Company Announcements Platform
Australian Stock Exchange Limited

For immediate Market Release

Results for the Half Year to 31 December 2005

Austbrokers Holdings Limited (AUB) announcement on its results for the Half Year to 31 December 2005 are attached as follows:

1. Announcement
2. Appendix 4D together with Financial Report
3. Presentation on the Results

Yours sincerely

Steve Rouvray

S.S Rouvray
Company Secretary

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ASX release

28 February 2006

Austbrokers announces $7.2m interim profit

Includes $3.9 million one-off profits on sale of businesses

Highlights:

— $4.1 million Net Profit after tax but before profits on sale of businesses and amortisation of intangibles (Adjusted NPAT) for HY to 31 December 2005

— On track to achieve full year Adjusted NPAT target of $10.4 million as per Prospectus

— Half Year Dividend of 5 cents per share payable April

Austbrokers Holdings Limited (ASX: AUB) today announced a $7.2 million profit[1] for the six months ending 31 December 2005. This result included $3.9 million in one-off profits from the sale of businesses foreshadowed in the Prospectus.

This is the first result Austbrokers has reported since listing on the Australian Stock Exchange in November 2005. Shareholders will benefit from an interim dividend of 5 cents per share for the half year, payable on 21 April 2006.

Adjusted NPAT was $4.1 million for the first half of the financial year. Based on this result, Austbrokers has achieved 39% of its full year NPAT target of $10.4 million, in line with expectations. The Company anticipates second half Adjusted NPAT to be higher, due to concentration of insurance renewal dates around 30 June.

Chief Executive Lachlan McKeough said that he was pleased with the performance of the broking network in the current soft market conditions.

"Our core business is our insurance broking network, with 31 broking firms operating throughout Australia," said Mr McKeough. "The network has performed steadily with broking profits overall in line with forecasts. Broking income has been down on lower premiums placed but expenses have been kept under control.

"We are also focused on growing our underwriting agency business (Austagencies) and other add-on financial service offerings such as premium funding, superannuation and life insurance."

Our expectation is for the market to remain soft presenting on going difficult trading conditions however the Austbrokers Board and Management Team believe that the Company is on track to achieve a full year Adjusted NPAT of $10.4 million. This objective is in line with Prospectus forecasts, given Management's expectation of a higher profit in the second six months of the financial year.

Mr McKeough said we would expect that there would be ongoing opportunities for growth through acquisitions due to the continued rationalisation of the broking industry and in other activities which will enable the company to continue to expand its presence in the general insurance broking sector.

"In the six months to 31 December 2005, the company has made two acquisitions and we will continue to seek greater scale and cost synergies through this strategy."

On Friday last week, Austbrokers announced it had acquired an 80% stake in Premier Auspac Insurance Brokers in Brisbane. Premier Auspac's annual operating income is approximately $3.1 million.

[1] Profit from ordinary activities after tax attributable to members

Austbrokers HY Results breakdown (six months to 31 December 2005)

Key considerations regarding Austbrokers 2006 interim results:

1. One off gains on sale of businesses ($3.9 million) as anticipated in Prospectus have inflated net profits
2. Austbrokers' profits are typically skewed in favour of the second half of the financial year, due to concentration of insurance renewal dates around 30 June
3. Austbrokers did not set an interim forecast, but has achieved 39% of its full year Adjusted NPAT target of $10.4 million, in line with expectations

	2005 $' 000	2004 $'000
Revenue from ordinary activities	30,017	17,704
Expenses from ordinary activities	(26,098)	(12,723)
	3,919	4,981
Profit from sale of associates	4,306	175
Profit before tax	8,225	5,156
Income tax expense	1,036	821
Net profit	7,189	4,335
Profit attributable to minority interest	(56)	48
Net Profit attributable to members	**7,245**	**4,287**

Analysis of underlying profits – removing the effect of profits relating to the businesses sold

We get a more accurate representation of Austbrokers' performance after removing:

— One off profits on sale of businesses in first half 2006 FY

— Profits generated by these businesses in first half 2005 FY (corresponding period)

— Amortisation of intangibles

Reconciliation of reported result to Adjusted NPAT from continuing operations before amortisation of intangibles:

	2005 $' 000	2004 $'000	Increase %
Net Profit attributable to Members	7,245	4,287	
Less Earnings from businesses divested		(1,149)	
Less Profits on sale of businesses	(3,881)	(175)	
Net Profit from continuing operations	3,364	2,963	13.5%
Add Amortisation of intangibles net of tax	716	364	
Adjusted NPAT	4,080	3,327	23.0%

Assessment of results

This underlying growth year on year was the result of acquisitions and synergies realised. This was partially offset by one-off expenses as the company increased resources and bore the additional expenses necessary as a listed public company.

Adjusted NPAT increased by 23%. Over half of this increase was attributable to acquisitions made during the 2005 calendar year including increasing the equity held in associates. The remainder was achieved largely through synergies resulting from the acquisitions and reductions in costs.

Market conditions continued to be uncertain with no indication that there will be any change to the current soft market. Declines in premiums placed by the group have resulted in reduced commission and fee income but expenses have been contained to partially offset this reduction.

