



28th February 2008

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

Dear Sir / Madam,

**Re: Report on results and financial report for the half-year ended
31 December 2007**

The Directors of Austbrokers Holdings Limited (AUB) announce the financial results for the half year ended 31 December 2007.

The following documents are attached.

1. Market announcement
2. Appendix 4D – Half-Year Report 31 December 2007
3. Attachment A to Appendix 4D – Financial Statements for the half-year ended 31 December 2007.

Yours faithfully,

Stephen Rouvray
Company Secretary
Austbrokers Holdings Limited

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

ASX release

28 February 2008

Austbrokers increases interim profit to \$5.9m¹

Highlights:

- 25% increase in Net Profit After Tax for HY to 31 December 2007 (HY to 31 December 2006 \$4.7 million)
- 38% increase in Net Profit After Tax but before profits on sale of businesses and amortisation of intangibles (Adjusted NPAT) to \$6.5 million (HY to 31 December 2006 \$4.7 million)
- 18% increase in Half Year Dividend to 6.5 cents per share payable April 2008

Austbrokers Holdings Limited (ASX: AUB) today announced a 25% increase in profit¹ to \$5.9 million for the six months ending 31 December 2007 (HY to 31 December 2006 \$4.7 million). This result included \$0.3 million in profits from the sale of businesses compared to \$0.7 million in the corresponding six months last year.

Shareholders will benefit from an interim dividend of 6.5 cents per share fully franked for the half year, payable on 23 April 2008. This is an increase of 18% on the previous years' interim dividend.

Adjusted NPAT was \$6.5 million for the first half of the financial year compared to that for the same period last year of \$4.7 million, an increase of 38%. This increase resulted from strong organic growth from the broker network, the earnings from acquisitions made during the period and the flow on of earnings from acquisitions made during the previous financial year. The last two items exaggerated the extent of the increase for the Half Year, particularly with the relatively low earnings base for the first half in 2007 (represented only 35% of FY 2007).

Of the 38% increase in Adjusted NPAT over FH 2007, acquisitions (net of funding costs) generated a 24% increase, a shift in the timing of the receipt of profit share income from the second to the first half a 6% increase and increases in profits from existing brokers, net of corporate expense increases and tax differences in 2007 an 8% increase.

Chief Executive Lachlan McKeough said that he was very pleased with the performance of the broking network where organic growth was now emerging as a result of the brokers' business development initiatives despite the fact that there had been little apparent improvement in the soft market conditions.

"Our core business is our insurance broking network, with 39 broking firms operating throughout Australia," said Mr. McKeough. "The network has performed very well with broking operations almost across the network achieving growth in premiums placed generating increased commission and fee income.

With this in mind and with the additional acquisitions announced since August 2007, the Company is now likely to achieve full year Adjusted NPAT growth over 2007 in the range of 13% - 17%. This is lower than the growth rate achieved in the first half as the first time contribution from acquisitions made during FY 2007

¹ Profit from ordinary activities after tax attributable to members

largely ceases and also a likely reduction in profit commissions in the second half due to worsening claims experience.”

In the six months to 31 December 2007, the company has continued to make acquisitions including Strathearn Insurance Brokers, Rivers Insurance Brokers and a number of smaller ones within the broker network. It is expected that there will be ongoing opportunities to make further acquisitions given the attractiveness of the Austbrokers owner-driver model.

Austbrokers HY Results breakdown (six months to 31 December 2007)

Key considerations regarding Austbrokers HY 2008 results:

1. The after tax Profits include profits on divestments of portfolios or equity of \$0.3 million (\$0.7 million in HY 2007. These are the results of restructures that will occur from time to time.
2. Austbrokers' profits have in the past been skewed in favour of the second half of the financial year, due to the concentration of insurance renewal dates around 30 June and the flow on from acquisitions made later in the first half of the financial year. For FY 2008 it is expected that the first half Adjusted NPAT will represent approximately 42% of the full year compared to 35% in FY 2007. This shift will occur largely as a result of the first time contribution from acquisitions in FY 2007 mainly contributing to the first half of 2008 only and the significant acquisitions in FY 2008 contributing for the full half year period in FY 2008. In addition the anticipated reduction in profit commissions due to deteriorating claims experience will reduce the second half income compared to the prior period.

	2007	2006
	\$' 000	\$' 000
Revenue from ordinary activities	39,917	33,684
Expenses from ordinary activities	(31,878)	(29,260)
	8039	4,424
Profit from sale of associates	-	808
Profit before tax	8,039	5,232
Income tax expense	1,490	424
Net profit	6,549	4,808
Profit attributable to minority interest	(696)	(131)
Net Profit attributable to members	5,853	4,677

Analysis of underlying profits – removing the effect of profits relating to the businesses sold

A more informative representation of Austbrokers' performance is seen after removing:

- Profits on sale of businesses / portfolios
- Amortisation of intangibles

Reconciliation of reported result to Adjusted NPAT from continuing operations before amortisation of intangibles:

	2007 \$' 000	2006 \$' 000	Increase %
Net Profit attributable to Members	5,853	4,677	25.1%
Less Profits after tax on sale of businesses	(281)	(678)	
Net Profit from continuing operations	5,572	3,999	39.3%
Add Amortisation of intangibles net of tax	884	678	
Adjusted NPAT	6,456	4,677	38.0%

Assessment of results

Adjusted NPAT increased by 38% over the corresponding prior period.

