



25th February 2010

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

Dear Sir / Madam,

Re: Appendix 4D and Financial Report for the half-year ended 31 December 2009

Attached for immediate release is the Austbrokers Holdings Limited (AUB):

1. Appendix 4D – Half-Year Report 31 December 2009 and
2. Attachment A to Appendix 4D – Financial Statements for the half-year ended 31 December 2009

The following associated documents will be provided separately:

- Media Release
- Presentation on the Half Year results

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'SR' followed by a stylized flourish.

Stephen Rouvray
Company Secretary
Austbrokers Holdings Limited

For further information, contact Steve Rouvray Tel: (02) 9935 2201
Mobile: 0412 259 158



Austbrokers Holdings Limited

ABN 60 000 000 715

ASX Disclosure – Appendix 4D

**ASX DISCLOSURE – APPENDIX 4D
Half-Year Report – 31 December 2009**

Under Listing Rule 4.2.A.3 of the Australian Stock Exchange Limited (the “ASX”), the following information must be given to the ASX.

1. Reporting Period

Current reporting period – six months ended 31 December 2009

Previous corresponding period – six months ended 31 December 2008

2. Results for Announcement to the Market

2.1 Revenue from ordinary activities	up 6.9%	to	\$000 49,804
2.2 Profit from ordinary activities after tax attributable to members	up 7.2 %	to	7,168
2.3 Net profit attributable to members	up 7.2 %	to	7,168
2.4 Dividends			

	Amount Per Security	Franking at 30% Tax Rate	Franked Amount Per Security
Interim Dividend	7.5 cents	100%	7.5 cents

Record date for determining entitlement to the interim dividend.

Tuesday, 13 April 2010

A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood is contained in the Directors’ Report section of the Half-Year Report – 31 December 2009 attached as Attachment A.

3. Net Tangible Assets Per Security

31 December 2009	92.4 cents
31 December 2008	70.4 cents

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

Control has been gained or lost over the following entities during the period.

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

	Date	Contribution to Profit	
		2009	2008
		\$	\$
Austbrokers Business Centre Pty Ltd	December 2009	Nil	Nil

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

SGP Insurance Brokers Pty Ltd (interest reduced to 50%)	October 2009	75,840	16,883
WUIB Pty Ltd *	July 2009	Nil	Nil
Austbrokers Finance Pty Ltd*	July 2009	Nil	Nil
AFS (Syd) Pty Ltd*	July 2009	Nil	Nil
AEI Mortgage & Finance Solutions Pty Ltd*	July 2009	Nil	Nil
AEI Financial Planning Pty Ltd*	July 2009	Nil	Nil

*Deregistered

5. Dividends

On 25 February 2010, the Directors declared a fully franked interim dividend of 7.5 cents per share. This dividend is payable on 30 April 2010. Based on issued shares of 51,858,960 shares, this dividend will total \$3,889,422.

6. Dividend Reinvestment Plan

The proposed dividend of 7.5 cents per share will be eligible for reinvestment under the Company's Dividend Reinvestment Plan (DRP). The DRP was activated for the final dividend paid in October 2009 and will be open to future dividends until further notice.

For shareholders to be eligible for the DRP in relation to the interim dividend for the year ended 30 June 2010 elections will need to be received by the share registry by 5pm on 12 April 2010.

If a shareholder has previously submitted an election to participate in the DRP, those instructions will apply to the forthcoming interim dividend and all future dividends. If a shareholder wishes to vary its participation status, a notice of variation must be received by the share registry by 5pm on 12 April 2010 in order to be effective for the forthcoming interim dividend.

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

For the forthcoming interim dividend for the year to 30 June 2010, ordinary shares will be issued at a 2.5% discount to the relevant “price”. Austbrokers may determine a different discount for subsequent dividends.

Subject to agreeing acceptable terms, Austbrokers proposes to have any DRP shortfall for the interim dividend underwritten.

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

7. Associates and Joint Venture Entities

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

8. Accounting Standards Applied to Foreign Entities

Not Applicable.

9. Audit Dispute or Qualification

There is no audit dispute or qualification. Refer to the Independent Review Report to the members of Austbrokers Holdings Limited dated 25 February 2010 prepared by Ernst & Young and included in the Half-Year Report – 31 December 2009 attached as Attachment A.

Austbrokers Holdings Limited

ABN 60 000 000 715

Appendix 4D Attachment A

Financial Report
for Half-Year Ended
31 December 2009

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2009**



AUSTBROKERS HOLDINGS LIMITED**A.B.N. 60 000 000 715****TABLE OF CONTENTS**

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AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Directors' Report

Your directors submit their report for the half-year ended 31 December 2009.

DIRECTORS

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

R A Longes (Chairman)
W L McKeough (Chief Executive)
L F Earl
D J Harricks
P R Shirriff

REVIEW AND RESULTS OF OPERATIONS

Results for Half-year

Net profit after tax of \$7.168 million (2008: \$6.689 million) includes after tax profits on sale of interests in associates and controlled entities. After eliminating the profits on sale from net profit in both periods and excluding the impact of amortisation of intangibles the net profit increased from \$7.270 million in 2008 to \$7.786 million in 2009.