Dividend

On 28 February 2006, the Directors declared a fully franked interim dividend of 5 cents per share. This dividend is payable on 21 April 2006. Based on issued shares of 50,000,000 shares, this dividend will total $2,500,000.

– Ends –

Journalists are invited to attend Austbrokers' interim results presentation today. This is a virtual briefing which will require you to dial in to a teleconference, and watch the presentation via web cast which will be available on the Austbrokers' website.

Details as follows:

Date:	Tuesday 28 February
Time:	11:00am AEDT
Dial in:	1800 002 971 (toll free) or 02 8223 9376 (toll)
Pass code:	Austbrokers
Watch the presentation:	http://www.streamx.com.au/austbrokers/hyr06/start.htm

For media enquiries please contact:
Lauren Thompson
Third Person
T: 02 8298 6100
M: 0438 954 729
E: lauren@thirdperson.net.au

The Austbrokers business was established in 1985 by ING under the strategic guidance and direction of the current Chief Executive Officer, Mr Lachlan McKeough. Through an active acquisition strategy Austbrokers has grown to become one of the leading insurance broking networks in Australia. Austbrokers primarily operates under an 'owner-driver' model, holding an equity interest in 31 insurance broking businesses across the country. Austbrokers provides administrative, management and strategic support which enhances the operations of the network. Austbrokers listed on the Australian Stock Exchange on 16 November 2005 under the trading code 'AUB'. Austbrokers currently has a market capitalisation of approximately $132.5 million.

ASX DISCLOSURE – APPENDIX 4D
Half-Year Report – 31 December 2005

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 2005

Previous corresponding period – six months ended 31 December 2004

2. Results for Announcement to the Market

			$000
2.1	Revenue from ordinary activities	up 92.0 % to	34,323
2.2	Profit from ordinary activities after tax attributable to members	up 69.0% to	7,245
2.3	Net profit attributable to members	up 69.0% to	7.245

2.4 Dividends

	Amount Per Security	Franking at 30% Tax Rate	Franked Amount Per Security
Interim Dividend	5 cents	100%	5 cents

2.5 Record date for determining entitlement to the interim dividend.

Friday, 7 April 2006

2.6 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 2005 attached as Attachment A.

3. Net Tangible Assets Per Security

31 December 2005	47.9 cents
31 December 2004	58.4 cents

4. Entities Over Which Control has been Gained or Lost During the Period

Control has not been gained or lost over any entities during the period.

Nil.

5. Dividends

On 28 February 2005, the Directors declared a fully franked interim dividend of 5 cents per share. This dividend is payable on 21 April 2006. Based on issued shares of 50,000,000 shares, this dividend will total $2,500,000.

6. Dividend Reinvestment Plan

Austbrokers Holdings Limited has a Dividend Reinvestment Plan, which was disclosed in the Prospectus. The plan has not been activated to 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 28 February 2006 prepared by Ernst & Young and included in the Half-Year Report – 31 December 2006 attached as Attachment A.

APPENDIX A

HALF YEAR FINANCIAL REPORT

FOR THE PERIOD ENDED

31 DECEMBER 2005

AUSTBROKERS HOLDINGS LIMITED

A.B.N. 60 000 000 715

HALF-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2005

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
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Directors' Report

Your directors submit their report for the half-year ended 31 December 2005.

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 otherwise stated.

R A Longes (Chairman)
W L McKeough (Chief Executive)
L F Earl
D J Harricks
P R Shirriff

REVIEW AND RESULTS OF OPERATIONS

Results for Half-year

	2005	2004
	$'000	$'000
Net profit	7,245	4,287
Earnings from businesses divested	-	1,149
Net Profit on sale of associates	3,881	175
Net Profit from ongoing operations	3,364	2,963
Amortisation of intangibles (net of tax)	716	364
Net profit after tax from continuing operations but before amortisation of intangibles	4,080	3,327

Net profit after tax of $7.245 million (2004 $4.287 million) includes after tax profits on sale of investments in two brokers. These sales were part of the restructuring foreshadowed in the Company's Prospectus. After eliminating the profits on sale and the profits made by the two companies sold from net profit in both periods, the net profit increased from $2,963,000 in 2004 to $3,364,000. Excluding the impact of amortisation of intangibles the net profit increased from $3,327,000 to $4,080,000.
This growth was the result of new acquisitions and increases in equity held and synergies realised which were partially offset by increased corporate expenses as the company increased resources and bore the additional expenses necessary as a listed public company. Market conditions continue to be uncertain with no indication that there will be any change to the current soft market. Declines in premiums placed by the group have resulted in reduced commission and fee income but expenses have been contained to partially offset this reduction

Overview

The Directors believe that the sound results of the company can continue and are confident that the company is on track to achieve a net profit for the year (excluding profits on sale as anticipated in the prospectus) in line with prospectus forecast net profit after tax (excluding profits on sales of businesses) of $8,933,000 ($10,387,000 before the effect of amortisation of intangibles).
There are also significant opportunities for growth through acquisitions and other activities which will enable the company to continue to expand its presence in the general insurance broking sector.

INTERIM DIVIDEND

A dividend of $1 million was paid in October 2005.

