



27th August 2009

The Manager
Company Announcements
ASX Ltd
Level 6, Exchange Centre,
20 Bridge Street
Sydney, NSW 2000

Dear Sir / Madam,

**Re: Market Announcement on Results for the Year ended
30 June 2009**

Attached for immediate release is Austbrokers Holdings Limited (AUB)
Market Announcement in relation to the results for the Year ended 30 June
2009.

Yours faithfully,

Stephen Rouvray
Company Secretary
Austbrokers Holdings Limited

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

27 August 2009

Austbrokers announces 14.6% increase in Adjusted NPAT for FY2009 to \$18.0 million

Highlights:

- 14.6% increase in consolidated Net Profit After Tax but before profits on sale of equity interests and amortisation of intangibles (Adjusted NPAT) to \$18.0 million (FY2008 \$15.7 million)
- 11.1% increase in consolidated Net Profit After Tax for FY2009 to \$15.9 million (FY2008 \$14.3 million)
- Final fully franked dividend of 13.5 cents per share, bringing the total distribution for FY 2009 to 20.5 cents per share, up 13.9% on FY2008

Austbrokers Holdings Limited (ASX: AUB) today announced an Adjusted NPAT¹ of \$18.0 million for the 2009 financial year, 14.6% above last year's result.

Adjusted NPAT for the six months to 30 June 2009 was \$11.3 million compared to \$9.8 million in 2008 – a 22.8% increase. This was largely due to additional new business written during the June renewal period.

After taking into account amortisation of intangibles and including \$0.5 million in profits from the sale of businesses, Austbrokers recorded a \$15.9 million profit² for the year an increase of 11.1% over \$14.3 million in 2008.

Shareholders will benefit from a final dividend of 13.5 cents per share fully franked, payable on 23 October 2009. This brings the dividend for the 2009 financial year to a total of 20.5 cents per share – a 13.9% increase on FY2008. For the first time Austbrokers will activate 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 2009 final dividend underwritten.

Chief Executive, Lachlan McKeough, commented that 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 there being little impact as yet from premium rate increases. Also the decline in interest rates over the second half of the year reduced interest earnings significantly. In this context and in the absence of any major acquisitions during the year the results were all the more pleasing.

"The acquisition of SRG Corporate in July 2008 together with the smaller bolt-on acquisitions during the year, have brought synergies and growth to the network.

"We were also pleased to achieve the acquisition of 50% of Austral Risk Services, based in Perth, on 30 June 2009 which continues our owner driver strategy.

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

“The joint venture with IBNA, operating as A&I Member Services (AIMS) has continued cementing relationships with major underwriters and developing products. The IBNA network was also the source of a number of the acquisitions made by the network during the year which reaffirmed the strategy of the joint venture in providing succession solutions for IBNA members.”

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.

Austbrokers FY Results breakdown (year to 30 June 2009)

	2009 \$' 000	2008 \$' 000	Increase %
Revenue from ordinary activities	97,048	83,556	16.1
Expenses from ordinary activities	(74,094)	(63,528)	16.6
	22,954	20,028	14.6
Profit from sale of interests in associates and controlled entities	486	265	83.4
Profit before tax	23,440	20,293	15.5
Income tax expense	(4,929)	(4,084)	20.7
Net profit	18,511	16,209	14.2
Profit attributable to minority interest	(2,608)	(1,893)	37.8
Net Profit attributable to members	15,903	14,316	11.1

Notes

1. The after tax profits include profits on sale of interests in associates and controlled entities of \$0.5 million on which no tax is payable due to carried forward capital losses. These profits result from restructures in equity holdings and may occur from time to time. In FY 2008 \$0.3 million was included as a tax credit arising from capital losses utilized as a deduction against previous year's capital gains and is included as a reduction in income tax expense.
2. Subsidiaries acquired during the period, which were previously equity accounted associates, have contributed the majority of 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 :

