24th February 2011

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

Dear Sir / Madam,

Re: Appendix 4D and Financial Report for the Half Year Ended 31 December 2010

Attached for immediate release is the Austbrokers Holdings Limited (AUB):

1. Appendix 4D – Half-Year Report 31 December 2010 and
2. Attachment A to Appendix 4D – Financial Statements for the half year ended 31 December 2010

The following associated documents will be provided separately:

- Media Release
- Presentation on the Half Year results

Yours faithfully,

Stephen Rouvray
Company Secretary
Austbrokers Holdings Limited

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

ASX DISCLOSURE – APPENDIX 4D
Half-Year Report – 31 December 2010

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 2010

Previous corresponding period – six months ended 31 December 2009

2. Results for Announcement to the Market

					$000
2.1	Revenue from ordinary activities	up	7.9%	to	53,726
2.2	Profit from ordinary activities after tax attributable to members	up	21.3%	to	8,695
2.3	Net profit attributable to members	up	21.3 %	to	8,695

2.4 Dividends

	Amount Per Security	Franking at 30% Tax Rate	Franked Amount Per Security
Interim Dividend	8.5 cents	100%	8.5 cents

Record date for determining entitlement to the interim dividend.

Tuesday, 12 April 2011

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 2010 attached as Attachment A.

3. Net Tangible Assets Per Security

31 December 2010	$1.195
31 December 2009	$0.924

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.

Details of entities over which control has been gained during the period.

	Date	Contribution to Profit 2010 $	2009 $
Construction Underwriting Pty Ltd	November 2010	Nil	Nil
Breakdown Underwriting Pty Ltd	November 2010	Nil	Nil
CEMAC Pty Ltd	December 2010	14,718	Nil

Details of entities over which control has been lost during the period.

Adroit Hume Pty Ltd (interest reduced to 45%)	July 2010	35,933	80,800

5. Dividends

On 24 February 2011, the Directors declared a fully franked interim dividend of 8.5 cents per share. This dividend is payable on 29 April 2011. Based on issued shares of 54,339,433 shares, this dividend will total $4,618,852.

6. Dividend Reinvestment Plan

The proposed dividend of 8.5 cents per share will be eligible for reinvestment under the Company's Dividend Reinvestment Plan (DRP). The DRP will be open to future dividends until further notice.

For shareholders to be eligible for the DRP in relation to the interim dividend for the year ended 30 June 2011 elections will need to be received by the share registry by 5pm on 11 April 2011.

If a shareholder has previously submitted an election to participate in the DRP, those instructions will apply to the forthcoming interim dividend and all future dividends. If a shareholder wishes to vary its participation status, a notice of variation must be received by the share registry by 5pm on 11 April 2011 in order to be effective for the forthcoming interim dividend.

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 business day following the record date of the dividend) less any applicable discount determined by the Austbrokers' board.

For the forthcoming interim dividend for the year to 30 June 2011, ordinary shares will be issued at a 2.5% discount to the relevant "price". Austbrokers may determine a different discount for subsequent dividends.

Austbrokers does not propose to have any DRP shortfall for the interim dividend underwritten.

The DRP will be open to shareholders whose registered address is in Australia or New Zealand at the relevant record 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 24 February 2011 prepared by Ernst & Young and included in the Half-Year Report – 31 December 2010 attached as Attachment A.

Austbrokers Holdings Limited

ABN 60 000 000 715

Appendix 4D Attachment A

Financial Report
for Half-Year Ended
31 December 2010

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

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2010

austbrokers

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
TABLE OF CONTENTS

Directors' Report

Your directors submit their report for the half-year ended 31 December 2010.

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)
R J Carless (appointed 1 October 2010)
L F Earl (passed away 12 July 2010)
D J Harricks
P R Shirriff

REVIEW AND RESULTS OF OPERATIONS

Results for Half-year

Net profit after tax attributable to equity holders of the parent increased by 21.3% to $8.695 million (2009: $7.168 million) and includes after tax profits on sale of interests in associates and controlled entities. After eliminating the profits on sale from net profit in both periods and excluding the impact of amortisation of intangibles the net profit increased by 25.9% from $7.786 million in 2009 to $9.799 million in 2010.

	2010 $'000	2009 $'000	INCREASE %
Net profit after tax from continuing operations but before amortisation of intangibles attributable to equity holders of the parent	9,799	7,786	25.9%
Net Profit after tax on sale or reduction of interests in associates and controlled entities	165	642	
Net Profit after tax from continuing operations before amortisation of intangibles	9,964	8,428	
Less Amortisation of intangibles (net of tax credit)	(1,269)	(1,260)	
Net profit attributable to equity holders of the parent as reported	8,695	7,168	21.3%

Overview

Excluding profits on sale of interests in associates and controlled entities and amortisation of intangibles, profit after tax increased by 25.9% over the corresponding period last year. Growth from the existing broker network, including bolt on acquisitions made, was the main driver for this profit growth contributing growth in profit over the corresponding prior period of 28.7%.Although premium rates increases have only been moderate over the period, total commission and fee income increased by 9.7% and total income by 11.3% over the prior period. Higher interest earnings in the broker network contributed around 10% of the growth in profit.

Expenses in the broker network increased by 7.3% . 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.