The growth in Adjusted NPAT over HY 2007 has resulted from:

- Acquisitions which made up 24%, both those undertaken during the period and the flow on from those in the FY 2007
- Organic growth from the existing broker network which net of increases in corporate expenses contributed 8%. The insurance market although continuing to be soft was overall more stable than in previous periods and the broker network's growth initiatives were able to increase business and commission and fee income.
- Growth of 6% resulted from an earlier receipt of underwriting agency profit commissions than in the corresponding period last year.

Expenses in the broker network (excluding acquisitions) increased by 4% reflecting largely the pressure of employment costs in the industry. Corporate expenses also increased due to the provision of additional IT services, additional resources to service the growing broker network and higher employment costs.

Outlook

At present there is no indication that current market conditions are likely to change in the FY 2008.

Despite this the organic growth being achieved in the broker network is expected to continue although this will be partially offset in the second half of FY 2008 by reduced profit commissions due to expected worsening claims experience. Acquisitions will continue to contribute to profit growth but at a lesser rate than in the first half.

On this basis the Company is likely to achieve full year Adjusted NPAT growth of 13% - 17% over 2007. This view is based on there being no significant deterioration to current market conditions and the continuation of the organic growth currently being achieved.

Dividend

On 28 February 2008, the Directors declared a fully franked interim dividend of 6.5 cents per share. This dividend is payable on 23 April 2007. Based on issued shares of 50,129,870 shares, this dividend will total \$3,258,442.

– Ends –

For further information please contact:

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This announcement 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.

ASX DISCLOSURE – APPENDIX 4D

Half-Year Report – 31 December 2007

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 2007

Previous corresponding period – six months ended 31 December 2006

2. Results for Announcement to the Market

			\$000
2.1	Revenue from ordinary activities	up 19 %	to 39,917
2.2	Profit from ordinary activities after tax attributable to members	up 25 %	to 5,853
2.3	Net profit attributable to members	up 25 %	to 5,853
2.4	Dividends		

	Amount Per Security	Franking at 30% Tax Rate	Franked Amount Per Security
Interim Dividend	6.5 cents	100%	6.5 cents

Record date for determining entitlement to the interim dividend.

Friday, 7 April 2008

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 2007 attached as Attachment A.

3. Net Tangible Assets Per Security

31 December 2007	68.9 cents
31 December 2006	58.4 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.

Acquisitions	Date	Contribution to Profit	
		2007	2006
Austbrokers Professional Services Pty Ltd	Aug 07	\$4,300	nil
McNaughton Gardiner Insurance Brokers	Oct 07	\$215,000	\$193,000
Dolphin Underwriting Agencies Pty Ltd	Oct 07	\$6,800	nil
Divestments			
Tealrose Pty Ltd	Jul 07	\$47,500	\$64,000

5. Dividends

On 28 February 2008, the Directors declared a fully franked interim dividend of 6.5 cents per share. This dividend is payable on 23 April 2008. Based on issued shares of 50,129,870 shares, this dividend will total \$3,258,442.

6. Dividend Reinvestment Plan

Austbrokers Holdings Limited has a Dividend Reinvestment Plan, which was disclosed in the Prospectus. The plan has not been activated to 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 28 February 2008 prepared by Ernst & Young and included in the Half-Year Report – 31 December 2007 attached as Attachment A.

Austbrokers Holdings Limited

ABN 60 000 000 715

Appendix 4D Attachment A

Financial Report
for Half-Year Ended
31 December 2007

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

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2007



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 2007

Directors' Report

Your directors submit their report for the half-year ended 31 December 2007.

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 \$5.853 million (2006: \$4.677 million) includes after tax profits on sale of investments or portfolios. 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 \$4.677 million in 2006 to \$6.456 million in 2007.

	2007 \$'000	2006 \$'000	INCREASE %
Net profit after tax from continuing operations but before amortisation of intangibles attributable to members of the parent	6,456	4,677	38.0%
Net Profit before tax on sale of associates/portfolios	-	808	
Tax adjustments on profit from sale of associates and broking portfolios	281	(130)	
Net Profit after tax from ongoing operations before amortisation of intangibles	6,737	5,355	
Less Amortisation of intangibles (net of tax credit)	884	678	
Net profit as reported	5,853	4,677	25.1%

Overview

Net profit attributable to members of the parent increased by 25% over the corresponding period last year. Excluding profits on sale of associates / portfolios and amortisation of intangibles, profit after tax increased by 38% over the corresponding period last year. Of this increase, approximately 24% resulted from earnings from acquisitions made during the period and the flow on from acquisitions made during the 2007 financial year, 6% from the timing in the receipt of underwriting agency profit commissions compared to the prior period and the remaining 8% from the increase in individual brokers' profits net of corporate expense increases and tax expense differences in the prior period.

Although the premium rate market environment continued to be soft, it has not impacted broker performance as significantly as in the past few years. This is evidenced by a net growth in base commission and fees of 5% across the network.

The significant contribution from acquisitions for the period on a relatively low profit base has led to a large percentage increase in profit for the period over the corresponding period in the prior year. The flow on effect from those in the period to 30 June 2007 will largely cease in the second half of this financial year and with the higher profit base, acquisitions will represent a much lower percentage of prior year profits. The effect of this, in the absence of further large acquisitions, is expected to cause a change to the proportion of profit earned in the first half from 35% in 2007 to approximately 42% in 2008.

Expense growth in the broker network has been limited to 4% despite pressure on wages costs. Corporate expenses have increased with additional resources required by the growing network particularly in the information technology area.

At present there is no indication that market conditions will change during the remainder of the financial year. While marketing and other initiatives are expected to produce organic growth, it is expected that this will be offset to some extent by reduced profit commissions in the second half.

