Prospectus

Austock Group Limited

ABN 90 087 334 370

An offer of 6,000,000 Shares at an Offer Price of $1.80 per Share, payable in full on Application

The Offer is not underwritten

The Minimum Subscription for this Offer is 6,000,000 Shares raising $10.8 million before expenses of the Offer. The Offer will not proceed unless the Minimum Subscription is achieved

Important information

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisors.

Broker to the Issue:
Austock Securities Limited

Important notice

Lodgement and listing
This Prospectus issued by Austock Group Limited is dated **12 November 2007** and was lodged with the ASIC on that date. Neither the ASIC, the ASX, nor either of their officers, take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company will apply to the ASX for listing and quotation of the Shares on the ASX within 7 days after the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Note to Applicants
The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of any investor.

It is important that you read this Prospectus carefully and in full before deciding to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company. You should carefully consider these factors in light of your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding to invest. Some of the risk factors that should be considered by prospective investors are set out in Section 7.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors.

No overseas offering
The Offer is available to Australian residents in each State and Territory of Australia. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933. The distribution of this Prospectus (including any electronic copy) outside Australia may be restricted by law. Persons who come into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Electronic Prospectus
This Prospectus is available in electronic form via **www.austock.com**. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. Persons having received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a paper copy of the Prospectus (free of charge) by telephoning 1800 806 362. Applications for Shares may only be made on the Application Form attached to or accompanying this Prospectus or in its paper copy form as downloaded in its entirety from **www.austock.com**. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Exposure period
The Corporations Act prohibits the Company from processing applications in the 7 day period after the date of lodgement of the Prospectus. This period may be extended by ASIC by up to a further 7 days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus in which case any Application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

Photographs and diagrams
Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Forward looking statements
This Prospectus contains forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Prospectus, are expected to take place (including the key assumptions set out in Section 6). Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

Statement of past performance
This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial amounts
Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Years
References to a year mean the financial year ending on 30 June of that year unless otherwise stated.

Glossary
Defined terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Privacy
By filling out the Application Form to apply for Shares, you are providing personal information to the Company through the Company's service provider, the Share Registry, which has been appointed by the Company to manage Applications. The Company, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company which it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisors for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000
Telephone: (02) 9290 9600

Anti-Money Laundering Legislation
The Company may require further information from you from time to time to comply with the Anti-money Laundering and Counter-Terrorism Financing Act (AML Act). By applying for Shares you undertake to provide the Company with all additional information and assistance that it may reasonably require to comply with the AML Act.

By applying for Shares, you warrant that:

- you are not aware and have no reason to suspect that:
  - the monies used to fund your investment in the Company have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement; or
  - the proceeds of your investment will be used to finance any illegal activities; and
- you are not a politically exposed person or organisation as the term is used in the Anti-money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (1).

Contents

Brooke McNamee
Austock Securities

Key dates[1]

Opening Date	20 November 2007
Closing Date	6 December 2007
Expected date for issue of Shares	12 December 2007
Expected despatch of holding statements	13 December 2007
Expected quotation of Shares on the ASX	17 December 2007

Offer statistics

Number of Shares on issue[2]	113,051,459
Number of Shares offered	6,000,000
Quoted Shares on issue after listing[3]	119,051,459
Offer Price	$1.80 per Share
Market capitalisation at Offer Price	$214.3 million

[1] This timetable is indicative only and Applicants are encouraged to submit their Applications as early as possible. The Company has the right to close the Offer early, to accept late Applications, or vary any other date and time without prior notice.
[2] The Company also has 4,727,440 options on issue (see section 1.8 and 10.12). In addition, the Company has 5,153,580 partly paid shares (see section 10.8).
[3] In addition, up to 111,000 shares will be issued to employees under the ESAP approximately one week after listing (see section 10.5).

Austock Group

Chairman's letter

12 November 2007

Dear Investor

I welcome the opportunity to present Austock as a public company to be listed on the Australian Securities Exchange.

Since the Group was formed in 1991 it has been innovative in financial services in Australia and we have strived for high quality in everything we do.

Over the years Austock has made successful long term investments developing the business while maintaining growth in profitability and revenue. Our opportunity for continued growth is based on focusing on emerging sectors, tailored products and client solutions. The investment made in our Investment Management business will provide diversified, recurring revenue streams and will complement the established and growing Corporate and Securities business.

Austock has a strong management team focused on value creation. They are supported by an incentive structure and organisation culture that is aligned with the interests of shareholders. They are committed to growing an independent and diversified financial services group that is adept and responsive to commercial opportunities with a focus on long term growth.

The Prospectus contains detailed information about the Offer and the Company's operations, financial performance and prospects. I urge you to read this Prospectus in full, including Section 7 which describes the risk factors associated with an investment in the Group.

On behalf of the directors of Austock, I commend this investment opportunity to you and look forward to welcoming you as a Shareholder.

Yours faithfully

BILL BESSEMER
Executive Chairman
Austock Group Limited

Austock Group

Investment highlights

Track record of innovative solutions

- Established the first high yield fund of its kind in Australia in 1996.
- Pioneered the first Austock Exempt Market for Sigma in 1996.
- Established Austchoice in 1997, the first co-operative of financial planners in Australia.
- Established ASIF in 2001, the first trust established to invest in childcare centres in Australia.
- Austock Life was issued a life office licence in 2002, the first of its kind in Australia for more than 10 years.
- Built a leading Corporate and Securities business specialising in emerging companies.

A leading Corporate and Securities business in Australia

- Austock Securities research was ranked:
  - No. 1 stock picker overall;
  - No. 1 in the retail & consumer staples and metals & mining sectors; and
  - 5th most award winning broker overall;

  in the 2006 StarMine analyst rankings[1].
- Austock Corporate Finance was ranked No. 9 in the Australian equity capital market rankings by Thomson Financial for calendar year 2006[2].

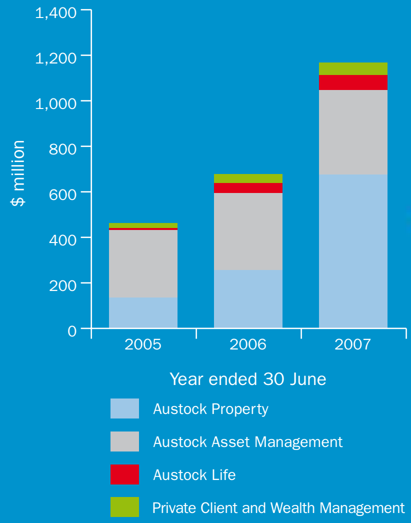
John Burgess
Head of Research
Austock Securities

Amanda Gawne
Company Secretary
Austock Group

Growing Investment Management business

- Total FUM has grown from $463 million at 30 June 2005 to $1.194 billion at 30 June 2007.
- Investment undertaken over the past five years is expected to result in FUM growth and recurring income streams.

Austock FUM



Exposure to growth markets

- Since 1999, the total value of securities traded on the ASX has averaged annual growth of 22% to $2.7 trillion in 2007[3].
- Total FUM in Australia of $1.3 trillion at 30 June 2007[4], forecast to exceed $2.5 trillion by 2015[5].
- The Australian property funds industry continues to grow at a rapid rate, with assets under management having grown by $80 billion to $356 billion[6] in the year to 30 April 2007.

[1] StarMine, 2006 survey of analyst performance for Australia and New Zealand
[2] Thomson Financial, Equity Capital Markets Review, Fourth Quarter 2006
[3] IRESS, July 2007
[4] ABS, Cat 5655.0 Managed Funds, Australia, June 2007
[5] Australian Financial Markets Association, 2007 Australian Financial Markets Report
[6] PIR, Australian Property Funds Industry Survey 2007, May 2007

Hunter Hillcoat
Resources Analyst
Austock Securities

Investment highlights

Attractive financials

- First half 2008 forecast NPAT $8.5 million on total revenue of $44.4 million.

Excellent growth prospects

- Investment in additional staff within the Corporate and Securities business over the past year is expected to result in increased revenue.
- Provision of property acquisition and management services to ABC's growing childcare business in the US.
- Equity raised will allow for further product development in the Investment Management businesses and expansion of their distribution capabilities.

Experienced and highly motivated team

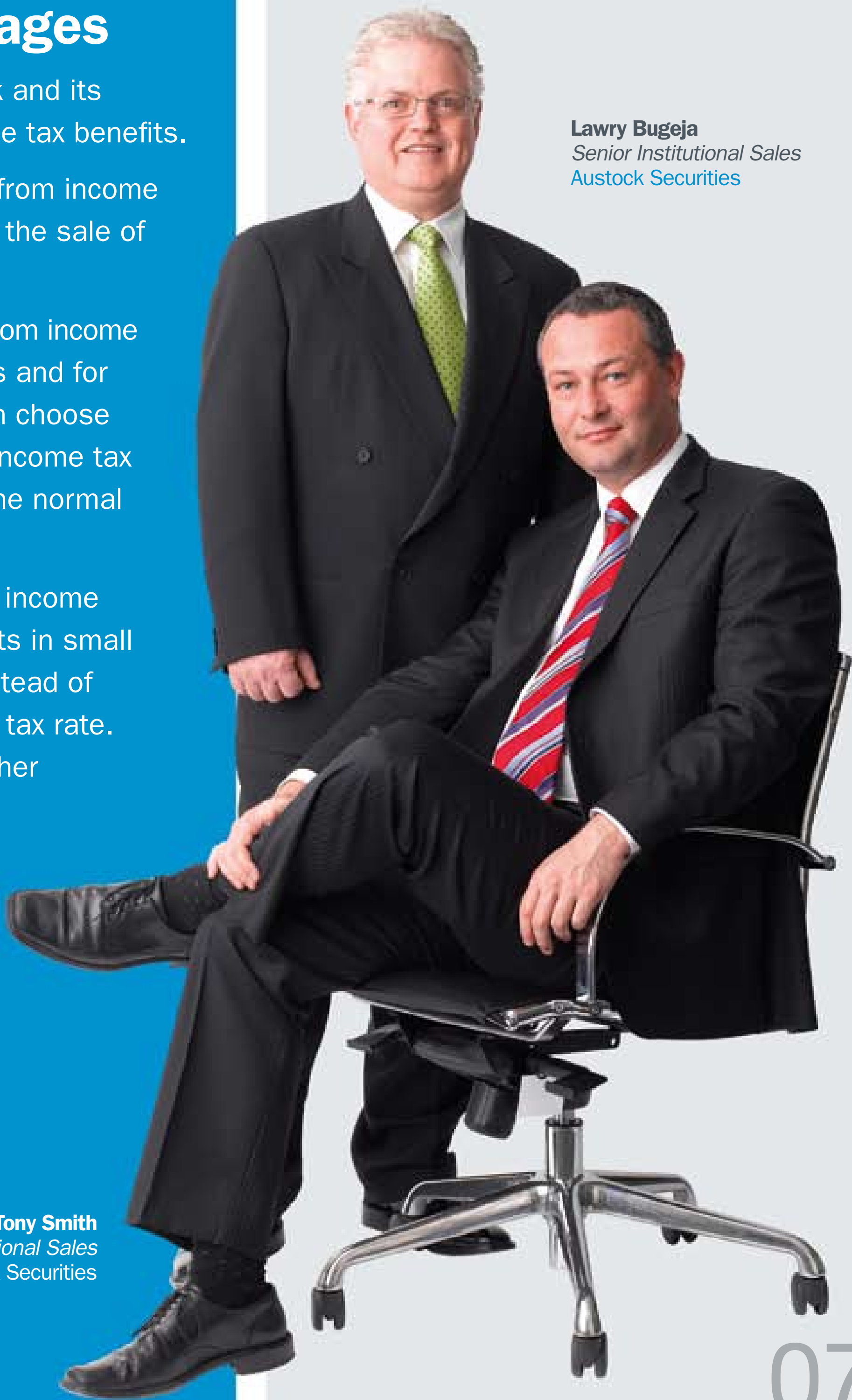
- Experienced professionals in their respective fields who have joined to be part of a locally owned and managed Group.
- Low staff turnover among senior staff.
- High degree of employee ownership.

Anthony Stani
Corporate Director
Austock Corporate Finance

Unique structure and tax advantages

As a registered PDF, Austock and its shareholders enjoy favourable tax benefits.

- Shareholders are exempt from income and capital gains tax from the sale of their shares.
- Shareholders are exempt from income tax on unfranked dividends and for franked dividends they can choose to either be exempt from income tax or assess the income in the normal fashion.
- PDFs are taxed on 15% of income and gains from investments in small to medium enterprises instead of the normal 30% corporate tax rate. PDFs are taxed 25% on other income and gains.



Lawry Bugeja
Senior Institutional Sales
Austock Securities

Tony Smith
Head of Domestic Institutional Sales
Austock Securities

Key risks

Austock faces a number of risks. The key risks are detailed below. See Section 7 for a more detailed description of risk factors which may impact on an investment in Austock.

Share price risk

- Austock's Share price may be volatile and may be affected by a number of factors including Austock's profitability and revenues.
- Austock's Share price may be affected by a lack of liquidity as directors and employees of Austock will own 56.9% of the Shares in Austock following the Offer.
- Austock's Share price may be affected by Shares sold following their release from escrow or to fund the acquisition of Shares subject to the Employee Share Trust arrangements.

Business risks

- Austock's operating results and prospects may be affected by a number of factors including competition in the financial services industry, Austock's ability to secure and complete large transactions, client satisfaction and market conditions.
- As Austock focuses on emerging companies, it is subject to the risks associated with that sector which include a lack of liquidity, limited investor participation and increased market volatility.
- A proportion of Austock's revenue is derived from the childcare sector in Australia and overseas. Such revenues are dependent on the performance of the childcare sector in general and of ABC in particular.

Loss of key business relationships and key personnel risk

- A loss of business from a key client (such as ABC) may adversely impact the operating results and prospects of Austock.
- A loss of key personnel may also adversely impact the operating results and prospects of Austock.

Reputational risk

- Austock's reputation, operating results and prospects may be adversely affected by its investment performance and the quality of its advice.
- Austock's reputation, operating results and prospects may also be adversely affected as a result of a dispute or litigation relating to services provided by Austock.

Regulatory risk

- Austock's businesses are highly regulated. A failure by Austock to meet its various legal requirements and licence conditions may adversely affect its operating results and prospects.

Underwriting and credit risk

- Austock may incur losses as a result of having to comply with underwriting commitments or having to complete transactions on behalf of clients who turn out not to be creditworthy.

PDF status loss risk

- Austock may lose its PDF status, together with the associated tax benefits, if it fails to comply with the requirements of the PDF Act.

Operational risk

- Austock is exposed to operational risks including risks arising from process error, fraud and system failure.

Section 1
Investment overview

1991

Austock was founded in 1991 by Martin Ryan with eight staff and $1.3 million in shareholders' funds.

"Starting out, our plan was to generate income from equities and derivatives broking, with a maximum team of 25 people.

Our first significant transaction raised hybrid capital for an unlisted company. A resultant call from a co-operative led to our second major transaction… the market tells you where the needs and opportunities are."

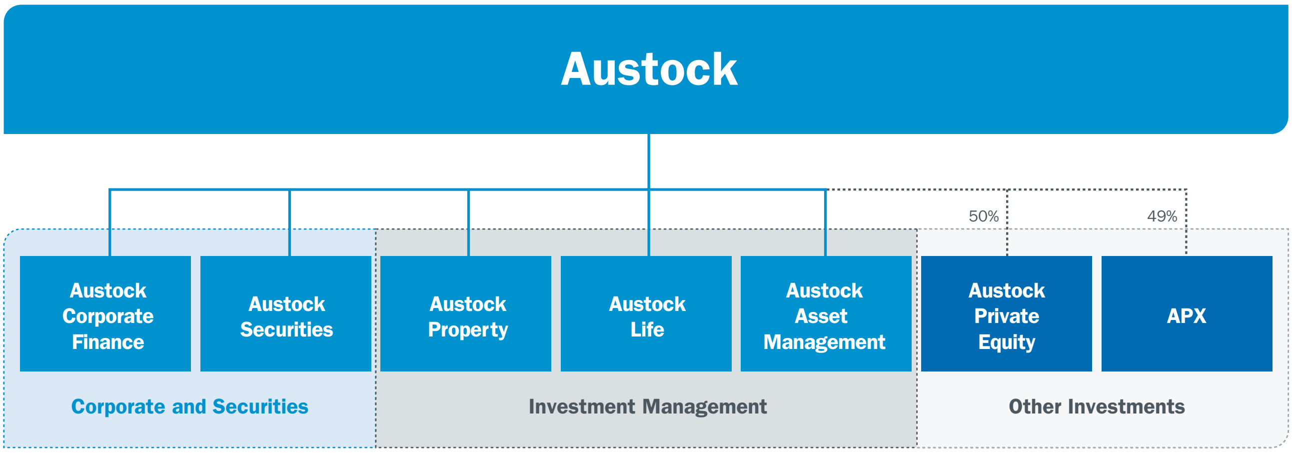
Martin Ryan, *Founder,* Austock

This summary is not intended to provide full information on the Shares offered by this Prospectus. In deciding to apply for Shares, you should read this Prospectus carefully in full. If you are in doubt as to the course you should follow, please consult your professional advisors.