Underwriting agency profits were 13% below last year as a result of lower profit commissions partly due to timing differences in receipt of these from the previous year. Income overall increased by 14% with commission and fees excluding profit commissions increasing by almost 27%. Expenses increased by 23% due to acquisitions and additional resourcing to support growth. The fall in profit reduced the overall profit growth by 1.7%.

Corporate expenses excluding borrowing costs were 8.2% above the corresponding prior period reflecting higher incentive provisions required in line with results achieved and reduced profit growth by 2.9%.

Corporate interest earned increased due to higher interest rates and higher amount of cash held .This increase had the effect of increasing profit growth by 1.9%.

The Group's results compared to the prior corresponding period reflect the growth that has been achieved in the underlying broking businesses including through bolt on acquisitions and have benefited from higher interest rate earnings. This growth has been achieved with only moderate premium rate increases and places the Group in a good position for the remainder of the year.

Directors' Report (continued)

DIVIDEND PAYMENTS

A final dividend of $7.911 million was paid in October 2010.

The Directors have declared a fully franked interim dividend of 8.5 cents per share payable to shareholders at record date of 12 April 2011 and to be paid 29 April 2011.

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 26.

Signed in accordance with a resolution of the directors.

W L McKeough
Director

Sydney, 24 February 2011

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Notes	Consolidated 6 months ended 31 December 2010 $'000	6 months ended 31 December 2009 $'000
Revenue	4 (i)	42,537	40,685
Other income	4 (ii)	3,244	2,698
Share of profit of associates	4 (iii)	7,696	5,779
Other expenses	4 (iv)	(39,520)	(37,984)
Finance costs	4 (v)	(1,224)	(1,218)
Profit before tax and sale of interests in controlled entities, associates and broking portfolios		**12,733**	**9,960**
Profit from sale of interests in controlled entities, associates and broking portfolios	4(vi), 7	249	642
Profit before income tax		**12,982**	**10,602**
Income tax expense	5	2,856	2,162
Net Profit after tax for the period		**10,126**	**8,440**
Net Profit after tax for the period attributable to:			
Equity holders of the parent		8,695	7,168
Non-controlling interests		1,431	1,272
		10,126	**8,440**
Basic earnings per share (cents per share)	6	16.29	14.09
Diluted earnings per share (cents per share)	6	16.07	13.91

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Notes	Consolidated 6 months ended 31 December 2010 $'000	 6 months ended 31 December 2009 $'000
Net Profit after tax for the period		**10,126**	**8,440**
Other comprehensive income			
Revaluation adjustments on (disposal) / step-up acquisition of broking subsidiaries during the period		(4)	(121)
Income tax revenue relating to components of other comprehensive income		1	38
Other comprehensive (expense) after tax for the period		(3)	(83)
Total comprehensive income after tax for the period		**10,123**	**8,357**
Total comprehensive income after tax for the period attributable to:			
Equity holders of the parent		8,695	7,110
Non-controlling interests		1,428	1,247
		10,123	**8,357**

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	Consolidated As at 31 December 2010 $'000	 As at 30 June 2010 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	35,161	23,840
Cash and cash equivalents - Trust	7	58,265	57,147
Trade and other receivables	9	55,947	90,350
Other financial assets	10	1,344	1,461
Total Current Assets		150,717	172,798
Non-current Assets			
Trade and other receivables	11	134	163
Investment in associates	12	70,127	72,177
Other financial assets	13	233	128
Property, plant and equipment	15	4,397	4,674
Intangible assets and goodwill	16	74,898	72,198
Deferred income tax asset		3,105	3,206
Total Non-current Assets		152,894	152,546
TOTAL ASSETS		303,611	325,344
LIABILITIES			
Current Liabilities			
Trade and other payables	18	109,214	138,196
Income tax payable	5	3,446	3,326
Provisions	19	6,511	7,452
Interest bearing loans and borrowings	20	404	481
Total Current Liabilities		119,575	149,455
Non-current Liabilities			
Provisions	19	2,222	1,312
Deferred tax liabilities		4,365	5,585
Interest bearing loans and borrowings	20	34,491	34,418
Total Non-current Liabilities		41,078	41,315
TOTAL LIABILITIES		160,653	190,770
NET ASSETS		142,958	134,574
EQUITY			
Issued capital	21	68,865	60,844
Retained earnings		57,338	56,387
Share based payments reserve		2,046	1,833
Asset revaluation reserve		2,945	3,234
Equity attributable to equity holders of the parent		131,194	122,298
Non-controlling interests		11,764	12,276
TOTAL EQUITY		142,958	134,574