The Company will continue to pursue its strategy of acquisition to enhance growth and believes that the rationalisation that is occurring in the industry will continue given the age demographics of the participants. With the owner driver strategy of acquiring 50% or more equity in broking businesses and partnering with those running and managing the business, the Company is ideally placed to participate in this rationalisation.

Directors' Report (continued)

DIVIDEND PAYMENTS

A final dividend of \$4.762 million was paid in October 2007.

The Directors have declared a fully franked interim dividend of 6.5 cents per share payable to shareholders at record date of 7 April 2008 and to be paid 23 April 2008.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events occurring after the balance date

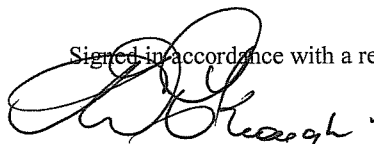
ROUNDING

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 23.

Signed in accordance with a resolution of the directors.



W L McKeough

Director

Sydney, 28 February 2008

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

		Consolidated	
		6 months ended December 2007	6 months ended December 2006
	Notes	\$'000	\$'000
Revenue	4 (i)	31,461	27,263
Other income	4 (ii)	2,826	3,011
Share of profit of associates	4 (iii)	5,630	3,410
Other expenses	4 (iv)	(31,058)	(28,730)
Finance costs	4 (v)	<u>(820)</u>	<u>(530)</u>
Profit before tax and sale of associates		8,039	4,424
Profit from sale of associates and broking portfolios		<u>-</u>	<u>808</u>
Profit before income tax		8,039	5,232
Income tax expense	5	<u>1,490</u>	<u>424</u>
Net Profit for the period		<u>6,549</u>	<u>4,808</u>
Represented by:			
Profit attributable to minority interest		<u>696</u>	<u>131</u>
Net profit attributable to members of parent		<u>5,853</u>	<u>4,677</u>
Basic earnings per share (cents per share)	6	11.7	9.3
Diluted earnings per share (cents per share)	6	11.2	9.2
Dividends paid per share (cents per share)	8	9.5	8.0
Dividends proposed per share (cents per share) not recognised at balance date	8	6.5	5.5

AUSTBROKERS HOLDINGS LIMITED

A.B.N. 60 000 000 715

BALANCE SHEET

AS AT 31 DECEMBER 2007

		Consolidated	
		As at 31 December 2007	As at 30 June 2007
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	20,910	25,250
Cash and cash equivalents - Trust	7	32,342	32,912
Trade and other receivables	9	37,302	55,417
Other financial assets	10	2,322	4,055
		<u>92,876</u>	<u>117,634</u>
Non-Current asset classified as held for sale		-	1,002
Total Current Assets		<u>92,876</u>	<u>118,636</u>
Non-Current Assets			
Trade and other receivables	11	324	84
Investment in associates	12	44,532	27,329
Other financial assets	13	1,412	1,648
Plant and equipment	15	4,955	4,897
Intangible assets and goodwill	16	60,801	57,352
Deferred income tax asset		<u>2,093</u>	<u>1,680</u>
Total Non-Current Assets		<u>114,117</u>	<u>92,990</u>
TOTAL ASSETS		<u>206,993</u>	<u>211,626</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	18	74,417	89,241
Income tax payable	5	2,554	1,307
Provisions	19	4,227	3,562
Interest bearing loans and borrowings	20	<u>344</u>	<u>404</u>
Total Current Liabilities		<u>81,542</u>	<u>94,514</u>
Non-Current Liabilities			
Trade and other payables	18	152	202
Provisions	19	2,750	2,820
Deferred tax liabilities		4,727	4,944
Interest bearing loans and borrowings	20	<u>20,401</u>	<u>14,416</u>
Total Non-Current Liabilities		<u>28,030</u>	<u>22,382</u>
TOTAL LIABILITIES		<u>109,572</u>	<u>116,896</u>
NET ASSETS		<u>97,421</u>	<u>94,730</u>
EQUITY			
Issued capital	21	49,707	49,707
Retained earnings		35,630	34,101
Share based payments reserve		539	334
Asset revaluation reserve		<u>3,541</u>	<u>3,377</u>
Parent interests		<u>89,417</u>	<u>87,519</u>
Minority interests		<u>8,004</u>	<u>7,211</u>
TOTAL EQUITY		<u>97,421</u>	<u>94,730</u>

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated	
Notes	6 months ended December 2007 \$'000	6 months ended December 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	5,033	3,792
Interest received	2,196	3,560
Interest paid	(820)	(530)
Receipts from customers	52,961	47,792
Payments to suppliers and employees	(50,651)	(48,379)
Management fees received from associated entities	823	-
Income tax paid	(1,590)	(2,364)
NET CASH FLOWS FROM OPERATING ACTIVITIES	7,952	3,871
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for new broking portfolios purchased by members of the economic entity	(2,073)	(168)
Proceeds from sale of other financial assets	12	420
Proceeds from sale of consolidated broking portfolios	118	2,780
Payment for new associates	(10,455)	(5,107)
Net proceeds received/ (payments) for new consolidated entities, net of cash acquired	1,653	(3,290)
Payment for deferred settlement on prior year acquisitions	(4,232)	-
Net cash reduction on sale of controlled entity	(584)	-
Proceeds received from sale of investment held for sale	1,002	-
Proceeds from sale of plant and equipment	67	-
Payment for plant and equipment	(656)	(1,523)
Advances of mortgages	(30)	-
Proceeds from mortgage repayments	1,987	768
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(13,191)	(6,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(4,762)	(4,000)
Dividends paid to minority shareholders	(231)	(181)
Proceeds from borrowings	5,932	166
Advances to related parties	(610)	(33)
NET CASH FLOWS (USED IN) /FROM FINANCING ACTIVITIES	329	(4,048)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4,910)	(6,297)
Cash and cash equivalents at beginning of the period	58,162	58,045
CASH AND CASH EQUIVALENTS AT END OF PERIOD	53,252	51,748

