

23rd November 2010

The Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Dear Sir,

We attach a copy of the prepared Chief Executive Officer's address and presentation which will be delivered at the Austbrokers Holdings Limited's Annual General Meeting being held at 10.00am today.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'S.S. Rouvray'.

S.S. Rouvray
Company Secretary

Austbrokers Holdings Limited

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**AUSTBROKERS HOLDINGS LIMITED
CEO'S ADDRESS TO
ANNUAL GENERAL MEETING 23 NOVEMBER 2010**

Good morning Ladies and Gentlemen. I would also like to add my welcome to our fifth AGM since Austbrokers listed on the ASX. We are very pleased with the result achieved in 2010 considering the difficult trading conditions.

I will provide you with a brief overview of the market conditions, recap on details of the 2010 results, and major achievements in 2010, ongoing developments since year end and finally a few comments on the expected market conditions and outlook for the 2011 financial year.

Review of FY 2010

Market Conditions

The premium rate environment on the whole has been relatively stable over 2010 however we have seen some increases particularly in personal lines and SME business. Underwriters have continued their push for rates to increase however rates and the market generally remain very competitive. Premiums written remain up driven by sums insured and continuing economic growth.

The current economic outlook appears to be relatively stable with the economy growing, albeit with growth patchy across various industries and sectors. Interest rates increased in the second half above the corresponding prior period partially overcoming the negative impact on interest earnings on trust account funds from lower rates in the first half of the financial year.

Acquisition activity in the insurance broking industry has been lower over the past few years with the uncertain economic environment leading to a lack of significant businesses changing hands however there now appears to be more opportunities emerging.

FY 2010 Results

The reported net profit after tax increased by 14.4% over 2009 with the net profit after tax and before amortisation increasing by 12.1%.

The growth in profits on the same basis from 2006 – 2010 show a strong increase over that five year period, reflecting both organic growth especially in the latter years and particularly the contribution of acquisitions in 2006 through to 2008, where the softer premium rate environment limited organic growth.

The broker network performed well increasing revenue by 8.3% while our share of the broker profits increased by almost 12%. The growth achieved in 2010 was largely organic growth through existing businesses and a number of smaller bolt on acquisitions also made by the network.

This result was very pleasing given the economic conditions prevailing during the period with lower interest rates effecting investment income as mentioned and there being no significant increase in premium rates.

Earnings per share has also shown a strong increase over the 2006 – 2010 period from 23 cents to 39 cents – a compound average growth rate of just over 14%.

As a result the full year dividend was increased by 10.7% to 22.5 cents per share which represented a 59% payout ratio on NPAT before amortisation and profits on sales and was above earnings per share growth of 9.2%.

Total Shareholder Return was 30.1% for the year compared to the All Ordinaries Index return of 13.8%.

Insurance Broking Operations FY 2010

Our strategies of growth through acquisition both stand alone and smaller bolt on and developing existing businesses continued during the year.

Equity adjustments were made in two businesses, one a merger where the issue of shares reduced our interest but achieved a stronger business with synergies emerging and we also acquired an additional 10% in Austbrokers Trade Credit as one of the shareholders exited. On the other side new shareholders have been introduced in two other businesses.

We have continued to promote and develop premium funding in conjunction with Pacific Premium Funding arranging \$285 million in funding for the 2010 financial year, a 42% increase.

We have continued to seek improvements in efficiency in our operations. Our Central Data Centre has continued its development with over 78% of businesses in the group now serviced by the data centre which provides an efficient and cost effective support to the network.

A centralised business centre has been established to provide back office services, particularly for the smaller operations, and is now supporting 15 businesses.

The AIMS alliance with IBNA continued to maintain excellent relationships with our major insurance underwriters and has concentrated on delivering our value proposition.

Underwriting Agencies

We have continued our focus on our underwriting agency operations.

Austagencies has increased income by 14.7% in 2010 with premiums written now standing at \$75 million.

A 50% interest was acquired in an underwriting agency business specialising in professional indemnity insurance which will strengthen and broaden the product range.

Funding

The facility with St George Bank of \$44 million is in place until August 2013. Currently the Facility is drawn to approximately \$34 million, which would leave around \$10 million available for future acquisitions.