The Directors have declared a fully franked interim dividend of 5 cents per share to shareholders at record date of 7 April 2006 and to be paid 21 April 2006.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The company disposed of its investment in an associate AIB Pty Ltd (shown as an investment held for resale) in January 2006 for $6.2 million. As disclosed in note 7(ii), as a result of the sale, NNA Pty Ltd will contribute additional capital totalling $1,683,000.
The company has signed contracts to purchase shares in Premier Auspac Insurance Brokers Pty Ltd during February 2006 for approximately $4,400,000.

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.

Directors' Report (continued)

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 23.

Signed in accordance with a resolution of the directors.

W L McKeough
Director

Sydney, 28 February 2006

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

		Consolidated		Company	
	Notes	2005	2004	2005	2004
		$'000	$'000	$'000	$'000
Revenue from operating activities	4 (i)	24,629	13,302	-	1,319
Other income	4 (ii)	2,333	575	2,765	3,040
Share of profit of associates	4 (iii)	3,055	3,827	-	-
Expenses	4 (iv)	(25,563)	(12,508)	(739)	(1,818)
Finance costs		(535)	(215)	-	-
Profit before tax and sale of associates		**3,919**	**4,981**	**2,026**	**2,541**
Profit from sale of associates		4,306	175	2,613	175
Profit before income tax		**8,225**	**5,156**	**4,639**	**2,716**
Income tax expense		1,036	821	266	175
Net Profit for the period		**7,189**	**4,335**	**4,373**	**2,541**
(Loss) / profit attributable to minority interest		(56)	48	-	-
Net profit attributable to members of parent		**7,245**	**4,287**	**4,373**	**2,541**
Earnings per share (cents per share)					
- basic for profit for the half-year		14.9	12.1	9.0	7.2
-diluted for profit for the half-year		14.9	12.1	9.0	7.2
-dividends paid per share	8	2.1	-	2.1	-

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	Consolidated		Company	
		As at 31 December 2005	As at 30 June 2005	As at 31 December 2005	As at 30 June 2005
		$'000	$'000	$'000	$'000
ASSETS					
Current Assets					
Cash and cash equivalents	6	24,185	16,276	4,126	1,939
Cash and cash equivalents - Trust	6	25,698	32,331	-	-
Trade and other receivables		31,433	49,136	1,613	7,368
Amounts owed under tax sharing arrangements		-	-	2,105	-
Amounts owed by ING group		1,234	-	1,088	-
Loans on mortgage		316	1,638	-	-
		82,866	99,381	8,932	9,307
Non-current assets classified as held for sale	13	1,576	-	200	-
Total Current Assets		84,442	99,381	9,132	9,307
Non-current Assets					
Trade and other receivables		482	435	185	365
Plant and equipment		3,856	3,676	-	-
Investment in associates accounted for using the equity method	9	14,406	16,844	-	-
Investment in associates - at cost		-	-	8,433	9,841
Loans on mortgage		8,886	9,990	-	-
Shares in controlled entities - at cost		-	-	41,256	41,087
Intangible assets	10	49,156	51,874	-	-
Deferred income tax asset		2,145	752	226	162
Total Non-current Assets		78,931	83,571	50,100	51,455
TOTAL ASSETS		163,373	182,952	59,232	60,762
LIABILITIES					
Current Liabilities					
Trade and other payables		56,691	79,545	1,324	4,590
Amounts owing to ING Group		6,035	21,001	-	3,830
Income tax payable		2,949	2,256	2,141	-
Provisions		2,545	2,920	-	-
Total Current Liabilities		68,220	105,722	3,465	8,420
Non-current Liabilities					
Provisions		2,974	3,618	-	-
Deferred tax liabilities		4,957	4,535	-	-
Lease liabilities		899	736	-	-
Interest bearing loans and borrowings	5	12,000	-	-	-
Total Non-current Liabilities		20,830	8,889	-	-
TOTAL LIABILITIES		89,050	114,611	3,465	8,420
NET ASSETS		74,323	68,341	55,767	52,342
EQUITY					
Issued capital	7	47,524	47,524	47,524	47,524
Retained earnings		19,184	12,470	8,191	4,818
Share based payments reserve		52	-	52	-
Asset revaluation reserve		4,187	4,656	-	-
Parent interests		70,947	64,650	55,767	52,342
Minority interests		3,376	3,691	-	-
TOTAL EQUITY		74,323	68,341	55,767	52,342

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Notes	Consolidated		Company	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Dividends received		3,035	3,701	2,690	2,860
Interest received		1,780	315	-	-
Interest paid		(536)	-	-	-
Receipts from customers		38,731	20,863	293	1,886
Payments to suppliers and employees		(41,017)	(21,684)	-	(2,865)
Income tax (paid) / refund		(1,613)	(39)	235	(279)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**380**	**3,156**	**3,218**	**1,602**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments		8,779	1,868	4,103	2,378
Cash transferred in from newly consolidated entities		-	362	-	-
Payment for new broking registers purchased by members of the economic entity		-	(256)	-	-
Payment for plant and equipment		(826)	(236)	-	-
Purchase of investments		(2,346)	(382)	(3,187)	(4,042)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**5,607**	**1,356**	**916**	**(1,664)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(1,000)	-	(1,000)	-
Proceeds from borrowings		12,000	(1,044)	-	-
Advances / (payments) with ING entities		(15,469)	3,130	(4,918)	3,202
Advances / (payments) with related parties		(242)	566	3,971	1,515
NET CASH FLOWS (USED IN) /FROM FINANCING ACTIVITIES		**(4,711)**	**2,652**	**(1,947)**	**4,717**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,276**	**7,164**	**2,187**	**4,655**
Cash and cash equivalents at beginning of the period		48,607	22,065	1,939	3,459
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**49,883**	**29,229**	**4,126**	**8,114**