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AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Attributable to equity holders of the parent				Minority interest	Total equity	
	Issued Capital \$'000	Retained earnings \$'000	Asset revaluation reserve \$'000	Share based payment reserve \$'000	Total \$'000	\$'000	\$'000
CONSOLIDATED							
At 1 July 2006	49,207	27,639	4,006	82	80,934	3,534	84,468
Profit for the 6 months ended 31 December 2006	-	4,677	-	-	4,677	131	4,808
Total income for the period	-	4,677	-	-	4,677	131	4,808
Other equity movements							
Transfer from asset revaluation for amortisation of broking register on step acquisition of broking subsidiaries	-	365	(365)	-	-	-	-
Tax effect on transfer from asset revaluation for amortisation of broking register on step acquisition of broking subsidiaries	-	(109)	109	-	-	-	-
Transfer from intangibles Re: reversal of step up on acquisition of broking subsidiaries on sale of licensed portfolios	-	169	(169)	-	-	-	-
Tax effect of reversal of step up on acquisition of broking subsidiaries on sale of licensed portfolios	-	(51)	51	-	-	-	-
On 9 November 2006 allotted shares at an issue price of \$3.85	500	-	-	-	500	-	500
Cost of share-based payment	-	-	-	131	131	-	131
Equity dividends (refer note 8)	-	(4,000)	-	-	(4,000)	(181)	(4,181)
At 31 December 2006	49,707	28,690	3,632	213	82,242	3,484	85,726
Profit for the 6 months ended 30 June 2007	-	7,913	-	-	7,913	376	8,289
Total income for the period	-	7,913	-	-	7,913	376	8,289
Other equity movements							
Issue of shares to minority interests by subsidiaries and minority interests relating to new acquisitions	-	-	-	-	-	3,617	3,617
Transfer from asset revaluation for amortisation of broking register on step acquisition of broking subsidiaries	-	365	(365)	-	-	-	-
Tax effect on transfer from asset revaluation for amortisation of broking register on step acquisition of broking subsidiaries	-	(110)	110	-	-	-	-
Cost of share-based payment	-	-	-	121	121	-	121
Equity dividends	-	(2,757)	-	-	(2,757)	(266)	(3,023)
At 30 June 2007	49,707	34,101	3,377	334	87,519	7,211	94,730

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Attributable to equity holders of the parent				Minority interest	Total equity
	Issued Capital	Retained earnings	Asset revaluation reserve	Share based payment reserve	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED						
At 1 July 2007	49,707	34,101	3,377	334	87,519	7,211
Profit for the period	-	5,853	-	-	5,853	696
Total income for the period	-	5,853	-	-	5,853	696
Other equity movements						
Issue of shares to minority interests by subsidiaries and minority interests relating to new acquisitions	-	-	-	-	-	242
Revaluation on step up acquisition of broking subsidiaries during the year			777	-	777	334
Tax effect of revalued broking register	-	-	(233)	-	(233)	(101)
Transfer from asset revaluation resulting from sale of subsidiary	-	333	(333)	-	-	-
Tax effect of reversal of step up on acquisition of broking subsidiaries on sale of subsidiary	-	(100)	100		-	-
Minority interest adjustment in respect of asset revaluation reserve resulting from sale of subsidiary	-	-	58	-	58	(58)
Reduction in minority interest on sale of subsidiary	-	-	-	-	-	(89)
Transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	293	(293)	-	-	-
Tax effect on transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	(88)	88	-	-	-
Cost of share-based payment	-	-	-	205	205	-
Equity dividends	-	(4,762)	-	-	(4,762)	(231)
At 31 December 2007	49,707	35,630	3,541	539	89,417	8,004

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1. CORPORATE INFORMATION

The financial report of Austbrokers Holdings Limited (the Company) for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 28 February 2008.

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 were the provision of general insurance broking services, distribution of ancillary products and conducting underwriting agency businesses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

The general purpose condensed financial report for the half year ended 31 December 2007 has been prepared in accordance with AASB 134 *"Interim Financial Reporting"* and the *Corporations Act 2001*, and on a historical cost basis.

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

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 2007 and considered together with any public announcements made by Austbrokers Holdings Limited in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Austbrokers Holdings Limited (the parent company), and all entities that Austbrokers Holdings Limited controlled from time to time during the period and at the reporting date.

Information from the financial statements of controlled entities is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the parent entity had control.

The financial information in respect of controlled entities is prepared for the same reporting period as the parent company using consistent accounting policies. Adjustments are made to bring into line dissimilar accounting policies that may exist.

All material intercompany balances and transactions including unrealised profits arising from intra-group transactions, have been eliminated in the consolidated accounts. Unrealised losses are eliminated unless costs cannot be recovered.

Minority interests represent the portion of profit or loss and net assets in subsidiaries which are not 100% owned by the Austbrokers Group. These are presented separately in the income statement and within equity in the consolidated balance sheet. When the Group acquires a minority interest, the difference between purchase price and recorded value of minority interest is taken to goodwill.

3. NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

There are a number of Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these standards did not have any effect on the financial position or performance of the Group.