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Notes	Consolidated 6 months ended 31 December 2010 $'000	6 months ended 31 December 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends/trust distributions received		9,533	6,641
Interest received		2,224	1,325
Interest paid		(1,224)	(1,218)
Receipts from customers		77,065	72,792
Payments to suppliers and employees		(68,291)	(61,181)
Management fees received from associates / related entities		751	530
Income tax (paid)		(3,836)	(3,561)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**16,222**	**15,328**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payment for increase in interests in controlled entity	7 (a)	(164)	-
Payment for new associates	7 (c)	-	(300)
Payment for new broking portfolios purchased by members of the economic entity	7 (e)	(292)	(185)
Payment for new consolidated entity, net of cash acquired	7 (f)	(2,157)	-
Proceeds from sale of consolidated broking portfolios	7 (g)	35	60
Proceeds from sale of controlled entity	7 (h)	1,461	-
Net cash reduction on controlled entity becoming an associate	7 (i)	-	(1,072)
Payment for purchase of other financial assets		(143)	(94)
Proceeds from sale of plant and equipment		106	167
Payment for plant and equipment		(588)	(688)
Advances of mortgages		(246)	(399)
Proceeds from mortgage repayments		388	362
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(1,600)**	**(2,149)**
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid to shareholders		(4,566)	(4,757)
Dividends paid to shareholders of non controlling interests		(1,472)	(1,026)
Payment for deferred settlement on prior year acquisitions		(1,312)	(11,493)
Proceeds from issue of share capital resulting from options exercised		223	436
Net proceeds from issue of share capital resulting from underwritten dividend reinvestment plan		4,453	4,612
Net increase proceeds from borrowings and lease liabilities		(4)	910
Repayments from / (advances to) related entities		495	(439)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(2,183)**	**(11,757)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**12,439**	**1,422**
Cash and cash equivalents at beginning of the period		80,987	68,658
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7 (a)	**93,426**	**70,080**

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Attributable to equity holders of the parent					*Non-controlling 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 2009	**49,959**	**48,301**	**3,788**	**1,345**	**103,393**	**10,860**	**114,253**
Total comprehensive income for the six months ended 31 December 2009	-	7,168	(58)	-	7,110	1,247	8,357
Issue of shares to minority interests by subsidiaries and minority interests relating to new acquisitions/sales				-		80	80
Transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	430	(430)	-	-	-	-
Tax effect on transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	(129)	129	-	-	-	-
Issue of share capital resulting from net proceeds from Dividend Reinvestment Plan	6,664	-	-	-	6,664	-	6,664
Cost of share-based payment	-	-	-	228	228	-	228
On 30 September 2009 allotted 165,850 shares at an issue price of $2.00 on exercise of options	331	-	-	-	331	-	331
On 30 September 2009 allotted 30,200 shares at an issue price of $3.47 on exercise of options	105	-	-	-	105	-	105
Fair Value and Non-controlling interests adjustments resulting from part sale of controlled entity			99		99	51	150
Equity dividends	-	(6,809)	-	-	(6,809)	(1,026)	(7,835)
At 31 December 2009	**57,059**	**48,961**	**3,528**	**1,573**	**111,121**	**11,212**	**122,333**
Total comprehensive income for the six months 1 January 2010 to 30 June 2010	-	11,021	-	-	11,021	1,859	12,880
Issue of shares to minority interests by subsidiaries and minority interests relating to new acquisitions/sales	-	-	-	-	-	365	365
Transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	419	(419)	-	-	-	-
Tax effect on transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	(125)	125	-	-	-	-
Cost of share-based payment	-	-	-	225	225	-	225
Transfer to share based payment reserve on 108,300 options exercised at an option cost of 32 cents per share	(35)	-	-	35	-	-	-
Issue of share capital resulting from net proceeds from Dividend Reinvestment Plan	3,820	-	-	-	3,820	-	3,820
Equity dividends	-	(3,889)	-	-	(3,889)	(1,160)	(5,049)
At 30 June 2010	**60,844**	**56,387**	**3,234**	**1,833**	**122,298**	**12,276**	**134,574**

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Attributable to equity holders of the parent					*Non-controlling 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 2010	**60,844**	**56,387**	**3,234**	**1,833**	**122,298**	**12,276**	**134,574**
Total comprehensive income for the six months 1 July 2010 to 31 December 2010	-	8,695	-	-	8,695	1,428	10,123
Adjustment to non-controlling interests from loss of control on sale of controlled entity	-	-	-	-	-	(426)	(426)
Adjustment to asset revaluation reserve on acquisition of non-controlling interests on step up acquisitions that occurred in prior periods.	-	-	3		3	(3)	-
Transfer to retained earnings on acquisition of additional equity of controlled entity	-	(125)			(125)	(39)	(164)
Transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	418	(418)	-	-	-	-
Tax effect on transfer from asset revaluation reserve for amortisation of broking register on step acquisition of broking subsidiaries	-	(126)	126	-	-	-	-
Cost of share-based payment	-	-	-	213	213	-	213
On 29 July 2010 allotted 45,000 shares at an issue price of $2.00 on exercise of options	90	-	-	-	90	-	90
On 29 July 2010 allotted 38,300 shares at an issue price of $3.47 on exercise of options	133				133	-	133
Issue of share capital resulting from net proceeds from Dividend Reinvestment Plan	7,798	-	-	-	7,798	-	7,798
Equity dividends	-	(7,911)	-		(7,911)	(1,472)	(9,383)
At 31 December 2010	**68,865**	**57,338**	**2,945**	**2,046**	**131,194**	**11,764**	**142,958**

1. CORPORATE INFORMATION

The financial report of Austbrokers Holdings Limited for the six months ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 24 February 2011.

Austbrokers Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activities during the period of entities within the consolidated entity, were the provision of general insurance broking services, distribution of ancillary products and conducting underwriting agency businesses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the half year financial statements

The general purpose condensed financial statements for the half year ended 31 December 2010 have been prepared in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report except as noted in note 3 below.