AUSTBROKERS HOLDINGS LIMITED
A.B.N. 60 000 000 715
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Attributable to equity holders of the parent					Minority interest	Total equity
CONSOLIDATED	Issued Capital	Retained earnings	Asset revaluation reserve	Share based payment reserve	Total		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2004	35,524	(42)	1,391	-	36,873	1,821	38,694
Profit for the period	-	4,287	-	-	4,287	48	4,335
At 31 December 2004	35,524	4,245	1,391	-	41,160	1,869	43,029

	Attributable to equity holders of the parent					Minority interest	Total equity
CONSOLIDATED	Issued Capital	Retained earnings	Asset revaluation reserve	Share based payment reserve	Total		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2005	47,524	12,470	4,656	-	64,650	3,691	68,341
Transfer from asset revaluation for amortisation of broking register on step acquisition of broking subsidiaries	-	267	(267)	-	-	(259)	(259)
Transfer from intangibles Re: reversal of step up on acquisition of broking subsidiaries on sale of licensed portfolios		202	(202)		-		-
Profit for the period	-	7,245	-	-	7,245	(56)	7,189
Cost of share-based payment	-	-	-	52	52	-	52
8 November 2005 cancelled 23,500,000 ordinary shares	(47,000)				(47,000)		(47,000)
9 November 2005 allotted 23,500,000 ordinary shares.	47,000				47,000		47,000
Equity dividends	-	(1,000)	-		(1,000)	-	(1,000)
At 31 December 2005	47,524	19,184	4,187	52	70,947	3,376	74,323

	Attributable to equity holders of the parent					Minority interest	Total equity
PARENT	Issued Capital	Retained earnings	Asset revaluation reserve	Share based payment reserve	Total		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2004	35,524	(533)	-	-	34,991	-	34,991
Profit for the period	-	2,541	-	-	2,541	-	2,541
At 31 December 2004	35,524	2,008	-	-	37,532	-	37,532

	Attributable to equity holders of the parent					Minority interest	Total equity
PARENT	Issued Capital	Retained earnings	Asset revaluation reserve	Share based payment reserve	Total		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2005	47,524	4,818	-	-	52,342	-	52,342
Profit for the period	-	4,373	-	-	4,373	-	4,373
8 November 2005 cancelled 23,500,000 ordinary shares	(47,000)				(47,000)		(47,000)
9 November 2005 allotted 23,500,000 ordinary shares.	47,000				47,000		47,000
Cost of share-based payment	-	-	-	52	52	-	52
Equity dividends	-	(1,000)	-		(1,000)	-	(1,000)
At 31 December 2005	47,524	8,191	-	52	55,767	-	55,767

1. CORPORATE INFORMATION

Austbrokers Holdings Limited is a company limited by shares that is incorporated and domiciled in Australia.

The registered office of Austbrokers Holdings Limited is located at:
Level 10, 1 Elizabeth Plaza
North Sydney, New South Wales, 2060

2. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

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.

The half-year financial report should be read in conjunction with the annual Financial Report of Austbrokers Holdings Limited as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 July 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Austbrokers Holdings Limited and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for held for sale assets that have been measured at the lower of carrying value or fair value less costs to sell.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Where necessary comparatives have been reclassified and repositioned for consistency with current year disclosures.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c).

Reconciliation of:
- AIFRS equity as at 1 July 2004, and 30 June 2005; and
- AIFRS profit for the full year profit 30 June 2005 to the balances reported in the 30 June 2005 full year financial report prepared under AGAAP are detailed in note 3.
- December 2005 represents the first half year report prepared for the Austbrokers Holdings Consolidated Group. No reconciliation therefore has been prepared for 31 December 2004 between AGAAP and AIFRS.

(c) Summary of significant accounting policies

(i) Rounding

The amounts contained in the half-year financial 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.

2. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of significant accounting policies (continued)

(ii) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Austbrokers Holdings Limited (the parent company) and all entities that Austbrokers Holdings Limited controlled from time to time during the year and at the reporting date.

Information from the financial statements of controlled entities is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the parent entity had control.

The financial information in respect of controlled entities is prepared for the same reporting period as the parent company using consistent accounting policies. Adjustments are made to bring into line dissimilar accounting policies that may exist.

All material intercompany balances and transactions including unrealised profits arising from intra-group transactions, have been eliminated in the consolidated accounts. Unrealised losses are eliminated unless costs cannot be recovered.

Minority interests represent the interests in subsidiaries which are not 100% owned by the Austbrokers Group.

(iii) Investment in associates

The Group's investments in its associates are accounted for under the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence and which are not subsidiaries.

The financial statements of the associates are used by the Group to apply the equity method. The reporting dates of the associates and the Austbrokers Group are identical and for purposes of equity accounting consistent accounting policies are applied.