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	Consolidated	
	6 months ended December 2007 \$'000	6 months ended December 2006 \$'000
4. REVENUE AND EXPENSES		
(i) Revenue		
Commission, Brokerage and Fee Income	30,638	27,177
Management fees received	823	86
Total revenue	31,461	27,263
(ii) Other income		
Profit on sale of Fixed Assets	-	15
Interest from other persons / corporations	2,196	1,882
Other income	630	1,114
Total other income	2,826	3,011
(iii) Share of profit of associates		
Share of Net Profits of Associates Accounted for using the Equity Method before amortisation	6,039	3,601
Amortisation of Intangibles - Associated Entities	(409)	(191)
Total share of profit of associates	5,630	3,410
(iv) Other expenses		
Amortisation of Intangibles - controlled entities	855	953
Salaries and wages	17,806	14,655
Share-based payments	205	131
Accounting/Audit	500	704
Travel/Telephone/ Motor/Stationery	1,496	1,556
Depreciation and amortisation	784	794
Other expenses	4,789	5,598
Rent (operating lease)	1,685	1,517
Commission Paid	2,048	1,695
Insurance	890	1,127
Total other expenses	31,058	28,730
(v) Finance costs		
Borrowing costs	820	530
Total finance costs	820	530

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	Consolidated	
	6 months ended December 2007 \$'000	6 months ended December 2006 \$'000
5. INCOME TAX		
Major components of income tax expense		
Current income tax charge	773	615
Adjustment for prior years	(18)	(219)
Deferred tax expense	735	28
Total income tax expense in income statement	1,490	424

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	8,039	5,232
At the company's statutory income tax rate of 30% (2006: 30%)	2,412	1,570
Non assessable income from associated entities	(721)	(773)
Non-taxable gains/losses on sale	-	(113)
Release of future income tax liability on sale of subsidiary	(125)	-
Prior year capital losses utilised during the period	(157)	-
(Under)/ over provision prior year	(18)	(219)
Share based payments	61	39
Non deductible expenses/other	38	(80)
Income tax expense reported in the consolidated income statement	1,490	424

	Consolidated	
	As at 31 December 2007 \$'000	As at 30 June 2007 \$'000
Provision for income tax	2,554	1,307

6. EARNINGS PER SHARE

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.

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	Consolidated	
	As at 31 December 2007 \$'000	As at 31 December 2006 \$'000
7. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	20,910	20,523
Cash and cash equivalents - Trust	32,342	31,225
Total cash and cash equivalents	53,252	51,748

Trust cash is restricted and has been set aside to pay underwriters.

Business combinations

- a) The group disposed of broking portfolios as follows:

	Book value of assets disposed	
	2007 \$'000	2006 \$'000
Intangibles net of amortisation	93	340
Goodwill	25	1,182
Book value assets disposed.	118	1,522
Proceeds from sale of broking portfolio	(118)	(2,780)
Elimination of group profit after sales to associated entity	-	450
Profit on sale of broking portfolio	-	808

- b) During the period, 1 July 2007 - 31 December 2007, the company reduced its equity in Tealrose/Financial Insurance Services (Brokers) Pty Ltd from 75% to 25%, at which time it ceased to be a subsidiary.

Cost of controlled entity sold	810	-
Cash received	(810)	-
Profit on sale (pre tax)	-	-
Cash received on sale of controlled entity	810	-
Cash reduction on deconsolidation of controlled entity	(1,394)	-
Net cash reduction on sale of controlled entity	(584)	-

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

	Fair value recognised on acquisition	
	2007 \$'000	2006 \$'000
Intangibles	571	-
Deferred tax liabilities	(171)	-
Fair value of assets acquired	400	-
Less:		
Purchase price - cash paid	2,391	168
Purchase price - accrued	-	-
Goodwill arising on acquisition	1,991	168

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)

- d) During the period, 1 July 2007 - 31 December 2007, the company acquired an additional 20% interest in McNaughton Gardiner Insurance Brokers Pty Ltd for \$1,698,000 bringing the total equity to 70%.

Net assets of controlled entity acquired

	MGIB Insurance Brokers Pty Ltd	
	Fair value recognised on acquisition \$'000	Carrying value \$'000
Cash	2,996	2,996
Receivables	2,440	2,440
Plant and equipment	310	310
Deferred tax asset	164	164
Intangibles	278	1,685
TOTAL ASSETS	6,188	7,595
Payables	5,251	5,251
Provisions	212	212
Tax liabilities	260	259
Deferred Tax Liabilities	83	-
TOTAL LIABILITIES	5,806	5,722
NET ASSETS	382	1,873
Less: minority	114	
Fair value of assets acquired	268	
Purchase price - cash paid	1,152	
Purchase price transferred from equity accounted	546	
Total purchase price	1,698	
Goodwill arising on acquisition	1,430	
Cash outflow on acquisition is as follows;		
Net cash acquired with the subsidiary	2,996	
Cash paid	(1,152)	
Net cash inflow	1,844	

The acquisition of the McNaughton Gardiner Insurance Brokers Pty Ltd was effective on 1 October 2007 and the acquisition contributed \$98,895 to net profit after tax and \$1,107,128 to revenue.

Had the acquisition taken place at the beginning of the period, the profit before tax contribution would have been \$538,145 and revenue would have been \$2,464,762.

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.

- e) During the period 1 July 2007 - 31 December 2007, the group incorporated a controlled entity, Dolphin Underwriting Pty Limited in order to acquire a broking portfolio. The Group paid \$191,000 for 60% of the issued capital of Dolphin Underwriting Pty Limited. The acquisition contributed \$6,803 to net profit and \$236,690 to revenue.
- f) During the period 1 July 2007 - 31 December 2007, the group incorporated a controlled entity, Austbrokers Professional Services Pty Limited. The Group paid \$16 for 80% of the issued capital of Austbrokers Professional Services Pty Limited. The acquisition contributed \$4,310 to net profit and \$22,927 to revenue.