	2009 \$'000	2008 \$'000	INCREASE %
Net profit after tax from continuing operations but before amortisation of intangibles attributable to equity holders of the parent	7,786	7,270	7.1%
Net Profit after tax on sale or reduction of interests in associates and controlled entities	642	540	
Net Profit after tax from continuing operations before amortisation of intangibles	8,428	7,810	
Less Amortisation of intangibles (net of tax credit)	(1,260)	(1,121)	
Net profit attributable to members of the parent as reported	<u>7,168</u>	<u>6,689</u>	7.2%

Overview

Net profit attributable to equity holders of the parent increased by 7.2% over the corresponding period last year. Excluding profits on sale of interests in subsidiaries and amortisation of intangibles, profit after tax increased by a similar amount of 7.1% over the corresponding period last year. Of this increase, approximately 2.8% resulted from earnings from direct acquisitions made during the period. Growth from the existing broker network, including bolt on acquisitions made, contributed 8.8% to the profit growth. Premium rates increases have only been moderate over the period. The network growth in base commission and fee income was around 5% (excluding direct acquisitions). Total commission and fee income increased by 7.3% and total income by 5.8% over the prior period (excluding direct acquisitions). Premium funding income was up 20% due to the ongoing successful development of the alliance with Pacific Premium Funding. Lower interest earnings in the broker network reduced growth in profit by around 11% from what it would otherwise have been.

Expenses in the broker network increased by 5.9% (excluding direct acquisitions). This reflects some increase as a result of acquisitions within the network, direct expenses related to income growth as well as some inflationary increase in costs.

Underwriting agency profits were marginally below last year as a result of lower interest earnings reducing growth by 0.5%. Income increased by 6% (excluding interest income) and profit would have increased by a similar percentage if not for the reduced interest earnings.

Corporate expenses excluding borrowing costs were 4.7% below the corresponding prior period due to recovery of IT costs incurred up front with the development of the central data centre and lower incentive provisions. This contributed 1.9% to profit growth.

Corporate interest earned decreased due to lower interest rates and reduced amounts on loan (to the extent that loans are made to the broker network the benefit of which included the brokers' contribution). This reduction had the effect of reducing growth by 3.7%. A tax credit in 2008 resulted in a higher effective tax rate in 2009 reducing growth by 2.4%.

The brokers' results compared to the prior corresponding period have been impacted by lower interest rate earnings net of a reduction in borrowing costs, employment of additional resources to grow the business and some deferral of business to the second half. Despite these factors and with only moderate premium rate increases, good growth in profits has been achieved and a platform established to continue growth into the future.

Directors' Report (continued)

DIVIDEND PAYMENTS

A final dividend of \$6.809 million was paid in October 2009.

The Directors have declared a fully franked interim dividend of 7.5 cents per share payable to shareholders at record date of 13 April 2010 and to be paid 30 April 2010.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events occurring after the balance date


ROUNDING

The amounts contained in the half-year financial report and this report have been rounded to the nearest \$1000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2(b).

Signed in accordance with a resolution of the directors.



W L McKeough

Director

Sydney, 25 February 2010

Auditor's Independence Declaration to the Directors of Austbrokers Holdings Limited

In relation to our review of the financial report of Austbrokers Holdings Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young.

Ernst & Young

Paul Harris

Paul Harris
Partner
Sydney
25 February 2010

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated	
		6 months ended 31 December 2009 \$'000	6 months ended 31 December 2008 \$'000
Revenue	4 (i)	40,685	36,612
Other income	4 (ii)	2,698	2,643
Share of profit of associates	4 (iii)	5,779	6,806
Other expenses	4 (iv)	(37,984)	(36,182)
Finance costs	4 (v)	(1,218)	(1,182)
Profit before tax and sale of interests in controlled entities, associates and broking portfolios		9,960	8,697
Profit from sale of interests in associates and controlled entities	7(f)-(k), 4(vi)	642	540
Profit before income tax		10,602	9,237
Income tax expense	5	(2,162)	(1,614)
Net Profit after tax for the period		8,440	7,623
Net Profit after tax for the period attributable to:			
Equity holders of the parent		7,168	6,689
Non-controlling interests		1,272	934
		8,440	7,623
Basic earnings per share (cents per share)	6	14.09	13.31
Diluted earnings per share (cents per share)	6	13.91	13.22

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Notes	Consolidated	
	6 months ended	6 months ended
	31 December 2009	31 December 2008
	\$'000	\$'000
Net Profit after tax for the period	8,440	7,623
Other comprehensive income		
Revaluation adjustments on step-up acquisition of broking subsidiaries during the period	(121)	858
Income tax revenue /(expense) relating to components of other comprehensive income	38	(257)
Other comprehensive income after income tax for the period	(83)	601
Total comprehensive income after tax for the period	8,357	8,224
Total comprehensive income after tax for the period attributable to:		
Equity holders of the parent	7,110	7,075
Non-controlling interests	1,247	1,149
	8,357	8,224

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	Consolidated	
		As at 31 December 2009 \$'000	As at 30 June 2009 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	18,987	17,047
Cash and cash equivalents - Trust	7	51,093	51,611
Trade and other receivables	9	56,024	87,594
Other financial assets	10	1,469	703
Total Current Assets		<u>127,573</u>	<u>156,955</u>
Non-Current Assets			
Trade and other receivables	11	31	27
Investment in associates	12	68,563	67,561
Other financial assets	13	402	1,037
Plant and equipment	15	5,294	5,845
Intangible assets and goodwill	16	71,728	73,649
Deferred income tax asset		2,679	2,627
Total Non-Current Assets		<u>148,697</u>	<u>150,746</u>
TOTAL ASSETS		<u>276,270</u>	<u>307,701</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	18	103,245	141,488
Income tax payable	5	2,773	3,216
Provisions	19	6,012	6,822
Interest bearing loans and borrowings	20	419	611
Total Current Liabilities		<u>112,449</u>	<u>152,137</u>
Non-Current Liabilities			
Trade and other payables	18	28	28
Provisions	19	1,760	1,629
Deferred tax liabilities		5,216	6,048
Interest bearing loans and borrowings	20	34,484	33,606
Total Non-Current Liabilities		<u>41,488</u>	<u>41,311</u>
TOTAL LIABILITIES		<u>153,937</u>	<u>193,448</u>
NET ASSETS		<u>122,333</u>	<u>114,253</u>
EQUITY			
Issued capital	21	57,134	49,959
Retained earnings		48,961	48,301
Share based payments reserve		1,498	1,345
Asset revaluation reserve		3,528	3,788
Equity attributable to equity holders of the parent		<u>111,121</u>	<u>103,393</u>
Non-controlling interests		<u>11,212</u>	<u>10,860</u>
TOTAL EQUITY		<u>122,333</u>	<u>114,253</u>

