



26th August 2010

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

Dear Sir / Madam,

**Re: Market Announcement on Results for the Year ended
30 June 2010**

Attached for immediate release is Austbrokers Holdings Limited (AUB) Market Announcement in relation to the results for the Year ended 30 June 2010.

Yours faithfully,

A handwritten signature in blue ink, appearing to be '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

ASX release



26 August 2010

Austbrokers announces 12.1% increase in Adjusted NPAT for FY2010 to \$20.2 million

Highlights:

- 12.1% increase in consolidated Net Profit After Tax but before profits on sale of equity interests and amortisation of intangibles (Adjusted NPAT) to \$20.2 million (FY2009 \$18.0 million)
- 14.4% increase in consolidated Net Profit After Tax for FY2010 to \$18.2 million (FY2009 \$15.9 million)
- Final fully franked dividend of 15.0 cents per share, bringing the total distribution for FY 2010 to 22.5 cents per share, up 9.8% on FY2009

Austbrokers Holdings Limited (ASX: AUB) today announced an Adjusted NPAT¹ of \$20.2 million for the 2010 financial year, 12.1% above last year's result.

Adjusted NPAT for the six months to 30th June 2010 was \$12.4 million compared to \$10.7 million in 2009 – a 15.9% increase. This was due to a shift of some business from first half to second half and additional new business written during the June renewal period.

After taking into account amortisation of intangibles and including \$0.6 million in profits from the sale of businesses, Austbrokers recorded a \$18.2 million profit² for the year an increase of 14.4% over \$15.9 million in 2009.

Earnings per share increased by 11.4% before profits on sale of equity interests and by 9.2% on an Adjusted NPAT basis over the prior year.

Shareholders will benefit from a final dividend of 15.0 cents per share fully franked, payable on 22nd October 2010. This brings the dividend for the 2010 financial year to a total of 22.5 cents per share – a 9.8% increase on FY2009. Austbrokers will maintain its Dividend Reinvestment Plan to give shareholders the opportunity to reinvest their dividends in the company. Subject to agreeing acceptable terms, Austbrokers proposes to have any DRP shortfall for the 30 June 2010 final dividend underwritten.

Chief Executive, Lachlan McKeough, commented that the substantial growth has been achieved across the existing broker network through business growth initiatives including bolt on acquisitions, which have driven the increase in profits.

Mr. McKeough said "The results were excellent given the economic conditions during the period and considering that any premium rate rises were limited. Also the decline in interest rates in the first half of the year reduced interest earnings significantly. In this context and without any major acquisitions during the year the results were all the more pleasing.

¹ Net Profit After Tax but before profits on sale of equity interests and amortisation of intangibles

² Profit from ordinary activities after tax attributable to members

Direct acquisitions have contributed only 3.1% of the growth and therefore the achievements of the broking network in contributing the majority of the growth have been excellent particularly after absorbing the loss of interest income in the first half of the year. It was pleasing also to see Austagencies increase its profit contribution by 21% and contribute 2.2% to overall growth.”

The Austbrokers network now places in excess of \$1.3 billion in gross written premiums and the combined Austbrokers / IBNA Network places over \$2 billion.

Shareholder Returns

The Group’s total shareholder return and share price performance to 30 June 2010 has exceeded that achieved by the S&P / ASX 200 Index and the S&P / ASX All Ordinaries Index over one three and five year periods as set out in the table below.

Annualised Performance to 30 June 2010	1 Year % pa	3 Years % pa	5 Years* % pa
Total shareholder return			
Austbrokers	30.1	8.7	39.7
S & P / ASX All Ordinaries Index	13.8	(8.0)	4.7
S & P / ASX 200 Index	13.2	(7.9)	4.5
Price performance			
Austbrokers	24.8	4.4	31.7
S & P / ASX All Ordinaries Index	9.6	(11.8)	0.4
S & P / ASX 200 Index	8.8	(11.8)	0.1

* Austbrokers returns from listing on the ASX on 16 November 2005

Austbrokers FY Results breakdown (year to 30 June 2010)

	2010 \$' 000	2009 \$' 000	Increase %
Revenue from ordinary activities	105,610	97,048	8.8
Expenses from ordinary activities	(79,013)	(74,084)	6.6
	<hr/> 26,597	<hr/> 22,964	<hr/> 15.8
Profit from sale of interests in associates and controlled entities	621	486	27.7
Profit before tax	<hr/> 27,218	<hr/> 23,450	<hr/> 16.1
Income tax expense	(5,898)	(4,932)	19.6
Net profit	<hr/> 21,320	<hr/> 18,518	<hr/> 15.1
Profit attributable to minority interest	(3,131)	(2,615)	19.7
Net Profit attributable to members	<hr/> 18,189	<hr/> 15,903	<hr/> 14.4

Notes

1. The after tax profits include profits on sale of interests in associates and controlled entities of \$0.6 million. These profits result from restructures in equity holdings and may occur from time to time
2. Subsidiaries acquired during the period, which were previously equity accounted associates, have contributed to the increases in both consolidated income and expenses.

3. Revenue from ordinary activities includes the Group's share of net profits after tax from associates which are companies and the Group's share of net profits before tax from associates which are unit trusts.