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7. CASH AND CASH EQUIVALENTS (Continued)

Business combinations (continued)

- g) During the prior period, 1 July 2006 - 31 December 2006, the company acquired a 100% interest in Shield Underwriting Holdings Pty Limited and Shield Shared Services Pty Ltd, (collectively "Shield Group").

	Fair value recognised on acquisition \$'000	Carrying value \$'000
Cash	380	380
Receivables	2,058	2,058
Plant and equipment	49	49
Goodwill	-	2,463
TOTAL ASSETS	2,487	4,950
Payables	1,932	1,932
Provisions	448	448
Interest bearing loans and borrowings	69	69
TOTAL LIABILITIES	2,449	2,449
NET ASSETS	38	2,501

Less:

Purchase price - cash paid	3,670
Purchase price - accrued	1,571
Total purchase price	5,241
Goodwill arising on acquisition	5,203

Cash outflow on acquisition is as follows:

Net cash acquired with the subsidiary	(380)
Cash paid	3,670
Net cash outflow	3,290

The acquisition was effective on 1 July 2006 and the acquisition contributed \$328,531 to net profit and \$1,472,533 to revenue.

During 1 January 2007 - 30 June 2007 the accrued purchase price was revised from \$1,571,000 to \$3,243,000 increasing the total purchase price from \$5,241,000 to \$6,913,000.

The final purchase price was dependant on future profits. The accrued purchase price was revised as a result of an increase in profit during the year ended 30 June 2007 in excess of the estimate made at 31 December 2006.

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	Consolidated	
	As at	As at
	31 December 2007	31 December 2006
	\$'000	\$'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 2007: 9.5 cents	4,762	-
Final franked dividend for financial year ended 30 June 2006: 8.0 cents	-	4,000
Total dividends paid during the period	<u>4,762</u>	<u>4,000</u>

In addition to the above, dividends paid to minority interests totalled \$231,000 (2006: \$181,000).

(b) Dividends proposed and not recognised as a liability

Interim franked dividend for financial year ended 30 June 2007: 5.5 cents	-	2,757
Interim franked dividend for financial year ended 30 June 2008 6.5 cents	<u>3,258</u>	-
	<u>3,258</u>	<u>2,757</u>

	Consolidated	
	As at	As at
	31 December 2007	30 June 2007
	\$'000	\$'000

9. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	36,435	55,250
Related party receivables		
- other related	<u>867</u>	<u>167</u>
Total receivables (current)	<u>37,302</u>	<u>55,417</u>

10. OTHER FINANCIAL ASSETS (CURRENT)

Mortgages - related entities (amortised cost)	1,325	2,915
Mortgages - other (amortised cost)	<u>997</u>	<u>1,140</u>
Total other financial assets (current)	<u>2,322</u>	<u>4,055</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 2007 \$'000	As at 30 June 2007 \$'000
11. TRADE AND OTHER RECEIVABLES (NON CURRENT)			
Trade receivables		67	84
Loans to associated entities		257	-
Total receivables (non current)		324	84
12. INVESTMENT IN ASSOCIATES			
Investments at equity accounted amount:			
Associated entities - unlisted shares		44,532	27,329
<i>Investments in associated entities based on percentage of ordinary shares, except where otherwise stated:</i>			
Name	Dec-07 %	Jun-07 %	
Aprikees Pty Ltd	49.9	49.9	485
Australian Logistic Insurance Brokers Pty Ltd	49.9	49.9	2,147
Austbrokers Trade Credit Pty Ltd	50.0	50.0	570
BHI Insurance Brokers Pty Limited	49.9	49.9	504
Bruce Park Pty Ltd	49.9	49.9	1,266
Citycover (Aust) Pty Ltd	49.9	49.9	137
Comsure Insurance Brokers Pty Limited	49.9	49.9	691
Insurance Advisernet Australia Pty Ltd/ Insurance Advisernet Australia Unit Trust	49.9	49.9	8,334
JMD Ross Insurance Brokers Pty Ltd	49.9	49.9	448
Markey Group Pty Ltd	49.9	49.9	1,242
McNaughton Gardiner Insurance Brokers Pty Ltd	70.0	49.9	-
MGA Management Services Pty Ltd	49.9	49.9	3,584
North Coast Insurance Brokers Pty Ltd	49.9	49.9	129
Northern Tablelands Insurance Brokers Pty Ltd	49.9	49.9	39
Prime Leasing & Finance Pty Ltd	49.9	49.9	1,140
Peter L Brown & Associates Pty Ltd	49.9	49.9	242
Power Gold Coast Insurance Brokers Pty Ltd	49.9	49.9	455
Stateplan Holdings Pty Ltd	49.9	49.9	1,800
Stateplan Rural Pty Ltd	30.0	30.0	-
Supabrook Pty Ltd	49.9	49.9	729
Salisbury Payne Tinslay Pty Ltd	49.9	49.9	1,918
The Strathearn Unit Trust	49.9	-	14,163
Rivers Insurance Brokers Pty Ltd	49.9	-	2,736
Tealrose Pty Ltd / Financial Insurance Services (Brokers) Pty Ltd	25.0	75.0	147
Western United Financial Services Pty Ltd	49.9	49.9	-
Oxley Insurance Brokers Pty Ltd / Port Macquarie Insurance Brokers Unit Trust	49.9	49.9	9
Oxley Insurance Brokers Pty Ltd / Coffs Harbour Unit Trust	37.5	37.5	7
Countrywide Tolstrup Financial Services Group Pty Ltd / Countrywide Tolstrup Group Unit Trust	49.9	49.9	1,610
		44,532	27,329

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12. INVESTMENT IN ASSOCIATES (continued)

During the period, 1 July 2007 to 31 December 2007, the consolidated entity acquired a 49.9% holding in Rivers Insurance brokers Pty Ltd for \$2,517,667 and a 49.9% holding in Strathearn Insurance Brokers Pty Ltd for \$13,462,000. The deferred settlement amount on these acquisitions is \$5,723,000 which is payable over 3 years.