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated	
		6 months ended December 2009 \$'000	6 months ended December 2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		6,641	6,936
Interest received		1,325	2,639
Interest paid		(1,218)	(1,182)
Receipts from customers		72,792	57,604
Payments to suppliers and employees		(61,181)	(49,690)
Management fees received from associated entities		530	461
Income tax paid		(3,561)	(3,795)
		<u>15,328</u>	<u>12,973</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for new broking portfolios purchased by members of the economic entity	7 (a)	(185)	(3,803)
Payment for increase in interests in controlled entity	7 (b)	-	(463)
Payment for new associates	7 (c)	(300)	(2,018)
Net proceeds received/ (payments) for new consolidated entities, net of cash acquired	7 (d) (e)	-	1,810
Proceeds from sale of broking portfolios	7 (f)	60	208
Net cash reduction on disposal of controlled entity	7 (g)	(1,072)	-
	7(h) (i)		
Proceeds from reduction in interest in controlled entities/associates	(j) (k)	-	2,073
Payments for purchases of other financial assets		(94)	-
Payment for deferred settlement on prior year acquisitions		(11,493)	(13,969)
Proceeds from sale of plant and equipment		167	76
Payment for plant and equipment		(688)	(1,046)
Advances of mortgages		(399)	(500)
Proceeds from mortgage repayments		362	1,841
		<u>(13,642)</u>	<u>(15,791)</u>
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders		(4,757)	(5,765)
Dividends paid to minority shareholders		(1,026)	(1,125)
Proceeds from issue of share capital		436	217
Net proceeds from issue of share capital resulting from underwritten Dividend Reinvestment Plan		4,612	-
Proceeds from borrowings		910	10,490
Advances to related parties		(439)	605
		<u>(264)</u>	<u>4,422</u>
NET CASH FLOWS (USED IN) /FROM FINANCING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>1,422</u>	<u>1,604</u>
Cash and cash equivalents at beginning of the period		68,658	58,656
		<u>70,080</u>	<u>60,260</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	<u>70,080</u>	<u>60,260</u>

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interest</i>	<i>Total equity</i>
	Issued Capital S'000	Retained earnings S'000	Asset revaluation reserve S'000	Share based payment reserve S'000	Total S'000	S'000	S'000
CONSOLIDATED							
At 1 July 2008	49,707	41,097	3,278	816	94,898	8,771	103,669
Total comprehensive income for the period	-	6,689	386	-	7,075	1,149	8,224
Issue of shares to non-controlling interests by subsidiaries and non-controlling interests relating to new acquisitions	-	-	-	-	-	1,127	1,127
Transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	434	(434)	-	-	-	-
Tax effect on transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	(130)	130	-	-	-	-
Cost of share-based payment	-	-	-	281	281	-	281
On 30 December 2008 allotted 108,300 shares at an issue price of \$2.00 on exercise of options	217	-	-	-	217	-	217
Transfer from share based payment reserve on 108,300 options exercised at an option cost of 32 cents per share	35	-	-	(35)	-	-	-
Equity dividends	-	(5,765)	-	-	(5,765)	(1,125)	(6,890)
At 31 December 2008	49,959	42,325	3,360	1,062	96,706	9,922	106,628
Total comprehensive income for the period	-	9,214	706	-	9,920	2,019	11,939
Issue of shares to non-controlling interests by subsidiaries and non-controlling interests relating to new acquisitions/sales	-	-	-	-	-	308	308
Transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	397	(397)	-	-	-	-
Tax effect on transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	(119)	119	-	-	-	-
Cost of share-based payment	-	-	-	283	283	-	283
Equity dividends	-	(3,516)	-	-	(3,516)	(1,389)	(4,905)
At 30 June 2009	49,959	48,301	3,788	1,345	103,393	10,860	114,253

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interest</i>	<i>Total equity</i>
	Issued Capital	Retained earnings	Asset revaluation reserve	Share based payment reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED							
At 1 July 2009	49,959	48,301	3,788	1,345	103,393	10,860	114,253
Total comprehensive income for the period	-	7,168	(58)	-	7,110	1,247	8,357
Issue of shares to minority interests by subsidiaries and minority interests relating to new acquisitions/sales				-		80	80
Transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	430	(430)	-	-	-	-
Tax effect on transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	(129)	129	-	-	-	-
Issued capital from Dividend Reinvestment Plan	6,664	-	-	-	6,664	-	6,664
Cost of share-based payment	-	-	-	228	228	-	228
On 30 September 2009 allotted 165,850 shares at an issue price of \$2.00 on exercise of options	331	-	-	-	331	-	331
On 30 September 2009 allotted 30,200 shares at an issue price of \$3.47 on exercise of options	105	-	-	-	105	-	105
Transfer from share based payment reserve on 165,850 options exercised at an option cost of 32 cents per share.	53	-	-	(53)	-	-	-
Transfer from share based payment reserve on 30,200 options exercised at an option cost of 72 cents per share.	22	-	-	(22)	-	-	-
Fair Value and Non-controlling interests adjustments resulting from part sale of controlled entity			99		99	51	150
Equity dividends	-	(6,809)	-	-	(6,809)	(1,026)	(7,835)
At 31 December 2009	57,134	48,961	3,528	1,498	111,121	11,212	122,333

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. CORPORATE INFORMATION

The financial report of Austbrokers Holdings Limited (the Company) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 25 February 2010.