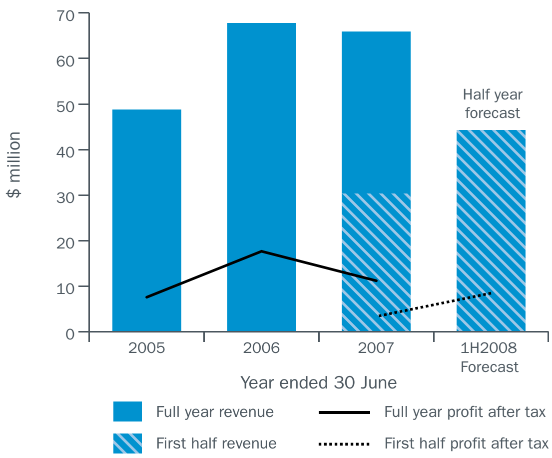
1.1 Business overview

Austock is an independently owned, diversified financial services group founded in 1991.

Today, the Company comprises an established Corporate and Securities business and a rapidly growing Investment Management business. Austock employs over 200 staff with offices in Melbourne, Sydney, Brisbane and Chicago, along with affiliations in UK and Europe.



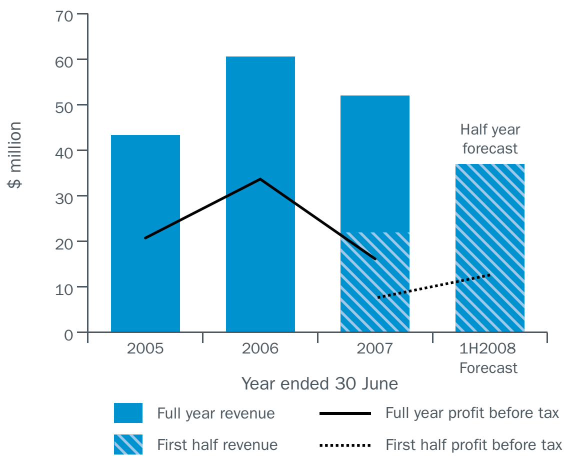
Austock – revenue and profitability[1]



Corporate and Securities

The Company's Corporate and Securities division comprises Austock Corporate Finance and Austock Securities.

Corporate and Securities division – revenue and profitability[1]



[1] The Historical Financial Information has been derived from the audited financial statements of Austock for each of the three years to 30 June 2007. The Forecast Financial Information for the six months ending 31 December 2007 (ie. the 1H2008 Forecast) is a half year forecast only and does not represent half of a full year 2008 forecast. The Historical and Forecast Financial Information is based on a number of estimates and assumptions as set out in Section 6. The comparative information for the half year to 31 December 2006 has been extracted from management accounts, which were not subject to audit. There is no guarantee that the forecast financial information for the six months from 1 January 2008 to 30 June 2008 will be similar to the 1H2008 Forecast Financial Information.

Austock Corporate Finance

Austock Corporate Finance is a specialist corporate advisory services provider, focusing on emerging listed and unlisted companies. It develops funding solutions for clients involving primary and secondary equity issues, as well as providing advice on business acquisitions and disposals, mergers, corporate restructures, and takeovers.

Austock Corporate Finance works closely with Austock Securities in managing the marketing and distribution of equity raisings undertaken for clients.

Austock Corporate Finance has increased the size of its team over the past year, and the Board expects this investment to result in increased revenue.

Austock Securities

Austock Securities is an independent, full service stockbroker with a focus on emerging growth companies.

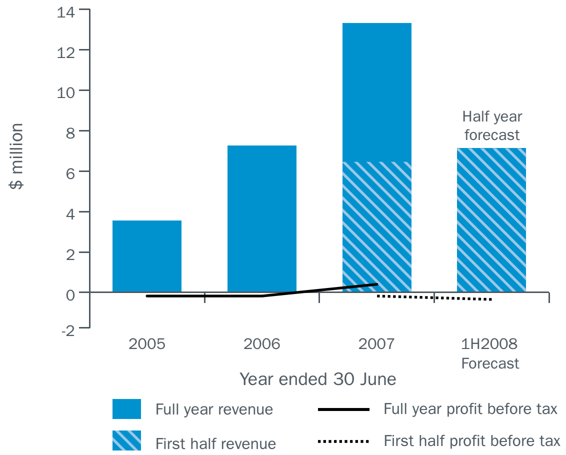
Austock Securities has recently undertaken a considerable investment program in personnel and systems which has translated into increased client numbers and brokerage revenue.

Investment Management

The Company's Investment Management division comprises Austock Property, Austock Life and Austock Asset Management.

Over the past four years there has been a large investment to grow FUM. The increased FUM is positioning the Investment Management division to move into a phase where revenues will grow faster than costs.

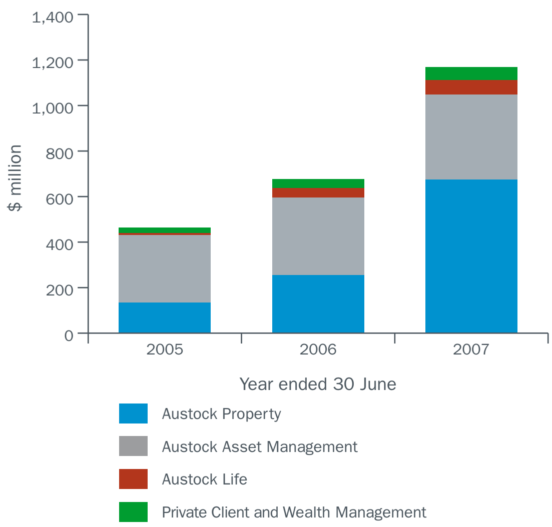
Investment Management division – revenue and profitability



Notes:

- The Historical Financial Information has been derived from the audited financial statements of Austock for each of the three years to 30 June 2007. The Forecast Financial Information for the six months ending 31 December 2007 (ie. the 1H2008 Forecast) is a half year forecast only and does not represent half of a full year 2008 forecast. The Historical and Forecast Financial Information is based on a number of estimates and assumptions as set out in Section 6. The comparative information for the half year to 31 December 2006 has been extracted from management accounts, which were not subject to audit. There is no guarantee that the forecast financial information for the six months from 1 January 2008 to 30 June 2008 will be similar to the 1H2008 Forecast Financial Information.
- Profit before tax excludes profit in relation to the Austock Life benefit funds.

Austock FUM



Austock Property

Austock Property is involved in property funds management focusing on emerging and traditional asset classes and property securities.

At 30 June 2007 FUM was $675 million. Austock Property derives income from property trusts in the form of management fees and property acquisition fees.

The recently opened Chicago office provides property acquisition services to ABC's growing childcare business in the US. Austock Property will have an established platform on which to build both an Australian and international property funds management business.

Austock Life

Austock Life is an investment company that uses its life office structure to develop, manage and distribute tax-paid investments. Austock Life receives fee income for issuing, administrating and managing these products.

At 30 June 2007 FUM was $75 million, predominantly generated by sales driven growth of Austock Life's Imputation Bond tax-paid master fund platform.

Austock Life's growth plans include new product development and sourcing co-branding opportunities using its Imputation Bond platform, as well as growing distribution and marketing support for the product.

Austock Asset Management

Austock Asset Management is a boutique investment manager specialising in the management of cash, fixed income and equity assets. At 30 June 2007 Austock Asset Management had $373 million in FUM.

Austock Asset Management derives income from its role as investment manager in the form of management and performance fees.

1.2 Summary financials

The information in the table below summarises historical income statements of the Company for 2005 to 2007 and the forecast income statement for the six months ending 31 December 2007.

This information is intended as a summary only and should be read in conjunction with the more detailed discussion of financial information in Section 6, the Risk Factors set out in Section 7, the Investigating Accountant's Report in Section 9 and the other information set out in the Prospectus. The assumptions underlying the Forecast Financial Information are in Section 6. Examples of the sensitivity of the Forecast Financial Information to changes in key variables are in Section 6.

The Company's ability to achieve its forecasts is influenced by many factors, some of which are outside its control. The Directors cannot guarantee or assure Applicants that the forecasts will be achieved.

Historical and Forecast Financial Information

	Year ended 30 June			Six months 31 December	
$m	**2005 Actual**	**2006 Actual**	**2007 Actual**	**2006 Actual**	**2007 Forecast**
Revenue	**48.7**	**67.8**	**66.3**	**30.1**	**44.4**
Net profit before tax	**17.3**	**26.6**	**17.1**	**8.5**	**12.5**
Profit attributable to outside interests	(3.0)	(1.0)	(4.3)	(2.3)	(1.2)
Tax	(6.4)	(7.9)	(1.7)	(1.2)	(2.8)
Consolidated net profit after tax	**7.8**	**17.8**	**11.1**	**5.0**	**8.5**

Note: The Historical Financial Information has been derived from the audited financial statements of Austock for each of the three years to 30 June 2007. The Forecast Financial Information for the six months ending 31 December 2007 (ie. the 1H2008 Forecast) is a half year forecast only and does not represent half of a full year 2008 forecast. The Historical and Forecast Financial Information is based on a number of estimates and assumptions as set out in Section 6. The comparative information for the half year to 31 December 2006 has been extracted from management accounts, which were not subject to audit. There is no guarantee that the forecast financial information for the six months from 1 January 2008 to 30 June 2008 will be similar to the 1H2008 Forecast Financial Information.

1.3 Growth strategy

In 2001, the Group made a decision to actively grow its Corporate and Securities business, which has seen it become a leader in the emerging companies sector in Australia. Building on this foundation the Corporate and Securities business has made a considerable investment in new staff and systems over the past six months. This is expected to generate further revenue growth.

Concurrent with these initiatives, Austock continues to invest considerable time and resources to build its Investment Management business with recurring income streams to smooth out the fluctuations in earnings experienced by its Corporate and Securities business.

The Company intends to invest in its distribution capabilities, the quantum of products, expanding distribution channels and will continue the upgrade of existing systems to support the expected growth.

Austock has a track record of making investments in diversified financial services businesses and successfully integrating them within the Group. The Company's Listing provides increased access to capital, allowing further investments to be made, particularly within the Investment Management division.

1.4 No underwriting

The Offer is not underwritten.

The Minimum Subscription under this Prospectus is 6,000,000 Shares at $1.80 per Share to raise $10.8 million. The Offer will not proceed unless the Minimum Subscription is achieved.

1.5 Description of the Offer

This Prospectus offers 6,000,000 Shares at an Offer Price of $1.80 per Share.

Applications must be for a minimum of 1,200 Shares. Full details of the Offer are set out in Section 2.

The Company will apply to ASX for listing and quotation of the Shares on ASX within seven days after the date of this Prospectus. The Offer is conditional on ASX granting permission for all of the Shares to be listed for quotation within three months after the date of this Prospectus.

The Company reserves the right to cancel the Offer or to vary the Closing Date, including by closing the Offer early. Applicants are encouraged to submit their Application Forms as soon as possible.

1.6 Key Offer statistics

Offer Price	$1.80 per Share
Shares held by existing shareholders	113,051,459
Total number of Shares offered under this Prospectus	6,000,000
Total number of quoted Shares on issue after listing on the ASX	**119,051,459**[4]
Market capitalisation at Offer Price of $1.80 per Share[1]	$214.3 million
Number of existing options[2]	4,727,440
Number of partly paid shares[3]	5,153,580
Total number of Shares and existing options (fully diluted)	128,932,479

Notes:
[1] Escrowed Shares are included in the market capitalisation calculation.
[2] These are options issued to employees as referred to in Section 10.12. These options will remain unlisted.
[3] See section 10.8 for details of the partly paid shares.
[4] In addition, up to 111,000 Shares will be issued to employees under the ESAP approximately one week after listing (see section 10.5).

1.7 Purpose of the Offer and application of funds

The funds raised under the Offer are proposed to be used for the following purposes:

Use of funds raised	$ m
Potential acquisitions of further Investment Management businesses	5.0
Further product development in the Investment Management businesses and expansion of their distribution capabilities	5.0
Expenses of the Offer	0.8
Total	**10.8**

The Board is focused on growing the Investment Management business. The precise use of funds raised under the Offer within the categories referred to above will depend on a number of factors including determinations by the Board as to the most appropriate way to grow the Investment Management business (whether by acquisitions, product development or expansion of distribution capacity) and opportunities for growth of that business that become available to the Company.

The Directors are of the opinion that, on completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.

1.8 Capital structure

On completion of the Offer, the Company will have the following capital structure:

Shareholder	Number	%	Escrowed
Directors and employees' Shares	70,647,640[1]	56.9	50,431,645
Past employees' Shares	15,748,399	12.7	1,305,599
Other existing Shareholders' Shares	31,809,000	25.6	0
New Shareholders' Shares	6,000,000	4.8	0
Total issued capital on completion of Offer	124,205,039[2]	**100.0**	51,737,244
Directors and employees' options	4,727,440[3]		
Fully Diluted	**128,932,479**[4]		

Notes:
[1] This includes 10,500,000 Shares that are held in the Employee Share Trust (see section 10.6).
[2] This includes 5,153,580 partly paid shares. See Section 10.8 for details.
[3] Details of the options are set out in Section 10.12.
[4] In addition, up to 111,000 Shares will be issued to employees under the ESAP approximately one week after listing (see section 10.5).

1.9 Dividend policy

The Directors have declared a final unfranked dividend of 2.8 cents per share in respect of 2007. The dividend was paid on 24 August 2007.

Austock's current dividend policy is to pay a dividend of approximately 45% - 55% of NPAT. The likely level of franking has yet to be determined. Due to Austock's PDF status, shareholders can elect to receive non taxed dividends in their hands. The level of franking is therefore not as relevant except where the imputation credits exceed a taxpayer's marginal tax rate and a shareholder elects to treat the dividends as taxable as opposed to tax exempt.

It is anticipated that the first dividend distributable to Shareholders will be an interim dividend in respect of the six months ending 31 December 2007 which will be declared and paid after listing.

No guidance can be given about the payment of dividends, the level of franking or imputation of such dividends or the extent of payout ratios, for 2008 or for any future period. These will depend on a number of factors including the future profits of the Company, its financial and taxation position and the Board's view of the appropriate payout ratio from time to time.

1.10 Taxation considerations

A general description of the Australian taxation consequences of an investment in the Shares is in Section 10.10. As the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of investors to make their own inquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional advisor.

1.11 Investment risks

Applicants should be aware that there are risks associated with any investment in the share market. In addition, there are a number of risk factors specific to the Company, the industries in which the Company operates and the general business environment. Such risk factors may impact on the performance and financial position of the Company. Applicants should read this Prospectus in full to appreciate the risk factors associated with an investment in the Company. Details of the key risk factors of which Applicants should be aware are set out in Section 7.

Section 2
Details of the Offer

1992

First corporate finance deal completed: a $10.5 million private capital raising for Composite Buyers Limited.

“I introduced this client to Austock and I was so impressed I joined the Company!”

Bill Bessemer, *Executive Chairman,* Austock

2.1 The Offer

Applicants are invited by the Company to subscribe for Shares at the Offer Price of $1.80 per Share. The Company reserves the right to issue Shares to Applicants in full, to issue a lesser number of Shares than those for which an Application has been made, to accept a late Application or to decline an Application. An Application will be treated as irrevocable.

Payment in respect of the Shares is to be made in full on Application. The rights of Shareholders are detailed in Section 10. No brokerage or stamp duty is payable by Applicants under the Offer.

2.2 Timetable

Opening Date	20 November 2007
Closing Date	5:00 pm AEDT 6 December 2007
Expected date for issue of Shares	12 December 2007
Expected despatch of holding statements	13 December 2007
Expected quotation of Shares on the ASX	17 December 2007

All dates are subject to change and are indicative only. The Company has the right to vary these dates, without prior notice, including the right to close the Offer early or to withdraw the Offer and to accept late Applications. Applicants are encouraged to submit their Application Forms as early as possible.

2.3 How to apply for Shares

Application for Shares may only be made on the Application Form attached to and forming part of this Prospectus or in its paper copy form as downloaded in its entirety from **www.austock.com**. Detailed instructions on how to complete the Application Form are set out on the reverse of the Application Form.

An Application must be made by completing a paper copy of the Application Form and must be accompanied by payment in Australian currency of $1.80 per Share.

Cheques or bank drafts must be made payable to the "**The Austock Group Limited Share Offer**" and should be crossed and marked "**Not Negotiable**". Cheques must be drawn on an Australian bank. The Company will not accept an Application Form electronically. Completed Application Forms and Application Monies must be returned prior to the Closing Date to:

Mailed to: Austock Corporate Finance Limited
PO Box 263
Collins Street West
Melbourne VIC 8007

Delivered to: Austock Corporate Finance Limited
Level 1, 350 Collins Street
Melbourne VIC 3000

Applicants with questions on how to complete the Application Form or who require additional copies of the Prospectus can contact Austock on **1800 806 362** or visit the website **www.austock.com** to download copies of the Prospectus.

2.4 Structure of the Offer

There are three components to the Offer:

- the Broker Firm Offer open to Australian resident retail investors who have received a firm allocation from their broker;
- the Institutional Offer open to certain institutional and professional investors; and
- the Employee Share Offer.

The Offer does not contain a general public offer component.

2.4.1 Broker Firm Offer

The Broker Firm Offer of Shares is open to Australian resident retail investors who have received a firm allocation of Shares from their broker. The Broker Firm Offer opens on Friday, 20 November 2007 and closes at 5.00pm AEDT on Thursday, 6 December 2007. The Company reserves the right to vary the Closing Date of the Broker Firm Offer without notice.

