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For Immediate Market Release

Austbrokers Acquisition Update

Austbrokers Holdings Limited (ASX Code: AUB) has continued to expand its business through acquisitions over the last few months and details of these acquisitions are provided below.

While none of the acquisitions in its own right ought to be considered material, having regard to the cumulative impact of these acquisitions Austbrokers believes it is now appropriate to update the market.

Austral Insurance Brokers Pty Ltd (Austral)

Austbrokers has today acquired a 50% interest in Austral. The final acquisition price will be determined by reference to the FY 2009 and FY 2010 earnings of Austral, with an initial payment, representing approximately 60% of the estimated purchase price. A final payment will be made in 2010 after the FY 2010 accounts of Austral are finalised.

Austral, which was established in 1990, is based in the Perth suburb of Stirling and has eighteen employees handling \$26 million in premiums. Austral provides general insurance and risk management solutions for its clients, which include industrial and commercial enterprises, large and small.

Arthur Elliott, a founding shareholder, is retiring from the business while the other shareholders, Stephen Halbert and Ken Gillon, will continue on in partnership with Austbrokers.

Austral's Managing Director, Mr. Halbert, stated "We are looking forward to joining the Austbrokers Group and believe it is the ideal partner for us, having assisted in our succession plans, to now move forward to develop and grow our business. The support that Austbrokers brings in IT and compliance will enable us to focus fully on the business side."

Austbrokers CEO, Lach McKeough, commented "I am delighted to welcome Austral to the Austbrokers Group and as a progressive, professional business they will certainly add to our profile in Western Australia."

In addition, Austbrokers has increased its equity in the following Austbrokers members. These acquisitions will ultimately be funded through borrowings although initially have been funded from cash held by Austbrokers.

Austbrokers Phillips

On 1 April 2009, Austbrokers and existing employees of Austbrokers Phillips acquired the founder's interest in the business as part of the business' succession process. As a result, Austbrokers' ownership increased from 50% to 66%. As part of that process Austbrokers Phillips acquired the remaining 50% of Australian Compensation Services through an issue of Austbrokers Phillips shares to Troy Mansell who has been appointed Managing Director of Austbrokers Phillips.

Austbrokers Trade Credit

On 1 April 2009 Austbrokers increased its interest in Austbrokers Trade Credit from 50% to 65%.

Austbrokers has also continued to make acquisitions within the Austbrokers network as detailed below.

Oxley Insurance Brokers (50% owned)

In May 2009 Oxley Insurance Brokers based in Port Macquarie acquired the business of Graham Herring Insurance Brokers (**GHIB**) based in Forster on the NSW mid north coast adding to its existing presence in the region at Taree, Kempsey and Coffs Harbour. GHIB has an annual income of approximately \$500,000. The acquisition will be funded through borrowings by Oxley Insurance Brokers.

Austbrokers Countrywide (50% owned)

Austbrokers Countrywide (**Countrywide**) has acquired a 45% interest in John Smith Insurance Brokers (**JSIB**) based in Melbourne effective 1 July 2009. Countrywide will provide back office services to JSIB. The acquisition has been funded through borrowings by Countrywide.

The cost of Austbrokers', direct acquisitions is estimated to be \$5.1 million once earn out payments are made. The associates acquisition costs are estimated at \$1.5 million. The actual costs may differ as the future financial performance of the acquired entities will impact on the earn out payments.

Based on there being no significant deterioration in business conditions the acquisitions detailed above are expected to add \$600,000 after funding costs on a full year basis to consolidated net profit after tax before amortisation of intangibles.

Reviewing the recent activity Austbrokers CEO, Lach McKeough, commented:

“The recent acquisitions are the results of Austbrokers' strategy which we pursue in conjunction with our equity partners to keep actively seeking and creating acquisition opportunities. These emphasise Austbrokers' ability to make value adding acquisitions, the inherent value of our owner-driver model, our succession planning capabilities and the benefits of encouraging our equity partners' entrepreneurial spirit.”

Yours sincerely,



S.S. Rouvray
Company Secretary
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