Austbrokers Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the half-year consolidated financial statements

The general purpose condensed financial statements for the half year ended 31 December 2009 have been prepared in accordance with AASB 134 *"Interim Financial Reporting"* and the *Corporations Act 2001*.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report except as noted in note 3 below.

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 entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Austbrokers Holdings Limited in accordance with the continuous disclosure obligations of the ASX listing rules.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to AASB 2 which clarifies the definition of vesting conditions and prescribes the treatment of an award that is cancelled. The Group adopted this amendment as of 1 July 2009. It did not have an impact on the financial position or performance of the Group.

The IASB issued an amendment to AASB 2 which clarifies the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 July 2009. It did not have an impact on the financial position or performance of the Group.

AASB 3 Business Combinations (Revised) and AASB 127 Consolidated and Separate Financial Statements (Revised)

The Group adopted the revised standard and change in accounting policy prospectively from 1 July 2009. AASB 3 (Revised) introduced significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

AASB 127 (Revised) required that a change in the ownership interest in a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Where there is a change in ownership and the Group loses control, the gain or loss will be recognised in the Income statement. The carrying value of non-controlling interests must be reset to fair value. The changes by AASB 3 (Revised) and AASB 127 (Revised) have affected acquisitions or loss of control of subsidiaries and transactions with non-controlling interests from 1 July 2009.

NEW ACCOUNTING STANDARDS

There are a number of Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2010. Adoption of these standards will not have any material effect on the financial position or performance of the Group.

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated	
Note	6 months ended December 2009 \$'000	6 months ended December 2008 \$'000
4. REVENUE AND EXPENSES		
(i) Revenue		
Commission, Brokerage and Fee Income	40,155	36,151
Management fees	530	461
Total revenue	40,685	36,612
(ii) Other income		
Divided -other	4	4
Interest from other persons / corporations	1,325	2,252
Other income	1,369	387
Total other income	2,698	2,643
(iii) Share of net profit of associates		
Share of Net Profits of Associates Accounted for using the Equity Method before amortisation	6,393	7,282
Amortisation of Intangibles - Associated Entities	(614)	(476)
Total share of net profit of associates	5,779	6,806
	12(g)	
(iv) Other expenses		
Amortisation of Intangibles - controlled entities	1,255	1,192
Salaries and wages	22,119	20,181
Share-based payments	228	281
Accounting/Audit	461	550
Travel/Telephone/ Motor/Stationery	2,002	1,839
Depreciation and amortisation	818	878
Other expenses	5,302	5,593
Rent (operating lease)	2,111	1,944
Commission	2,648	2,703
Insurance	1,040	1,021
Total other expenses	37,984	36,182
(v) Finance costs		
Borrowing costs	1,218	1,182
Total finance costs	1,218	1,182
(vi) Profit from sale of interests in associates and controlled entities		
Profit from sale of interests in associates and controlled entities	78	540
Adjustment to fair value of a controlled entity on the date it became an associate.	564	-
Total Profit from sale of interests in associates and controlled entities	642	540

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	Consolidated	
	6 months ended December 2009	6 months ended December 2008
	\$'000	\$'000
5. INCOME TAX		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:		
Profit before income tax	10,602	9,237
At the company's statutory income tax rate of 30% (2008: 30%)	3,181	2,771
Non assessable income from associated entities	(891)	(918)
Over provision prior year	(64)	(234)
Non taxable profit from sale of interests in associates and controlled entities	(193)	(162)
Share based payments	68	84
Non deductible expenses/other	61	73
Income tax expense reported in the consolidated Income Statement	2,162	1,614

	Consolidated	
	As at 31 December 2009	As at 30 June 2009
	\$'000	\$'000
Provision for income tax	2,773	3,216

6. EARNINGS PER SHARE

(a) Earnings used in calculating EPS

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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

(b) Weighted average number of shares

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

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	Consolidated	
	As at 31 December 2009 S'000	As at 31 December 2008 S'000
7. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	18,987	19,505
Cash and cash equivalents - Trust	51,093	40,755
Total cash and cash equivalents	70,080	60,260

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

Business combinations

- a) The group acquired broking portfolios by way of business combinations as follows:

	Fair value recognised on acquisition	
	As at 31 December 2009 S'000	As at 31 December 2008 S'000
Intangibles	264	1,331
Deferred tax liabilities	(79)	(399)
Fair value of assets acquired	185	932
Less:		
Purchase price - cash paid	185	3,803
Issue of shares by a controlled entity to non controlling interests	245	-
Goodwill arising on acquisition	245	2,871

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of the business. As at acquisition date, any goodwill relates to benefits from the combination of synergies as well as the entity's ability to generate future profits.

- b) During the prior period, the Company acquired a further 20% interest in Drummond Porter Pty Ltd for \$462,974 increasing the shareholding to 100%.
- c) During the period the consolidated entity paid \$300,000 to acquired a 50% interest in Tasman Underwriting Agency Pty Ltd. During the prior period, the consolidated entity acquired a 49.9% holding in SRG Group Pty Ltd for \$2,217,022 and a 50% holding in SPT Financial Services Pty Limited for \$517,000. The deferred settlement amount on these acquisitions is \$716,000 which is payable over 2 years. Net cash paid during the prior period was \$2,018,000.