The investment in associates is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less dividends and any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(iv) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(v) Trade and other receivables

Trade and other receivables which generally have a 30 day credit terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

(vi) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

2. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of significant accounting policies (continued)

(vii) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation of that unit is disposed, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

(viii) Intangible assets - Insurance Broking Register

Intangible assets acquired both separately and from a business combination are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be 10 years.

Where amortisation is charged on these assets, this expense is taken to the income statement.

Intangible assets are tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(ix) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(x) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Investments in Subsidiaries are stated at cost in the parent company financial statements.

2. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of significant accounting policies (continued)

(xi) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. Payables to related parties are carried at the principal amount. Interest, when charged, is recognised as an expense on an accrual basis.

Payables are normally settled on 90 day terms.

(xii) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

(xiii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow c resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xiv) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

A plan is in place to provide an Employee Share Options Plan (ESOP), which provides benefits to executive directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cumulative expense of equity-settled transactions is recognised at each reporting date, together with the corresponding increase in equity, in the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of significant accounting policies (continued)

(xv) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership are classified as operating leases.
Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(xvi) Issued capital

Ordinary share capital is recognised at the fair value of the consideration received by the company.

Ordinary shares have the right to receive dividends as declared 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.

(xvii) Plant and equipment

Plant and equipment, is stated at cost less depreciation and any impairment in value.

Depreciation is calculated on a straight-line over the estimated useful life of the asset as follows:

- Motor vehicles	over 5 to 10 years.
- Plant and equipment	over 5 to 20 years.
- Computer Equipment	over 3 years.

Impairment
The carrying value of plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset or cash generating unit are written down to their recoverable amount.

(xviii) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Commission, brokerage and fees

Commission, brokerage and fees are recognised when it is probable that the Group will be compensated for services rendered and the amount of consideration for such services can be reliably measured which is deemed to be invoice date. An allowance is made for anticipated lapses and cancellations.

Interest
Revenue is recognised as the interest accrues.

Dividends and Distributions from trusts
Revenue is recognised when the shareholders right to receive the payment is established.

(xix) Employee benefits

Liabilities for employee entitlements to annual leave and other current entitlements are accrued at amounts calculated on the basis of current wage and salary rates, including package costs and on-costs. Liabilities for employee entitlements to long service leave, which are not expected to be settled within twelve months after balance date, are accrued at the present value of the future amounts expected to be paid. The discount factor applied to all such future payments is determined using interest rates attaching, as at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.
Any contributions made to the accumulation superannuation funds by entities within the Group are charged against profits when due.

2. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of significant accounting policies (continued)

(xx) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss ; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will not reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.
Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(xxi) Tax consolidation

Effective 1 January 2004, for the purposes of income taxation, ING Australia Holdings Ltd, the former parent of Austbrokers Holdings Ltd had agreed to enter into a Multiple Entry Consolidated Tax Group with other 100% owned subsidiaries of ING Group NV in Australia. Tax consolidation results in the subsidiary members being treated as part of the Head Company for tax purposes rather than as a separate taxpayers. The Head Company of the Multiple Entry Consolidated Tax Group at 30 June 2005 was ING Australia Holdings Limited.

The Income Tax Assessment Act (1997) provides that the Multiple Entry Consolidated Tax Group is to be treated as a single entity for Australian tax purposes with the Head Company responsible for the tax payable. ING Australia Holdings Limited had formally notified the Australian Taxation Office of its adoption of the tax consolidation regime by lodging notice with the Australian Taxation Office on 21 December 2004.

The Multiple Entry Consolidated Tax Group was formalised by entering into tax sharing and tax funding agreements in order to allocate income tax payable to group members. Each member of the group calculates tax expense on an entity basis. The agreement also provides that Austbrokers Holdings Limited carries forward tax funding assets or tax funding liabilities for which an intercompany loan is recognised between the parties.

Austbrokers Holdings Limited and it's wholly owned subsidiaries exited the ING Australia Holdings Limited Multiple Entry Tax Consolidation Group on 11 November 2005 and all obligations under the tax sharing agreement were settled in November 2005.

ING Australia Holdings Limited has given Austbrokers Holdings Limited an indemnity for potential liabilities arising from the exit from the ING Australia Holdings Limited Tax Consolidation Group.

A new tax consolidation group was formed on 12 November which included all 100% owned entities of the Austbrokers Holdings Limited Group which were previously members of the ING Australia Holdings Limited tax consolidation group.
A new tax sharing agreement for all members of the Austbrokers Tax Consolidation Group was signed on 12 November 2005.

(xxii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

The net amount of GST recoverable from, or payable to the ATO is paid by a related entity within the Austbrokers Holdings Ltd wholly owned group.

3. IMPACT OF ADOPTION OF AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicabl
2005 ('AGAAP') are illustrated below.