We have maintained the Dividend Reinvestment Plan which had a 42% take up and had the shortfall underwritten for the final 2010 dividend retaining \$7.9 million in funds ensuring we have the capacity to make acquisitions as they arise. As a result and with positive cash flow we have around \$20 million in total to undertake acquisitions.

Developments Since 30th June 2010

Since 30 June we have continued to seek acquisitions and have made a number of smaller bolt on acquisitions in the network.

We have also reached agreement to acquire a plant and equipment underwriting agency based in Brisbane. This acquisition will complement our existing plant and equipment portfolio. We expect to complete this acquisition on 30 November subject to the vendor satisfying certain conditions.

Information technology is being developed to deliver efficiencies in integrating systems with underwriters to enhance EDI delivery and processing of insurance transactions to deliver benefits and superior service to customers and suppliers.

In addition a knowledge management system is being established to promote information sharing, business intelligence and content management to drive improvements in training and communication.

Outlook FY 2011

Market Conditions

We believe the premium rate environment for FY 2011 will remain relatively stable with moderate increases over the remainder of the financial year in SME sector and lower dollar value transactions and therefore we are not anticipating a major lift in commission earnings from this source.

The broker market will continue to consolidate and opportunities to make acquisitions will arise. These may be portfolio or bolt-on business for existing members or stand alone acquisitions. Opportunities in the market appear to have increased in recent times but as always the timing and success of these can be subject to many variables.

In addition the economic outlook appears stable and the recent increase in interest rates will provide additional income.

Earnings Outlook

The results in the broker network for the four months to the end of October have been good but this period represents only around 25% of the full year's profit and therefore we do not propose to update our previous profit guidance of 5% to 10% increase in Net profit After Tax at this stage. We will review our position when the FH 2011 results are finalised in February 2011 and we have further confirmation of the trends.

Conclusion

Most importantly, I would like to again recognise the efforts of our equity partners and all those employed in the broker network and underwriting agencies for their contribution to the excellent results achieved in the 2010 financial year and into the new 2011 financial year. I would also like to thank the management and staff of Austbrokers Holdings for their ongoing efforts and support.

Thank you for attending today and thank you for your ongoing interest and support of Austbrokers.

W.L. McKeough
CEO
Austbrokers Holdings Limited

Austbrokers Holdings Limited

**Presentation to
Annual General Meeting**

23rd November 2010

Lachlan McKeough - CEO

Agenda

- Review of FY 2010
 - Market conditions
 - FY 2010 results
 - Insurance broking operations
 - Underwriting agencies
 - Funding
- Development since 30th June 2010
- FY 2011 outlook
 - Market conditions
 - Earnings outlook
 - Earnings guidance

Market Conditions to FY2010

- Premium rates environment
 - Varies across classes of business
 - Private motor and householders insurance increases flowing through
 - Smaller business also seeing increases
 - Underwriters still seeking increases
 - Volume of premiums also driven by factors other than rates
- Economic conditions
 - Outlook for stable growth
 - Higher interest rate environment compared to FY2010
 - Economic growth positive for insurance broking
- Acquisitions
 - More opportunities are presenting in the market – more willingness to engage
 - Lower level consolidation and bolt on businesses likely to continue

