



25th August 2011

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

Dear Sir / Madam,

**Re: Market Announcement on Results for the Year ended
30th June 2011**

Attached for immediate release is Austbrokers Holdings Limited (AUB)
Market Announcement in relation to the results for the Year ended 30th
June 2011.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'SR' followed by a flourish.

Stephen Rouvray
Company Secretary
Austbrokers Holdings Limited

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

25 August 2011

Austbrokers increases profit for FY2011 by 17.5% to \$21.4 million

Highlights:

- 17.5% increase in consolidated Net Profit After Tax for FY2011 to \$21.4 million (FY2010 \$18.2 million)
- Final fully franked dividend of 17 cents per share, bringing the total distribution for FY 2011 to 25.5 cents per share, up 13.3% on FY2010

Austbrokers Holdings Limited (ASX: AUB) today announced a FY2011 Net Profit After Tax (NPAT) of \$21.4 million up 17.5% on the prior year.

Earnings per share has increased by 12.2% over the prior year.

Shareholders will benefit from a final dividend of 17 cents per share fully franked, payable on 20th October 2011. This brings the dividend for the 2011 financial year to a total of 25.5 cents per share – a 13.3% increase on FY2010.

NPAT before amortisation of intangibles and profits on sale of equity interests (Adjusted NPAT) was \$23.8 million for the 2011 financial year, 18.1% above last year's result. Earnings per share has increased by 12.8% on this basis. The insurance broking network contributed 15.3% of the growth increase and the underwriting agencies had a successful year increasing its profit by 23.5% and contributing 2.6% of overall growth.

Substantial income growth has been achieved across the existing broker network largely through individual businesses' growth initiatives, including bolt on acquisitions, and assisted by higher interest earnings arising from increased cash deposit rates, all of which have contributed to the increase in profits. Direct acquisitions in broking did not contribute to the years' results due to their timing and the acquisition costs which are now expensed.

Underwriting agencies profit growth came largely from the acquisitions of CEMAC and Celestial. Commission and fee income growth excluding acquisitions was 17.5% but the cost of increasing resources largely offset this. The benefits of this are expected to flow through in future periods.

NPAT for the six months to 30th June 2011 was \$14 million compared to \$12.4 million in 2010 – a 13% increase. NPAT growth was 25.9% for the first half - the lower growth rate in the second half was due to the loss of a major account and the fact that the increase in cash deposit interest rates was much less compared to that for the first half which resulted in lower interest income growth.

Despite the uncertain economic outlook Austbrokers expects to continue its growth in FY2012 in both its agency and broker operations. The level of the growth will depend on the extent of premium rate increases, the impact of the economy on small and medium enterprises, the level of acquisitions that can be achieved and other variables such as profit shares. Subject to these factors it is the company's objective to achieve growth in Adjusted NPAT for FY 2012 of between 5% and 10% over FY 2011.

Shareholder Returns

The Group's total shareholder return and share price performance to 30th June 2011 has exceeded that achieved by the S&P / ASX 200 Index and the S&P / ASX All Ordinaries Index over one three and five year periods as set out in the table below.

Annualised Performance to 30 June 2011	1 Year % pa	3 Years % pa	5 Years % pa
Total shareholder return			
Austbrokers	33.6	21.9	26.2
S & P / ASX All Ordinaries Index	12.2	-0.2	2.6
S & P / ASX 200 Index	11.7	0.3	2.4
Price performance			
Austbrokers	28.8	16.9	20.3
S & P / ASX All Ordinaries Index	7.8	-4.4	-1.5
S & P / ASX 200 Index	7.1	-4.0	-1.9

Austbrokers FY 2011 Results

	2011 \$' 000	2010 \$' 000	Increase / (Decrease) %
Revenue from ordinary activities	114,288	105,610	8.2
Expenses from ordinary activities	(82,409)	(79,013)	4.2
	<hr/> 31,879	<hr/> 26,597	<hr/> 19.8
Profit from sale of interests in associates and controlled entities	249	621	(60.0)
Profit before tax	<hr/> 32,128	<hr/> 27,218	<hr/> 18.0
Income tax expense	(7,109)	(5,898)	20.5
Net profit	<hr/> 25,019	<hr/> 21,320	<hr/> 17.3
Profit attributable to minority interest	(3,654)	(3,131)	16.7
Net Profit attributable to members	<hr/> 21,365	<hr/> 18,189	<hr/> 17.5

Notes

1. The after tax profits include profits on sale of interests in associates and controlled entities of \$0.2 million. These profits result from restructures in equity holdings and may occur from time to time.
2. 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 and amortisation of intangibles

Profits on sale of equity interests occur from time to time as a result of the Company's owner driver strategy and the need to introduce new shareholders to businesses within the group. These profits are not part of the regular trading activities and can distort the underlying performance of the business. Also amortisation of intangibles is a non cash expense and can vary due to the level of acquisitions.

