AUSTBROKERS HOLDINGS LIMITED

FY 2007 Results Presentation

30 August 2007

Agenda

- Overview
- FY 2007 highlights
- Developments since 30 June 2007
- Profit growth 2003 - 2007
- FY 2007 financial performance
- FY 2008 outlook

Overview

- **Operations**
  - 38 Member broking businesses
    - 24 50% owned
    - 11 60% - 80% owned
    - 3 100% owned
  - Distribution of life insurance and superannuation
  - Premium Funding
  - Underwriting Agencies – Austagencies
    - Specialist underwriting agencies

- **Scale**
  - Client base of over 200,000
  - Over 1,100 staff in the network
  - Over $1 billion in premium placed (excluding IBNA)

Overview (cont)

- **Model**
  - Owner driver model predominate strategy
    - 50% or more equity interest
    - Co-shareholder manage business day to day
  - Co-shareholder equity incentive to grow business and value
  - Austbrokers provides centralised support, compliance, IT, marketing
  - Trend for ownership over 50% to continue

Overview (cont)

- **Strategies**
  - Grow general insurance broking
    - Acquisitions – new partners and bolt ons
    - Growth and expansion of existing businesses
    - Leverage buying power with underwriters – alliance with IBNA ($1.8 billion premiums)
  - Expand products
    - Develop life insurance and superannuation activities
    - Promote premium funding
    - Explore financial planning
  - Costs / efficiencies
    - Back office to reduce expenses
    - Utilise buying power

FY 2007 Highlights

Acquisitions FY2007

- 50% interest Insurance Advisernet Australia
- 100% interest Marc Webster Insurance Agencies (through MGA 50% owned)
- 50% interest in DF McGarry Insurance Brokers
- 50% interest in Ferdi Nel Insurance Brokers
- 15 other small portfolios / businesses

Premium Funding

- Development of Alliance with Pacific Premium Funding (a GE Company)

Alliance

- Joint venture 30 / 70 with Jones Lang LaSalle
- Implementation of IBNA Alliance

FY 2007 Highlights (cont)

- **Restructures**
  - Divested 25% of Austbrokers Canberra and 32.5% of Austbrokers AEI Transport from Austbrokers Sydney but still using back office platform
  - Reinstatement of owner driver model

- **Underwriting Agencies**
  - Acquisition of Shield Underwriting Agencies (5Star)
  - Business Continuity Cover underwritten by Lloyds
  - Growth of existing agencies CPE, Unitas, Australian Bus & Coach, Sentinel