Applicants who have been offered a firm allocation of Shares by their broker will be treated as a Broker Firm Applicant in respect of that firm allocation.

Broker Firm Applicants should complete and lodge the Application Form together with their Application Monies, in accordance with the instructions of their broker from whom the firm allocation of Shares was received.

If you elect to participate in the Broker Firm Offer through your broker, the broker will act as your agent in submitting your Application Form and Application Monies.

The Company and the Share Registry take no responsibility for any acts or omissions by a broker in connection with your Application, Application Form or Application Monies.

Applications under the Broker Firm Offer for Shares must be for a minimum of 1,200 Shares ($2,160) and thereafter in multiples of 100 Shares ($180).

2.4.2 Institutional Offer

The Institutional Offer of Shares is open only to institutional and professional investors. These are investors to whom the Offer may be made without the need for a disclosure document under the Corporations Act. The Institutional Offer opens on Friday, 20 November 2007 and closes at 5.00pm AEDT on Thursday, 6 December 2007. The Company reserves the right to vary the closing date of the Institutional Offer without notice.

Application procedures will be advised to institutional and professional investors by their broker. The Company will determine the allocation of Shares in the Institutional Offer among Applicants in the Institutional Offer. The Company has absolute discretion regarding the basis of allocation of Shares in the Institutional Offer, and there is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which they have applied.

Applications under the Institutional Offer must be for a minimum of 1,200 Shares ($2,160) and thereafter in multiples of 500 Shares ($900).

2.4.3 Employee Share Offer

The Employee Share Offer is open only to Eligible Employees of the Group. Applications under the Employee Share Offer must be for a minimum of 500 Shares ($900) and thereafter in multiples of 100 Shares ($180).

1,000,000 Shares have been set aside for the Employee Share Offer. Initially, these Shares will be allocated to ensure that all Applicants in the Employee Share Offer will receive a minimum of 5,000 Shares. To the extent that there are additional Shares available after this minimum allocation is made, the method of allocation among Eligible Employees will be determined by the Company at its absolute discretion. No Eligible Employee is assured of receiving any Shares applied for in excess of the minimum of 5,000 Shares per Eligible Employee.

To the extent that any Shares that have been set aside for the Employee Share Offer are not taken up by Eligible Employees, those Shares will form part of the Broker Firm Offer.

2.4.4 Employee Share Trust Shares

As detailed in Section 10.6, 10,500,000 Shares have been sold into a trust by foundation shareholders and will be available for purchase by key employees at $1.40 per Share within 12 months after the date that Shares are allotted under this Prospectus (“settlement date”).

The arrangement is effectively a one year call option in favour of key employees, exercisable at $1.40. This is an important part of the Company’s staff retention strategy.

In order to fund the acquisition of such Shares under this arrangement, key employees may sell some of their shares at the settlement date.

See Section 10.6 for more details about the Employee Share Trust.

2.5 Issue of Shares

The Company will issue Shares as soon as possible after the Closing Date. The Company will allocate the Shares and reserve the right to issue Shares to Applicants in full, to issue a lesser number of Shares than those for which an Application has been made, to accept a late Application or to decline an Application. Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant. No interest will be paid on refunded Application Monies. Any interest earned on Application Monies prior to issue or return will be, and will remain, the property of the Company.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible following the allocation made after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares allocated to them prior to trading in Shares. Applicants who sell Shares before they receive notice of the Shares allocated to them do so at their own risk.

In the event that admission to the Official List is denied, or for any reason the Offer does not proceed, all Application Monies will be refunded in full without interest.

2.6 Minimum Subscription

The Minimum Subscription for this Offer is 6,000,000 Shares raising $10.8 million before expenses of the Offer.

No Shares will be issued and the Offer will not proceed unless the Minimum Subscription is achieved.

2.7 No underwriting

The Offer is not underwritten.

2.8 ASX Listing

An application will be made to the ASX not later than 7 days after the date of this Prospectus for the Company to be admitted to the Official List and for official quotation of the Shares on the ASX.

The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription. Official quotation of Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements to successful Applicants.

If permission is not granted for the official quotation of the Shares on the ASX within three months of the date of this Prospectus, all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

2.9 CHESS

The Company will apply for the Shares to participate in CHESS. Applicants who are issued Shares under this Offer will receive shareholding statements, in lieu of share certificates, that set out the number of Shares issued to each successful Applicant.

The statement will also provide details of the Shareholders' HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register). Shareholders will be required to quote a HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements will be provided to Shareholders which will reflect any changes in the shareholding in the Company during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee.

2.10 Overseas Applicants

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus within jurisdictions outside Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

In particular, the Prospectus may not be distributed in the United States unless it is attached to a US Offering Circular that further describes selling restrictions applicable in the United States.

The Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

Each person to whom the Offer is made under this Prospectus will be deemed to represent, warrant and agree that (i) he/she understands that the Shares have not been, and will not be, registered under the US Securities Act; (ii) he/she is not in the United States and (iii) he/she is not engaged in the business of distributing securities.

2.11 Withdrawal

The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

Section 3
Industry overview

1996

Established the first high yield fund of its kind in Australia in 1996.

"Austock Asset Management has been involved in the management of high yield portfolios for over 10 years. Present management has benefited from the companies long standing knowledge of high yield securities which has benefited our clients."

Doyle Mallett, *Fund Manager,* Austock Asset Management

The Group's Corporate and Securities and Investment Management divisions operate in the financial services sector, which is a large and growing segment of the Australian economy. The sector had assets of more than $3.5 trillion at 30 June 2007[7], the equivalent of over three and half times GDP.[8] The financial services sector is one of Australia's highest performing sectors, achieving an average annual growth rate of 4.8% per annum between 1986 and 2006.[9]

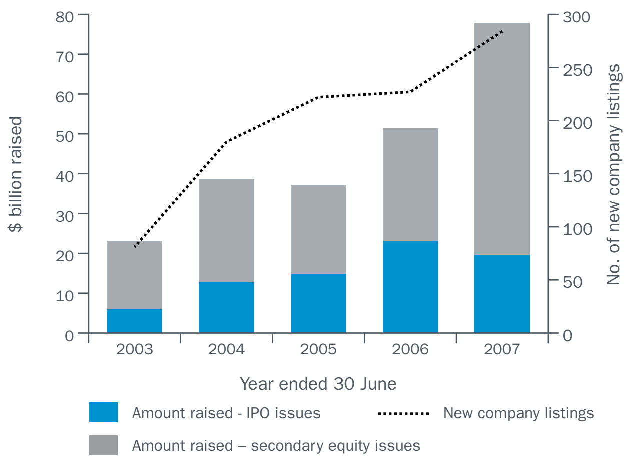
The Australian share market is the largest and most liquid by floating stocks in the Asia-Pacific region behind Japan.[10] Its market capitalisation of floating stocks is double that of Hong Kong and Singapore combined.[11] The depth, liquidity and sophistication of Australia's markets underpin its attractiveness as a global financial services centre.[12]

3.1 Corporate and Securities

Equity capital markets

2007 was a record year for equity raisings completed by companies listed on the ASX, with $77.9 billion of equity raised by way of primary and secondary equity issues, representing a 52% increase over 2006.[13] Factors influencing the performance of equity capital markets included the continued strength of the Australian economy, growth in corporate earnings, increasing inflow of funds into superannuation, the resources boom, and strong private equity activity.

Equity capital raised on the ASX



Source: ASX Full-year results presentations, 2003 - 2007

Mergers and acquisitions

In terms of the value of mergers and acquisitions, Australia ranked first in the Asia-Pacific region in 2007 and seventh in the world.[14] It had a significantly larger share of the world mergers and acquisitions market than Japan, China, India, Hong Kong or Singapore.[15]

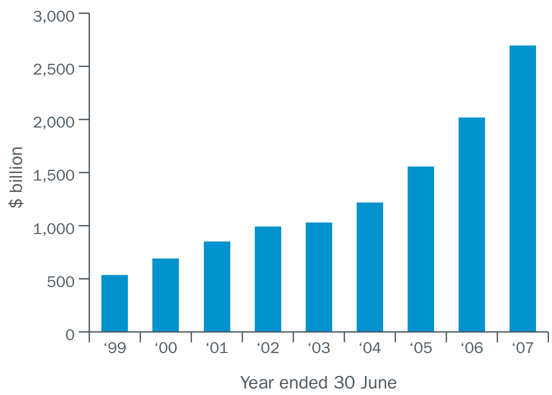
Mergers and acquisitions activity resulted in $207.9 billion worth of transactions in calendar year 2006, a 56.4% increase over calendar year 2005.[16] The total number of deals completed increased by 12.1% from 2,371 to 2,657 for the calendar year 2005 to 2006.[17]

Broking

The Australian equities market has shown strong growth for several years. The S&P/ASX 200 index recorded a 24% increase for the year ended 30 June 2007, representing the fourth consecutive year of double digit gains and the strongest year since 2004.[18]

Since 1999 the total value of securities traded on the ASX has averaged annual growth of 22.4% to $2.7 trillion in 2007[19].

Value of securities traded on the ASX

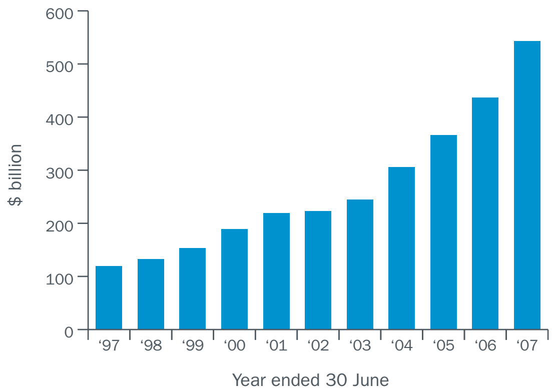


Source: IRESS, July 2007

[7] Australian Financial Markets Association, 2007 Australian Financial Markets Report
[8] Australian Financial Markets Association, 2007 Australian Financial Markets Report
[9] Australian Financial Markets Association, 2007 Australian Financial Markets Report
[10] Australian Financial Markets Association, 2007 Australian Financial Markets Report
[11] Australian Financial Markets Association, 2007 Australian Financial Markets Report
[12] Axiss Australia, Benchmark Report, August 2006
[13] ASX Limited, 2007 Full-year results, August 2007
[14] Australian Financial Markets Association, 2007 Australian Financial Markets Report
[15] Australian Financial Markets Association, 2007 Australian Financial Markets Report
[16] Thomson Financial, Mergers & Acquisitions Review, Q4 2006
[17] Thomson Financial, Mergers & Acquisitions Review, Q4 2006
[18] KPMG Corporate Finance, Survey of the Australian Capital Markets 2006-07, July 2007
[19] IRESS, July 2007

Equities and trust units are the largest asset class in Australia, accounting for $543 billion or 41% of total FUM at 30 June 2007.[20] Annual growth for this asset class over 10 years to 30 June 2007 averaged 16.4%, outgrowing growth in total FUM by 3.5%.[21]

Equities and trust units – assets under management

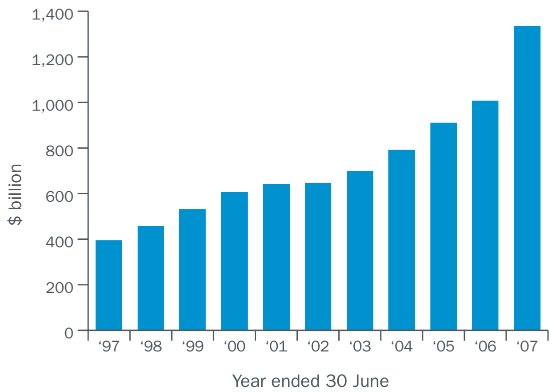


Source: ABS, Cat5655.0 Managed Funds, June 2007

3.2 Investment management

Australia's funds management industry is the largest in Asia, and the fourth largest in the world.[22] Total FUM in Australia had grown to over $1.3 trillion at 30 June 2007, average growth of 12.9% per annum over the prior 10 years.[23] Total FUM in Australia is forecast to exceed $2.5 trillion by 2015.[24]

Total FUM in Australia



Source: ABS, Cat5655.0 Managed Funds, June 2007

At 30 June 2007 superannuation funds accounted for over 58% of total FUM.[25]

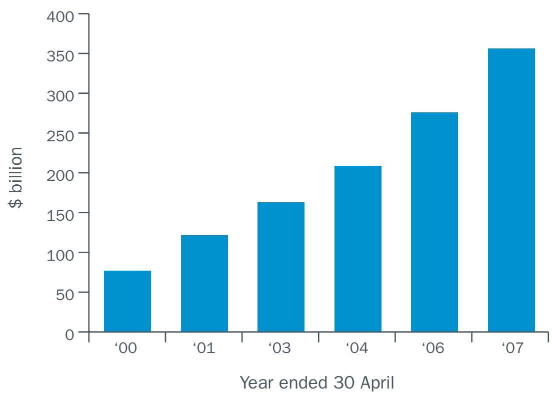
The growth of superannuation funds has been driven by compulsory retirement schemes introduced by the Australian Government. The accumulation of retirement savings for employees has been facilitated through mandatory and voluntary superannuation contributions and tax incentives.

This superannuation system, tax incentives and an ageing Australian population with an increasing focus on accumulating savings for retirement are expected to result in increased growth in superannuation assets in coming years.

Property funds management

The Australian property funds industry continues to grow at a rapid rate, with assets under management having grown by $80 billion to $356 billion[26] in the year to 30 April 2007. This represents a 29% increase in total assets from 2006 and compound annual growth of 24.3% since 2000.[27] Should this growth rate continue, total assets under management will exceed $500 billion in less than two years.[28] This rapid industry growth has been fuelled by the weight of investable funds, driven by superannuation and retirement savings seeking exposure to property.[29]

Australian property funds industry FUM

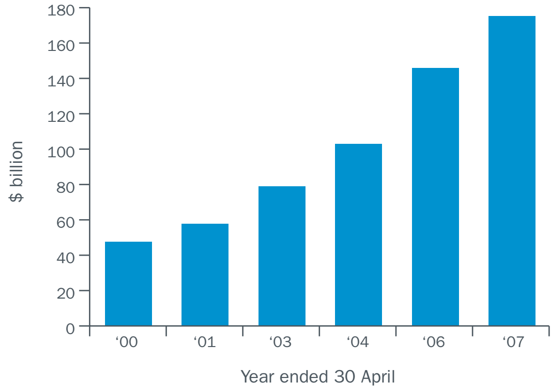


Source: PIR, Australian Property Funds Industry Survey 2007

20 ABS, Cat5655.0 Managed Funds, Australia, June 2007
21 ABS, Cat5655.0 Managed Funds, Australia, June 2007
22 Australian Financial Markets Association, 2007 Australian Financial Markets Report
23 ABS, Cat5655.0 Managed Funds, Australia, June 2007
24 Australian Financial Markets Association, 2007 Australian Financial Markets Report
25 ABS, Cat5655.0 Managed Funds, Australia, June 2007
26 PIR, Australian Property Funds Industry Survey 2007, May 2007
27 PIR, Australian Property Funds Industry Survey 2007, May 2007
28 PIR, Australian Property Funds Industry Survey 2007, May 2007
29 PIR, Australian Property Funds Industry Survey 2007, May 2007

The Australian listed property trust market is one of the most successful property markets in the world. The listed property trust sector increased assets under management by 23% to $175 billion[30] in the year to 30 April 2007. At January 2007 the ASX contained 12% of global listed real estate assets compared with only 2-3% of total global equity assets.[31]

Listed property trusts – total assets



Source: PIR, Australian Property Funds Industry Survey 2007

The unlisted property trust (retail) sector had $25.3 billion in assets under management at 30 April 2007 having grown from a small base at an average annual rate of 53.3% per annum since 2001.[32]

The growth in the unlisted property funds sector has coincided with a trend of expansion into non-traditional asset classes such as hotels, retirement villages, healthcare, self storage, petrol stations and childcare properties to provide further growth opportunities and stabilised returns.[33]

2006 saw the emergence of hybrid property funds, where the portfolio comprises a mix of direct and indirect property assets. These funds have continued to grow in popularity with retail investors, as they generally offer greater liquidity and diversification than pure direct property trusts.[34] As a sector, hybrid property funds have grown in total assets under management from under $500 million in 2000, to over $6.0 billion as at 31 December 2006.[35]

The number of diversified property groups is also increasing. These groups have diversified earnings with revenue streams derived from direct property investing and development, as well as asset and funds management.

30 PIR, Australian Property Funds Industry Survey 2007, May 2007
31 Presentation by Robert Elstone (ASX Ltd CEO), Australia and the Capital Market Evolution, Business Leadership Forum – Bond University, 30 May 2007
32 PIR, Australian Property Funds Industry Survey 2007, May 2007
33 PIR, 2007 Unlisted Property Funds Review, May 2007
34 PIR, Australian Property Funds Industry Survey 2007, May 2007
35 Australian Hybrid Property Fund Review 2007, Managed Investment Assessments, March 2007

Section 4
Austock – business description

1996

Pioneered the first Austock Exempt Market for Sigma in 1996. 22 exempt markets were established over the next seven years including for companies such as SFE Corporation and SPC Ardmona.

"The significance of what we'd done only became clear to me in 2004 when I realised that three of the companies from our exempt market – Sigma, SPC and SFE – were in the S&P/ASX 200."