FY2010 Results

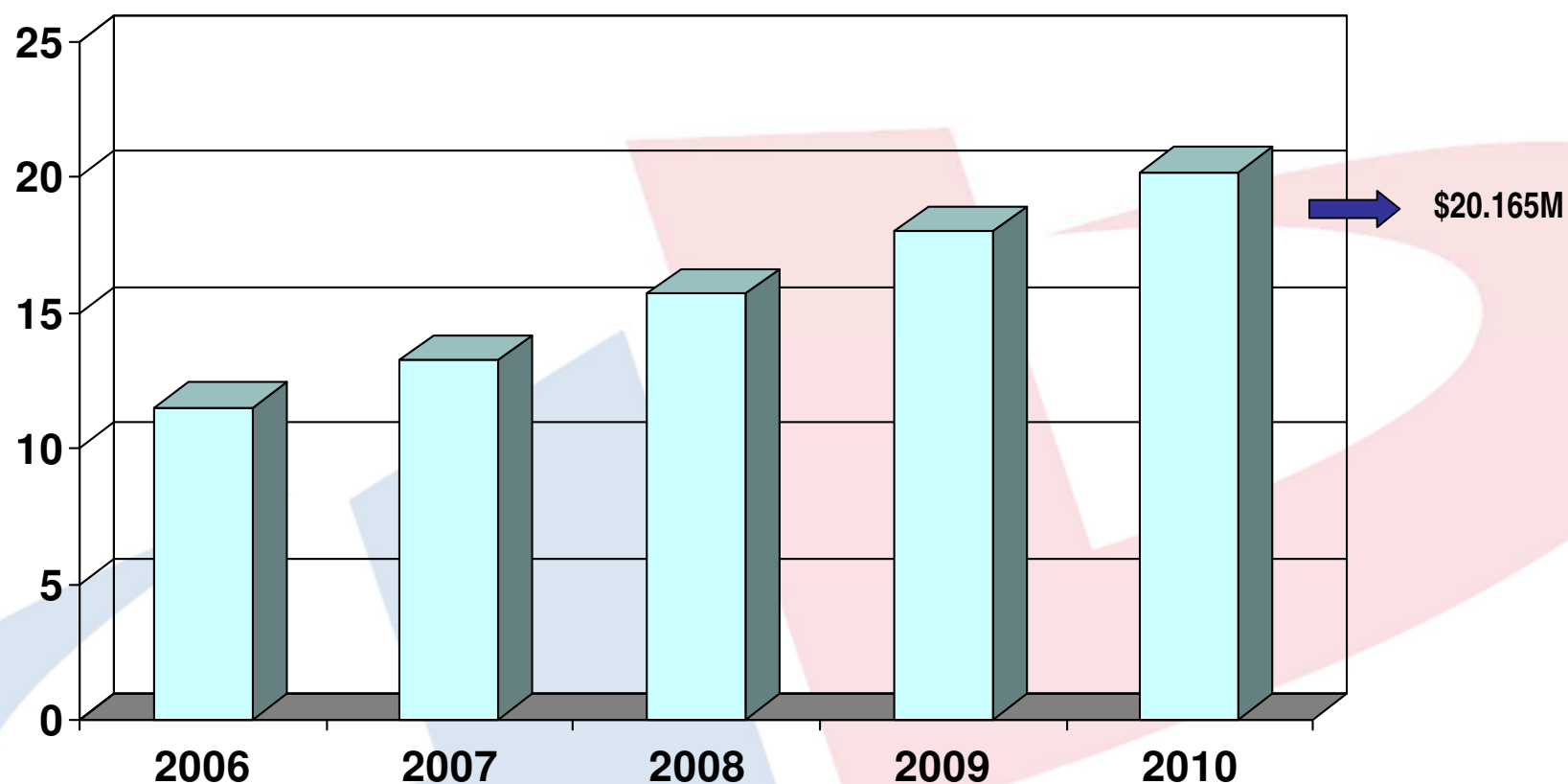


	Actual 2009 \$'000	Actual 2010 \$'000	% Change on 2009
Reported Net profit after tax	15,903	18,189	14.4%
Profits on sale of business	<u>(486)</u>	<u>(572)</u>	
	15,417	17,617	14.3%
Amortisation of intangibles	<u>2,572</u>	<u>2,548</u>	
NPAT before amortisation of intangibles and profit on sale of businesses (Adjusted NPAT)	<u>17,989</u>	<u>20,165</u>	12.1%