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 2010 and considered together with any public announcements made by Austbrokers Holdings Limited in accordance with the continuous disclosure obligations of the ASX listing rules.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND NEW ACCOUNTING STANDARDS

Under the amendments in the annual improvements project, payments of deferred consideration are now classified as a financing activity in the Statement of Cash Flow. There were no other changes to accounting policies and disclosures during the six months ended 31 December 2010. All accounting policies and disclosures are included in the 30 June 2010 annual report.

	Consolidated 6 months ended 31 December 2010 $'000	Consolidated 6 months ended 31 December 2009 $'000
4. REVENUE AND EXPENSES		
(i) Revenue		
Commission, Brokerage and Fee Income	41,786	40,155
Management fees received	751	530
Total revenue	42,537	40,685
(ii) Other income		
Dividends received from other persons	-	4
Interest from other persons / corporations	2,224	1,325
Other income	1,020	1,369
Total other income	3,244	2,698
(iii) Share of profit of associates		
Share of Net Profits of Associates Accounted for using the Equity Method before amortisation	8,328	6,393
Amortisation of Intangibles - Associated Entities	(632)	(614)
Total share of profit of associates	7,696	5,779
(iv) Other expenses		
Amortisation of Intangibles - controlled entities	1,243	1,255
Salaries and wages	24,250	22,119
Share-based payments	213	228
Audit fees	356	461
Travel/Telephone/ Motor/Stationery	1,849	2,002
Depreciation of property plant and equipment	759	818
Other expenses	4,870	5,302
Rent (operating leases)	2,092	2,111
Commission Paid	2,739	2,648
Insurance	1,149	1,040
Total other expenses	39,520	37,984
(v) Finance costs		
Borrowing costs	1,224	1,218
Total finance costs	1,224	1,218
(vi) Profit from sale of interests in associates and controlled entities		
Profit from sale of interests in associates and controlled entities	249	78
Adjustment to fair value of a controlled entity on the date it became an associate.	-	564
Total Profit from sale of interests in associates and controlled entities	249	642

	Consolidated	
	6 months ended 31 December 2010 $'000	6 months ended 31 December 2009 $'000

5. INCOME TAX

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:

	6 months ended 31 December 2010 $'000	6 months ended 31 December 2009 $'000
Profit before income tax	12,982	10,602
At the company's statutory income tax rate of 30% (2009:30%)	3,895	3,181
Non assessable income from associated entities	(1,112)	(891)
Capital gains tax /(Non-taxable gains) on sale	62	(193)
(Over) provision prior year	(142)	(64)
Share based payments	63	68
Non deductible expenses/other	90	61
Income tax expense reported in the consolidated income statement	2,856	2,162
Provision for income tax	3,446	3,326

6. EARNINGS PER SHARE (EPS)

(a) Earnings used in calculating EPS

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

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 period 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.

(b) Weighted average number of shares

There have been no significant transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

7. CASH AND CASH EQUIVALENTS	Consolidated As at 31 December 2010 $'000	Consolidated As at 31 December 2009 $'000
Cash and cash equivalents	35,161	18,987
Cash and cash equivalents - Trust	58,265	51,093
Total cash and cash equivalents	**93,426**	**70,080**

Non cash financing and investing activities transactions include transactions resulting from the dividend reinvestment plan.
Trust cash cannot be used to meet business obligations/operating expenses other than payments to underwriters and/or refunds to policyholders.

a) On 17 August 2010, the Consolidated entity acquired an additional 10% interest in Austbrokers Trade Credit Pty Ltd for $164,000 increasing the total equity from 65% to 75%.

The carrying value of the identifiable assets and liabilities of Austbrokers Trade Credit Pty Ltd as at the date of the acquisition were:

	Carrying value $'000
Cash	491
Receivables	42
Intangibles	210
TOTAL ASSETS	**743**
Payables and provisions	285
Deferred Tax Liabilities	63
TOTAL LIABILITIES	**348**
NET ASSETS	**395**
Non controlling interest share - acquired	39
Purchase price - cash paid	164
Transfer to reserves	125

Business combinations

All the business combinations referred to in this note relate to Insurance Broking and underwriting agency businesses.

b) During the period, the consolidated entity acquired 51% of two newly incorporated entities, Construction Underwriting Pty Ltd and Breakdown Underwriting Pty Ltd for $51 each.

c) During the prior period, the consolidated entity acquired a 50% holding in Tasman Underwriting Pty Ltd for $300,000.

d) During the prior period, the Consolidated Entity paid $100 for 50% of the issued capital of Austbrokers Aviation Pty Limited.

7. CASH AND CASH EQUIVALENTS (Continued)

Business combinations (continued)

e) The Consolidated Entity acquired broking portfolios by way of business combinations as follows:

	Consolidated	
	Fair value recognised on acquisition	
	6 months ended 31 December 2010 $'000	6 months ended 31 December 2009 $'000
Intangibles	208	264
Deferred tax liabilities	(63)	(79)
Fair value of assets acquired	145	185
less:		
Purchase price - cash paid	**292**	**185**
Issue of shares by a controlled entity to non controlling interests	-	245
Goodwill arising on acquisition	147	245

f) On 30 November 2010, the Consolidated Entity acquired 100% interest in Cemac Pty Ltd for $3,221,193.
Fair values of the identifiable assets and liabilities of Cemac Pty Ltd as at the date of the acquisition were:

	Fair value recognised on acquisition $'000	Carrying value $'000
Cash	1,018	1,018
Receivables	1,156	1,156
Deferred tax asset	8	8
TOTAL ASSETS	**2,182**	**2,182**
Payables and provisions	2,136	2,136
Deferred Tax Liabilities	-	-
TOTAL LIABILITIES	**2,136**	**2,136**
NET ASSETS	**46**	**46**
Fair value of assets acquired	**46**	
Purchase price - cash paid	3,175	
Purchase price - payable within 90 days	46	
Deferred settlement	1,431	
Goodwill arising on acquisition	**4,606**	
Cash outflow on acquisition is as follows;		
Net cash acquired with the controlled entity	1,018	
Cash paid	3,175	
Net cash outflow	**2,157**	

The deferred settlement on this acquisition is $1,430,567 and is expected to be paid by January 2012.