These items have been eliminated to provide a clear representation of the underlying trading performance. This measure is referred to as the Adjusted NPAT.

Reconciliation of reported NPAT to Adjusted NPAT is set out below:

	2011 \$' 000	2010 \$' 000	Increase %
Net Profit After Tax attributable to Members	21,365	18,189	17.5
Less Profits After Tax on sale of interests in associates and controlled entities	(105)	(572)	
Net Profit After Tax	21,260	17,617	20.6
Add Amortisation of intangibles net of tax	2,553	2,548	
Adjusted NPAT	23,813	20,165	18.1

Analysis of results on an Adjusted NPAT basis

Adjusted NPAT for FY 2011 increased by 18.1% over the corresponding prior period as a result of:

- Growth from the existing broker network, including bolt on acquisitions, contributed 15.3% to the overall profit growth. Total commission and fee income in the broker network increased by 9%, to which the bolt on acquisition contributed, and total income increased by 9.4% (8.6% excluding direct acquisitions) over the prior period. Interest income was up 32% on last year due to higher interest rates and increased trust account funds. Premium funding income grew 5% and profit commissions were up 77%.
- The timing of the acquisition of Country Wide Insurance Brokers and the recognition of acquisition and funding costs direct broking acquisitions resulted in this acquisition making no contribution to profits in the period.
- Profit growth of 2.6% was generated through an increase in underwriting agency profits of 23.5% resulting largely from acquisitions. Income excluding acquisitions grew by 17.5% but this together with higher interest earnings was offset by a reduction in profit commissions and additional costs in building resources.
- Expenses in the broker network increased by 7.9% (6.8% 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 increased by 7.2% over the corresponding prior period largely due to variable incentive costs which increased in line with performance compared to the prior year. This offset 2% of profit growth.
- Corporate interest earned increased by 36% due the increase in interest rates and higher cash held due to underwriting the DRP in the first half. This contributed 1.8% to growth.
- The effective tax rate was marginally lower which also contributed 0.3% to growth.

A number of the businesses are associates and not consolidated in the financial statements. In order to give a more comprehensive view of overall movements, the following table aggregates 100% of these brokers' revenues and expenses with those of the consolidated brokers and corporate before deducting outside shareholder interests. This provides a view as to the growth in the network without potential distortion from shareholding changes that may move entities from consolidated to associates or visa versa.

	2011	2010	Increase
	\$' 000	\$' 000	%
Revenue	241,795	218,962	10.4
Expenses	(179,875)	(165,548)	(8.7)
Profit before tax	61,920	53,414	15.9
Profit attributable to minority interest	(27,717)	(24,327)	13.9
Net profit	34,203	29,087	17.6
Income tax expense	(10,390)	(8,922)	16.5
Adjusted NPAT	23,813	20,165	18.1

Assessment of results

The results were very pleasing in an environment of uncertain business conditions without a contribution from direct acquisitions.

The increase in profit was achieved largely through the growth in existing insurance broking businesses including acquisitions made by them. A significant increase in interest rates contributed to the growth but there were still no significant premium rate increases during the year. Profit commissions were also higher than last year but the greater part of the significant underlying growth was achieved by the businesses across the network.

Pleasing income growth was also achieved in Austagencies through acquisition, in the underlying business and through the development of new initiatives but was offset somewhat by lower profit commissions and the increased costs in building resources in the agencies.

Dividend and Dividend Reinvestment Plan

On 25 August 2011, the Directors declared a fully franked final dividend of 17 cents per share. This dividend is payable on 20th October 2010 to shareholders on the record date of 4 October 2011. Based on issued shares of 54,658,736 shares, this dividend will total \$9,291,985.

The Company has decided to suspend the Dividend Reinvestment Plan for the FY 2011 final dividend. Further advice will be given as to whether it will apply for subsequent dividends.

Outlook

We are planning on continued growth notwithstanding uncertainty in the economy. Therefore Austbrokers will maintain its successful 2011 strategy of driving growth in the broking network by working with brokers to develop their businesses through marketing initiatives and further bolt on acquisitions.

In addition, with the increased resourcing of Austagencies undertaken during FY 2011, we will continue the development of the underwriting agency business with the addition of new products and by acquisition of agencies where opportunities arise.

We expect to bolster organic growth together with bolt on acquisitions to maintain growth in Net Profit after Tax before amortisation of intangibles and profit on sale of equity interests at between 5% to 10% over FY 2011. The level of acquisition activity in the market may be impacted by the uncertain economic outlook. If the level of opportunities increase and these are successfully completed they will contribute to growth above this level.

Annual General Meeting

The Annual General Meeting will be held at the Four Seasons Hotel (199 George Street, Sydney) on 24th November 2011 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.