



ASX / Media Release

Austock Life Acquires Druids

1 July 2011, Melbourne: Austock Life Limited, a wholly owned subsidiary of Austock Group Limited, today announced the acquisition of Druids Friendly Society Limited, a small Melbourne based friendly society dating back to 1862.

This acquisition, which became effective today follows approval by the Australian Prudential Regulatory Authority and a Druids' policy owner meeting earlier this week overwhelmingly voting in favour of transferring its assets to Austock Life.

Austock Life's Managing Director, Ross Higgins said, "Whilst the acquired Druids' funds of just over \$14 million is relatively small, this transaction holds other attractions. It didn't involve us paying consideration - and Druids' "run-off" endowment investment and funeral bond business generates a predictable annuity revenue stream with minimal incremental cost."

"Druids is also an excellent administrative fit with our two similar acquisitions, Manchester Unity, Queensland in 2005 and Ausdef Friendly Society in 2004."

For Druids' 1,400 policy holders, they will receive Druids' surplus management reserves of \$4.4 million applied as once-off policy enhancement ranging between 30% to 65%. Whilst Druids has ceased its friendly society operations, the Druids name and heritage will be carried on under the auspices of its separate retirement village operations.

Austock Group Managing Director, Paul Masi said, "Druids acquisition comes atop an excellent year for Austock Life with a record \$80 million in sales and its insurance bond master fund recently passing a \$200 million milestone. It also takes the company's balance sheet to close to \$250 million at 30 June 2011."

He went on to say "While the Group's life office was set up to manufacture and distribute tax-paid insurance bond products, further acquisitions would be considered where there was strategic and product fit with our life subsidiary and Austock Group's wider operations."

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For further information, please contact:

Paul Masi – Austock Group Managing Director – (02) 9233 9648

Ross Higgins – Austock Life Managing Director – (03) 8601 2056 or 0407 567774

About Austock Life

Austock Life Limited is a wholly owned subsidiary of Austock Group Limited. It was established as a new life insurance company in December 2002 and from a standing start as a green fields business, the company's total funds under management have recently passed \$240 million.

Austock Life's growth is mainly attributable to its Imputation Bond master insurance bond platform, including ChildBuilder™ Bond, which now has over \$200 million invested.