The acquisition of 100% of Cemac Pty Ltd was effective on 30 November 2010. The additional acquisition contributed $21,000 to net profit before tax and $61,000 to revenue. Had the acquisition taken place at the beginning of the period, the profit before tax contribution would have increased by $306,000 and revenue by $542,000.

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.

7. CASH AND CASH EQUIVALENTS (Continued)

	Consolidated 6 months ended 31 December 2010 $'000	Consolidated 6 months ended 31 December 2009 $'000
g) The Consolidated Entity disposed of broking portfolios as follows:		
Book value of assets disposed		
Intangibles net of amortisation	-	-
Goodwill	-	47
Book value assets disposed.	-	47
Proceeds from sale of broking portfolio	35	60
Profit on sale of broking portfolio	35	13

h) On 30 November 2010, the company disposed of all of its equity in Adroit Hume Pty Ltd for $1,460,783 to an associated entity, Adroit Insurance Brokers Pty Ltd.

	31 December 2010 $'000	31 December 2009 $'000
Carrying value of interest disposed	1,033	-
Unrealised profit on sale of controlled entity to associate	214	-
Proceeds received on disposal of controlled entity	1,461	-
Profit on sale (pre tax)	214	-
Cash outflow on disposal is as follows;		
Net cash reduction on deconsolidation of controlled entity	-	-
Cash received on disposal of controlled entity	1,461	-
Net cash inflow	1,461	-

i)

On 1 October 2009, the company reduced its equity in SGP Insurance Brokers Pty Ltd (now Insurics Pty Ltd) from 70% to 50% through the issue of new shares and the sale a parcel of shares by the company. On this date Insurics Pty Ltd ceased to be a controlled entity and became an Associate.

	31 December 2010 $'000	31 December 2009 $'000
Carrying value of interest disposed	-	622
Carrying value of investment transferred to Investment in Associates	-	(592)
Fair value adjustment at the date the entity became an Associate	-	(564)
Proceeds received on disposal of controlled entity	-	95
Profit on sale	-	629
Cash outflow on disposal is as follows;		
Net cash reduction on deconsolidation of controlled entity	-	(1,167)
Proceeds received on disposal of controlled entity	-	95
Net cash outflow	-	(1,072)
Total profit on disposals see note 7 (g) (h) (i)	249	642

	Consolidated	
	6 months ended 31 December 2010 $'000	6 months ended 31 December 2009 $'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 2009: 13.5 cents	-	6,809
Final franked dividend for financial year ended 30 June 2010: 15.0 cents	7,911	-
Total dividends paid in current period	7,911	6,809

In addition to the above, dividends paid to non controlling interests totalled $1,472,000 (2009: $1,026,000).

(b) Dividends proposed and not recognised as a liability

Interim franked dividend for financial year ended 30 June 2010: 7.5 cents	-	3,889
Interim franked dividend for financial year ended 30 June 2011: 8.5 cents	4,619	-
	4,619	3,889

Dividends paid per share (cents per share)	15.0	13.5
Dividends proposed per share (cents per share) not recognised at balance date	8.5	7.5

	Consolidated	
	As at 31 December 2010 $'000	As at 30 June 2010 $'000

9. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	4,916	5,941
Amount due from broking operations/underwriting agency receivables	50,346	82,508
Related party receivables - other related	685	1,901
Total receivables (current)	55,947	90,350

The reduction in receivables from 30 June to 31 December is in line with industry cyclical movements where a large proportion of policies are renewed at June each year.

10. OTHER FINANCIAL ASSETS (CURRENT)

Mortgages - related entities (amortised cost)	570	347
Mortgages - other (amortised cost)	774	1,114
Total other financial assets (current)	1,344	1,461

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.

	Consolidated As at 31 December 2010 $'000	Consolidated As at 30 June 2010 $'000
11. TRADE AND OTHER RECEIVABLES (NON CURRENT)		
Trade receivables	1	30
Loans to associated entities	133	133
Total receivables (non current)	134	163

12. INVESTMENT IN ASSOCIATES

	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Investments at equity accounted amount:		
Associated entities - unlisted shares	70,127	72,177

Investments in associated entities based on percentage of ordinary shares, except where otherwise stated:

Name	Dec-10 %	Jun-10 %	Equity accounted As at 31 December 2010 $'000	Equity accounted As at 30 June 2010 $'000
Austral Insurance Brokers Pty Ltd	50.0	50.0	3,019	3,114
Austbrokers RIS Pty Ltd	49.9	49.9	2,435	2,188
Austbrokers ABS Aviation Pty Ltd	50.0	50.0	-	-
Bruce Park Pty Ltd trading as Fergusons Financial Services	49.9	49.9	1,443	1,383
Citycover (Aust) Pty Ltd	49.9	49.9	1,675	1,666
Comsure Insurance Brokers Pty Ltd	49.9	49.9	897	711
Insurance Advisernet Australia Pty Ltd/ Insurance Advisernet Australia Unit Trust and controlled entity	49.9	49.9	15,376	15,580
Insurance Advisernet Holdings Unit Trust	49.9	49.9	259	246
JMD Ross Insurance Brokers Pty Ltd	49.9	49.9	683	662
Markey Group Pty Ltd	49.9	49.9	2,233	2,532
MGA Management Services Pty Ltd	49.9	49.9	5,570	5,374
Northern Tablelands Insurance Brokers Pty Ltd	49.9	49.9	48	39
Peter L Brown & Associates Pty Ltd	49.9	49.9	591	494
Power Insurance Brokers Pty Ltd and controlled entity	49.9	49.9	687	774
Rivers Insurance Brokers Pty Ltd	49.9	49.9	3,195	2,967
Adroit Insurance Brokers Pty Ltd	49.9	49.9	2,040	2,118
Secure Enterprises Pty Ltd / Strathearn Insurance Brokers Unit Trust / 'Parkstar Enterprises Pty Ltd / Strathearn Insurance Brokers (Qld) Unit Trust	49.9	49.9	22,921	24,844
Supabrook Pty Ltd trading as Austbrokers HCI	49.9	49.9	725	869
SRG Group Pty Ltd	50.0	50.0	2,032	2,126
Insurics Pty Ltd (formerly SGP Insurance Brokers Pty Ltd)	50.0	50.0	1,202	1,257
Tasman Underwriting Pty Ltd	50.0	50.0	397	363
Western United Financial Services Pty Ltd and controlled entity	49.9	49.9	687	742
Oxley Insurance Brokers Pty Ltd / Port Macquarie Insurance Brokers Unit Trust and consolidated entities	49.9	49.9	195	154
Oxley Insurance Brokers Pty Ltd/Coffs Harbour Unit Trust	37.5	37.5	31	55
Countrywide Tolstrup Financial Services Group Pty Ltd / Countrywide Tolstrup Group Unit Trust	49.9	49.9	1,786	1,919
			70,127	72,177

- On 1 October 2009, the consolidated entity acquired a 50% interest in Tasman Underwriting Pty Ltd for $300,000.
- On 1 July 2009, Austbrokers ABS Aviation Pty Ltd issued 50 shares to a new shareholder and 50 shares to a controlled entity. On this date the company reduced its holding to 50% and the company ceased to be a controlled entity.
- On 1 October 2009, the consolidated entity disposed of 20% of its interest in SGP Insurance Brokers Pty Ltd at which date it ceased to be a controlled entity and became an Associate. The difference between the previous carrying value and fair value at the date the company became an associate of $564,000 has been credited to the income statement.

12. INVESTMENT IN ASSOCIATES (continued)

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 and agency business.

(b) The proportion of voting power held by the controlling entity in respect of each assocaiate is 50%.

(c) The reporting date of each associate is 31 December 2010 (prior period reporting date 31 December 2009).

(d) There have been no significant subsequent events affecting the associates' profits for the ensuing year.

(e) There were no impairment issues relating to the investment in associates.

(f) All associates, including unit trusts, were incorporated or established in Australia.

	Consolidated	
	6 months ended 31 December 2010 $'000	6 months ended 31 December 2009 $'000
(g) The entity's share of associates' profits/(losses)		
Share of associates':		
Revenue	35,601	30,649
Operating profits before income tax	10,172	7,864
Amortisation of intangibles	(632)	(614)
Net profit before income tax	9,540	7,250
Income tax expense attributable to operating profits	(1,844)	(1,471)
Share of associates' net profits	7,696	5,779

13. OTHER FINANCIAL ASSETS (NON CURRENT)

	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Mortgages - related entities (amortised cost)	-	-
Mortgages - other (amortised cost)	80	106
Other	153	22
	233	128

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

- See 30 June 2010 financial statements for full list of controlled entities.
- During the prior year, the company deregistered AEI Financial planning Pty Ltd, AEI Mortgage and Financial Solutions Pty Ltd, AFS (Syd) Pty Ltd, Austbrokers Finance Pty Ltd and WUIB Pty Ltd. During the prior year, the company deregistered Shield Underwriting Agencies Pty Ltd, Shield Shared Services Pty Ltd, MTA Insurance Agency Pty Ltd and Austagencies Leasebond Pty Ltd.
- On 1 July 2009, Austbrokers ABS Aviation Pty Ltd issued 50 shares to a new shareholder at which date the company ceased to be a controlled entity. In December 2009, the company incorporated a new company Austbrokers Business Centre Pty Ltd for $2.
- On 1 October 2009, the consolidated entity disposed of 20% of its interest in SGP Insurance Brokers Pty Ltd at which date it ceased to be a controlled entity and became an Associate. The difference between the previous carrying value and fair value at the date the company became an associate of $555,000 has been credited to the income statement.
- On 28 February 2010, a controlled entity North Coast Insurance Brokers Pty Ltd subscribed for 80% (Austbrokers consolidated entity share 56%) of the capital in a newly incorporated entity, Ballina Insurance Brokers Pty Ltd for $772,000 to acquire a broking portfolio.
- On 28 February 2010, a controlled entity, CE MacDonald Pty Ltd subscribed for 100% of the capital in a newly incorporated entity, Traders Voice Services Pty Ltd for $1.
- On 17 August 2010, a the Consolidated Entity acquired a further 10% equity interest in Austbrokers Trade Credit Pty Ltd for $164,000.
- During the period the Consolidated Entity acquired 51% interests in two newly incorporated entities, Construction Underwriting Pty Ltd and Breakdown Underwriting Pty Ltd for $51 each.
- On 1 April 2010, a controlled entity Austbrokers AEI Transport Pty Limited acquired an 80% interest in Austbrokers AEI Pty Limited for $434,782.
- On 30 November 2010, the Consolidated Entity acquired 100% interest in Cemac Pty Ltd for $3,221,193. The deferred settlement on this acquisition is $1,430,567 increasing the total paid to $4,651,760. The deferred settlement is expected to be paid by January 2012.
- On 1 December 2010, the Consolidated Entity disposed of 100% of its holdings in Adroit Hume to an associated entity for $1,460,783