Adrian Hill, *General Counsel*, Austock

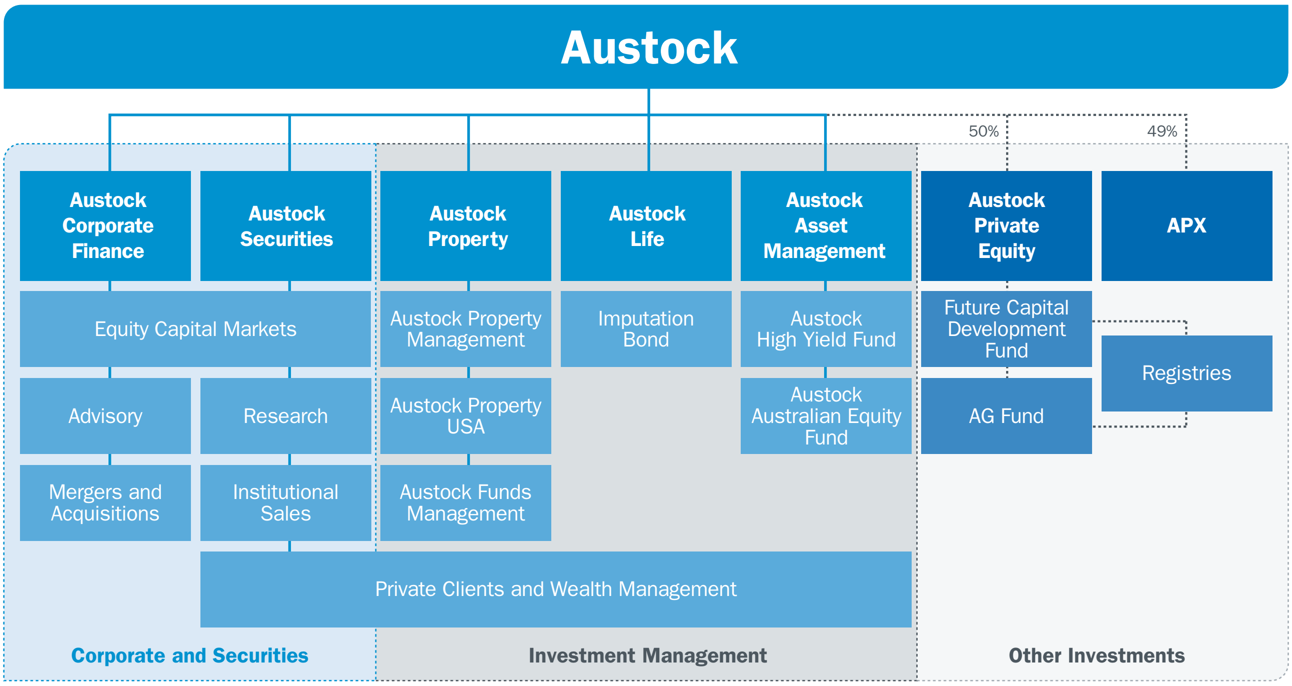
4.1 Austock history

Calendar Year	Milestone
1991	Austock founded by Martin Ryan with eight staff and $1.3 million in shareholders' funds Martin Ryan commenced Austock's funds management activities by introducing a mandate to manage cash and fixed interest funds for Victorian based medical insurance groups
1992	First corporate finance deal completed: a $10.5 million private capital raising for Composite Buyers Limited, introduced by external advisor Bessemer O'Duill
1996	Established the first high yield fund of its kind in Australia Austock Exempt Market established after Sigma approached Austock to raise $45m in equity (unlisted) and $10m in debt. 22 exempt markets were established over the next seven years including companies such as SFE Corporation and SPC Ardmona
1997	Established Austchoice, the first co-operative of financial planners in Australia, with the first members joining the following year
2001	Commences property business by establishing Ceramic Funds Management and ASIF which acquired a portfolio of childcare centre properties leased to ABC
2002	Austock Life is issued a life office licence, the first of its kind to be issued in Australia for more than 10 years Establishes Sydney office
2004	Austock Life launches Imputation Bond "tax-paid" master fund platform Obtains Australian market licence for APX Expands into UK through a joint venture with CIMB - GK Goh, with Austock representatives based in London Establishes Brisbane office 100 employees
2005	Establishes Austock Private Equity and completes a $12.5 million IPO of the Future Capital Development Fund on the APX
2007	Austock Property USA established with an office opened in Chicago

4.2 Austock overview

Austock is an independently owned, diversified financial services group founded in 1991.

Today, the Company comprises an established Corporate and Securities business and a rapidly growing Investment Management business. Austock employs approximately 200 staff with offices in Melbourne, Sydney, Brisbane and Chicago, along with affiliations in UK and Europe.



4.3 Corporate and Securities

(a) Austock Corporate Finance

Austock Corporate Finance is a specialist corporate advisory services provider, focusing on emerging listed and unlisted companies. It develops funding solutions for clients including IPOs, placements, rights issues, and hybrid security issues, as well as providing advice on business acquisitions and disposals, mergers, corporate restructures, and takeovers. Austock Corporate Finance works closely with Austock Securities in managing the marketing and distribution of equity raisings undertaken.

With the addition of six staff, Austock Corporate Finance has grown substantially over the last year, and the staff complement now comprises 13 executives. Further staff appointments will be aimed at increasing the skill base to enhance product and service capabilities.

In the three years to 30 June 2007 Austock Corporate Finance raised a total of $2.6 billion for its clients in primary and secondary equity raisings.

Austock Corporate Finance was ranked No. 9 lead manager in the Australian equity capital market rankings by Thomson Financial for calendar year 2006.[36]

Australian equity lead manager rankings

Year ended 31 December 2006

Bookrunner	Capital raising proceeds $m	Rank	Mkt. Share	No. Deals	2005 Rank
UBS	11,031.7	1	21.3	40	2
ABN AMRO Rothschild	7,543.7	2	14.6	49	9
Macquarie Bank	7,352.8	3	14.2	55	1
Goldman Sachs & Co	7,230.7	4	14.0	22	5
Credit Suisse	2,969.1	5	5.7	12	8
JP Morgan	2,792.7	6	5.4	23	4
Citigroup	1,595.2	7	3.1	11	7
Deutsche Bank AG	1,323.7	8	2.6	15	3
Austock Corporate Finance	**804.8**	**9**	**1.6**	**12**	**14**
Merrill Lynch	800.3	10	1.6	8	6
Top Ten Total	43,444.7		84.1	247	
Industry total	51,738.9		100.0	733	

Source: Thomson Financial, Equity Capital Markets Review, Fourth Quarter 2006

[36] Thomson Financial, Equity Capital Markets Review, Fourth Quarter 2006

(b) Austock Securities

Austock Securities is an independent, full service stockbroker with a focus on emerging growth companies.

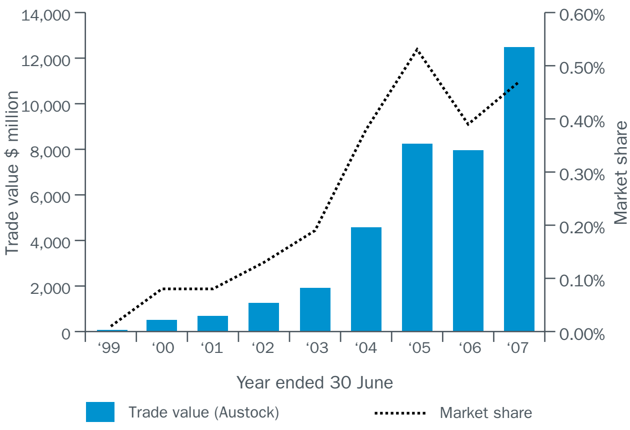
Austock Securities consists of:

- An experienced equities research team
- An institutional sales team marketing equity products to large and boutique institutions
- A private clients and wealth management division providing equities advice to high net worth individuals.

In addition, the business has entered into an alliance with CIMB - GK Goh to enable Austock Securities corporate and institutional products to be marketed to UK clients from a London office. It also has a commercial relationship with a German securities dealer to market Australian securities in Europe.

Austock Securities has undertaken a considerable investment program in personnel and systems which has translated into increased client numbers and brokerage revenue.

Austock – value of securities traded and market share of total value of securities traded on the ASX



Source: IRESS, July 2007

The value of securities traded on the ASX has grown annually by an average of 22% since 1999.[37] Over the same period, the value of securities traded by Austock Securities has grown by an annual average of 95%. Austock Securities has increased its market share of total securities traded on the ASX from 0.06% in 1999 to 0.47% in 2007.

Research

Since 2001, Austock Securities has steadily recruited a team of experienced research analysts, with a 57% increase in staff in the past year. The research team now includes 19 analysts who publish research on approximately 115 companies across nine industry sectors. It focuses on emerging growth companies while also producing angle-based research on blue chip companies.

The Austock Securities research team was recently placed 1st in the retail & consumer staples and metal & mining sectors and 5th most award winning broker overall in the 2006 StarMine analyst rankings.[38]

[37] IRESS, July 2007

[38] StarMine, 2006 survey of analyst performance for Australia and New Zealand

Institutional sales

The institutional sales team includes 18 advisors and sales traders with an average of over 20 years market experience. The team is located in Melbourne, Sydney and Brisbane. It services Australian and global institutions.

Over the last year the institutional sales team has grown, with eight additional advisors and four support staff employed. Institutional sales has benefited from this investment with an increase in active client numbers and a broader spread of commission revenue across the major stocks it trades in. This is expected to continue as Austock Securities seeks to grow its international presence.

In March 2007, a dedicated hedge fund sales team commenced operations within Austock Securities. This has provided Austock with enhanced underwriting capabilities, enabling it to participate in transactions it has not previously had access to.

Private clients and wealth management

The team currently consists of 30 private client advisors based in Melbourne, Sydney and Brisbane. Advisors provide clients with full service stockbroking advice, share portfolio structuring, access to new equity issues and portfolio management services. The team's strategy is to offer clients a broader range of investment opportunities including superannuation investment products, aimed at increasing recurring revenue for the Group.

Austock Securities also provides tailored advice and services to high net worth clients, through individually managed discretionary accounts (FUM of $45 million at 30 June 2007). AustockWealth Creator is a complete administration product which allows clients to access their portfolio online via the Austock website (FUM of $26 million at 30 June 2007).

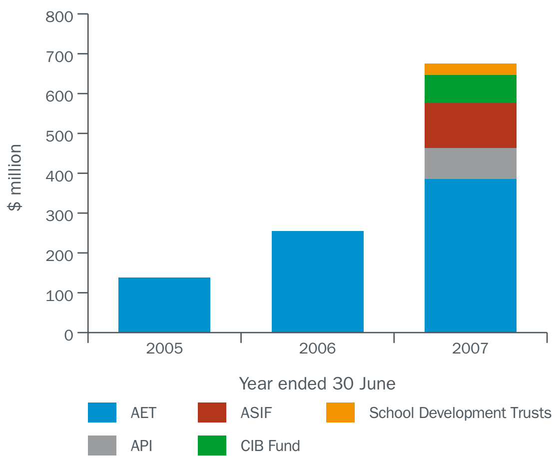
Austock Securities will look to increase advisor numbers and enhance systems to improve the scalability of the managed portfolio services provided.

4.4 Investment Management

(a) Austock Property

Austock Property is involved in property funds management focusing on emerging and traditional asset classes and property securities. At 30 June 2007 FUM was $675 million.

Austock Property FUM



Austock Property derives income from property trusts in the form of management fees and property acquisition fees.

The Austock Property business consists of:

1. Austock Property Management
2. Austock Property USA
3. Austock Funds Management

1. Austock Property Management

Austock Property Management manages the following funds:

AET

AET, an ASX listed property trust, is the largest owner of childcare centre properties in Australia and New Zealand. At 30 June 2007 AET had 388 childcare centre properties leased to ABC under long term leases, FUM of $386 million and a market capitalisation of $222 million.

AET is actively growing the size of the fund, with a substantial pipeline of around 63 properties either settled, contracted or under negotiation for acquisition in the current financial year.

Austock Childcare Fund

Austock Childcare Fund is an unlisted closed end property trust, established in 2003, that has invested in 31 childcare centres leased to ABC. In July 2007 Austock Property Management replaced Mirvac Funds Management Limited as the RE of the fund. The fund had FUM of $31 million at 30 June 2007.

2. Austock Property USA

Austock Property USA was established in January 2007 with the opening of an office in Chicago. It provides property acquisition and management services to ABC in respect of the property on which ABC operates childcare centres in the US. In consideration of providing these services it is proposed that Austock Property USA will be remunerated by way of a fee for each childcare centre settled. These fees are governed by a letter of understanding with ABC, further details of which are provided in section 10.9(a).

Austock Property USA will have an established base from which it will seek further property opportunities in the US in addition to the property services it currently provides.

3. Austock Funds Management

Austock Funds Management manages the following funds:

API

API is an ASX listed property trust that invests in Australian listed and unlisted property securities. At 30 June 2007 it had FUM of $75 million with a market capitalisation of approximately $26 million. API intends to broaden the scope of the fund's investment mandate to include direct property thereby turning the fund into a diversified hybrid property fund.

ASIF

ASIF is a property trust listed on the APX that invests in social infrastructure, and in particular childcare, health and storage property assets.

ASIF had FUM of $115 million at 30 June 2007 and a market capitalisation of $80 million. In July 2007 ASIF committed $12 million for investment in the acquisition and development of three private schools, with these properties to be sold to AET at a later date.

CIB Fund

The CIB Fund is an unlisted wholesale property trust that owns the freehold to nine modern 24 hour police stations and two substantial law court complexes with long term leases to the State of Victoria. It also holds a 13% interest in API.

The CIB Fund had FUM of $72 million at 30 June 2007.

School Development Trusts

Austock Funds Management is the trustee of three unlisted wholesale unit trusts established to acquire and develop three private schools in conjunction with Independent Colleges Corporation, AET and ASIF.

The three school development trusts had FUM of $28 million as 30 June 2007 and the three private schools had a fully developed cost of approximately $65 million.

Other fund opportunities

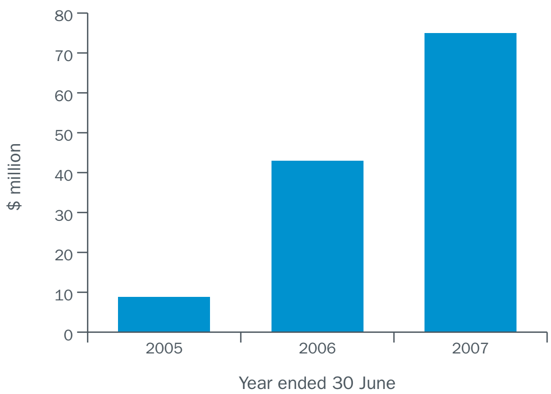
Austock Property is also in the process of considering other fund opportunities involving an international property securities fund as well as funds with assets in the marina, leisure, self storage, tourist park and agribusiness infrastructure sectors.

(b) Austock Life

Austock Life is an investment company that uses its life office structure to develop, manage and distribute tax-paid investments. Austock Life receives fee income for issuing, administrating and managing of these products.

Since becoming operational early in 2004, Austock Life had grown its FUM to $75 million by 30 June 2007 predominantly by organic growth of Austock Life's Imputation Bond platform.

Austock Life FUM



Austock Life's Imputation Bond enables investors to benefit by combining the advantages of an insurance bond tax treatment with an investment menu of 19 investment options that invest into wholesale managed funds.

The Imputation Bond has a "recommended" rating from independent research group Zenith Investment Partners Pty Ltd which was issued on 29 March 2006.

Austock Life's organic growth plans are based on new product development and sourcing third party distribution and co-branding opportunities using the Imputation Bond platform. In addition the expansion of the Group's business development sales force over the last year has had a sizeable impact on funds inflow.

(c) Austock Asset Management

Austock Asset Management is a boutique investment manager specialising in the management of cash, fixed income and equity assets. At 30 June 2007 Austock Asset Management had $373 million in FUM.

Austock Asset Management derives income from its role as investment manager in the form of management and performance fees.

Fixed Income

Austock Asset Management manages a number of fixed income funds, with current FUM of approximately $300 million. These funds invest in cash, fixed interest, Australian corporate debt securities (including hybrids such as convertible notes), infrastructure securities and property trusts.

Included in these funds is the Austock High Yield Fund, an unlisted fund with approximately $20 million in FUM at 30 June 2007.

In a recent survey, research house Morningstar ranked the Austock High Yield Fund the best performing high yield fund for the three years to 30 September 2007. The Austock High Yield Fund has an "approved" rating from independent research group Zenith Investment Partners Pty Ltd, issued on 31 December 2006.

Equity Funds

Austock Asset Management has been managing equity funds since 1996 with current FUM of approximately $75 million.

The Austock Australian Equity Fund, established in March 2004, is an unlisted fund with FUM of $17 million as at 30 June 2007. At 30 June 2007, the Austock Australian Equity Fund had outperformed its benchmark since inception, the S&P/ASX 300 Accumulation Index, with a return of 32.24% compared with the benchmark return of 24.98%.

4.5 Other investments

(a) Austock Private Equity

Austock Private Equity is 50% owned by Austock and manages two funds investing in both listed and unlisted emerging companies. The funds are:

- Future Capital Development Fund - $12.5 million funded by private investors and listed on APX; and
- AG Fund - a joint venture fund between Austock and GK Goh Holdings Ltd, comprising $10 million of committed funds.

