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The Company Announcements Platform
Australian Stock Exchange

For Immediate Market Release

Austbrokers Acquires 50% Interest in Strathearn Insurance Brokers

Catapults Austbrokers Premiums Placed to Over $1 billion

Austbrokers Holdings Limited (AUB) today announced that it had entered into an agreement to acquire a 50% interest in Strathearn Insurance Brokers[1]. The acquisition price will be determined based on the future performance of the business and is expected to be in the range of approximately $11 million to $13.5 million. This acquisition will significantly increase the Austbrokers' network and, following completion of the transaction, the network will be placing over $1 billion in premiums per year.

The final acquisition price for the 50% interest will be determined by reference to the FY 2009 earnings of Strathearn, with an initial payment of $6.0 million and a further $2.5 million to be paid on completion (representing approximately 80% of the anticipated purchase price based on historical FY 2007 results). A further progress payment will be made in 2008 and a final payment in 2009 after the FY 2009 accounts of Strathearn have been finalised.

The $8.5 million will be funded from existing cash reserves and Austbrokers current loan facility will be utilised to fund expected future payments.

The acquisition is expected to complete on 31 August 2007. Austbrokers will be entitled to all distributions on its 50% interest on and from 1 July 2007.

Austbrokers CEO, Lachlan McKeough, said the acquisition of Strathearn was significant for the company and highlighted the increasing scale of the Austbrokers network.

"The addition of Strathearn to the Austbrokers network will increase premiums placed to in excess of $1 billion – further consolidating our strong position in the Australian insurance broking industry particularly in Western Australia and Queensland," said Mr McKeough. "We expect Strathearn to contribute approximately $1 million after tax and funding costs to FY2008 results."

"Strathearn will also add to the existing knowledge and expertise of the network, with its particular focus on insuring clients in the corporate sector.

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[1] Strathearn Insurance Brokers comprises Strathearn Unit Trust and its corporate trustee, Secure Enterprises Pty Ltd, Strathearn Insurance Brokers (Qld) Trading Trust and its corporate trustee Parkstar Enterprises Pty Ltd (collectively "Strathearn").

"We are very pleased to welcome Strathearn into the Austbrokers network and we look forward to working with the Strathearn directors and their teams."

About Strathearn

Strathearn is a major Australian insurance broker with offices in Perth, Brisbane and Sydney which has been operating since 1993. The business has significant expertise in a number of specialist areas including mining, construction, surety bonds, corporate, political risks, trade credit, aviation and professional services. Strathearn currently:

- employs 46 personnel;
- places $125 million in premiums; and
- has annual revenue of $12.8 million.

Founding Shareholders – Ted Hicks, Ian Winter and Ron Fuller in Perth will each retain a shareholding in line with the Austbrokers' owner-driver model and continue with Strathearn in their current roles as will Terry Norris, Paul Harvey and Laurie Feather in Brisbane.

Strathearn Director, Ron Fuller commented that joining Austbrokers would allow Strathearn to access the services and support that a large network can provide.

"Strathearn is a boutique risk consultancy and insurance broker which operates in the corporate market in speciality areas, where we have a proven differentiation from the international brokers.

"Joining Austbrokers gives us the advantages of retaining our independence and passion for our business, whilst becoming part of a national group with the benefits that brings in providing stability for our succession plans.

"We are intent on continuing our excellent growth record now within the Austbrokers Group and are keen to explore opportunities with other members within the network where we can utilise Strathearn's expertise for mutual benefit."

Yours sincerely,

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