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7. CASH AND CASH EQUIVALENTS (Continued)

Business combinations (continued)

- d) On 1 July 2008, the consolidated entity acquired an additional 10% interest in Salisbury Payne Tinslay Pty Ltd (SPT) for \$327,000 bringing the total equity to 60%.

Fair values of the identifiable assets and liabilities of SPT as at the date of acquisition were:

	Fair value recognised on acquisition \$'000	Carrying value \$'000
Cash	1,884	1,884
Receivables	2,812	2,812
Plant and equipment	61	61
Other Assets	10	10
Intangibles	854	792
TOTAL ASSETS	5,621	5,559
Payables	4,644	4,644
Provisions	109	109
Borrowings	161	161
Deferred Tax Liabilities	256	-
TOTAL LIABILITIES	5,170	4,914
NET ASSETS	451	645
Fair value of additional 10% of assets acquired	45	
Purchase price - cash paid	327	
Goodwill arising on acquisition	282	
Goodwill recognised in previous exchange transaction	1,428	
Total Goodwill	1,710	
Cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	1,884	
Cash paid	(327)	
Net cash inflow	1,557	

The acquisition of SPT was effective on 1 July 2008 and the acquisition contributed \$162,368 to net profit after tax and \$1,472,123 to revenue.

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of the business. As at acquisition date, any goodwill relates to benefits from the combination of synergies as well as the entity's ability to generate future profits.

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7. CASH AND CASH EQUIVALENTS (Continued)

Business combinations (continued)

- e) On 1 September 2008, the Company acquired an additional 20% interest in North Coast Insurance Brokers Pty Ltd for \$312,000 bringing the total equity to 70%.

Fair values of the identifiable assets and liabilities of North Coast Insurance Brokers Pty Ltd as at the date of acquisition were:

	Fair value recognised on acquisition S'000	Carrying value S'000
Cash	565	565
Receivables	165	165
Plant and equipment	956	956
Other assets	51	51
Deferred tax asset	53	53
Intangibles	579	1,216
TOTAL ASSETS	2,369	3,006
Payables	573	573
Provisions	123	123
Borrowings	1,195	1,195
Deferred Tax Liabilities	174	-
TOTAL LIABILITIES	2,065	1,891
NET ASSETS	304	1,115
Fair value of assets acquired	61	
Purchase price - cash paid	312	
Goodwill arising on acquisition	251	
Goodwill recognised in previous exchange transaction	172	
Total Goodwill	423	
Cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	565	
Cash paid	(312)	
Net cash inflow	253	

The acquisition of an additional 20% of North Coast Insurance Brokers Pty Ltd was effective on 1 September 2008. The additional acquisition contributed \$12,946 to net profit after tax and \$405,504 to revenue.

Had the acquisition taken place at the beginning of the period, the profit before tax contribution would have been \$73,266 and revenue would have been \$701,567.

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of the business. As at acquisition date, any goodwill relates to benefits from the combination of synergies as well as the entity's ability to generate future profits.

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7. CASH AND CASH EQUIVALENTS (Continued)	31 December 2009 \$'000	31 December 2008 \$'000
f) The group disposed of broking portfolios as follows:		
Book value of assets disposed.		
Intangibles net of amortisation	-	-
Goodwill	47	208
	<hr/>	<hr/>
Book value assets disposed.	47	208
Proceeds from sale of broking portfolio	60	208
	<hr/>	<hr/>
Profit on sale of broking portfolio	13	-
	<hr/>	<hr/>
g) On 1 October 2009, the company reduced its equity in SGP Insurance Brokers Pty Ltd from 70% to 50% through the issue of new shares by SGP and the sale a parcel of shares by the company. On this date the company ceased to be a controlled entity and became an Associate.		
Carrying value of interest disposed	622	-
Carrying value of investment transferred to Investment in Associates	(592)	-
Fair value adjustment at the date the entity became an Associate	(564)	-
Proceeds received on disposal of controlled entity	95	-
	<hr/>	<hr/>
Profit on sale	629	-
	<hr/>	<hr/>
Cash outflow on disposal is as follows;		
Net cash reduction on deconsolidation of controlled entity	(1,167)	-
Proceeds received on disposal of controlled entity	95	-
	<hr/>	<hr/>
Net cash outflow	(1,072)	-
	<hr/>	<hr/>
h) During the prior period, the company reduced its equity in Finsura Holdings Pty Ltd from 80% to 70%.		
Carrying value of interest sold	-	246
Cash received	-	583
	<hr/>	<hr/>
Profit on sale	-	337
	<hr/>	<hr/>
i) During the prior period, the company sold its 25% holding in Tealrose Pty Ltd/ Financial Insurance Services (Brokers) Pty Ltd to an associate entity.		
Cost of controlled entity sold	-	354
Cash received	-	523
	<hr/>	<hr/>
Profit on sale	-	169
	<hr/>	<hr/>
j) During the prior period, the company reduced its equity in Austbrokers AEI Transport Pty Limited from 67.5% to 65%.		
Carrying value of interest sold	-	192
Cash received	-	231
	<hr/>	<hr/>
Profit on sale	-	39
	<hr/>	<hr/>
k) During the prior period, the company reduced its equity in Austbrokers RWA Pty Ltd from 80% to 60%.		
Carrying value of interest sold	-	741
Cash received	-	736
	<hr/>	<hr/>
Loss on sale	-	(5)
	<hr/>	<hr/>
Total profit on sale during the period	642	540
	<hr/>	<hr/>
	Notes 7 (f) (g) (h) (i) (j) (k)	