Austock Private Equity derives income from its role as investment manager in the form of management and performance fees. It expects to increase the size of each of these three funds as it continues sourcing investment opportunities through the extensive client relationships established by Austock.

(b) Registries

Austock has a 12.5% interest in Registries, the third largest share registry in Australia. It provides specialist registry, voting and communication management services to more than 250 entities. Clients of Registries include a large number of listed and unlisted public companies and funds, as well as government agencies.

Having commenced operations in 1983, Registries has recently expanded its offering to provide a variety of secure voting services for boards of directors elections, enterprise bargaining agreements, certified agreements and consultative committee elections.

Other investors in Registries include Future Capital Development Fund (25%), ADBO Group Pty Ltd (25%), Solanum Investment Pte Limited (Singapore), a 100%-owned subsidiary of GK Goh Holdings Limited (12.5%) and Boardroom Limited (Singapore) (25%).

(c) APX

APX is the operator of a prescribed financial market (that is, a stock exchange) which is regulated by ASIC. The market operated by APX is one of only four licensed in Australia. APX was established to provide a regulated secondary market for securities of companies, trusts or schemes which do not wish to list on ASX but require a secondary market or have lower market capitalisation characteristics or restricted share structures. APX also provides the platform for carbon emissions trading. Austock currently holds a 49% equity stake in APX, with a number of other investors holding the balance.

Section 5
Board and Senior Management

1997

Established Austchoice in 1997, the first co-operative of financial planners in Australia.

"Austchoice was an early example of Austock's innovative approach. It's what makes Austock an interesting and rewarding place to work."

Enzo Salvatore
Institutional Research Sales, Austock Securities

Board of Directors

Left to right:
Michael McFarlane, Bill Bessemer,
Victor Cottren and Tim Boyle.

5.1 Board of Directors

Bill Bessemer *Executive Chairman*

Bill has over 40 years experience in banking and finance, specifically in the areas of debt and equity structuring, mergers and acquisitions and business recoveries.

Bill joined Austock in 1995 and became executive chairman of the Group in 1999. Prior to this, Bill was a shareholder and director of a boutique corporate advisory business, involved in all areas of investment banking. Previously, Bill held several senior management roles and directorships with companies owned by the ANZ Bank. Bill is a director of ABC.

Tim Boyle *Managing Director*

Tim has 20 years financial services experience and significant international investment banking and asset management experience.

Prior to joining Austock, Tim was an executive director and operating committee member for Fidelity Investments with responsibility for European sales, global relationship management and alternative investments. Whilst with Fidelity, Tim also had specific responsibility for Switzerland, Luxembourg, Belgium and the Netherlands, as well as a $100 billion international mutual fund business in Luxembourg.

Tim has also held senior management roles within Bankers Trust International, based in London and New York, including being global chief of staff – corporate risk.

Tim was previously on the advisory board of Unisuper and was chairman of the Self Insurance Association of Australia, as well as being on the capital steering committee for the European Asset Managers Association and secretary of the London Bankers Risk Forum.

Michael McFarlane *Non-executive Director*

Michael is currently a director of Facilitators Pty Ltd, an independent consultant to the investment banking, funds management and property industries.

Michael was an executive director of Macquarie Bank Limited from which he resigned in 2002 after nearly 17 years. During that period he held a number of senior management and director roles in Macquarie's banking and property group with a particular focus on property related investment banking and property trust management.

Michael was the initiator and a founding director of the Macquarie Property Trust in 1987 and Macquarie Countrywide Trust in 1995. Michael was also a director or alternate director for many of the Macquarie stable of listed property and early infrastructure trusts.

Victor Cottren *Non-executive Director*

Victor has almost 50 years of industry experience, with an extensive background in share broking, financial planning, life insurance, superannuation and investment management gained with AMP, Australian Eagle Insurance Company, Norwich Union, The Investors Life Group and National Australia Bank. Victor held various senior posts including chief executive and director within these companies and their subsidiaries.

Since 1995, Victor has worked as a consultant to financial service companies in relation to investment, superannuation and financial planning. Within the Group, Victor is also a director of Austock Life and Austock's property companies. Externally, he is chairman of Pilgrim Capital Ltd and Patriot Asset Management Ltd.

Additional non-executive Director

The Directors intend to identify and appoint an additional non-executive Director in the near future.

5.2 Senior management

Tony Smith
Head of Domestic Institutional Sales

Tony has 20 years experience in the financial services industry. He joined Austock in 1997 working in managed discretionary funds for five years and then institutional sales. Previously, Tony worked for firms including A C Goode, BNZ North and Vinton Smith Dougall where he held positions in private client dealing, research, derivatives and sales trading.

Greg Burns
Executive Director, Austock Securities and Head of Institutional Sales

Greg has 35 years experience in the securities industry involved in institutional sales, equity capital markets and management.

Greg was one of the founding partners and an executive director from 1987 to 1990 of McIntosh Securities with responsibilities for major domestic and Asian institutional clients. Greg was voted stockbroker of the year in the annual BRW awards in 1988, 1989 and 1990.

Previously, Greg was a director of Credit Suisse where he was responsible for the Melbourne office and head of the institutional desk. Subsequent to this, he was a director of equity capital markets.

John Burgess
Head of Research

John has over 16 years experience as an investment analyst consisting of four years in funds management and twelve years in broking. During this time John has covered a range of sectors including media, small companies, basic materials and consumer services. Since joining Austock in December 2002, John has been responsible for analysing the retail sector including both large and small cap companies. John's specialist knowledge and experience earned him the No 1 stock picker award for the retail and consumer staples industry in the 2006 StarMine analyst awards.

Craig Thompson
Managing Director, Austock Private Equity

Craig has over 25 years commercial experience including 17 years working in financial services with Price Waterhouse. This included four years in the audit division in Melbourne, three years in New York and 10 years in the Corporate Finance division where he specialised in transactional-related activities. Since 1997, Craig has held chief financial officer positions at PMP Limited, Benchmark Healthcare Pty Ltd and Primelife Corporation Limited.

Ross Higgins
Managing Director, Austock Life

Ross has over 20 years financial services experience at senior executive levels including over 12 years with IOOF. Since joining Austock in 2001, Ross has established Austock's life office business and originated the Imputation Bond product.

Ross has specialist experience with product development, marketing, taxation and the regulation of life insurance, superannuation and managed funds. His career also includes over 10 years as a financial services lawyer and he has had considerable involvement in legislative reviews and political and bureaucratic lobbying relevant to financial services.

Vin Harink

Managing Director,
Austock Property

Vin has 20 years experience in corporate finance, investment and property. Prior to joining Austock as a director of Austock Corporate Finance, Vin was a partner at Deloitte Corporate Finance responsible for leading mergers and acquisitions services, including several property industry transactions. Previous experience included periods as managing director of a private investment group, directorship of an ASX listed company and eight years with KPMG Corporate Finance as a director for mergers and acquisitions transactions. Vin is also a director of Kidney Health Australia.

Alan Sheen

Managing Director,
Austock Asset Management

Alan was appointed Managing Director of Austock Asset Management in September 2007. Alan has worked in the funds management industry for the past 14 years managing investment businesses and large domestic equity portfolios.

Prior to joining Austock Asset Management, Alan was responsible for overseeing $18 billion of funds under management as Chief Investment Officer for Challenger Funds Management. Before working at Challenger, Alan served as portfolio manager at AMP Capital Investors where he was part of the enhanced and absolute return funds team managing more than $10 billion in domestic equities.

Matthew Walsh

Chief Financial Officer

Matthew has over 20 years finance and managerial experience across a broad range of industries. He has held various chief financial officer roles with Colonial Limited and Symbion Health Limited (formally Mayne Group Limited) which included several international roles based in North America and the UK. His previous experience included over eight years with KPMG, specialising in advising the financial services industry.

Left to right: Tony Smith, Greg Burns, John Burgess, Craig Thompson, Ross Higgins, Vin Harink, Alan Sheen and Matthew Walsh.

Jeremy Kirkwood
Managing Director,
Austock Corporate Finance

Jeremy has over 16 years experience in investment banking and corporate finance.

Jeremy has held senior positions with leading investment banking and corporate advisory firms including Morgan Stanley where he was Managing Director of Investment Banking for five years and Managing Director of Investment Banking with Credit Suisse before that. He has extensive experience in the materials, energy, resources and infrastructure sectors.

He also was Chief of Staff and Principal Advisor to Alan Stockdale, Treasurer of Victoria, from 1993 to 1996.

Ryan Whitelegg
Executive Director,
Austock Securities

Ryan has over 13 years experience in the financial services industry gained in equities research, corporate finance and private equity.

Ryan joined Austock in 1994 as a research analyst. Between 1999 and 2001 he worked in Austock Corporate Finance before being appointed head of research. Whilst in this role Ryan built the research team from one analyst to its current size of 19 analysts. From 2005 until earlier this year Ryan was managing director of Austock Private Equity. Ryan recently resigned as Head of Research but continues to be a director of Austock Securities, Austock Private Equity and Newreg Pty Ltd, the holding company of Registries.

Jonathan Tooth
Executive Director,
Austock Corporate Finance

Jonathan has over 15 years experience in areas of capital raisings, placements and IPOs, corporate advice and restructures. Since joining Austock in March 2001, Jonathan has been responsible for developing the firm's corporate finance capability. Prior to joining Austock Corporate Finance, Jonathan held senior positions in the equity capital markets division of a number of stockbroking firms in both Melbourne and Perth and a corporate advisory role for a large international group.

Left to right:
Jeremy Kirkwood, Ryan Whitelegg
Jonathan Tooth and Martin Ryan.

Martin Ryan
Consultant, Austock

Martin has over 25 years industry experience both in stockbroking and funds management. Prior to founding Austock in 1991, Martin was a leading broker for 10 years and was the director responsible for a range of activities including futures trading, retail products, mortgage securitisation, off-shore warrants and other capital market activities. Before that, he was an investment manager of an Australian insurance company.

Employees

Austock employs approximately 200 employees in Australia and four employees in the US. The Company also has a representative office in London, UK, with a staff of two representatives.

5.3 Corporate Governance

The Board is responsible for the overall corporate governance of the Company. The Board's responsibilities include:

- formulating the strategic objectives of the Company and establishing goals designed to promote the achievement of those strategic objectives;
- ensuring that they maintain and inform themselves of the Company's business and financial status at all times;
- approving investments and ongoing evaluation of those investments, including regularly assessing the operational and financial risks in respect of investments;
- guiding and maintaining the Company's affairs and policies based on adequate and accurate information;
- obtaining expert advice on matters outside the expertise of the Company's internal resources;
- at all times exercising due care and diligence and sound business judgement in the performance of their duties;
- considering and approving proposals for the Company's annual budgets;
- ensuring that there are appropriate internal controls and ethical standards of behaviour adopted and met within the Company;
- ensuring that the business risks facing the Company are, wherever possible, identified and that appropriate monitoring and reporting controls are in place to manage these risks;
- appointing the Remuneration and Nomination Committee, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate polices and procedures are in place for recruitment, remuneration and succession planning; and
- monitoring the performance of management against the goals and objectives established by the Board.

5.4 Composition of the Board

The Company has commenced a search for a suitable, independent person to join the Board as a fifth director. The Company expects to be in a position to announce a new appointment to the Board early in 2008.

5.5 Board committees

The Board is served by the following sub-committees:

Audit Committee

The purpose of the Audit Committee is to review and monitor the financial affairs of the Company.

At the discretion of the committee, the external auditor and other members of the Board and management will be invited to Audit Committee meetings. The Audit Committee will consider any matters relating to the financial affairs of the Company and any other matter referred to it by the Board.

Members: ***Victor Cottren (Chairman), Michael McFarlane, Bill Bessemer***

Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to ensure that the Board has an appropriate structure and composition and to ensure the Company attracts and retains the right people by offering competitive remuneration packages. The committee will monitor and review:

- the remuneration arrangements for the Managing Director and other senior management;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive scheme;
- the remuneration arrangements for non-executive members of the Board;
- the size and composition of the Board, and criteria for Board membership; and
- the membership of the Board and propose candidates for consideration by the Board.

Members: ***Michael McFarlane (Chairman), Victor Cottren, Bill Bessemer***

The Board may delegate some of its monitoring and routine functions to other committees established from time to time by the Board.

5.6 Ethical standards

The Board believes that the success of the Company will be enhanced by a strong ethical culture within the organisation. As the Company grows, the need to ensure that ethical standards remain has led the Board to adopt a code of conduct to ensure that all Directors, executives and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life.

5.7 Directors' and management's dealings in Company Shares

Subject to the Voluntary Escrow Agreements described in Section 10.8, the Company requires that:

- unless there are unusual circumstances, trades in Shares by Directors and senior management are limited to stipulated periods such as immediately following the release of annual and half-yearly results;
- Directors and senior management be prohibited from trading in Shares for a short term gain; and
- Directors and senior management be aware of and observe their obligations under the Corporations Act not to buy or sell in shares if in possession of materially price sensitive non-public information and to ensure that they do not communicate materially price-sensitive non-public information to any person who is likely to buy or sell Shares.

5.8 Independent professional advice

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the expense of the Company, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

Section 6
Financial information

2001

Establishment of ASIF in 2001, the first trust established to invest in childcare centres in Australia.

"The establishment of ASIF has created a new niche asset class in Australia. We've enjoyed being a part of this success."

Vin Harink, *Managing Director,* Austock Property
Lisa Barnes, *Lawyer,* Austock Property

6.1 Introduction

This section contains a summary of Austock's Historical Financial Information, Pro Forma Financial Information and Forecast Financial Information. All Financial Information presented in this Section should be read in conjunction with the other information contained in this Section, the Investigating Accountant's Report in Section 9, the risks described in Section 7 and the other information contained in this Prospectus.

Unless otherwise stated, the Financial Information has been prepared in accordance with AIFRS.

The Historical Financial Information which has been extracted from audited financial statements comprises income statements for 2005, 2006, 2007 and the pro forma statement of financial position as at 30 June 2007.

The only historical Pro Forma Financial Information is the pro forma statement of financial position at 30 June 2007.

The Forecast Financial Information comprises the forecast income statement for the six months ending 31 December 2007.

6.2 Historical and forecast income statements

	Year ended 30 June			Six months 31 December	
$m	**2005 Actual**	**2006 Actual**	**2007 Actual**	**2006 Actual**	**2007 Forecast**
Revenue	**48.7**	**67.8**	**66.3**	**30.1**	**44.4**
Fixed Remuneration	(14.8)	(20.7)	(27.7)	(12.8)	(19.1)
Performance Based Remuneration & Share Based Payments	(8.8)	(9.4)	(8.0)	(3.7)	(4.5)
Other Operating Costs	(7.8)	(11.1)	(13.5)	(5.1)	(8.4)
Profit before tax	**17.3**	**26.6**	**17.1**	**8.5**	**12.5**
Income Tax Expense[3]	(6.4)	(7.9)	(1.7)	(1.2)	(2.8)
Profit after tax	**10.8**	**18.7**	**15.4**	**7.3**	**9.7**
Profit due to Minority Interests	(2.8)	0.0	(0.0)	0.0	0.0
Profit due to Policyholders	(0.2)	(1.0)	(4.3)	(2.3)	(1.2)
Consolidated profit after tax	**7.8**	**17.8**	**11.1**	**5.0**	**8.5**
Profit before tax margin	35.5%	39.2%	25.8%	28.1%	28.1%
Profit after tax margin	16.0%	26.2%	16.7%	16.7%	19.2%
Total Remuneration / Revenue[1]	48.4%	44.4%	53.8%	54.8%	53.1%
Weighted Average EPS (cents per share)[2]					
Basic					7.1
Diluted					6.8

[1] Remuneration includes performance based remuneration (bonuses)
[2] Shares on issue includes the 6,000,000 to be issued as part of this Offer
[3] 2007 income tax expense was reduced due to timing differences largely attributable to the treatment of tax losses

All figures include Austock Life Benefit Funds as required by AASB 1038 - Life Insurance Contracts

6.3 Management discussion of the historical and forecast income statements

Corporate and Securities division

The Group's historical earnings have been heavily reliant on its Corporate and Securities division, particularly the Austock Corporate Finance deal flow. Corporate finance deal flow is volatile in nature and the historical income statements have been heavily impacted by the timing of completion of transactions. The financial year 2006 saw a significant increase in the number of large corporate finance transactions completed compared to the previous financial year.

In 2007 a number of corporate transactions closed during July 2007, thus falling into the 2008 financial year. This had the effect of reducing the 2007 revenue and increasing revenue in the first half of 2008. For the 2007 financial year the division saw a change in its revenue mix with a greater proportion of revenue arising from the relatively more stable stockbroking side of the business, rather than the higher margin corporate finance transactions. The margins observed in 2007 are indicative of more sustainable levels which are forecast to continue over the 2008 year.

A significant repositioning and investment in the business has occurred over the last year which has put Austock in a strong position to take advantage of future opportunities.

Key highlights include:

- recruitment of key staff to establish a presence in new geographic markets (Asia) and product offerings (hedge fund sales);
- significant increase in the size of the research team, to expand sector and company coverage;
- continued development and expansion of corporate alliances, leading to new revenues from new geographic regions (such as Europe); and
- a decreased reliance on major corporate finance clients, resulting in a lower, though more sustainable corporate finance revenue base.