Highlights

- Exceeded FY 2009 by 12.1%

Profit Growth 2006 - 2010



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

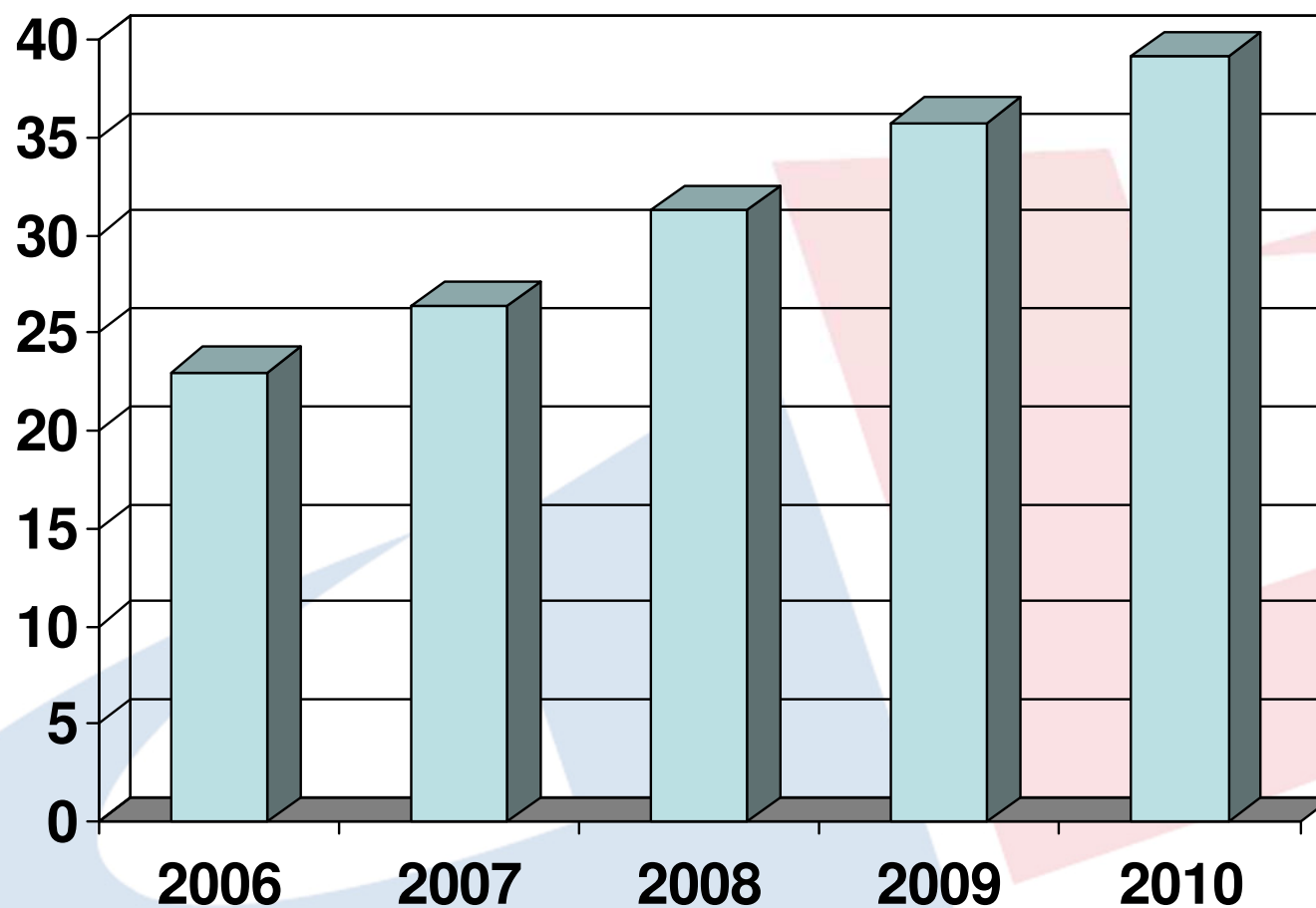
FY2010 Financial Performance



\$'000	Actual 2009	Actual 2010	% change
Broker Revenue (net of commission paid)	190,335	206,114	8.3%
Brokers Profit (AHL share)	31,019	31,019	11.9%
Profit (before tax and amortisation of intangibles and sales of businesses)	25,881	29,087	12.4%
NPAT (before amortisation of intangibles and sales of businesses) – Adjusted NPAT	17,989	20,165	12.1%

Earnings Per Share FY 2006 - 2010

Cents



Based on Adjusted NPAT

Financial Highlights

- Dividend
 - Full year dividend 22.5 cents per share up 10.7% on FY 2010
 - Payout ratio on NPAT 65% (59% on Adjusted NPAT)
- Total shareholder return
 - FY 2010 – 30.1% versus ASX All Ordinaries Index 13.8%
- Earnings per share growth on Adjusted NPAT was 9.2%
- Share of broker profits increased by over \$3.6 million or 11.9% over FY2010 largely from growth in existing business
- Excluding acquisitions brokers increased commission and fees by 6.6%

