-Oct-18	31-Oct-21	10.72	32,914	32,914
- 2020	19-Dec-19	31-Aug-22	9.37	101,219	101,219
- 2020	19-Dec-19	31-Aug-24	8.91	200,000	200,000
- 2021	18-Dec-20	31-Aug-25	11.27	125,688	-
Options outstanding at the end of the period				528,229	402,541

* Valuation is based on the weighted average price of shares on the date the options were issued.

All options must be exercised by no later than 7 years from the issue date.

During the period the following options were granted, exercised or lapsed

- 78,795 performance options were granted to the CEO on 18 December 2020. All performance options were issued at an exercise price of $NIL and are exercisable after 31 August 2025, if performance hurdles are met.

  46,893 performance options were granted to other employees on 18 December 2020. All performance options were issued at an exercise price of $NIL and are exercisable after 31 August 2025, if performance hurdles are met.

  The volume weighted average share price for the 5 business days prior to the date the options were issued was $17.09. The options were valued using an average price of $10.82 for EPS options and $11.94 for TSR options (weighted average price of $11.27). See below for terms and exercise conditions for options issued during the period ended 31 December 2020.

Vesting conditions for Performance options issued in the current period are as follows:

Performance Options

- Each Performance Option is a right to receive one fully-paid ordinary share in the Company or at the Board's discretion, an equivalent cash payment.
- The Performance Options will only vest to the extent that the performance hurdles and ongoing employment conditions (set out below) are satisfied over the relevant performance periods.

  Each grant of Performance Options has been divided into two components, which will each be subject to a separate performance hurdle. The Board considers that this structure has the benefit of both a relative test that reflects the Company's performance against the market and an objective test reflective of management's performance in growing earnings per share.
- 60% of the Performance Options will be subject to a hurdle based on the average annual growth rate (AAGR) of the adjusted earnings per share (EPS) hurdles (EPS Options); and
- 40% of the Performance Options will be subject to a hurdle based on the relative total shareholder return (TSR) of the Company compared to the TSR of the constituents of the S&P/ASX Small Ordinaries Industrials Index (AXSID) (TSR Options).

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11. SHARE-BASED PAYMENT PLANS (continued)

Performance Options (continued)

- Performance Options will only vest if participants remain in ongoing employment over the relevant performance period (subject to the cessation of employment provisions).
- Performance Period for all options issued in FY21 will commence on 1 July 2020.
- Performance Period - 3 year options.
- The performance hurdles for 125,688 Performance Options granted will be tested over a 3 year performance period.

Any Performance Options that do not vest at the end of the 3 year performance period, will lapse.

EPS Options

- For the purposes of calculating the AAGR, an underlying form of earnings per share will be utilised (Underlying EPS) being, in respect of any financial year, the consolidated net profit after tax of the Company for that year excluding fair value adjustments to the carrying values of associates, profit on sale of entities and assets or deconsolidation of controlled entities, contingent consideration adjustments, impairment charges and amortisation of intangibles (Underlying NPAT) divided by the weighted average number of shares on issue during the financial year. Other adjustments to the Underlying NPAT calculation may be made in limited circumstances where the Board considers it to be appropriate.

  The percentage of the EPS Options that satisfy the EPS performance hurdle will be determined by reference to the AAGR (expressed as a percentage) of Underlying EPS from the year ending 30 June 2020 (being, 72.5 cents) to:

  - The Underlying EPS for the performance options granted in FY21 will be based on the outcome for the year ending 30 June 2023.

    Subject to satisfaction of the AAGR performance hurdles, the number of EPS Options that will vest after grant date; is as follows:
  - Equal to but not less than 5.0% AAGR, 50% of the Options will become exercisable.
  - Between 5% and 10% AAGR, the percentage of performance Options that are exercisable will be determined on a pro rata basis so that the number of Options that are exercisable will increase from 50% by 1.0 percentage point for every 0.1% additional growth over 5%.
  - Equal to or greater than 10% AAGR, 100% of the Performance Options will become exercisable.

TSR options

- Hurdles remained unchanged from the previous period.

12. SUBSEQUENT EVENTS

On 20 January 2021, AUB Group Limited entered into an arrangement to dispose of all its interest in Altius Group Pty Ltd (Altius) for cash proceeds of approximately $57m (this number is net of tax, transaction and other relevant costs and includes AUB Group's entitlement to pre - disposal dividends for profits recognised up to the date of sale). The sale is expected to result in a post - tax profit on disposal of $10m after expensing $5.4m related to the increased value of a put and call option in favour of an existing Altius minority shareholder at 31 December 2020.

The transaction is expected to be completed by April 2021, and on completion Altius will cease to be a controlled entity of the Group. As a result of the other shareholder also disposing of their interest in Altius on completion, the related put option liability held by the Group in relation to those parcel of shares will be extinguished on that date through equity.

On 23 February 2021, the Directors of AUB Group Limited determined an interim dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is $11,900,672 which represents a fully franked dividend of 16.0 cents per share. The dividend has not been provided for in the 31 December 2020 financial statements.

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DIRECTORS DECLARATION
HALF YEAR ENDED 31 DECEMBER 2020

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

In the option 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 2020 and of its performance for the 6 month period ended on that date;

ii. complying with Australian 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
Chair
Sydney, 23 February 2021



M. P. C. Emmett
Chief Executive Officer and Managing Director
Sydney, 23 February 2021

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Independent Auditor's Review Report to the Members of AUB Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of AUB Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial 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 the Group, 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*.

Ernst & Young

Michael Wright
Partner
Sydney
23 February 2021

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