



27th November 2012

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

Dear Sir/Madam,

Austbrokers Acquisition Update

Portfolio Acquisitions by Network Members

The above new acquisitions have been achieved by Austbrokers' group members.

- Austbrokers RWA (60% owned) have acquired a portfolio in Walgett with income of \$280,000
- MGA (50% owned) has acquired a portfolio in Darwin with income of \$175,000
- MGA and Strathearn (50% owned) have acquired separate portions of a broking portfolio with a total of \$2.2 million in commission and fee income owned by PB Insurance Brokers, a member of Steadfast based in Caboolture. Refer attached media release for further details.

Increases in Equity in Associates and Controlled Entity

Since 1st July 2012 Austbrokers has acquired further equity interests in member firms as follows:

- 10% in Austbrokers Canberra Pty Ltd (now 85%)
- 50% in Insurics Pty Ltd (now 100%)
- 30% in Comsure Insurance Brokers Pty Ltd (now 80%)
- 18.5% in Adroit Holdings Pty Ltd (now 68.5%)

The total amount outlaid was \$10.6 million which was funded from cash held.

Except for Austbrokers Canberra, the acquisitions resulted from the retirement of some of the shareholders from the business.

Accounting Impact of Increases in Equity in Associates

When an Associate becomes a controlled entity AASB 3 Business Combinations requires that the carrying value of the previously held interest in the associate be remeasured to its fair value at the date of obtaining control. The amount of the revaluation is required to be recognised in the income statement.



Media Release

Flexibility in the Austbrokers model provides PB Insurance a great succession option

In a strong demonstration of the flexibility and capabilities of its Network model, Austbrokers and its partner businesses Strathearn and MGA, have worked cohesively to create a significant succession option for Ian Yeo, Principal of Steadfast member, PB Insurance.

Established more than 20 years ago in Caboolture in SE Qld, PB Insurance has a substantial client base of SME and select corporate clients. The pending moves by Steadfast resulted in Ian Yeo considering his options for the future. Ian included Austbrokers as one of his options and chose their solution above others.

PB Insurance will sell its corporate portfolio to Strathearn and Ian Yeo will service those clients and grow corporate prospects as a consultant of Strathearn. MGA will purchase the balance of PB's portfolio of SME clients and introduce its Portfolio Management model into the business with Ian's guidance.

The deal, which becomes effective 1 December 2012, will create the thirteenth acquisition within the Austbrokers Group this calendar year. "Austbrokers hit the mark and knew exactly what I was trying to achieve". said Ian Yeo Managing Director of PB Insurance.

"They were spot on, when it came to structure, price and culture. From the very first meeting with Austbrokers and their partners it felt right. Strathearn could accommodate my corporate clients, and I would help them grow that portfolio into the future, whilst MGA's Portfolio Management model meant our sales staff were well looked after servicing our SME clients who would gain from MGA's extensive resources" Ian explained.

“At this stage of your career and business life, you want to make sure you’re making the right decisions, and that everyone that has been part of the journey with you is looked after as much as possible. I believe this tailored approach that we have agreed on with Austbrokers does exactly that.” said Mr Yeo.

“Fabian Pasquini, General Manager Acquisitions & Development at Austbrokers Holdings Ltd commented. “After the initial introduction from Strathearn we were able to structure a flexible deal which addressed Ian’s desire to focus on the corporate clients and future opportunities in that arena.

It also addressed the need to find a suitable home for PB Insurance’s SME clients and loyal staff. We worked with our partners, Strathearn and MGA to ensure that they realised an acquisition opportunity. We brought the three parties together and were able to create a solution that helped all reach their goals”.

“To structure a deal that creates advantages for all involved and introduces quality people to our Partner Businesses is very satisfying. We’ve been doing it for many years, but we particularly enjoy these types of transactions where there are wins all round.” said Lach McKeough, Austbrokers CEO.

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More details Contact: Austbrokers – Fabian Pasquini; 0408 96 28 36