15. PLANT AND EQUIPMENT

	Consolidated As at 31 December 2010 $'000	Consolidated As at 30 June 2010 $'000
Property	703	703
Plant and equipment	11,389	11,078
Motor Vehicles	1,281	1,288
Total cost	13,373	13,069
Depreciation		
Property	53	46
Plant and equipment	8,407	7,859
Motor Vehicles	516	490
Total Accumulated Depreciation	8,976	8,395
Net carrying amount at end of period		
Property	650	657
Plant and equipment	2,982	3,219
Motor Vehicles	765	798
Net Carrying value	4,397	4,674

16. INTANGIBLE ASSETS AND GOODWILL

	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Goodwill	61,922	58,107
Insurance Broking Registers	25,796	25,787
Total cost	87,718	83,894
Amortisation		
Goodwill	-	-
Insurance Broking Registers	12,820	11,696
Total Accumulated Amortisation	12,820	11,696
Net carrying amount at end of period		
Goodwill	61,922	58,107
Insurance Broking Registers	12,976	14,091
Net Carrying value	74,898	72,198

17. SHARE-BASED PAYMENT PLANS

Employee Share Option Plan

Share options are granted to senior executives by the ultimate parent company Austbrokers Holdings Ltd.
The share-based payments expense recognised in the income statement is included in note 4 (iv) Expenses.
Unless otherwise stated, all options are granted over shares in the ultimate controlling entity, Austbrokers Holdings Ltd.

Share Options	As at 31 December 2010 No.	As at 30 June 2010 No.
Outstanding at the beginning of the period	2,012,633	2,179,479
Granted during the period - Zero priced options	80,118	89,104
Exercised during the period: Options issued during 2005	(45,000)	-
Exercised during the period: Options issued during 2006	(38,300)	-
Lapsed during the period: Options issued during 2007	-	(52,150)
Lapsed during the period: Options issued during 2008	-	(7,750)
Exercised during the period: Options issued during 2005	-	(165,850)
Exercised during the period: Options issued during 2006	-	(30,200)
Outstanding at the end of the period	2,009,451	2,012,633

During the period the following options were issued or exercised.

- 80,118 Share options were granted on 15 October 2010, exercisable 3 years from 15 October 2010 at an exercise price of $NIL.
- 45,000 Share options were exercised on 29 July 2010 at an exercise price of $2.00
  38,300 Share options were exercised on 29 July 2010 at an exercise price of $3.47
- Share options were granted on similar terms and conditions as options outstanding at 30 June 2010, as noted in the annual report.
- The share-based payments expense recognised in the consolidated income statement is included in note 4 (iv) Expenses.

	Consolidated	
	As at 31 December 2010 $'000	As at 30 June 2010 $'000
18. TRADE AND OTHER PAYABLES		
Current		
Trade payables	3,875	5,995
Amount payable to broking operations/underwriting agency operations	97,634	123,935
Other payables	7,567	8,063
Related party payables		
- Related entities	138	203
	109,214	138,196

The reduction in payables from 30 June to 31 December is in line with industry cyclical movements where a large proportion of policies are renewed at June each year and therefore a higher level of payments to insurers are payable.

Non-current		
Trade payables	-	-
	-	-

19. PROVISIONS

Employee entitlements	7,988	8,061
Make good provision	745	703
Balance at the end of the period	8,733	8,764
Current	6,511	7,452
Non-current	2,222	1,312
	8,733	8,764

	Consolidated	
	As at 31 December 2010 $'000	As at 30 June 2010 $'000
20. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Obligations under finance leases and hire purchase contracts	331	303
Unsecured loan from other related parties	48	159
Unsecured loan - Bank overdraft	25	19
Secured bank loan *	-	-
	404	481
Non-current		
Obligations under finance leases and hire purchase contracts	645	738
Unsecured loan from other parties	-	82
Secured bank loan *	33,846	33,598
	34,491	34,418

* The Consolidated Entity has negotiated facilities through various banks including St George Bank, Macquarie Bank and Commonwealth Bank.

St George Bank Facilities

St George Bank has provided finance facilities to the Austbrokers Holdings Ltd Consolidated Entity amounting to $44,325,225 (30 June 2010: $44,118,500). At balance date these facilities have been utilised to the amount of $32,894,523 (30 June 2010 $33,247.500) in bill acceptance/discount facilities, bank overdraft facilities and bank guarantees.