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	Consolidated	
	As at 31 December 2009 \$'000	As at 31 December 2008 \$'000
8. DIVIDENDS PAID AND PROPOSED		
Equity dividends on ordinary shares:		
(a) Dividends paid during the period		
Final franked dividend for financial year ended 30 June 2008: 11.5 cents	-	5,765
Final franked dividend for financial year ended 30 June 2009: 13.5 cents	6,809	-
Total dividends paid during the period	<u>6,809</u>	<u>5,765</u>
In addition to the above, dividends paid to minority interests totalled \$1,026,000 (2008: \$1,125,000).		
(b) Dividends proposed and not recognised as a liability		
Interim franked dividend for financial year ended 30 June 2009: 7.0 cents	-	3,517
Interim franked dividend for financial year ended 30 June 2010: 7.5 cents	3,889	-
	<u>3,889</u>	<u>3,517</u>
Dividends paid per share (cents per share)	13.5	11.5
Dividends proposed per share (cents per share) not recognised at balance date	7.5	7.0

	Consolidated	
	As at 31 December 2009 \$'000	As at 30 June 2009 \$'000
9. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	5,455	6,032
Broking operations/underwriting agency receivables	49,265	80,461
Related party receivables - other related	1,304	1,101
Total receivables (current)	<u>56,024</u>	<u>87,594</u>

10. OTHER FINANCIAL ASSETS (CURRENT)		
Mortgages - related entities (amortised cost)	355	363
Mortgages - other (amortised cost)	1,114	340
Total other financial assets (current)	<u>1,469</u>	<u>703</u>

The mortgages are secured by registered fixed and floating charges over assets in the business, securities and supplemented with cross guarantees and indemnities where necessary.

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	Consolidated			
	As at 31 December 2009 \$'000	As at 30 June 2009 \$'000		
11. TRADE AND OTHER RECEIVABLES (NON CURRENT)				
Trade receivables	31	27		
Total receivables (non current)	31	27		
12. INVESTMENT IN ASSOCIATES				
Investments at equity accounted amount:				
Associated entities - unlisted shares	68,563	67,561		
<i>Investments in associated entities based on percentage of ordinary shares, except where otherwise stated:</i>				
	Dec-09	Jun-09		
Name	%	%		
Austral Insurance Brokers Pty Ltd	50.0	50.0	2,942	2,816
Austbrokers RIS Pty Limited	49.9	49.9	2,319	2,396
Bruce Park Pty Ltd	49.9	49.9	1,379	1,333
Citycover (Aust) Pty Ltd	49.9	49.9	1,690	1,655
Comsure Insurance Brokers Pty Limited	49.9	49.9	824	704
Insurance Advisemet Australia Pty Ltd/ Insurance Advisemet Australia Unit Trust	49.9	49.9	15,214	15,597
Insurance Advisemet Holdings Unit Trust	49.9	49.9	43	34
JMD Ross Insurance Brokers Pty Ltd	49.9	49.9	636	546
Markey Group Pty Ltd	49.9	49.9	1,977	1,626
MGA Management Services Pty Ltd	49.9	49.9	4,821	4,569
Northern Tablelands Insurance Brokers Pty Ltd	49.9	49.9	27	13
Peter L Brown & Associates Pty Ltd	49.9	49.9	495	555
Power Gold Coast Insurance Brokers Pty Ltd	49.9	49.9	758	633
Rivers Insurance Brokers Pty Ltd	49.9	49.9	3,164	2,917
Adroit Holdings Pty Ltd	49.9	49.9	2,002	1,751
Strathearn Insurance Brokers	49.9	49.9	23,573	25,196
Supabrook Pty Ltd	49.9	49.9	746	864
SGP Insurance Brokers Pty Ltd	50.0	70.0	1,171	-
SRG Group Pty Ltd	50.0	50.0	2,169	2,294
Tasman Underwriting Agency Pty Ltd	50.0	0.0	305	-
Western United Financial Services Pty Ltd	49.9	49.9	483	480
Oxley Insurance Brokers Pty Ltd / Port Macquarie Insurance Brokers Unit Trust	49.9	49.9	109	-
Oxley Insurance Brokers Pty Ltd / Coffs Harbour Unit Trust	37.5	37.5	27	32
Countrywide Tolstrup Financial Services Group Pty Ltd / Countrywide Tolstrup Group Unit Trust	49.9	49.9	1,689	1,550
			68,563	67,561

On 1 October 2009, the consolidated entity acquired a 50% interest in Tasman Underwriting Agency Pty Ltd for \$300,000.

On 1 October 2009, the consolidated entity disposed of 20% of its interest in SGP Insurance Brokers Pty Ltd at which date it ceased to be a controlled entity and became an Associate. The difference between the previous carrying value and fair value at the date the company became an associate of \$564,000 has been credited to the income statement.

On 1 July 2008, the consolidated entity acquired a 50% holding in SRG Group Pty Ltd for \$2,217,022. The deferred settlement amount on this acquisition is \$716,000 which is payable over 2 years.

On 1 July 2008, the company disposed its 25% holding in Tealrose Pty Ltd to Adroit Holdings Pty Ltd (previously Stateplan Holdings) for \$523,288.

On 1 September 2008, the Company rolled over its investment in Austbrokers ALIB Pty Ltd into Austbrokers RIS Pty Ltd (formerly BHI Insurance Brokers Pty Ltd).

