

Austock Group Limited
ABN 90 087 334 370

Melbourne Office

Level 12, 15 William Street Melbourne VIC 3000
Phone +61 3 8601 2000 Fax +61 3 9200 2270

Sydney Office

Level 9, 56 Pitt Street Sydney NSW 2000
Phone +61 2 9233 9600 Fax +61 2 9251 9368

Toll Free 1800 806 362
Email info@austock.com

www.austock.com

3 July 2012

Dear Shareholder

Company's response to takeover offer by Mariner Corporation Limited

As you may be aware, Mariner Corporation Limited (Mariner) (ASX:MCX) has recently announced that it intends to offer to purchase all the shares in Austock Group Limited (Austock) (ASX:ACK).

Austock has invited Mariner to withdraw its offer because it appears to Austock that it is fundamentally flawed. Austock outlined its concerns with Mariner's offer in an announcement to the Australian Securities Exchange on 2 July 2012 and a copy of this announcement is attached for your information.

Directors reiterate their advice to shareholders that they should **TAKE NO ACTION** in relation to Mariner's offer.

Yours sincerely,



Bill Bessemer
Chief Executive Officer

ASX Announcement

2 July 2012

Austock invites Mariner to withdraw takeover offer

Austock Group Limited (ASX:ACK) wrote to Mariner Corporation Limited (ASX: MCX) on 28 June 2012 about the takeover offer announced by Mariner with respect to Austock on 25 June 2012 ("Offer"). Austock invited Mariner to withdraw the Offer because it appears to Austock that the Offer is incapable of proceeding to the issue of a formal bidder's statement until the following fundamental flaws are addressed:

- Mariner was required by the *Insurance Acquisitions and Takeovers Act 1991* (IATA) to obtain the approval of the Minister before it announced the Offer to ASX, in view of Austock's life insurance business being subject to IATA. Mariner did not make the Offer subject to such approval.
- Mariner is required by the *Financial Sector (Shareholdings) Act 1998* (FSSA) to obtain the approval of the Treasurer before it can acquire an interest in more than 15% of Austock, in view of Austock's life insurance business being subject to FSSA. Mariner did not make the Offer subject to such regulatory approval.
- Mariner is required by the *Pooled Development Funds Act 1992* (PDFA) to obtain the approval of the PDF Board before it can acquire an interest in more than 30% of Austock, in view of Austock being subject to PDFA. The Offer was not subject to regulatory approval.
- The Offer price of 10.5 cents was in breach of the takeovers provisions of the *Corporations Act 2001* because Mariner acquired shares in Austock on the ASX market at 11 cents per share during the 4 months prior to the bid.

Mariner has not responded to Austock's letter except by way of its announcement dated 29 June 2012 which does not acknowledge Austock's correspondence. Apart from increasing the bid price to 11 cents per share to rectify its apparent breach of the *Corporations Act*, Mariner's ASX announcement is a wholly inadequate response to the issues raised by Austock.

Austock:

- believes that the terms of the Offer undervalue Austock and are wholly unsatisfactory;
- questions how Mariner will fund a cash bid of over \$14 million and notes that any third parties involved in funding arrangements may need to obtain the same approvals under IATA, FSSA and PDFA;
- notes that the Offer is not open for acceptance, and reiterates its advice to shareholders that in any event they should **TAKE NO ACTION**; and
- invites Mariner to withdraw the Offer.

For further information please contact:

Bill Bessemer
Chief Executive Officer
Telephone: +61 3 8601 2027