(a) Reconciliation of total equity as presented under AGAAP to that under AIFR

	Notes	Consolidated		Com
		30 June 2005 **	1 July 2004 *	30 June 2005 **
		$'000	$'000	$'000
Total equity under AGAAP		69,471	40,694	52,342
Adjustments to equity:				
Write-back of goodwill amortisation consolidated entities	(i)	1,073	-	-
Write-back of goodwill amortisation - associated entities	(i)	965	-	-
Adjustment to share of profits from associates	(ii)	144	-	-
Adjustment to income tax expense	(ii)	225	-	-
Tax effect on carrying value of broker registers				
- associates at 1 July 2004	(iii)	(581)	(581)	-
Tax effect on carrying value of broker registers				
- consolidated entities at 1 July 2004	(iii)	(751)	(751)	-
Transfer to other reserves	(iv)	(100)	-	-
Adjustments to other reserves				
Transfer from retained profits	(iv)	100	-	-
Tax effect of revalued broking register	(v)	(2,095)	(596)	-
Outside equity interest net of tax of items above		(110)	(72)	-
Total equity under AIFRS		68,341	38,694	52,342

* This column represents the adjustments as at the date of transition to AIFRS.

** This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the year ended 30 June 2005

(b) Reconciliation of profit after tax under AGAAP to that under AIFRS

	Notes	Consolidated	Company
		12 Months ended	12 Months ended
		30-Jun-05	30-Jun-05
		$'000	$'000
Net profit after tax as previously reported		9,871	5,351
Amortisation of goodwill - consolidated	(i)	1,073	-
Amortisation of goodwill - associated brokers	(i)	965	-
Income tax credit on broker register amortisation - associated entities	(ii)	144	-
Adjustment to income tax expense	(ii)	225	-
Outside equity interest net of tax of items above		12	-
Net profit under AIFRS		12,290	5,351

3. IMPACT OF ADOPTION OF AIFRS (Continued)

Notes for (a) and (b) above:

(i) Under AASB 3 "Business Combinations" goodwill is not permitted to be amortised but instead is subject to impairment testin basis or upon the occurrence of triggers which may indicate a potential impairment. Previously, the group amortised goodwill over its not exceeding 20 years. The Group has taken up the exemption available in AABS "First time adoption to IFRS" and has therefor apply AASB 3 "Business Combinations". Amortisation expense for years ended 30 June 2004 and prior was not be written-back transition. At 30 June 2005, the AGAAP goodwill amortisation charge for the year ended 30 June 2005 was written back to retained of AIFRS opening balance adjustments. There was no impairment of this asset at transition date.

(ii) The adjustment to share of profits from associates and income tax expense relates to the reversal of the deferred tax liability (D recognised as at the transition date under AIFRS in relation to revalued broking registers and DTL on carrying value of broking registe

(iii) Under AASB 112 "Income Taxes", the group is required, as at the date of acquisition, to recognise the tax effect of fair value acquisitions, which in turn will affect the amount of goodwill recognised. Such deferred taxes are not recognised under AGAAP. O recognition of deferred taxes are required to be recognised in retained profits and not as an adjustment to goodwill.

(iv) Under AASB 112 "Income Taxes", transfers from revaluation reserve to retained profits are net of any related deferred tax.

(v) AASB 112 "Income Taxes" requires the Group to use balance sheet liability method rather than the current income statement recognises deferred tax balances where there is a difference between the carrying value of an asset and liability and its tax base. Thi recognition of a deferred tax liability in relation to assets revalued on stepped acquisitions. Under AGAAP, the tax effects of asset r not recognised.

(c) Explanation of material adjustments to the cash flow statemen

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
4. REVENUE AND EXPENSES					
(i) Revenue from operating activities					
Commission, Brokerage and Fee Income - controlled entities		24,383	13,099	-	-
Management fees received		246	203	-	1,319
Total Revenue from operating activities		24,629	13,302	-	1,319
(ii) Other income					
Dividends received		-	-	2,690	2,859
Interest from other persons / corporations		1,779	315	-	-
Other income		554	260	75	181
Total Other income		2,333	575	2,765	3,040
(iii) Share of profit of associates					
Share of Net Profits of Associates Accounted for using the Equity Method before amortisation		3,273	4,044	-	-
Amortisation of Intangibles - Associated Entities		(218)	(217)	-	-
Total Share of profit of associates		3,055	3,827	-	-
(iv) Expenses					
Amortisation of Intangibles - controlled entities		870	303	-	-
Salaries and wages		12,955	6,164	-	-
Accounting/Audit		347	85	-	-
Travel/Telephone/ Motor/Stationery		900	517	-	-
Depreciation		610	369	-	-
Other expenses		4,278	1,629	739	(337)
Rent		1,618	464	-	-
Commission Paid		1,654	211	-	-
Insurance		827	611	-	-
Management fees paid to ING group		1,504	2,155	-	2,155
Total Expenses		25,563	12,508	739	1,818

5. INTEREST BEARING LOANS AND BORROWINGS

Other Unsecured	12,000	-	-	-
	12,000	-	-	-

During the period the Group has entered into an agreement with St George Bank to provide finance facilities to the Austbrokers Holdings Limited Group amounting to $32.645 million. At balance date these facilities have been utilised to the amount of $12 million.

The facilities are secured by registered fixed and floating charges over the assets and undertakings of the Group and cross guarantees and indemnities given by each of the wholly owned subsidiaries.

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

Interest rates, currently 6.86%, are set at six monthly intervals.