Analysis of underlying profits – removing the effect of profits relating to equity interests sold

A more informative representation of Austbrokers' performance can be obtained after removing

- profits on sale of equity interests / portfolios which are not part of the core business and activity
- amortisation of intangibles

Reconciliation of reported result to Adjusted NPAT from continuing operations before amortisation of intangibles is set out below :

	2010	2009	Increase
	\$' 000	\$' 000	%
Net Profit After Tax attributable to Members	18,189	15,903	14.4
Less Profits After Tax on sale of interests in associates and controlled entities	(572)	(486)	
Less Tax effect of prior year capital losses utilised			
Net Profit After Tax from continuing operations	17,617	15,417	14.3
Add Amortisation of intangibles net of tax	2,548	2,572	
Adjusted NPAT	20,165	17,989	12.1

Analysis of results

Adjusted NPAT for FY 2010 increased by 12.1% over the corresponding prior period as a result of:

- Direct acquisitions during FY 2010 represented 3.1% of the 12.1% growth.
- Growth from the existing broker network, including bolt on acquisitions made, contributed 10.8% to the profit growth. Total commission and fee income increased by 6.6% and total income by 6.1% over the prior period also excluding direct acquisitions. Premium funding income was up 11.2% due to the ongoing successful development of the alliance with Pacific Premium Funding. Interest income was down 13.4% due to lower interest rates prevailing in the first half.
- Profit growth of 2.2% was generated through an increase in underwriting agency profits of 21.7% resulting largely through organic growth in agency business but assisted by the acquisition of 50% of Tasman Underwriting.
- Expenses in the broker network increased by 6.1% (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.
- Corporate expenses increased by 4.5% over the corresponding prior period. This reduced profit growth by 1.4%.
- Increase in borrowing costs was 4.3% and interest earned decreased by 28% due to repayments of loans by brokers and lower cash held due to additional earnout payments on acquisitions. These reduced growth by 2.3% but to some extent were reflected in higher profit growth from broking.
- The effective tax rate was marginally higher which also reduced growth by 0.3%.
- Amortisation of intangibles was in line with the corresponding prior period.

For a more comprehensive view of overall movements, the following table aggregates 100% of the equity accounted brokers' revenues and expenses with those of the consolidated brokers and corporate before deducting minority interests.

	2010 \$' 000	2009 \$' 000	Increase %
Revenue	218,962	202,204	8.3
Expenses	(165,548)	(153,295)	8.0
Profit before tax	53,414	48,909	9.2
Profit attributable to minority interest	(24,327)	(23,028)	5.6
Net profit	29,087	25,881	12.4
Income tax expense	(8,922)	(7,892)	13.1
Adjusted NPAT	20,165	17,989	12.1%

Assessment of results

The results were pleasing in an environment of uncertain business conditions, lower interest rates impacting earnings in the first half and without a significant level of direct acquisitions.

The increase in profit was achieved largely through the growth in existing insurance broking businesses including acquisitions made by them in an environment when there were not significant premium rate increases evident in the market.

A number of the brokers have achieved significant growth over the previous year, some through bolt on acquisitions and others through business development activities.

Pleasing growth was also achieved in Austagencies through an acquisition and the development of additional products.

Dividend and Dividend Reinvestment Plan

On 26th August 2010, the Directors declared a fully franked final dividend of 15.0 cents per share. This dividend is payable on 22nd October 2010 to shareholders on the record date of 6th October 2010. Based on issued shares of 52,736,987 shares, this dividend will total \$7,910,548.

The Company has maintained its Dividend Reinvestment Plan (DRP) which it established at the time of its initial listing. The DRP will be open to future dividends until further notice including the final dividend for the year to 30th June 2010.

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 day following the record date of the dividend) less any applicable discount determined by the Austbrokers' board. For the forthcoming final dividend for the year to 30th 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 30th June 2010 final dividend underwritten.

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

The last date on which an election to participate in the DRP can be made for the final dividend for the year to 30th June 2010 is 5 October 2010.

Shares issued pursuant to the DRP will rank equally with ordinary shares on issue.

Outlook

Austbrokers will maintain its successful 2010 strategy of continuing to drive growth in the broking network by working with brokers to develop their businesses through growth initiatives and further bolt on acquisitions.

In addition we plan to continue the development of the Austagencies underwriting agency business with the addition of new products, through the recruitment of additional resources and by acquisition of agencies where opportunities arise.

Therefore we continue to plan on organic growth bolstered with bolt on acquisitions to maintain growth in Net Profit after Tax before amortisation of intangibles and profit on sale of equity interests at around 5% to 10%. There are some signs of increased acquisition opportunities in the market and if these eventuate they will contribute to growth above this level.

In general, the longer term outlook continues to appear favourable with the economy returning to trend growth levels, more acquisition opportunities likely to arise and premium rates more likely to remain stable or increase moderately.

Annual General Meeting

The Annual General Meeting will be held at the Four Seasons Hotel (199 George Street, Sydney) on 23rd November 2010 at 10.00am.



W.L. McKeough
Chief Executive Officer

For further information, contact Lach McKeough Tel (02) 9935 2202
Steve Rouvray Tel (02) 9935 2201

– Ends –

This release may contain forward looking statements relating to future matters, which are subject to known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of Austbrokers and the Austbrokers Group to be materially different from those expressed in this announcement. Except as required by law and only to the extent so required, neither Austbrokers nor any other person warrants that these forward looking statements relating to future matters will occur.