Growth in 2008 is expected to be predominantly organic. A full period contribution from the investment made in key personnel and the formation of a number of strategic alliances in the second half of 2007 is forecast to provide a significant uplift in 2008 brokerage revenue. Corporate deal flow is also expected to increase in 2008, supported by the number of transactions already completed in the current financial year.

Investment Management division

The profits derived by the Corporate and Securities division has been reinvested to grow the Group's Investment Management division which is now poised to move into the next phase of its life cycle. As FUM increases, these businesses will become self-funding. Revenue growth in the past three years was highlighted by:

- acquisition of Austock Funds Management Limited, formerly named Ceramic Funds Management, by Austock Property, adding over $200 million in FUM to the Group and providing a platform for the business to expand into many sub-sectors of the property funds management market;
- continued FUM growth of the Australian Education Trust; and
- continued growth of the Austock Life Imputation Bond with the addition of new investment options.

Pro Forma statement of financial position

This pro forma statement of financial position has been prepared by adjusting the actual statement of financial position at 30 June 2007 for the transactions and events which are due to occur on or before Listing as if the Company were listed at 30 June 2007.

$m	30 June 2007	Adjustments	30 June 2007 Pro Forma
ASSETS			
Cash and cash equivalents	38.4	10.0	48.4
Trade and other receivables	143.4		143.4
Financial Assets	21.0		21.0
Other current assets	3.3		3.3
Total current assets	**206.0**	**10.0**	**216.0**
Equity accounted investments	1.5		1.5
Financial assets	52.1		52.1
Property, plant and equipment	1.9		1.9
Intangible assets	17.2		17.2
Deferred tax assets	2.6		2.6
Total non current assets	**75.3**	-	**75.3**
Total assets	**281.3**	**10.0**	**291.3**
LIABILITIES			
Trade and other payables	139.8		139.8
Current tax liabilities	0.1		0.1
Other current liabilities	13.3		13.3
Policyholder liabilities	73.7		73.7
Total current liabilities	**226.8**	-	**226.8**
Deferred tax liabilities	0.5		0.5
Long term borrowings	7.8		7.8
Long term provisions	0.7		0.7
Total non current liabilities	**8.9**	-	**8.9**
Total liabilities	**235.7**	-	**235.7**
Net assets	**45.6**	**10.0**	**55.6**
EQUITY			
Issued capital	31.1	10.0	41.1
Reserves	(4.4)		(4.4)
Retained earnings	17.0		17.0
Minority interests	1.1		1.1
Policyholder equity	0.8		0.8
Total equity	**45.6**	**10.0**	**55.6**

(a) Pro forma adjustments to the statement of financial position at 30 June 2007

The pro forma adjustments to the statement of financial position at 30 June 2007 reflect the following transactions and events as if they had occurred as at 30 June 2007:

- the issue of 6,000,000 new fully paid Shares at an issue price of $1.80 per Share pursuant to this Prospectus raising $10,800,000 of new capital;
- the application of proceeds from the Offer to the costs associated with the Offer of approximately $0.8 million. These costs are described in Section 10.15; and
- the depositing of the net proceeds of approximately $10.0 million into short-term deposit facilities pending their use in accordance with Section 1.7.

(b) Policyholder liabilities

A controlled entity, Austock Life, received deposits from policyholders which are repayable at call. These are invested in a range of financial assets, some of which are recorded as current assets and the majority as non-current assets. Given the "at call" nature of policyholder deposits, they are recorded as current assets, which creates a net current asset deficiency at 30 June 2007.

6.4 Key assumptions underlying the Forecast Financial Information

Forecasts are by their nature subject to uncertainty and unexpected events. Actual events are likely to differ from those forecast and accordingly no guarantee can be given that the forecasts will be achieved.

General assumptions

The forecast assumes the following conditions will prevail at an overall level:

- existing market and macro economic conditions will prevail over the forecast period;
- no change in the Group's funding or capital structure, other than changes flowing directly from the Offer as set out in this Prospectus;
- no material acquisitions or disposals or restructuring of the business during the forecast period;
- no significant change in the legislative regimes and regulatory environments (including taxation) in the jurisdictions in which the Company or its key customers operate;
- no changes in accounting standards or other mandatory professional reporting requirements or the Corporations Act;
- the Company's significant accounting policies remain consistent with those disclosed in Section 6.7;
- no material change in competitive activity in the markets in which the Group operates;
- no significant amendment to or termination of any material agreement or arrangement relating to the Group's business;
- no material impact from loss of key personnel; and
- no material costs as a consequence of litigation.

Revenue assumptions

The forecast assumes the following for revenue:

- revenues from stockbroking activities will continue at current daily averages. Run rates have been extrapolated to reflect a full year contribution from alliances that commenced operations late in the 2007 financial year;
- revenues from corporate finance activities that have already been invoiced or are mandated;
- FUM will increase at current monthly growth rates, with approximately 80% of the growth in Austock Property. New mandates, where confirmed, have been included;
- revenues from funds management will continue at current rates on FUM forecast per the assumption above;
- revenue from property settlements is included only where settlement is actually scheduled and confirmed; and
- no further gains (or losses) on principal investments from the position as at 30 June 2007.

Cost assumptions

The forecast assumes the following for costs:

- labour costs are forecast on a headcount basis, using actual salary information and anticipated commencement of new staff;
- performance based remuneration is calculated per the Group's remuneration policy;
- dealing and settlement costs are forecast proportionately against forecast brokerage;
- occupancy costs are forecast per contracted leases;
- all other costs are forecast on current run rates;
- the Company tax rate of 30% has been applied to all Australian businesses except for the PDF where the PDF tax rate of 15% has been applied;
- tax benefits arising from forecast current year losses have been applied to the Australian businesses but not to the US operations; and
- tax benefits arising from carried forward tax losses have been applied.

6.5 Sensitivity analysis

The forecast income statement for the six months ending 31 December 2007 is sensitive to variations in certain key assumptions. A summary of the likely impact of movements in certain key assumptions on the Company's forecast revenue and earnings for the six months ending 31 December 2007 is set out in the table below.

Changes in market activity

	Impact on			
	Revenue		NPBT	
$ millions	Favourable	Unfavourable	Favourable	Unfavourable
Increase / decrease of 10%				
1H2008 Forecast	1.9	(1.9)	1.2	(1.2)

The key driver of revenue from dealing activities is market activity. The Corporate and Securities business carries the risk that market activity is volatile and hence may vary from the forecast assumption of market stability. A lack of market confidence in either the market itself or in Austock and its reputation may lead to market volatility.

Note:

Care should be taken when interpreting this information as this analysis assesses the impact of each assumption at a very simplistic level only. It only reflects changes in items of the income statement that have a very direct and obvious relationship to the assumption. For example, should revenue from dealing activities change, this analysis only includes the likely impact of this movement on dealing and settlement costs and bonuses. It is likely however that the impact of a change in revenue from dealing activities would impact on more than just these two items.

Movements in one assumption may also have offsetting or compounding effects on other variables, the effects of which are not reflected in the analysis. Additionally, the analysis does not consider that the movement is unlikely to occur at one distinct point in time, but is more likely to have a cumulative effect.

In practice, the management of Austock would respond to an adverse change by taking action in one or more other areas to attempt to minimise the impact to the Group as a whole. This analysis does not attempt to take account of such actions.

6.6 Earnings per share

Earnings per share has been calculated in accordance with AIFRS.

Basic earnings per share has been calculated by dividing the NPAT attributable to Shareholders by the weighted average number of Shares outstanding during that period.

The forecast weighted average number of Shares for the six months ending 31 December 2007 has been calculated based upon:

- 117,687,413 Shares being on issue at 1 July 2007, of which 5,153,580 were paid to $0.01;
- 343,020 Shares being cancelled during the period 1 July 2007 to 1 November 2007;
- 860,646 new Shares being issued during the period 1 July 2007 to 1 November 2007; and
- 6,000,000 Shares being allocated under this Prospectus on 12 December 2007.

This results in a calculation of 119,102,995 weighted average number of Shares being on issue for the six months ending 31 December 2007.

Diluted earnings per Share has been calculated by adjusting the weighted average number of Shares outstanding, for the effects of all dilutive potential Shares. The dilutive potential Shares included in this calculation are:

- 4,727,440 options on issue at 1 November 2007.

This results in a calculation of 125,510,684 diluted weighted average number of Shares being on issue for the six months ending 31 December 2007.

6.7 Significant accounting policies

Set out below is a summary of significant accounting policies adopted by the Company in the preparation of the Historical and Forecast Financial Information.

(a) Basis of accounting

Management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

(b) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 ‘Consolidated and Separate Financial Statements’.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits/losses arising within the consolidated entity are eliminated in full.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the parent entity, intra-group transactions are generally accounted for by reference to the existing book value of the items.

Outside equity interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the consolidated group equity therein. Outside interests consist of the amount of those interests at the date of the original business combination and the outside interest’s share of changes in the subsidiary equity since the date of the combination.

(c) Investments and financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through the profit and loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, or available for sale financial assets. The consolidated group determines the classification of its financial assets after initial recognition and when allowed and appropriate, re-evaluates this designation at each financial year end.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purposes of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

(ii) Held to maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the consolidated group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held to maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of the difference between the initially recognised amount and the maturity amount. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available for sale investments

Available for sale investments are those non derivative financial assets that are designated as available for sale or are not classified as any of the three preceding categories. After initial recognition, available for sale investments are measured at fair value with gains and losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques.

(v) Impairment of financial assets

Financial assets, other than those at fair value through the profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(d) Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

(i) Management rights

Management rights recognised by the consolidated entity have an indefinite useful life and are not amortised. Each period, the useful life of this intangible asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

(ii) Development costs

Expenditure incurred as a result of the development of overseas business operations in accordance with specifically authorised mandates are capitalised and then expensed over the effective useful life of the mandate. Such development costs recognised by the consolidated entity are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a units of completion basis reflecting the percentage of work completed in accordance with the individually specified authorised mandate. Each period, the useful life of this intangible asset is reviewed to determine whether events and circumstances continue to support the assessed useful life for this asset.

(iii) Trading licence

A trading licence to operate a stock exchange under the Corporations Act has been recognised by the consolidated entity to have an indefinite useful life and is not amortised. Each period, the useful life of this intangible asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

(iv) Impairment of intangible assets

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication of impairment, that asset may be impaired. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment is treated as a revaluation decrease.

(e) 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:

(i) Rendering of services

Revenue from the rendering of services is recognised in the income statement when the service is performed and there are no unfulfilled service obligations that will restrict the entitlement to receive the sales consideration.

(ii) Dividend revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

(iii) Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(f) Income tax

(i) Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base for those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that follow from the manner in which the consolidated entity expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(g) Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

(h) Share based payments

Equity settled share based payments granted after 7 November 2002 that were unvested as of 1 January 2005 are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

Section 7
Risk factors

2002

Establishment of Austock Life, the first life office licence to be issued in Australia for 10 years.

"From just a clean sheet of paper, we've surprised a lot of people by successfully establishing Australia's first life office in over 10 years and creating the first "tax-paid" master fund investment platform. This is truly a satisfying and rewarding "blue sky" business."

Ross Higgins, *Managing Director,* Austock Life

This section identifies the risk factors that the Board believes are relevant to a decision to invest in the Company. The Company's business is subject to various risk factors, some of which are specific to the Company, some of which are specific to the industry sector in which the Company operates and others which are general risks. Individually, or in combination, they may affect the future operating performance of the Company and the value of an investment in the Company.

These risks should be considered carefully by investors before making a decision to apply for Shares as they may adversely affect the value of the Company's assets and the Shares.

Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's operating performance, profits and/or the market price of the Shares.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, but some are outside the control of the Company and cannot be mitigated.

Neither the Directors, the Company, nor any person associated with the Company guarantee the performance of the Company, the performance of the Shares offered under this Prospectus or the market price at which the Shares will trade.

The principal risks include, but are not limited to, those detailed below.

Before deciding to invest in the Company, potential investors should:

- read the entire Prospectus;
- consider the risk factors in this Section of the Prospectus in light of their own personal circumstances (including their objectives, financial situation and needs);
- consider the assumptions underlying the Forecast Financial Information, the sensitivity analysis and the risk factors that could affect the financial performance of the Company; and
- if necessary, seek professional advice before deciding whether to invest.

7.1 Company specific risks

The Share price may be volatile

The Shares are to be quoted on the ASX, where their price may rise or fall in relation to the Offer Price. The Shares issued under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX.

The value of the Shares will be affected by the profitability of the Company (see below) and its financial performance in relation to its own historical results and forecasts and the performance of its competitors. Beyond that, the value of the Shares may be affected by investor sentiment, speculation, the demand for and availability of Shares and other sector specific and general risks (see below) which are beyond the control of the Company, and the Directors and officers of the Company.

The Share price may be affected by the release of escrow restrictions

A total of 51,737,244 Shares are currently subject to voluntary escrow restrictions. These voluntary restrictions and the applicable escrow periods are described in section 10.8.

Of these Shares, 10.5 million Shares are subject to the Employee Share Trust arrangements referred to in sections 2.4.4 and 10.6. The relevant employees have the right to sell part of their Share entitlement under the Employee Share Trust arrangements to fund the acquisition of their remaining Shares under the Employee Share Trust arrangements.

The disposal of Shares following their release from escrow or to fund the acquisition of Shares subject to the Employee Share Trust may result in a fall in the price at which the Shares trade on ASX.

Austock may not meet investor expectations of profitability

The market value of the Shares may be adversely affected if the Company does not meet investor expectations of profitability. The profitability of the Company will be affected by changes in revenue and expenditure. Key factors affecting revenue include:

- the ongoing ability of the Company to win high value corporate transactions;
- competitive pressure on the fees which the Company charges for its products and services;
- maintaining client satisfaction with the products and services offered;
- market conditions in the Australian capital markets;
- the ability of the Company to continue to generate innovative financial products and services; and
- the capacity of the Company to distribute its products and services.

Key factors affecting expenditure include the cost of premises, staff and information technology resources.

The financial services industry in Australia is very competitive and dynamic and the factors driving revenue and expenditure can change. Market conditions can change dramatically and abruptly.

A failure to adequately manage changes in revenue and expenditure could adversely affect the Company's profitability.

Austock's profitability depends on securing and completing large transactions

The Company's recent historical revenues have included relatively large fees earned on a relatively small number of transactions. High fee levels in any period are not necessarily indicative of continued high fee levels in the following or any other period. Some fees are conditional on the successful completion of a transaction and some transactions are delayed or do not proceed at all because of factors beyond the control of the Company (such as a change in market conditions). If a large transaction is delayed from the end of one reporting period to the beginning of the next, this can have a significant impact on the reported profit of the Company in the first reporting period. In circumstances where a large transaction is not completed, the Company may spend significant amounts of time and resources for little or no return.

Austock is subject to competition

The financial services industry is intensely competitive. The Company competes on the basis of a number of factors, including the quality of advice and service, innovation, reputation and price. Many competitors have a greater range of products and services, greater financial and marketing resources and larger client bases than the Company.

The Company may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market share. Industry consolidation in the financial services sector in recent times has allowed some market participants to achieve efficiencies through economies of scale, placing additional pressure on pricing. Increased competitiveness in the market could result in price reductions, reduced gross margins and loss of market share, any of which could adversely affect the Company's operating results.

Further, the Australian broking industry has become more competitive in recent years. The introduction of online and discount broking which offer clients execution of trades but provide no research or advice has increased this competitive pressure.

Austock is exposed to emerging companies

The focus of Austock Corporate Finance's and Austock Securities' research is on emerging companies which have a lower market capitalisation than companies in the S&P/ASX 100 Index. Factors important to some investors, such as liquidity, may also be lower and as a consequence, some investors do not participate in the emerging companies market or at times of increased volatility or poor market performance reduce their exposure or level of activity in emerging companies. An extended period of reduced activity by investors in the emerging companies market may have the effect of reducing the Company's corporate finance revenues and profits.

Austock is exposed to the childcare sector and property

The revenues of Austock Corporate Finance and Austock Property Management are highly leveraged to the childcare sector in Australia and overseas, particularly the US, through the Company's relationship with ABC. Changes in the childcare sector may impact on the Company's financial performance.

Key aspects of Austock Property's growth strategy involve exposure to the US property market. Austock Property pursues growth by acquisitions of properties and partially funds those acquisitions with debt. Turmoil in the US debt and property markets has the potential to adversely impact on Austock Property's growth strategy and therefore the Company's financial performance.

Austock may lose key business relationships

The Company's businesses involve many individual contracts and business relationships which produce differing levels of revenues and profits. Many important business relationships are not capable of being legally documented or enforced and are at risk of being terminated at any time. In some cases, individual relationships with key clients may contribute a large proportion of income and profit. Any loss of business from a key client (such as ABC) could adversely impact the Company's operating results and prospects.

Austock may lose key personnel

The Company is reliant on the talent and experience of its personnel as its primary asset. It is essential that appropriately skilled personnel be available in sufficient numbers to support the quality of the Company's services and to maintain the diversity of its business skills. The Company requires personnel who are professionally skilled in many areas, some of which may be considered niche specialities in which few practitioners are available for recruitment.

Loss of key personnel may have a materially adverse impact on the performance of the Company. It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Additionally, any key personnel of the Company who leave to work for a competitor may adversely impact the Company.