On 30 June 2009, the consolidated entity acquired a 50% holding in Austral Insurance Brokers Pty Ltd for \$2,816,072. The deferred settlement amount on this acquisition is \$1,050,400 which is payable over 2 years.

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12. INVESTMENT IN ASSOCIATES (continued)

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

- (a) The principal activity of each associate - insurance broking.
- (b) The proportion of voting power is in accordance with the ownership interest of each associate.
- (c) The balance date of each associate is 31 December
- (d) There have been no significant subsequent events affecting the associates' profits for the ensuing year.
- (e) There were no indications of impairment relating to the investment in associates.
- (f) All associates were incorporated in Australia.

	Consolidated	
	6 months ended 31 December 2009	6 months ended 31 December 2008
	\$'000	\$'000
(g) The entity's share of associates' profits/(losses)		
Share of associates':		
Operating profits before income tax	7,864	8,636
Amortisation of intangibles	(614)	(476)
Net profit before income tax	7,250	8,160
Income tax expense	(1,471)	(1,354)
Share of associates' net profits	5,779	6,806

13. OTHER FINANCIAL ASSETS (NON CURRENT)

	As at 31 December 2009	As at 30 June 2009
	\$'000	\$'000
Mortgages - related entities (amortised cost)	120	135
Mortgages - other (amortised cost)	-	714
Other	282	188
	402	1,037

The mortgages are secured by registered fixed and floating charges over assets in the business, securities and supplemented with cross guarantees and indemnities where necessary.

14. SHARES IN CONTROLLED ENTITIES

During the current period, the company deregistered AEI Financial planning Pty Ltd, AEI Mortgage and Finance Pty Ltd, AFS (Syd) Pty Ltd, AHL Finance Pty Ltd and WUIB Pty Ltd. During the prior year, the company deregistered Shield Underwriting Agencies Pty Ltd, Shield Shared Services Pty Ltd, MTA Insurance Agency Pty Ltd and Austagencies Leasebond Pty Ltd.

On 1 July 2008, the Company acquired a further 20% interest in Drummond Porter Pty Ltd for \$462,974 increasing the shareholding to 100%.

On 1 July 2008, the consolidated entity acquired a further 10% interest in SPT Insurance Brokers Pty Ltd for \$327,000, increasing the shareholding to 60%. On 1 July 2008, a controlled entity acquired a 50% equity in SPT Financial Services Pty Ltd which was increased to 75% on 1 January 2009. The total amount paid by the Group for its 75% interest was \$782,000

On 1 July 2008 the consolidated entity disposed of 10% of Finsura Holdings Pty Ltd for \$583,000, 2.5% of Austbrokers AEI Transport Pty Ltd for \$231,000 and 20% of Austbrokers RWA Pty Ltd for \$736,000

On 1 September 2008, the Company acquired a further 20% interest in North Coast Insurance Brokers Pty Ltd for \$312,000 increasing the shareholding to 70%.

On 1 April 2009, the consolidated entity acquired a further 15% interest in Austbrokers Trade Credit Pty Ltd for \$172,000, increasing the shareholding to 65%.

On 1 April 2009, the Company acquired a further 16% interest in Aprikeesh Pty Ltd for \$2,084,000 increasing the shareholding to 66%.

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	Consolidated			
	Property \$'000	Plant and equipment \$'000	Motor vehicle \$'000	Total \$'000
15. PLANT AND EQUIPMENT				
Period ended 31 December 2009				
Plant, property and equipment at cost	703	10,789	1,464	12,956
Depreciation				
Accumulated depreciation	39	7,172	451	7,662
Net carrying amount at end of period	664	3,617	1,013	5,294
Year ended 30 June 2009				
Plant, property and equipment at cost	703	11,117	1,636	13,456
Depreciation				
Accumulated depreciation	32	7,117	462	7,611
Net carrying amount at end of year	671	4,000	1,174	5,845

	Consolidated		
	Goodwill \$'000	Insurance broking registers \$'000	Total \$'000
16. INTANGIBLE ASSETS AND GOODWILL			
Period ended 31 December 2009			
Total Intangibles	56,826	25,323	82,149
Amortisation			
Accumulated amortisation	-	10,421	10,421
Net carrying amount at end of period	56,826	14,902	71,728
Year ended 30 June 2009			
Total Intangibles	57,502	26,214	83,716
Amortisation			
Accumulated amortisation	-	10,067	10,067
Net carrying amount at end of year	57,502	16,147	73,649

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17 SHARE-BASED PAYMENT PLANS

Employee Share Option Plan

Share Options	As at 31 December 2009 No.	As at 30 June 2009 No.
Outstanding at the beginning of the period	2,179,479	2,137,300
Granted during the period	89,104	150,479
Lapsed during the year: Options issued during 2007	(52,150)	-
Lapsed during the year: Options issued during 2008	(7,750)	-
Options exercised during the period	<u>(196,050)</u>	<u>(108,300)</u>
Outstanding at the end of the period	<u>2,012,633</u>	<u>2,179,479</u>

89,104 Share options were granted to senior executives on 3 November 2009 (150,479 on 29 September 2008) by the ultimate parent company Austbrokers Holdings Limited.

Share options were granted on similar terms and conditions as options outstanding at 30 June 2009, as noted in the annual report.