During the current period, a further $350,000 of the facility has been utilised by a controlled entity, SPT Financial Services Pty Ltd.

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

The facilities are secured by registered fixed and floating charges over the assets of Austbrokers Holdings Limited and various controlled entities as disclosed in the 30 June financial statements.

Macquarie Bank facilities

Aprikeesh Pty Ltd and its controlled entities (Aprikeesh Group) , negotiated with Macquarie Bank to provide finance facilities to the Aprikeesh Group amounting to $550,000 (30 June 2010 $550,000). At 31 December 2010 these facilities have been utilised to the amount of $462,000. (30 June 2010: $502,000) The undrawn amount of the facility at 31 December 2010 was $88,000.

Commonwealth Bank facilities

A controlled entity, North Coast Insurance Brokers Pty Ltd has negotiated with Commonwealth Bank a $1,275,000 (30 June 2010 $1,275,000) loan facility that expires in September 2012. The undrawn amount of this facility at 31 December 2010 was $61,168.

	Consolidated	
	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Summary of secured bank loans		
St George Bank	32,170	31,821
Macquarie Bank	462	502
Commonwealth Bank	1,214	1,275
Total secured bank loans	33,846	33,598

21. ISSUED CAPITAL AND RESERVES

	Consolidated	
	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Issued Capital opening balance	60,844	49,959
On 30 September 2009 allotted 165,850 shares at an issue price of $2.00	-	331
On 30 September 2009 allotted 30,200 shares at an issue price of $3.47	-	105
On 1 July 2009 transferred to share based payment reserve	-	(35)
On 29 July 2010 allotted 45,000 shares at an issue price of $2.00	90	-
On 29 July 2010 allotted 38,300 shares at an issue price of $3.47	133	-
Net Proceeds from Dividend Reinvestment Plan	7,798	10,484
Issued Capital	68,865	60,844

	Shares No.	Shares No.
Number of Shares on Issue (ordinary shares fully paid)	54,339,433	52,653,687

	Shares No.	Shares No.
Movements in shares on issue		
Beginning of the financial year	52,653,687	50,238,170
On 30 September 2009 allotted 165,850 shares at an issue price of $2.00	-	165,850
On 30 September 2009 allotted 30,200 shares at an issue price of $3.47	-	30,200
On 23 October 2009, 1,424,740 shares were issued at $4.78 as a result of a Dividend Reinvestment Plan.	-	1,424,740
On 29 April 2010, 794,727 shares were issued at $4.89 as a result of a Dividend Reinvestment Plan.	-	794,727
On 29 July 2010 allotted 45,000 shares at an issue price of $2.00	45,000	-
On 29 July 2010 allotted 38,300 shares at an issue price of $3.47	38,300	-
On 18 October 2010, 1,602,446 shares were issued at $4.9365 as a result of a Dividend Reinvestment Plan.	1,602,446	-
Total Shares on Issue	54,339,433	52,653,687

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. OPERATING SEGMENTS

The company's corporate structure includes equity investments in insurance intermediary entities. Discrete financial information about each of these entities is reported to management on a regular basis and accordingly management considers each entity to be a discrete operating segment of the business. The company believes that all of the Group's equity investments in insurance intermediary entities exhibit similar economic characteristics and have therefore been aggregated into a single reporting segment, being the general insurance intermediary sector. This assessment is based on each of the operating segments having similar products and services, similar types of customer, employing similar operating processes and procedures and operating within a common regulatory environment. The consolidated entity is in the business of distributing and advising on insurance products in Australia.

	Consolidated	
	As at 31 December 2010 $'000	As at 30 June 2010 $'000

23. COMMITMENTS AND CONTINGENCIES

Finance lease and hire purchase commitments - Consolidated Entity as lessee

The Consolidated Entity 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 - Consolidated Entity as lessee

The Consolidated Entity has entered into leases for premises, 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.

Contingent liabilities

Estimates of the maximum amounts of contingent liabilities that may become payable

	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Austbrokers Holdings Ltd has guaranteed loan facilities provided to an associate in proportion to its shareholding.	1,200	1,200
Austbrokers Holdings Ltd has guaranteed lease facilities provided to an associate in proportion to its shareholding.	260	260
	1,460	1,460

Austbrokers Holdings Ltd has provided indemnities to other shareholders of related entities and associates in relation to guarantees given by those shareholders, to financiers of or lessors to entities in which Austbrokers has an equity interest. At balance date no liability has arisen in relation to these indemnities.

24. SUBSEQUENT EVENTS

On 24 February 2011 the Directors of Austbrokers Holdings Ltd declared a final dividend on ordinary shares in respect of the 2010 financial year. The total amount of the dividend is $4,618,852 which represents a fully franked dividend of 8.5 cents per share. The dividend has not been provided for in the 31 December 2010 financial statements.

Directors' Declaration

In accordance with a resolution of the directors of Austbrokers Holdings Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are 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 2010 and of its performance for the 6 months period ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* ;

(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, 24 February 2011

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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 statement of financial position as at 31 December 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description of accounting policies and other explanatory information, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 2010 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 half-year 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 2010 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

Paul Harris
Partner
Sydney

24 February 2011

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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 2010, 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

Ernst & Young

Paul Harris
Partner
Sydney
24 February 2011