Insurance Broking Operations

- Continued strategy of growth through acquisition and developing existing businesses
- Acquisition Direct
 - 50% of Austral Insurance Brokers – Perth (30th June 2009)
- Acquisitions in the Network
 - North Coast Insurance Brokers acquired 80% of Ballina Insurance Brokers
 - Austbrokers AEI Transport acquired 80% of Chegwyn Insurance Brokers
 - SGP Insurance Brokers merged with Davies Brookes
 - Other portfolio acquisitions
- Owner Driver
 - Divested small equity interests in SGP as part of Davies Brookes merger
 - Acquired additional 10% Austbrokers Trade Credit
 - Introduced new shareholders in two other businesses

Insurance Broking Operations (cont'd)



- Premium Funding
 - Continuing promotion and development of Joint Venture with Pacific Premium Funding (GE Company)
 - \$285 million funded with Pacific during the year – 42% increase
 - Contributed \$11 million in income to Broker Network – up 20%
- Synergies / Efficiencies
 - Central DataCentre now hosts over 78% of businesses
 - Establishment of Austbrokers Business Centre to provide back office services – now servicing fifteen businesses
- IBNA Alliance (AIMS)
 - Reinforcement of and delivery on the value proposition to underwriters

Underwriting Agencies

- Achieved 14.7% income growth
- Premiums written in 2010 - \$75 million (excluding taxes and charges)
- Acquired a 50% interest in Tasman Underwriting a professional indemnity specialist agency writing \$5 million in premium

Funding – Current Position

- Bank Facility with St George \$44 million – term five years to August 2013
- At 31 October facility is drawn to \$34 million, interest rates fixed on \$25 million
- Availability for future draw downs is \$10 million
- No significant earn out payments remain at 30th June
- DRP 42% take up and remainder underwritten for final 2010 dividend - \$7.9 million
- Total funds currently available for acquisition around \$20 million (committed for CEMAC deposit \$3.175)
- Future underwriting of DRP shortfalls will be based on need for acquisition funding

Developments Since 30 June 2011



- Insurance Broking Acquisitions
 - Austbrokers Countrywide (50% owned) to acquire portfolio effective 1st December 2010 subject to the vendor meeting certain conditions. Portfolio is approximately \$4 million GWP
 - Rivers (50% owned) acquired Queensland Marine & General business in Cairns with \$2.5 million GWP
 - Some smaller portfolios on the Gold Coast, Brisbane and Tamworth
- Underwriting Agency Acquisitions
 - Since 30th June reached agreement to acquire CEMAC to cement Austagencies position as leading plant and equipment insurance agency in Australia. CEMAC writes approximately \$9 million in GWP and is based in Brisbane. The acquisition is to be effective 1st December subject to certain conditions being satisfied by the vendor. A deposit of \$3.175 million is to be paid with the final payment based on performance

Developments Since 30 June 2011 (con't)



- Process Improvement

- Project to deliver efficiencies in integrating systems with underwriters to enhance EDI delivery and processing of insurance transactions delivering benefits and superior service to customers and suppliers
- Instituting knowledge management systems to enhance information sharing, business intelligence and content management to drive improvements in training and communication

Market Conditions FY2011

- Market conditions unlikely to change significantly in immediate future – moderate rate increases likely in SME sector and lower dollar value transactions
- Consolidation of insurance broker market to continue and provide acquisition opportunities over longer term
- Economic conditions appear to be stabilised with reasonable growth emerging which will support organic growth
- Increased interest rates and likelihood of future rises occurring

Earnings Outlook

- Brokers' results for the first four months of FY2010 have been good
- Broker profit commission income uncertain and will not be known until April / May 2011
- Significant proportion of earnings is in later months of the year
- The start to FY2011 has been positive but due to the weighting of profits to the second half we will not update our previous earnings guidance of growth in Net Profit After Tax (before amortisation of intangibles) of 5% to 10% over FY 2010 until after half year results are finalised in February 2011

This presentation 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.