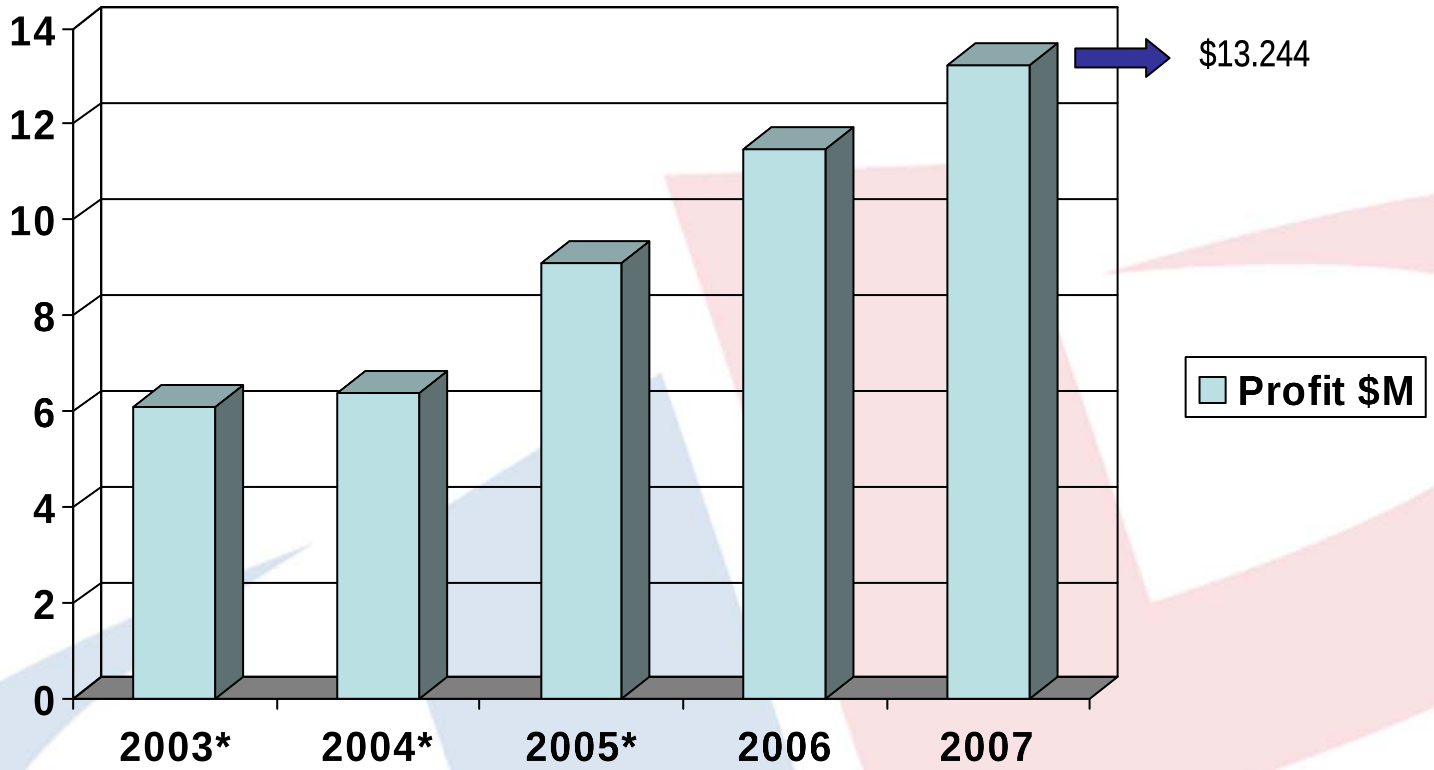
Developments Since 30 June 07

Acquisitions

- 50% interest in Strathearn Insurance Brokers
  - $125 million premium placed
  - Specialist in corporate, mining, construction, surety, professional risks
  - Perth, Brisbane, Sydney offices
  - $12.8 million in income

- 100% of Gosford Insurance Brokers by Austbrokers Central Coast (80% owned)
  - $340,000 in income
  - Bolt on acquisition

Profit Growth 2003 - 2007



Profit – Net profit after tax before amortisation of intangibles before profits on businesses / portfolios sold (Adjusted NPAT)

* From Prospectus dated 30 September 2005 adjusted for profits from businesses sold as part of the IPO restructuring

FY 2007 Financial Performance

$'000	Actual 2007	Actual 2006	% change 2006
Broker Revenue	143,749	127,270	12.9
Broker Profit (AHL share)	23,948	21,581	11.0
Profit (before tax and amortisation of intangibles)	18,931	16,783	12.8
NPAT (before amortisation of intangibles)	13,244	11,484	15.3

Profit & Loss Statement – ASX Reporting

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AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated	
	2007	**2006**
	$'000	**$'000**
Revenue	58,788	52,524
Other income	5,173	5,128
Share of profit of associates	8,620	7,021
Other expenses	(56,707)	(51,584)
Finance costs	(1,480)	(944)
Profit before tax and sale of associates	**14,394**	**12,145**
Profit from sale of associates and broking registers	861	9,274
Profit before income tax	**15,255**	**21,419**
Income tax expense	2,158	3,078
Net Profit for the period	**13,097**	**18,341**
Profit attributable to minority interest	507	231
Net profit attributable to members of parent	**12,590**	**18,110**
Basic earnings per share (cents per share)	25.1	36.8
Diluted earnings per share (cents per share)	24.4	36.2
Dividends paid per share (cents per share)	13.5	7.1
Dividends proposed per share (cents per share) not recognised at balance date	9.5	8.0

FY 2007 Financial Performance

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Reconciliation Reported Profit to Adjusted NPAT

	Actual 2007	Actual 2006	% Change on 2006
Reported Net profit after tax	12,590	18,110	N/A
Profits associates / broker on sale of registers	672	8,108	
	11,918	10,002	19.2%
Amortisation of intangibles	1,326	1,482	
NPAT before amortisation of intangibles	**13,244**	**11,484**	15.3%

Highlights

- Adjusted NPAT (NPAT before amortisation of intangibles and profits from sale of associates / brokers registers) exceeded FY 2006 by 15%

Profit and Loss Statement

PROFIT SUMMARY SHOWING 100% CONTRIBUTION FROM ASSOCIATES (EQUITY ACCOUNTED IN STATUTORY FINANCIAL STATEMENTS)