During the prior period, 1 July 2006 to 31 December 2006, the consolidated entity acquired a 50% holding in Austbrokers Trade Credit Pty Ltd, and a 49.9% holding in Insurance Advisernet Australia Pty Ltd for \$7,700,000 of which \$2,100,000 was payable over 3 years.

During the period, 1 July 2007 - 31 December 2007, McNaughton Gardiner Insurance Brokers Pty Ltd ceased to be an equity accounted associate. The Company increased its shareholding from 50% to 70%.

On 9 November 2006 the Company allotted 129,870 shares at an issue price of \$3.85 per share in part consideration for the acquisition of Insurance Advisernet Australia Pty Ltd.

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 30 June
- (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.
- (g) The entity's share of the associate's commitments and contingent liabilities are disclosed in note 22.

	Consolidated As at 31 December 2007 \$'000	As at 31 December 2006 \$'000
(h) The entity's share of associates' profits/(losses)		
Share of associates':		
Operating profits before income tax	7,379	4,707
Income tax expense attributable to operating profits	(1,340)	(1,106)
Operating profits after income tax	6,039	3,601
Adjusted for:		
Amortisation of intangibles	(409)	(191)
Share of associates' net profits	5,630	3,410

13. OTHER FINANCIAL ASSETS (NON CURRENT)

	As at 31 December 2007 \$'000	As at 30 June 2007 \$'000
Mortgages - related entities (amortised cost)	552	573
Mortgages - other (amortised cost)	729	932
Other	131	143
	1,412	1,648

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 period, 1 July 2007 - 31 December 2007, the Company acquired a further 20% interest in McNaughton Gardiner Insurance Brokers Pty Ltd for \$1,152,000 increasing the shareholding to 70%. On 1 October 2007, a wholly owned subsidiary, Austagencies Pty Limited, acquired a 60% equity in Dolphin Underwriting Agency Pty Limited. Dolphin Underwriting Agency Pty Ltd was previously owned by MGB Insurance Brokers Pty Ltd.

During the period, 1 July 2007 - 31 December 2007, the company reduced its equity in Tealrose Pty Ltd/Financial Insurance Services (Brokers) Pty Ltd from 75% to 25% which as a result ceased to be a subsidiary on 1 July 2007.

During the prior period, 1 July 2006 to 31 December 2006, the company acquired a 100% interest in Shield Underwriting Holdings Pty Limited (SUH) and Shield Shared Services Pty Ltd for \$6,913,000. During the period 1 January 2007 and 30 June 2007, SUH acquired the remaining 50% of the shares it did not already own in Motor Trader Association Insurance Agency Unit Trust for \$1.

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	Consolidated		
	Plant and equipment \$,000	Motor vehicle \$,000	Total \$,000
15. PLANT AND EQUIPMENT			
Period ended 31 December 2007			
Plant, property and equipment at cost	8,637	1,646	10,283
Depreciation			
Accumulated depreciation	4,832	496	5,328
Net carrying amount at end of period	3,805	1,150	4,955
 Year ended 30 June 2007			
Plant, property and equipment at cost	7,716	1,516	9,232
Depreciation			
Accumulated depreciation	3,930	405	4,335
Net carrying amount at end of year	3,786	1,111	4,897
 16. INTANGIBLE ASSETS AND GOODWILL			
	Goodwill \$,000	Insurance broking registers \$,000	Total \$,000
Period ended 31 December 2007			
Total Intangibles	46,921	21,805	68,726
Amortisation			
Accumulated amortisation	-	7,925	7,925
Net carrying amount at end of period	46,921	13,880	60,801
 Year ended 30 June 2007			
Total Intangibles	44,157	20,411	64,568
Amortisation			
Accumulated amortisation	-	7,216	7,216
Net carrying amount at end of year	44,157	13,195	57,352

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17 SHARE-BASED PAYMENT PLANS

Employee Share Option Plan

Share options are granted to senior executives by the ultimate parent company Austbrokers Holdings Limited.

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

	As at 31 December 2007 No.	As at 31 December 2006 No.
Share Options		
Outstanding at the beginning of the period	1,474,200	771,700
Granted during the period	<u>643,100</u>	<u>752,800</u>
Outstanding at the end of the period	<u><u>2,117,300</u></u>	<u><u>1,524,500</u></u>

As at 31 December 2007 \$'000	As at 30 June 2007 \$'000
-------------------------------------	---------------------------------

18. TRADE AND OTHER PAYABLES

Current

Trade payables	65,380	82,441
Deferred settlement on acquisitions	8,987	6,750
Related party payables		
- Related entities	<u>50</u>	<u>50</u>
	<u><u>74,417</u></u>	<u><u>89,241</u></u>

Non-current

Trade payables	<u>152</u>	<u>202</u>
	<u><u>152</u></u>	<u><u>202</u></u>

19. PROVISIONS

Employee entitlements	6154	5620
Make good provision	<u>823</u>	<u>762</u>
	<u><u>6,977</u></u>	<u><u>6,382</u></u>
Current 2007	4,227	3,562
Non-current 2007	<u>2,750</u>	<u>2,820</u>
	<u><u>6,977</u></u>	<u><u>6,382</u></u>