	2008 \$' 000	2008 \$' 000	Increase %
Net Profit After Tax attributable to Members	15,903	14,316	11.1
Less Profits After Tax on sale of interests in associates and controlled entities	(486)	(265)	
Less Tax effect of prior year capital losses utilised		(224)	
Net Profit After Tax from continuing operations	15,417	13,827	11.5
Add Amortisation of intangibles net of tax	2,572	1,864	38.0
Adjusted NPAT	17,989	15,691	14.6

Analysis of results

Adjusted NPAT for FY 2009 increased by 14.6% over the corresponding prior period as a result of:

- Direct acquisitions during FY 2009 represented 1.8% of the 14.6% growth.
- Growth from the existing broker network, including acquisitions made, contributed 17.9% to the profit growth. Total commission and fee income increased by 10.4% and total income by 10.8% over the prior period also excluding direct acquisitions. Premium funding income was up 33% due to the ongoing successful development of the alliance with Pacific Premium Funding.
- Profit growth of 0.5% was generated through an increase in underwriting agency profits resulting largely through organic growth in agency business.
- 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.
- Corporate expenses were 5.2% up on the corresponding prior period due to a payment of a network marketing incentive, normal salary increases and lower cost recoveries from third parties compared to the previous year which were partially offset by lower incentive provisions. This net increase deducted 1.7% from profit growth.
- Borrowing costs have increased and interest earned decreased due to additional earnout payments on acquisitions in previous years and payments for new acquisitions made during the period. This together with the transfer of life income, previously earned at corporate level direct to the brokers and lower expense recoveries eroded growth by 5.3%.
- Lower non deductible expenses and net prior tax adjustments reduced tax expense compared to last year constituting 1.4% of the increase in after tax profits.
- Amortisation of intangibles increased by 38% due to acquisitions and increases in earnout payments from initial estimates on which amortisation charges were required from the date of acquisition.

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.

	2009 \$' 000	2008 \$' 000	Increase %
Revenue	202,204	184,054	9.9
Expenses	(153,295)	(141,519)	8.3
Profit before tax	48,909	42,535	15.0
Profit attributable to minority interest	(21,897)	(18,901)	15.9
Net profit	27,012	23,634	14.3
Income tax expense	(9,023)	(7,943)	13.6
Adjusted NPAT	17,989	15,691	14.6%

Assessment of results

The results were pleasing in an environment of uncertain business conditions, lower interest rates impacting earnings and acquisitions contributing to a lesser extent than in previous years.

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 including those operating in the larger corporate area. There were benefits this year from some large increases in premium placed and new business acquired with projects being initiated.

Dividend and Dividend Reinvestment Plan

On 27 August 2009, the Directors declared a fully franked final dividend of 13.5 cents per share. This dividend is payable on 23 October 2009 to shareholders on the record date of 2 October 2009. Based on issued shares of 50,238,170 shares, this dividend will total \$6,782,153.

The Company has activated its 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 30 June 2009.

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 30 June 2009, 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 30 June 2009 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 Company will be sending the relevant documentation to shareholders shortly.

Outlook

Austbrokers will continue its strategy to grow its network by working with brokers to develop their businesses through growth initiatives and further bolt on acquisitions.

The development of the Austagencies underwriting agency business will also continue with the addition of new products and through the recruitment of additional resources.

Although the insurance market is showing signs of firming, the pace at which this will occur remains uncertain. In addition the 2010 financial year outlook needs to be considered against lower interest rates impacting investment earnings, the inability to predict the extent of profit commissions and the timing of any acquisitions. Therefore we anticipate that, at this stage, with organic growth being the prime driver, the increase in consolidated net profit after tax before amortisation will be within the range of 5% to 10% over FY 2009.

In general, the longer term outlook is favourable with acquisition opportunities likely to arise. The indications from insurers are that premium rates need to increase and business activity is expected to improve as the economy recovers.

Annual General Meeting

The Annual General Meeting will be held at the Four Seasons Hotel (199 George Street, Sydney) on 19 November 2009 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.