	2007	2006	VARIANCE	VARIANCE %
CONSOLIDATED BROKERS				
COMMISSION AND FEES	47,495	43,759	3,736	8.5%
LIFE INCOME	2,616	2,614	2	0.1%
PROFIT COMMISSIONS	1,587	1,481	106	7.2%
PREMIUM FUNDING	2,861	1,670	1,191	71.4%
INTEREST	3,138	2,544	594	23.3%
OTHER INCOME	1,153	1,722	-569	-33.0%
REVENUE FROM CONSOLIDATED BROKERS	**58,850**	**53,790**	**5,060**	**9.4%**
EXPENSES FROM CONSOLIDATED BROKERS	**-45,150**	**-41,640**	**-3,510**	**8.4%**
PROFIT FROM CONSOLIDATED BROKERS	**13,700**	**12,150**	**1,550**	**12.8%**
EQUITY ACCOUNTED BROKERS				
COMMISSION AND FEES	69,022	62,659	6,363	10.2%
LIFE INCOME	2,824	2,536	288	11.4%
PROFIT COMMISSIONS	2,146	1,300	846	65.1%
PREMIUM FUNDING	3,787	2,056	1,731	84.2%
INTEREST	4,447	3,238	1,209	37.3%
OTHER INCOME	2,673	1,691	982	58.1%
REVENUE FROM EQUITY ACCOUNTED BROKERS	**84,899**	**73,480**	**11,419**	**15.5%**
EXPENSES FROM EQUITY ACCOUNTED BROKERS	**-63,093**	**-53,797**	**-9,296**	**17.3%**
PROFIT FROM EQUITY ACCOUNTED BROKERS	**21,806**	**19,683**	**2,123**	**10.8%**
PROFIT BEFORE TAX, CORPORATE EXPENSES AND AMORTISATION OF INTANGIBLES	**35,506**	**31,833**	**3,673**	**11.5%**
PROFIT ATTRIBUTABLE TO OTHER PARTIES	-11,558	-10,252	-1307	12.7%
PROFIT BEFORE TAX, CORPORATE OFFICE EXPENSES AND AMORTISATION OF INTANGIBLES (AFTER OUTSIDE EQUITY INTERESTS)	**23,948**	**21,581**	**2367**	**11.0%**
CORPORATE OFFICE				
INCOME	2,789	2,466	323	13.1%
EXPENSES	-7,806	-7,264	-542	7.5%
NET CORPORATE OFFICE EXPENSES	**-5017**	**-4798**	**-219**	**4.6%**
NET PROFIT BEFORE AMORTISATION OF INTANGIBLES AND BEFORE TAX	**18931**	**16783**	**2148**	**12.8%**
INCOME TAX	-5687	-5300	-388	7.3%
NET PROFIT AFTER TAX AND BEFORE AMORTISATION OF INTANGIBLES	**13244**	**11484**	**1760**	**15.3%**
TOTAL PROFITS AS ABOVE	13244	11484	1760	15.3%
AMORTISATION OF INTANGIBLES	-2172	-2127	-45	2.1%
DITL ON AMORTISATION	846	645	201	31.2%
NET PROFIT AFTER TAX AND AFTER AMORTISATION FROM OPERATIONS	**11918**	**10002**	**1916**	**19.2%**
PROFIT ON SALE OF BUSINESS AFTER TAX	672	8108	-7436	-91.7%
NET PROFIT AS PER ACCOUNTS	**12590**	**18110**	**-5520**	**-30.5%**

FY 2007 Compared to FY 2006

- Adjusted NPAT for FY 2006 at $13.2 million
  - Adjusted NPAT excludes $0.7 million profits on sale of businesses and $1.4 million amortisation of intangibles expense
  - exceeded 2006 Adjusted NPAT by $1.76 million – 15.3%
  - 2HY contributed $8.5 million NPAT to 30 June 2007 result (64% of FY)
- NPAT Earnings Per Share (excluding profits on sale of businesses)
  - 26.4 cents before amortisation (FY 2006 23 cents)
  - 23.8 cents after amortisation (FY 2006 20 cents)
- Final Dividend of 9.5 cents per share fully franked payable on 23 October bringing total dividend for year to 15 cents per share (2006 13 cents)

FY 2007 Compared to FY 2006

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Broker Income

- Increase overall 12.9% to $143.7 million, 9% from acquisitions
- Commission and fees up 9.5% to $116.5 million, 8.1% from acquisitions
- Life income up 6% to $5.4 million
- Profit commissions up 34% to $3.7 million, 3% from acquisitions
- Premium funding earnings up 78% to $6.6 million, 27% from acquisitions
- Other income increase of 24% from acquisitions offset by decline in existing brokers 12%