6. ADDITIONAL INFORMATION RELATING TO CASH FLOW STATEMENT

	Consolidated		Company	
	As at 31 December 2005 $,000	As at 31 December 2004 $,000	As at 31 December 2005 $,000	As at 31 December 2004 $,000
Cash and cash equivalents	24,185	20,124	4,126	8,114
Cash and cash equivalents - Trust	25,698	9,105	-	-
Total cash and cash equivalents (incl Trust)	49,883	29,229	4,126	8,114

7. ISSUED CAPITAL

	Note	Consolidated		Company	
		As at 31 December 2005 $'000	As at 30 June 2005 $'000	As at 31 December 2005 $'000	As at 30 June 2005 $'000
Issued capital		47,524	47,524	47,524	47,524
		Units	Units	Units	Units
50,000,000 (2005: 47,327,747) ordinary shares fully paid		50,000,000	47,523,747	50,000,000	47,523,747
Movements in shares on issue					
Beginning of the financial year		47,327,342	35,327,342	47,327,342	35,327,342
Issued during the year - equity raising	(i)	-	12,000,000	-	12,000,000
On 29 September 2005, issued 100 ordinary shares to NNA Pty Ltd	(ii)	100	-	100	-
On 30 September 2005 converted the 47,327,442 ordinary shares then on issue into 50,000,000 ordinary shares.	(iii)	2,672,558	-	2,672,558	-
On 8 November 2005 cancelled 23,500,000 ordinary shares	(iv)	(23,500,000)	-	(23,500,000)	-
On 9 November 2005 allotted 23,500,000 shares at an issue price of $2 per share.	(v)	23,500,000	-	23,500,000	-
		50,000,000	47,327,342	50,000,000	47,327,342

(i) On 30 June 2005 the company issued 12,000,000 ordinary shares at $1.00 each.

(ii) On 29 September 2005 the Company issued 100 ordinary shares to NNA Pty Ltd for $100. In January 2006 NNA Pty Ltd will also contribute a further $1,683,000. This contribution is calculated on the after tax proceeds of the sale by the Company of its shares in AIB Pty Limited at the price specified in its transfer notice less the after tax proceeds of sale to the Company of the sale of those shares at the price that the Company ultimately receives. (refer note 13)

(iii) On 30 September 2005 the Company converted the 47,327,442 ordinary shares then on issue into 50,000,000 ordinary shares.

(iv) On 8 November 2005 the Company reduced the share capital of the Company by $47,000,000 by cancelling 23,500,000 ordinary shares issuing a promissor note which was paid after the allotment of shares on 9 November 2005.

(v) On 9 November 2005 the Company allotted 23,500,000 shares at an issue price of $2 per share.

Ordinary shares have the right to received 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.

8. DIVIDENDS PAID AND PROPOSED

	Consolidated		Company	
	As at 31 December 2005 $,000	As at 31 December 2004 $,000	As at 31 December 2005 $,000	As at 31 December 2004 $,000
Equity dividends on ordinary shares:				
(a) Dividends paid during the half-year				
Final dividend for financial year 30 June 2005: 2.1 cents	1,000	-	1,000	-
(b) Dividends proposed and not recognised as a liability				
Interim franked dividend for financial year 30 June 2006: 5.0 cents	2,500	-	2,500	-
Balance at the end of the period	3,500	-	3,500	-

				Note	Consolidated As at 31 December 2005 $,000	Consolidated As at 30 June 2005 $,000	Company As at 31 December 2005 $,000	Company As at 30 June 2005 $,000
9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD								
Investments at equity accounted amount:								
Associated entities - unlisted shares					14,406	16,844	-	-
Investments in associated entities based on percentage of ordinary shares, except where otherwise stated:								
Name	Equity interest held Dec-05 %	Jun-05 %	Dec-04 %					
Adept Insurance Brokers Pty Ltd	100.0	100.0	49.9		-	-	-	-
Adept Investment Solutions Pty Ltd	49.9	49.9	49.9		193	200	-	-
AIB Pty Ltd ***	49.9	49.9	49.9		-	1,576	-	-
Aprikeesh Pty Ltd	49.9	49.9	49.9		151	139	-	-
Austcover Pty Limited	-	49.9	49.9		-	2,067	-	-
Australian European Insurance Holdings Pty Ltd	100.0	100.0	49.9		-	-	-	-
BHI Insurance Brokers Pty Limited	49.9	49.9	49.9		514	543	-	-
Bruce Park Pty Ltd	49.9	49.9	49.9		1,531	1,441	-	-
Citycover (Aust) Pty Ltd	49.9	49.9	49.9		102	196	-	-
Comsure Insurance Brokers Pty Limited	49.9	49.9	49.9		724	656	-	-
Drummond Porter Pty Ltd	80.0	80.0	49.9		-	-	-	-
Hutchinson & Harlow Pty Ltd	49.9	49.9	49.9		-	-	-	-
JMD Ross Insurance Brokers Pty Limited	49.9	49.9	49.9		372	333	-	-
Markey Group Pty Ltd	49.9	49.9	49.9		1,047	1,369	-	-
McNaughton Gardiner Financial Services Pty Limited	33.3	33.3	33.3		802	862	-	-
McNaughton Gardiner Insurance Brokers Pty Limited	49.9	49.9	49.9		221	167	-	-
MGA Management Services Pty Limited	49.9	49.9	49.9		2,638	2,561	-	-
North Coast Insurance Brokers Pty Ltd	49.9	49.9	49.9		109	76	-	-
Peter L Brown & Associates Pty Ltd	49.9	49.9	49.9		126	108	-	-
Power Gold Coast Insurance Brokers Pty Ltd	49.9	49.9	49.9		231	198	-	-
Stateplan Pty Ltd	49.9	49.9	49.9		1,413	1,369	-	-
Supabrook Pty Ltd T/A HCI Austbrokers	49.9	49.9	49.9		653	718	-	-
Tealrose Pty Ltd	75.0	75.0	49.9		-	-	-	-
Salisbury Payne Tinsley	49.9	-	-		1,228	-	-	-
Western United Financial Services (WA) Pty Limited	49.9	49.9	49.9		302	305	-	-