The Company has put in place employment contracts and equity participation programs with senior executives, and consultancy agreements with consultants. The Company's ability to attract, motivate and retain personnel will have a direct bearing on its ability to deliver its commitments and achieve forecast revenues. Increases in recruitment and salary costs may adversely impact upon the financial performance of the Company.

Austock's business may be damaged by poor investment performance or poor advice

The Company manages investments and is judged on the performance of those investments. In many cases the Company earns additional fees when investment performance exceeds benchmarks. If the Company delivers poor investment performance this can lead to a loss of FUM and reduced fee income.

The Company also provides financial product advice to retail and wholesale clients and is judged on the quality of that advice. Poor quality advice has the potential to result in significant financial losses for clients and adversely impact on the Company's reputation. There is also a risk that the Company may be found liable for client losses in certain circumstances.

Austock's reputation may be damaged as a result of investigations, disputes or litigation

The Company's business relies on its reputation for integrity and professional services to attract and retain clients. If a client is not satisfied with the services provided, or the Company is investigated by the ASX, APRA or ASIC, or an employee is involved in a dispute or litigation relating to a transaction in which the Company is involved, the reputation of the Company may be impugned and it may adversely impact the Company's business. There is also the risk that old or outstanding complaints or disputes against the Company can be resurrected at any time with or without warning. The Company may incur significant legal expenses in defending itself against disputes or litigation arising in such cases and it may incur reputational and financial harm in the event that it loses a dispute or action is taken against it by ASIC, APRA or the ASX.

The Company's products and services are sold under the "Austock" brand. The Company's brands and its image are key assets to the Company. Should the brand or image be damaged in any way or lose its market appeal, the Company's business could be adversely impacted.

Austock is exposed to risks associated with underwriting and extending credit

The Company makes underwriting commitments in relation to capital raisings in the normal course of its Corporate and Securities business. The Company's policy is to fully sub-underwrite its obligations to a range of creditworthy professional investors. If there is a shortfall in demand for an underwritten offer, the Company is required to purchase any shortfall. If a sub-underwriter defaulted in its obligations to the Company, the Company would be required to meet that sub-underwriter's proportion of the shortfall. The Company would then be required to fund the purchase and (subject to any right of recovery it might have against the defaulting sub-underwriter) the Company would bear the risk of any gain or loss realised on the disposal of the shortfall securities. Often a shortfall arises in market conditions which make it difficult to dispose of the shortfall without realising a loss.

In the ordinary course of its broking business, the Company enters into market transactions on behalf of its clients. The Company is legally bound to complete those transactions even if the client defaults. The Company assesses the creditworthiness of its clients and manages its credit risk, but the risk cannot be eliminated.

Austock may lose its status as a PDF

The Company is registered as a PDF and the PDF Act imposes restrictions on what the Company can and cannot do (see Section 8). The Company is required to comply with the requirements of the PDF Act. If the Company fails to comply with these requirements, it risks deregistration by the PDF Board and the associated tax benefits will be lost.

Austock is dependent on technology and information systems

The Company is dependent on the efficient operation of software products and information technology and telecommunication systems. A major hardware or software failure could create delays in business processes, resulting in abnormal costs and potential losses if the failure cannot be addressed quickly and decisively. Any significant change to the technology employed could result in a substantial increase in costs.

Austock is exposed to operational risk

The Company is exposed to operational risks present in the current business including risks arising from process error, fraud and system failure. Operational risk has the potential to impact on the Company's financial performance as well as its reputation. While the Company has processes in place to minimise operational risk, it cannot be eliminated completely.

Austock's acquisitions and joint ventures may not be successful and they may dilute shareholders

As part of its growth strategy, the Company will continue to make strategic acquisitions and enter into joint venture arrangements. The process of assimilating new businesses and merging different corporate cultures can sometimes produce unforeseen difficulties. There can be no assurance that the Company will be able to successfully identify, acquire or integrate new businesses.

Acquisitions may be funded by new equity issues, either directly by issuing new Shares to the vendors, or indirectly by raising funds to pay cash consideration. In either case the shareholdings of existing Shareholders will be diluted.

7.2 Sector specific risks

Austock operates in a highly regulated environment

The Company operates in the financial services industry which is highly regulated in Australia and overseas. The regulatory environment is increasingly onerous and this has increased the cost of compliance and the risk of non-compliance in recent years. Further changes to the regulatory environment for financial services, either in Australia or in overseas markets, may have an impact on the profitability of the Company.

Changes in laws, regulations and government policy may affect the Company and the attractiveness of an investment in the Company positively or negatively. The Company cannot predict the impact of future legislative or regulatory change on its business.

Changes in relevant taxes (including the GST), legal and administrative regimes and government policies both in Australia and overseas may adversely affect the financial performance of the Company. Changes to the tax regime for PDFs may impact on Shareholder returns. In addition, any change in tax arrangements between Australia and other jurisdictions could have an adverse impact on profit margins and the level of franking credits available to frank any future dividends.

The conduct by the Company of its business is regulated by the Corporations Act, the operating rules of the ASX, the PDF Act and other regulations. Certain licences are required to be held by the Company. If the Company or its dealers or advisors were to breach the requirements of the relevant regulations and licences, the Company may be fined, required to compensate a client, prohibited from engaging in some business activities or may become subject to limitations or conditions on business activities.

In order to continue the Company's current business operations, those Company entities which have an AFSL must meet the capital, solvency and other conditions of that licence and the requirements of ASIC and other regulatory bodies.

The Company's liquid capital requirements in its broking business are linked to the volume of trading conducted on behalf of clients and the settlement period determined by ASX. With broad movements in the volume traded, it is not feasible for stockbrokers to definitively plan their financial requirements for working capital. As such, periods of high volume require stockbrokers to put in place additional capital or approved debt facilities to meet liquid capital requirements. An inability to meet these capital requirements may restrict the Company's capacity to undertake further transactions in the short term.

7.3 General risks

Austock is exposed to market risk

Australian capital markets are affected by a range of factors including:

- Prevailing economic conditions in Australia and globally;
- Investor sentiment about future trends in the economic condition of Australia and its major trading partners;
- Budget announcements and the policy settings of the Federal Government generally and the Reserve Bank of Australia in particular;
- The performance of major foreign equities markets.

The Australian equities market has experienced significant periods of growth in recent years. However, as indicated by the volatility of the market in the first quarter of the current financial year, there can be no certainty that this performance will continue.

The Company's business is predominantly exposed to the Australian equities market. A prolonged deterioration in the performance of the Australian equities market is likely to adversely impact the performance of the Company.

Austock is exposed to economic risks

Changes in economic and business conditions or government policies in Australia or internationally may adversely impact the performance of the Company. Changes in such things as the level of interest rates, inflation, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and unemployment rates (among others) are outside the control of the Company and may reduce demand for the Company's products and services, resulting in material adverse impacts on the business or its operating results.

Section 8
PDF regime

2005

Establishes Future Capital Development Fund, completing a $12.5 million IPO on the APX.

"It's very rewarding to be able to invest in and be a part of emerging companies across diversified industries and participate in their growth."

Craig Thompson, *Managing director,* Austock Private Equity
Travis Butcher, Austock Private Equity

8.1 What is a PDF?

A PDF is a company registered by the PDF Board under the PDF Act.

The parent entity, Austock Group Limited, was registered as a PDF on 7 June 1999.

The objective of the PDF program was to develop the market for providing patient equity and venture capital to small or medium-sized Australian companies that carry on eligible businesses.

In order to achieve this objective, the PDF Act established a scheme under which companies that provide capital under the PDF scheme, register as a PDF and the company and their shareholders receive tax benefits on the income derived from their equity investments. A summary of the Australian taxation consequences of an investment in the Shares is in Section 10.10.

The pooled development funds program closed to new applicants on 21 June 2007. However, existing PDFs are not affected.

8.2 Capital structure of a PDF

The capital structure of PDFs is regulated in a number of ways:

- Unless approved by the PDF Board, a person (together with their associates) must not hold more than 30% of the issued shares in a PDF. (This restriction does not apply to banks, life insurance entities or a widely held complying superannuation fund.)
- A PDF may only acquire shares in another PDF where the acquisition is part of a process of the two PDFs merging into one PDF. The consideration for the shares in the investee PDF may only be shares in the investor PDF or a bona fide dividend.
- A PDF must not buy back its own shares to return capital to its shareholders within two years after becoming a PDF or merging with another PDF.
- A PDF is prohibited from borrowing money, accepting a deposit of money, issuing debentures, issuing convertible notes and issuing or making available an interest in a managed investment scheme. A PDF may make certain short-term borrowings.

8.3 Investments by a PDF

A PDF must carry on the business of making and holding PDF investments and can only enter into transactions for this purpose (unless otherwise approved by the PDF Board).

The PDF Act regulates the investment activities of a PDF. In particular, the PDF Act imposes certain restrictions on a PDF in terms of its investment activities and the type of investments it may make:

- A PDF must invest 65% of its capital within five years.
- A PDF may make an investment by subscribing for or buying newly issued ordinary shares in a small to medium sized Australian company with total assets of less than $50 million (**Investee Company**). An acquisition of pre-owned ordinary shares or other kinds of shares requires PDF Board approval.
- Provided that the PDF holds at least 10% of the total of all amounts paid in the issued shares in an Investee Company, a PDF may also acquire non-transferable options to buy shares in an Investee Company and lend money to an Investee Company, provided that the total amount of the outstanding loans by the PDF does not exceed 20% of the shareholders' funds of the PDF.
- A PDF may only invest in Australian companies that carry on "eligible businesses" (ie. an eligible business is an Australian company that will establish a new business, substantially expand its production/supply capacity or substantially expand/develop its market).
- A PDF must not invest in a company whose business, or primary business, involves retail sale operations or the acquisition or disposal of an interest in, or development of, land.
- A PDF may not invest in a company whose total assets exceed $50 million.
- Unless otherwise approved by the PDF Board, a PDF must take up at least 10% of the paid up capital of the Investee Company.

A PDF must not invest more than 30% of its capital in any one Investee Company, unless otherwise approved by the PDF Board.

8.4 Reporting obligations

A PDF must, within four months after the end of each financial year, give the PDF Board a written return that includes information such as details of officers, persons providing services, shareholders, particulars of investments held by the PDF, profits, gains and losses made from each Investee Company and dividends paid to shareholders during the financial year.

Within 30 days of a PDF's initial investment in an Investee Company, the PDF must give the PDF Board written notification of the investment.

8.5 Ceasing to be a PDF

A PDF automatically ceases to be a PDF, if at any time the PDF is not eligible according to the PDF Act. The PDF Board also has the power to deregister a PDF if it fails to comply with the PDF Act.

If the Company ceases to be a PDF, the Company must notify Shareholders as soon as practicable after it becomes aware of the fact.

Section 9
Investigating Accountant's Report

2007

Austock Property USA established with an office opened in Chicago.

"We've joined an exciting Australian company built with strong relationships, exceptional client service and innovation. The Chicago office has been opened on these foundations with a mandate to grow the business in the US."

Jim Dale, *Executive Vice President,* Austock Property USA
Kimberly Kash, *In House Counsel,* Austock Property USA

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The Directors
Austock Group Limited
Level 1
350 Collins Street
Melbourne VIC 3000

12 November 2007

Dear Sirs

Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") has been engaged by Austock Group Limited ("Austock") to prepare this report for inclusion in the Prospectus to be dated 12 November 2007, and to be issued by Austock, in respect of the proposed underwritten issue of six million Shares in Austock at $1.80 per share.

Expressions defined in the Prospectus have the same meaning in this report.

Financial information

- KPMG Transaction Services has been requested to prepare a report covering the historical, pro forma historical and forecast financial information described below and disclosed in the Prospectus.

Historical financial information

The historical financial information, as set out in section 6.2 and 6.3 of the Prospectus, comprises the:

- income statements of Austock for the years ended 30 June 2005, 20 June 2006 and 30 June 2007; and
- balance sheet of Austock as at 30 June 2007.

The historical financial information set out in sections 6.2 and 6.3 of the Prospectus has been extracted from the financial statements of Austock for the years ended 30 June 2005, 30 June 2006 and 30 June 2007.

The financial statements of Austock for each of those years were audited by Austock's external auditor in accordance with Australian Auditing Standards. The audit opinions issued to the members of Austock relating to those financial statements were unqualified.

The directors of Austock are responsible for the preparation and presentation of the historical financial information.

The historical financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001 ("Corporations Act").

Pro forma historical financial information

The pro forma historical financial information, as set out in section 6.3 of the Prospectus, comprises the pro forma, unaudited balance sheet of Austock as at 30 June 2007.

The pro forma historical financial information has been derived from the historical financial information after adjusting for the pro forma transactions and/or adjustments described in section 6.3 of the Prospectus.

The directors of Austock are responsible for the preparation and presentation of the pro forma historical financial information, including the determination of the pro forma transactions and/or adjustments.

The pro forma historical financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Forecast financial information

The directors' forecast is set out in section 6.2 of the Prospectus and comprises the forecast income statement of Austock for the six months ending 31 December 2007.

The directors of Austock are responsible for the preparation and presentation of the directors' forecast, including the best-estimate assumptions on which the directors' forecast is based and the sensitivity of the directors' forecast to changes in key assumptions.

The directors' forecast has been prepared by the directors to provide investors with a guide to Austock's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. The directors' best-estimate assumptions underlying the directors' forecast are set out in section 6.4 of the Prospectus.

There is a considerable degree of judgement involved in the preparation of any forecast. Consequently, the actual results of Austock during the forecast period may vary materially from the directors' forecast, and that variation may be materially positive or negative.

The sensitivity of the directors' forecast to changes in key assumptions is set out in section 6.5 of the Prospectus and the risks to which the business of Austock is exposed are set out in section 7 of the Prospectus. Investors should consider the directors' forecast in conjunction with the analysis in those sections.

The directors' forecast is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Scope

Review of historical financial information

We have reviewed the historical financial information in order to report whether anything has come to our attention which causes us to believe that the historical financial information, as set out in sections 6.2 and 6.3 of the Prospectus, does not present fairly:

- the historical financial performance of Austock for the years ended 30 June 2005, 30 June 2006 and 30 June 2007; and
- the historical financial position of Austock as at 30 June 2007,

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Austock disclosed in section 6.7 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- analytical procedures on the historical financial information;
- a review of work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Austock disclosed in section 6.7 of the Prospectus; and
- enquiry of directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review has not been conducted in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Review of pro forma historical financial information

We have reviewed the pro forma historical financial information in order to report whether anything has come to our attention which causes us to believe that the pro forma historical financial information, as set out in section 6.3 of the Prospectus, does not present fairly the pro forma historical financial position of Austock as at 30 June 2007, on the basis of the pro forma transactions and/or adjustments described in section 6.3 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Austock disclosed in section 6.7 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the pro forma transactions and/or adjustments made to the historical financial information;
- a review of work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Austock disclosed in section 6.7 of the Prospectus; and
- enquiry of directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review has not been conducted in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Review of directors' forecast and directors' best-estimate assumptions

We have reviewed the directors' forecast, set out in section 6.2 of the Prospectus, and the directors' best-estimate assumptions underlying the directors' forecast, set out in section 6.4 of the Prospectus, in order to report whether anything has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions, when taken as a whole, do not provide reasonable grounds for the preparation of the directors' forecast;
- the directors' forecast is not properly compiled on the basis of the directors' best-estimate assumptions or presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Austock disclosed in section 6.7 of the Prospectus; and consequently that
- the directors' forecast itself is unreasonable.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary.

Our review of the directors' forecast and the directors' best-estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the directors' forecast or the directors' best-estimate assumptions.

Review statements

Review statement on the historical financial information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the historical financial information, as set out in sections 6.2 and 6.3 of the Prospectus, does not present fairly:

- the historical financial performance of Austock for the years ended 30 June 2005, 30 June 2006 and 30 June 2007; and
- the historical financial position of Austock as at 30 June 2007,

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Austock disclosed in section 6.7 of the Prospectus.

Review statement on the pro forma historical financial information

- Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information, as set out in section 6.3 of the Prospectus, does not present fairly the pro forma historical financial position of Austock as at 30 June 2007, on the basis of the pro forma transactions and/or adjustments described in section 6.3 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Austock disclosed in section 6.7 of the Prospectus.

Review statement on the directors' forecast and the directors' best-estimate assumptions

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions, set out in section 6.4 of the Prospectus, when taken as a whole, do not provide reasonable grounds for the preparation of the directors' forecast;
- the directors' forecast, set out in section 6.2 of the Prospectus, is not properly compiled on the basis of the directors' best-estimate assumptions or presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Austock disclosed in section 6.7 of the Prospectus; and consequently that
- the directors' forecast itself is unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of Austock. If events do not occur as assumed, actual results achieved by Austock may vary significantly from the directors' forecast. Accordingly, we do not confirm or guarantee the achievement of the directors' forecast, as future events, by their very nature, are not capable of independent substantiation.

Independence

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. From time to time, KPMG provides Austock with certain other professional services for which normal professional fees are received.

Responsibility

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully

Peter J Matthey
Director

KPMG

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Financial Services Guide

Dated 12 November 2007

KPMG Transaction Services

KPMG Transaction Services (Australia) Pty Limited ABN 65 003 891 718 ("KPMG Transaction Services" or **"we"** or **"us"** or **"ours"** as appropriate) holds an Australian Financial Services Licence ("AFSL") issued by the Australian Securities and Investment Commission on 11 March 2004. Our AFSL number is 245402.