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	Consolidated	
	As at 31 December 2007 \$'000	As at 30 June 2007 \$'000
20. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Obligations under finance leases and hire purchase contracts	309	268
Unsecured loan from other related parties	-	86
Unsecured loan from other parties	35	50
	<u>344</u>	<u>404</u>
Non-current		
Obligations under finance leases and hire purchase contracts	747	579
Unsecured loan from other parties	317	313
Secured bank loans *	19,337	13,524
	<u>20,401</u>	<u>14,416</u>

* The Group has entered into an agreement with St George Bank to provide finance facilities to the Austbrokers Holdings Limited Group amounting to \$32,645,000. At balance date these facilities have been utilised to the amount of \$16,000,000 (30 June 2007 \$12,000,000) in a bill acceptance/discount facility. The Group has further undrawn facilities of \$352,000 for credit card and other guarantee facilities.

The term of the loan facility is five years from the first drawdown date which was October 2005.

The facilities are secured by registered fixed and floating charges over the assets and undertakings of the Group and cross guarantees and indemnities given by each of the wholly owned subsidiaries.

The facilities are subject to financial undertakings and warranties typical of facilities of this nature and have sub-limits for various purposes including acquisitions.

Interest rates are set at the time of rollover of the bills which is usually at six monthly intervals. The current effective interest rate is 8.6% per annum (30 June 2007 7.6%).

*A controlled entity, Austbrokers AEI Transport Pty Ltd has entered into an agreement with St George Bank to provide finance facilities amounting to \$3,150,000 (30 June 2007 \$1,950,000) to secure funding for the acquisition of Carriers Insurance Broking Pty Ltd and Transcom Insurance Brokers. At balance date these facilities have been utilised to the amount of \$2,700,000 (30 June 2007 \$1,524,000) in a bill acceptance/discount facility.

The term of the loan facility is five years from the first drawdown date which was June 2007.

The facilities are secured by registered fixed and floating charges over the assets of Austbrokers AEI Transport Pty Ltd and guarantees and indemnities given by the minority shareholders.

The facilities are subject to financial undertakings and warranties typical of facilities of this nature and have sub-limits for various purposes including acquisitions.

Interest rates are set at the time of rollover of the bills which is usually at six monthly intervals. The current effective interest rate is 8.7% per annum (30 June 2007 8.4%).

* During the period, Austbrokers Central Coast Pty Limited entered into an agreement with St George Bank to provide finance facilities amounting to \$1,005,000 to secure funding for the acquisition of broking portfolios. At balance date these facilities have been utilised to amount of \$636,852.

The Term of the bill acceptance/discount facility is for 10 years from the first drawdown date which was October 2007. The facility is interest only for the first 3 years with full amortisation over the remaining period.

The facilities are secured by registered fixed and floating charges over the assets of Austbrokers Central Coast Pty Ltd and guarantees and indemnities given by the minority shareholders.

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		Consolidated	
		As at 31 December 2007 \$'000	As at 30 June 2007 \$'000
21. ISSUED CAPITAL AND RESERVES			
Ordinary shares fully paid		49,707	49,707
		Shares	Shares
50,129,870 (June 2007: 50,129,870) ordinary shares fully paid		50,129,870	50,129,870
Movements in shares on issue	Notes		
Beginning of the period		50,129,870	50,000,000
On 9 November 2006 allotted shares at an issue price of \$3.85	(i)	-	129,870
Number of shares on issue at end of the period		50,129,870	50,129,870

- (i) On 9 November 2006 the Company allotted 129,870 shares at an issue price of \$3.85 per share in part consideration for the acquisition of Insurance Advisernet Australia Pty Ltd.

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.

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 2007 \$'000	As at 30 June 2007 \$'000

Contingent liabilities

(i)	Austbrokers Holdings Ltd has guaranteed loan facilities provided to an associate in proportion to its shareholding.	1,146	-
(ii)	Estimates of the maximum amounts of other contingent liabilities that may become payable	-	-

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23. SEGMENT INFORMATION

The group operates in one business segment being insurance brokers and one geographical segment being Australia.

24. SUBSEQUENT EVENTS

On 28 February 2008 the Directors of Austbrokers Holdings Limited declared a fully franked interim dividend of 6.5 cents per share payable to shareholders at record date of 7 April 2008 and to be paid 23 April 2008. The dividend of \$3,258,442 has not been provided for in the 31 December 2007 financial statements.

25. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank loans and overdrafts, finance leases and hire purchase contracts, and cash and short-term deposits.

There has been no change in the nature of the financial instruments during the 6 months ended 31 December 2007.

AUSTBROKERS HOLDINGS LIMITED
ABN 60 000 000 715
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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 company and consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company and the consolidated entity's financial position as at 31 December 2007 and of their 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, 28 February 2008

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 balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half year 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 Half year 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 a conclusion 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 an Interim Financial Report 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 2007 and its performance for the half year 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.

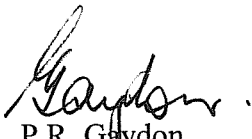
Independence

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

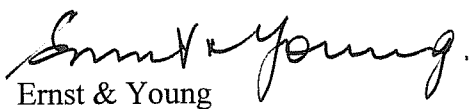
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Austbrokers Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


Ernst & Young
P.R. Gaydon
Partner
Sydney
28 February 2008

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 2007, 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

P.R. Gaydon
Partner

28 February 2008