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

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

	Equity interest held			Note	Consolidated		Company	
Name	Dec-05	Jun-05	Dec-04		As at 31 December 2005 $,000	As at 30 June 2005 $,000	As at 31 December 2005 $,000	As at 30 June 2005 $,000
Oxley Insurance Brokers Pty Ltd / Port Macquarie Insurance Brokers Unit Trust	49.9	49.9	49.9		427	315	-	-
Regional Insurance Brokers Pty Ltd / Regional Insurance Brokers Unit Trust	-	49.9	49.9		-	126	-	-
Austfin Financial Services Pty Ltd / Austfin Financial Services Unit Trust	-	49.9	49.9		-	231	-	-
Countrywide Tolstrup Financial Services Group Pty Ltd / Countrywide Tolstrup Group Unit Trust	49.9	49.9	49.9		1,622	1,288	-	-
Carrying value of investments in associated entities					14,406	16,844	-	-

*** Investment in AIB Pty Limited has been reclassified as investment held for resale. (see note 13)

During the period, the consolidated entity disposed of its investments in Austfin financial services, Austcover and Austbrokers Regional for a total of $6.4 million. Sale proceeds included $4.2 millon for the sale of shares in associates and $2.4 million for the acquisition by the disposed entities for portfolios owned by AHL Insurance Brokers Pty Ltd.

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.

(b) The proportion of voting power is in accordance with the ownership interest of each associate.

(c) The reporting date of each associate is 31 December 2005. (Prior period reporting is for the 6 months to 31 December 2004).

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

	Note	Consolidated		
		As at 31 December 2005 $,000 6 months	As at 30 June 2005 $,000 12 months	As at 31 December 2004 $,000 6 months

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(e) The entity's share of associates' profits/(losses)

	As at 31 December 2005	As at 30 June 2005	As at 31 December 2004
Share of associates':			
Operating profits before income tax	4,554	14,345	5,777
Income tax expense attributable to operating profits	1,281	4,303	1,733
Operating profits after income tax	3,273	10,042	4,044
Adjusted for;			
Amortisation of intangibles	(218)	(482)	(217)
Share of associates' net profits	3,055	9,560	3,827

(f) Movements in the carrying amount of the investment in associates are as follows:

	As at 31 December 2005	As at 30 June 2005
Carrying value at beginning of the period	16,844	18,390
Share of operating profit after income tax	3,208	9,898
Dividends received	(3,035)	(7,099)
Additional investments made during the period	1,679	561
Sales/profit on investments during the period	(2,561)	(955)
Transfer to assets classified for resale	(1,576)	-
Transfer to controlled entities	-	(3,613)
DITL movement on current year amortisation	65	144
Amortisation of intangibles	(218)	(482)
Carrying value at end of the period	14,406	16,844

10. INTANGIBLES

	As at 31 December 2005	As at 30 June 2005
Insurance Broking Registers		
Original Cost	11,078	10,884
Revaluation on step acquisition of broking subsidiaries	8,090	8,090
Amortisation	(4,726)	(3,856)
Net	14,442	15,118
Goodwill	34,714	36,756
Total Intangibles	49,156	51,874

11. CONTINGENT ASSET AND LIABILITIES

Since the last annual reporting date , there has been no material change of any contingent liabilities or contingent assets.

12. SEGMENT INFORMATION

The group operates in one business segment being insurance brokers and one geographical segment being Australia.

13. SUBSEQUENT EVENTS

The company disposed of its investment in an associate AIB Pty Ltd (shown as an investment held for resale) in January 2006 for $6.2 million. As disclosed in note 7(ii), as a result of the sale, NNA Pty Ltd will contribute additional capital totalling $1,683,000.

The company has signed contracts to purchase shares in Premier Auspac Insurance Brokers Pty Ltd during February 2006 for approximately $4,400,000.

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 company and consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company and the consolidated entity's financial position as at 31 December 2005 and of their performance for the period ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(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, 28 February 2006

ERNST & YOUNG

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INDEPENDENT REVIEW REPORT

To the members of Austbrokers Holdings Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cashflow statement and accompanying notes to the financial statements for the consolidated entity comprising both Austbrokers Holdings Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the half-year ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and 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 Director's Report.

ERNST & YOUNG

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity comprising Austbrokers Holdings Limited and the entities it controlled during the half-year is not in accordance with:

(a) the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 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*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young Ernst & Young

J.D Malatskey JDMalatskey
Partner
Sydney

Date: 28 February 2006

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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 financial half-year ended 31 December 2005, 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

J.D Malatskey JDMalatskey
Partner
28 February 2006