Broker Profits as % of Broker Income

Brokers Profits (before tax) as a percentage of Broker Income

2007	24.7%
2006	25.2%
2005	23.4%
2004	22.3%
2003	20.8%

Slight erosion in margin due to

- Pressure on commission and fees from lower premium rates
- Pressure on expenses – particularly employment costs

FY 2007 Compared with 2006

Broker Expenses

- Broker expenses excluding acquisitions were up 3.7%
- Contained despite pressures on employment costs

Broker Profits

- Increase of 11.5% to $35.5 million
- Acquisitions contributed 10.2% of increase
- Net of divestments acquisitions contributed 9.1%
- After funding costs acquisitions contributed approximately two thirds of increase

FY 2007 Compared with 2006

- Premiums placed (excluding acquisitions) in line with 2006
- Insurance broking commission and fees (excluding acquisitions) up 0.8%
- Net income broking commission and fees 19.6% of pure premium (2006: 19.4%)
- Fees in 2006 7.4% of premium (2006: 7.2%)
- Commission : fee split 64.8% : 35.2% compared to 2006 65.6% : 34.4%

FY 2007 Compared with 2006

- Corporate income
  - One off income – offset similar one off expenses

- Corporate expenses – increase $219,000 (net of increase in income)
  - Some one off expenses offset by recoveries / corporate income
  - Net increase in personnel costs
  - Increase in premises costs following lease expiries

- Income tax expense
  - $300,000 reduction from prior year adjustments

Balance Sheet

Assets	30 June 2007 $000	30 June 2006 $000
Current Assets		
Cash at Bank	25,250	28,378
Cash at Bank – Trust	32,732	29,667
Receivables	55,586	52,746
Short term investments	5,057	4,177
Total Current Assets	118,636	114,968
Non Current Assets		
Receivables	84	-
Plant Equipment	4,897	4,332
Investments equity accounted	27,329	18, 222
Brokers Loan	1,648	4,061
Intangibles	57,352	51,634
Deferred Tax Assets	1,680	1,807
Total Non current Assets	**92,990**	**80,056**
Total Assets	**211,626**	**195,024**

Balance Sheet (cont)

Liabilities	30 June 2007 $000	30 June 2006 $000
Current Liabilities		
Payables	89,241	83,473
Tax Liabilities	1,307	3,095
Provisions	3,562	3,676
Interest bearing loans and borrowings	404	689
Total Current Liabilities	**94,514**	**90,893**
Non current liabilities		
Provisions	2,802	2,132
Trade Payables	202	-
Borrowings	14,416	12,732
Deferred Tax Liabilities	4,944	4,799
Total Non current liabilities	**22,382**	**19,663**
Total Liabilities	**116,896**	**110,556**
Net Assets	**94,730**	**84,468**
Equity		
Contributed Equity	49,707	49,207
Retained earnings	34,102	27,639
Other reserves	334	82
Asset Revaluation Reserve	3,376	4,006
Outside equity interest	7,211	3,534
Total Equity	**94,730**	**84,468**

Cash Flow

	2007 $'000
Cash flows from operations	12,312
Cash flows from investing activities	
– Acquisitions	(13,236)
– Sales proceeds / loan repayments	9,387
– Plant equipment	(1,853)
	(5,702)
Cash flows from financing activities	
– Dividends	(7,204)
– Net borrowings	711
	(6,793)
Net increase in cash	117

Other Financials

Funding

- $20 million (estimate) committed to acquisition payments post 30 June (including Strathearn $13 million)
- Cash available for acquisitions at 30 June 2007 approximately $10 million
- Undrawn facility
  - $12 million

Market Capitalisation

- At 30 June: $218 million; current: $220 million

Dividend per Share

- 9 cents Final (FY 2006 5 cents)
- 15 cents Full Year (FY 2006 13 cents)

Outlook 2008

- Market conditions unlikely to change significantly in immediate future – premium rates soft and likely to remain that way through 2008
- Consolidation of insurance broker market to continue and provide steady acquisition opportunities
- Pursue current strategies
- Leverage the joint venture with IBNA Limited
- Notwithstanding the market, with acquisitions announced, profit growth in FY 2008 over FY2007 of 5% to 10% should be achievable subject to no major declines in premium rates

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