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

18. TRADE AND OTHER PAYABLES

Current	As at 31 December 2009 \$'000	As at 30 June 2009 \$'000
Trade payables	4,807	5,090
Amount payable on broking operations/underwriting agency operations	90,019	117,035
Other payables	8,261	18,969
Related party payables		
- Related entities	<u>158</u>	<u>394</u>
	<u>103,245</u>	<u>141,488</u>
Non-current		
Trade payables	<u>28</u>	<u>28</u>
	<u>28</u>	<u>28</u>

19. PROVISIONS

Employee entitlements	6,876	7,702
Make good provision	<u>896</u>	<u>749</u>
	<u>7,772</u>	<u>8,451</u>
Current 2009	6,012	6,822
Non-current 2009	<u>1,760</u>	<u>1,629</u>
	<u>7,772</u>	<u>8,451</u>

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	Consolidated	
	As at	As at
	31 December 2009	30 June 2009
	\$'000	\$'000
20. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Obligations under finance leases and hire purchase contracts	362	427
Unsecured loan from other related parties	37	164
Unsecured loan from other parties	20	20
	419	611
Non-current		
Obligations under finance leases and hire purchase contracts	875	1,138
Unsecured loan from other parties	31	41
Secured bank loans *	33,578	32,427
	34,484	33,606

* The Group has negotiated facilities through various banks including St George Bank, Macquarie Bank and Commonwealth Bank.

St George Bank Facilities

St George Bank has provided finance facilities to the Austbrokers Holdings Ltd Group amounting to \$44,291,000 (30 June 2009: \$44,091,000). At balance date these facilities have been utilised to the amount of \$33,841,000 (30 June 2009 \$32,749,000) in bill acceptance/discount facilities and bank guarantees. Refer to the Financial Report for 30 June 2009 for the terms and conditions.

During the current period, a further \$1,092,000 of the facility has been utilised by a controlled entity, Austbroker Services Pty Ltd. During the current and prior period, there were no defaults or breaches of terms and conditions of any of these loans.

Wholly owned subsidiaries within the Group, have given a first registered fixed and floating charge over their assets and undertakings to support a guarantee and indemnity given to St George Bank Limited in relation to the borrowings of ultimate holding company to the amount of \$44 million.

Macquarie Bank facilities

Aprikeesh Pty Ltd and its controlled entities (Aprikeesh Group), renegotiated its agreement with Macquarie Bank to provide finance facilities to the Aprikeesh Group amounting to \$611,000. (30 June 2009 \$550,000)

Commonwealth Bank Facilities

- There have been no changes to the Commonwealth Bank facilities

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	Consolidated	
	As at 31 December 2009 \$'000	As at 30 June 2009 \$'000
21. ISSUED CAPITAL		
Ordinary shares fully paid opening balance	49,959	49,707
On 30 December 2008 allotted 108,300 shares at an issue price of \$2.00	-	217
On 30 December 2008 transferred from share based payment reserve	-	35
On 30 September 2009 allotted 165,850 shares at an issue price of \$2.00	331	-
On 30 September 2009 allotted 30,200 shares at an issue price of \$3.47	105	-
On 30 September 2009 transferred from share based payment reserve	75	-
Net Proceeds from Dividend Reinvestment Plan	6,664	-
	<u>57,134</u>	<u>49,959</u>
Ordinary shares fully paid at end of period	<u>57,134</u>	<u>49,959</u>
	Shares No.	Shares No.
50,434,220 (June 2009: 50,238,170) ordinary shares fully paid	<u>51,858,960</u>	<u>50,238,170</u>
Movements in shares on issue	Notes	
Beginning of the period	50,238,170	50,129,870
On 30 December 2008 allotted shares at an issue price of \$2.00	-	108,300
On 30 September 2009 allotted 165,850 shares at an issue price of \$2.00	165,850	-
On 30 September 2009 allotted 30,200 shares at an issue price of \$3.47	30,200	-
On 23 October 2009, 1,424,740 shares were issued at \$4.78 as a result of a Dividend Reinvestment Plan.	1,424,740	-
	<u>1,424,740</u>	<u>-</u>
Number of shares on issue at end of the period	<u>51,858,960</u>	<u>50,238,170</u>

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

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

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22. COMMITMENTS AND CONTINGENCIES

Finance lease and hire purchase commitments - Group as lessee

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

Operating lease commitments - Group as lessee

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

Consolidated	
As at 31 December 2009	As at 30 June 2009
\$'000	\$'000

Contingent liabilities

Estimates of the maximum amounts of other contingent liabilities that may become payable

Austbrokers Holdings Ltd has guaranteed loan facilities provided to an associate in proportion to its shareholding.

1,200

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23. SEGMENT INFORMATION

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

24. SUBSEQUENT EVENTS

On 25 February 2010 the Directors of Austbrokers Holdings Limited declared a fully franked interim dividend of 7.5 cents per share payable to shareholders at record date of 13 April 2010 and to be paid 30 April 2010. The dividend of \$3,889,422 has not been provided for in the 31 December 2009 financial statements.

AUSTBROKERS HOLDINGS LIMITED
ABN 60 000 000 715
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Directors' Declaration

In accordance with a resolution of the directors of Austbrokers Holdings Limited, I state that:

- 1 In the opinion of the directors:
 - (a) the financial statements and the notes included in the directors' report 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 2009 and its performance for the period ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001; and
 - (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



W L McKeough
Director

Sydney, 25 February 2010

To the members of Austbrokers Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Austbrokers Holdings Limited, which comprises the statement of financial position as at 31 December 2009, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion 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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the six months ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Austbrokers Holdings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

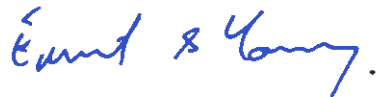
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Austbrokers Holdings Limited is not 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 2009 and of its performance for the six months ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Paul Harris'.

Paul Harris
Partner
Sydney
25 February 2010