We have been engaged by Austock Group Limited ("Austock) to issue general financial product advice, about Austock's financial products, in the form of an Investigating Accountant's Report to be provided to you. We are required to include this FSG in our Report because we have authorised the product issuer to include our Investigating Accountant's Report in the Prospectus for Austock's financial products.

Purpose of the FSG

The purpose of this FSG is to:

- **help you decide whether to consider the Investigating Accountant's Report;**
- **contain information about remuneration to be paid to us in relation to the Investigating Accountant's Report;**
- **contain information on the financial services we are authorised to provide under our AFSL; and**
- **contain information on how you can complain against us.**

Financial services we are licensed to provide

Our AFSL authorises us to provide financial product advice in relation to interests in managed investment schemes (excluding investor directed portfolio services) and securities (such as shares and debentures) to wholesale and retail clients.

General Financial Product Advice

In the Investigating Accountant's Report, we provide general financial product advice, not personal financial product advice. It has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on any advice contained in the Investigating Accountant's Report.

Fees, commissions and other benefits

We charge fees for providing reports. These fees are agreed with, and paid by, the product issuer. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Austock has agreed to pay us $250,000 for providing the Investigating Accountant's Report.

Except for the fees referred to above, neither KPMG Transaction Services, nor its representative, or any of its employees, involved in the provision of the report, receive any pecuniary or other benefits, directly or indirectly, for or in connection with, the provision of the Investigating Accountant's Report.

All our employees receive a salary and our directors or employees may receive partnership distributions from KPMG or bonuses based on overall productivity, but not directly in connection with any engagement for the provision of a report.

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

Through a variety of corporate and trust structures, KPMG Transaction Services is ultimately wholly owned by, and operates as part of, KPMG's Australian professional advisory and accounting practice. Our directors may be partners in KPMG's Australian partnership. From time to time KPMG Transaction Services or KPMG and/or KPMG related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints

If you have a complaint, please raise it with us. All complaints must be in writing, addressed to The Complaints Officer, KPMG Transaction Services, PO Box H67, Australia Square, Sydney NSW 1213. When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

If you are not satisfied with the outcome of the above process, or our determination, you have the right to refer the matter to the Financial Industry Complaints Service Limited (**"FICS"**). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. Further details about FICS are available at the FICS website: www.fics.asn.au. FICS can also be contacted by telephone on 1300 78 08 08.

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

Section 10
Additional information

Future

The next generation are the driving force behind our future.

"Austock has provided us with a platform to develop a sound skills and knowledge set in financial markets. They realise the future and accommodate us accordingly – we offer 110% in return for this opportunity."

David Grossman, *Research Analyst,* Austock Securities
David Gulson, *Institutional Sales Trading,* Austock Securities

10.1 Registration

The Company was registered in Victoria on 29 April 1999 as a public company.

10.2 Company tax status

The Company will be taxed in Australia as a PDF. A summary of the Australian taxation consequences of an investment in the Shares is in Section 10.10.

10.3 Share capital

At the date of this Prospectus, the number of fully paid Shares is 113,051,459.

10.4 Rights attaching to Shares

(a) Rights attaching to the Shares

There is only one class of Shares in the Company; ordinary Shares.

The rights attaching to the Shares are:

(1) set out in the Constitution of the Company; and

(2) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules, the PDF Act and the general law.

The principal rights, liabilities and obligations of the Shareholders are summarised below.

(b) Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and one vote on a poll for each fully paid share held (with adjusted voting rights for partly paid shares). Voting at any meeting of Shareholders is by a show of hands unless a poll is demanded. A poll may be demanded by at least 5 Shareholders entitled to vote on the resolution, Shareholders with at least 5% per cent of the votes that may be cast on the resolution of the poll, or the chairperson. The chairperson has a casting vote on a show of hands or on a poll.

(c) Dividends

The profits of the Company, which the Directors may from time to time determine to distribute by way of dividend, are divisible amongst the Shareholders in proportion to the number of Shares held by them, subject to the rights attaching to the Shares with special dividend rights. No Shares with special dividend rights are currently on issue.

(d) Issue of further Shares

The Directors may (subject to the restrictions on the issue of shares imposed by the Constitution, the Listing Rules, the PDF Act and the Corporations Act) issue, grant options in respect of, or otherwise dispose of further Shares on terms and conditions (including preferential, deferred or special rights, privileges or conditions, or restrictions) as they see fit.

(e) Variation of class rights

As a registered PDF, the Company is prohibited from dividing the Company's Shares into classes. The procedure for variation of class rights is subject to this restriction.

The rights attaching to any class of Shares may be varied with the consent in writing of the holders of at least three quarters of the issued Shares in the particular class, or the sanction of a special resolution passed at a meeting of the holders of Shares in that class.

(f) Stapling

The Directors may at any time staple the Shares to one or more securities of another entity to form stapled securities. The rights attaching to the Shares in the event of a stapling are set out in the Constitution and in certain circumstances are regulated by the Corporations Act, the ASTC Settlement Rules, the ASX Market Rules and the general law.

(g) Transfer of Shares

Shareholders may transfer Shares by a proper ASTC transfer or by a written transfer instrument in the usual form or in any other form approved by the Directors. All transfers must comply with the Constitution, the Listing Rules, the ASTC Settlement Rules and the Corporations Act. The Directors may refuse to register a transfer of Shares in circumstances permitted by the Listing Rules or ASX. The Directors must refuse to register a transfer of Shares where required to do so by the Listing Rules.

(h) General meeting and notices

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company or the Corporations Act.

(i) Winding up

Subject to any special resolution or preferential rights attaching to any class or classes of Shares, Shareholders will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the Shares held by them.

(j) Proportional takeover provisions

The Constitution contains provisions for Shareholder approval in relation to any proportional takeover scheme. The provision will lapse unless renewed by a special resolution of Shareholders in a general meeting three years from the date of its adoption.

(k) Directors – appointment & removal

The minimum number of Directors is four and the maximum is fixed by the Directors but may not be more than nine unless the Shareholders of the Company pass a resolution varying that number. Directors are elected at annual general meetings of the Company. No Director who is not a Managing Director may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected (whichever is the later). If at an annual general meeting there is no Director that is due to retire, or that wishes to retire, the Director who has been longest in office is required to retire at the annual general meeting, and any such Director is eligible for re-election. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

(l) Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the chairman of the Board does not have a casting vote, in which case the proposed resolution is taken as having been lost.

(m) Directors – remuneration

The Directors, other than the Managing Director or an executive Director, shall be paid by way of fees for services the maximum aggregate sum as may be approved from time to time by the Company in general meeting. The current maximum aggregate sum approved by Shareholders at a general meeting is $500,000. Any change to that aggregate sum needs to be approved by Shareholders. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying out their duties.

(n) Officers' indemnity

The Company, to the extent permitted by law, indemnifies each officer of the Company on a full indemnity basis against any liability (including costs and expenses) incurred by that person as an officer of the Company or a related body corporate of the Company.

The Company, to the extent permitted by law, may insure a Director, company secretary, or any officer of the Company or its subsidiaries against a liability incurred by such person in the person's relevant capacity, in the course of acting in connection with the affairs of the Company or a subsidiary or arising out of the person holding office, unless the liability arises out of conduct involving wilful breach of duty in relation to the Company or a contravention of the Corporations Act. The Company may also insure such person for costs and expenses incurred by that person in defending or resisting proceedings whatever the outcome.

(o) Amendment

The Constitution may be amended only by a special resolution passed by at least three quarters of the votes cast by Shareholders entitled to vote on the resolution. At least 28 days written notice specifying the intention to propose the resolution must be given.

10.5 ESAP

The Company has established an ESAP to assist in the attraction, retention and motivation of employees of the Company and its subsidiaries.

The provisions of the ESAP contain customary and usual terms for dealing with the administration of the plan, variation of the plan and termination and suspension of the plan.

The ESAP is designed as a broadly-based plan to permit employees of the Company or any of its subsidiaries to participate, at the invitation of the Board, in the acquisition of Shares on terms and conditions determined by the Board.

The initial offer under the ESAP, will involve Eligible Employees in Australia being offered the opportunity to acquire, at no cost, the nearest number of whole Shares (rounded down) to the value of $1,000, free of income tax in accordance with current Australian tax legislation where a tax election is made. The Shares will be issued to the Eligible Employees approximately one week after Listing.

In accordance with current Australian tax legislation, Shares acquired under the ESAP are subject to a disposal restriction such that the participant cannot deal in (ie. sell or transfer) the Shares for a minimum period of three years (or upon earlier cessation of employment).

Further, an employee participating in the ESAP cannot forfeit Shares allocated by the Company in any circumstances.

Eligible Employees

In general, full-time and permanent part-time employees of the Company or any of its subsidiaries having completed a minimum length of service specified by the Board will be eligible to subscribe for, or acquire, Shares under the ESAP on the terms and conditions determined by the Board.

In respect of the initial offer, the Board has determined that participation is open in Australia to full-time and permanent part-time (excluding fixed term contract) employees as well as to casual employees who are employed by the Company or any of its subsidiaries as at the date of this Prospectus.

Approximately 200 employees will be eligible to participate in the initial offer under the ESAP. If all participate, approximately 111,000 Shares will be issued to Eligible Employees.

Restrictions on Shares

Shares acquired under the ESAP are subject to a disposal restriction. The Company will implement such arrangements (including a holding lock) as it determines are necessary to enforce this restriction.

Cost of Shares

The Board may determine the price at which the Shares will be offered to an employee. Shares may be granted at no cost to the employee or the Board may determine that market value or some other price is appropriate. The cost of Shares under the initial grant will be calculated having regard to the volume weighted average price of Shares trading on the ASX during the first week after Listing.

A financial benefit may be provided to participants for the purposes of acquiring Shares. The financial benefit may include providing Shares to employees at no cost to the employee or inviting employees to sacrifice salary in return for Shares.

10.6 Employee Share Trust

(a) Trust structure

A trust was set up to hold certain Company Shares owned by the foundation Shareholders. The foundation shareholders sold 10.5 million Shares into the trust.

(b) Allocation of Shares

The board has notionally allocated the Shares to identified key employees and those employees will be granted corresponding rights to the Shares on the terms described below.

(c) Conversion – IPO

The conversion time will happen when the IPO occurs **(Conversion Time)**.

Each employee will be given the choice between two options (or a combination of the two):

(i) Leveraged Option – the employee pays a pre-set fixed price per Share. The cash goes to the foundation Shareholders and the Shares are transferred to the employee (subject to escrow).

(ii) Free Shares Option – the trustee sells a portion of the Shares at a set price (a percentage discount to volume weighted average price) to raise an amount as close as possible to, but not less than, the amount required to pay the foundation Shareholders for the relevant Shares under the Leveraged Option. The proceeds of the sale are paid to the foundation Shareholders and the remaining Shares are transferred to the employee for free (subject to escrow).

(d) Escrow

The escrow period is three years from the Conversion Time with one-third of the shares being released from escrow each year. There is a carve-out to the escrow for a takeover bid, scheme of arrangement or similar transaction.

(e) Leaving employment

If an employee leaves the Company (except for redundancy or illness) prior to the Conversion Time, they forfeit their rights to the Shares.

If an employee leaves the Company (except for redundancy or illness) after the Conversion Time and they still have some Shares under escrow, those Shares must be sold through the sponsoring broker. The proceeds from the sale are first used to repay the shareholder for any payment that they made under the Leveraged Option. Any remaining cash is paid to the Company.

The Board has a general right to determine which leaving employees retain their rights to the shares. The escrow period will not apply in these cases.

(f) Deferral

Employees can defer up to 100% of their rights to Shares for one year and make their election between the two options in respect of those deferred rights one year later. In this case, the three year escrow period will commence one year later for those Shares.

10.7 DRP

The Directors have approved, but not activated, a DRP to provide Shareholders with the choice of reinvesting some or all of their dividends in Shares rather than receiving those dividends in cash.

The following is a summary of the main features of the DRP.

(a) Participation

Eligible Shareholders may elect to reinvest the dividends on some or all of their Shares. The Board may at any time, determine a maximum or minimum number of Shares in relation to which any individual Shareholder may participate in the DRP. A Shareholder may vary or terminate their participation in the DRP by notice to the Company.

(b) Eligibility

Shareholders whose registered address is in Australia may participate in the DRP. Shareholders whose registered address is outside Australia may not participate in the DRP unless the Board is satisfied that the offer and issue or transfer of Shares to them under the DRP is lawful and practical. The Board is entitled to make the final determination as to whether any Shareholder may participate in the DRP.

(c) Allocation price of Shares

At the sole discretion of the Board, Shares will be issued under the DRP at the average of the daily volume weighted average market price (to a number of decimal places determined by the Board) of all Shares sold on the ASX during a pricing period (excluding trades otherwise than in the ordinary course of trading), less a percentage discount (if any) determined by the Board from time to time and rounded to the nearest cent (**Allocation Price**).

(d) Issue or transfer

The Board has the discretion to determine whether Shares to be allocated under the DRP will be newly issued Shares or Shares acquired on-market for transfer to Shareholders under the DRP. All Shares issued under the DRP will rank equally with existing Shares unless the Board determines that the Shares issued under the DRP will not participate in any offer of Shares open at the time that the Shares are issued under the DRP.

(e) Entitlement

The number of Shares to be issued to a participant in the DRP will be determined by dividing the amount available for reinvestment on behalf of that participant by the Allocation Price and rounding that number up or down to the nearest whole number.

(f) Sale of Shares

Shares allocated under the DRP may be sold by the Shareholder to whom they were allocated at any time after those Shares are allocated and quoted on ASX.

(g) DRP statements

On or as soon as practicable after a dividend is paid, the Company will provide to each participating Shareholder a statement giving details of that Shareholder's participation in the DRP.

(h) Residual amounts

Where the DRP is suspended or terminated by the Company or a participant ceases to participate in the DRP for whatever reason, the participant is taken to have directed the Company to donate any residual amount remaining from the amount available for reinvestment on behalf of that participant to one or more registered charities, determined by the Company from time to time.

(i) Activation, Variation, suspension and termination by Directors

The DRP may be activated, suspended or terminated by the Board at any time by notification on the Company's website and by notice to ASX. If the DRP is suspended and reinstated, then subject to a Shareholder not having varied their participation in the DRP, that Shareholder will participate under the reinstated DRP on the same basis that they participated prior to the suspension.

(j) Costs

To the extent permitted by law, the Company will pay any brokerage, commission or other transaction costs, including any stamp or other duties payable by participants in respect of Shares allocated under the DRP.

(k) Listing

The Company will apply promptly to ASX for quotation of Shares issued under the DRP.

(l) Taxation

Under the DRP, Shareholders have the option of applying their dividend to acquire Shares rather than receive a cash payment.

For Australian tax purposes, Shareholders who participate in the DRP are treated as if they had received a cash dividend and then used the cash to buy additional Shares.

As such, Shareholders will need to include in their assessable income a dividend equal to the value of the Shares acquired under the DRP, together with any franking credits attached (refer Section 10.10). Further, any subsequent disposal of Shares acquired under the DRP will be generally subject to capital gains tax, with the cost base of the Shares equal to the amount paid to acquire them (ie. the amount of the dividend required to be included in the Shareholder's assessable income), including any incidental costs of acquisition (refer Section 10.10).

10.8 Escrow arrangements

Employees generally are subject to escrow arrangements in relation to their Shares. These escrow arrangements are generally for three years from the date of issue of the Shares. As various employees have acquired Shares at different times over the past three years, those Shares will be released from escrow at different times over the next three to four years. The following table summarises the number of Shares which will be released from escrow during each half year until 31 December 2011.

Period	Number of Shares Released from Escrow
1 July 2007 to 31 December 2007	Nil
1 January 2008 to 30 June 2008	240,000
1 July 2008 to 31 December 2008	5,614,498
1 January 2009 to 30 June 2009	Nil
1 July 2009 to 31 December 2009	2,716,363
1 January 2010 to 30 June 2010	535,713
1 July 2010 to 31 December 2010	841,866
1 January 2011 to 30 June 2011	Nil
1 July 2011 to 31 December 2011	124,999
Total escrowed	**10,073,439**

In addition, there are 5,153,580 partly paid shares on issue, each paid to $0.01 per share. A call for the unpaid amount will be made by Austock, with payment due on 30 June 2010. Holders may elect to pay the call amount, in advance of the call, at certain prescribed times to be designated by Austock between 1 July 2008 and 30 June 2010. The call amount will be equivalent to the market value of fully paid ordinary Shares, provided that it will be no less than $0.29 per Share and no greater than $0.94 per Share. Until fully paid, partly paid shares are escrowed and non-quoted. Partly paid Shareholders are entitled to dividends and to exercise voting rights on a pro-rata basis according to the amount paid up on the Shares.

A further 10,500,000 shares in the Employee Share Trust are escrowed. See section 10.6 for further detail on the Employee Share Trust.

In addition to the above general escrow arrangements, each of the Shareholders listed below and their controlling entities have entered into Voluntary Escrow Agreements dated 31 October 2007 with the Company which, following completion of the Offer, will restrict them from disposing or agreeing to dispose of the Shares held by them subject to certain restrictions.

The period for which the Shareholders will be subject to these restrictions on disposal (from the Closing Date) is as follows:

Shareholder	Number of Shares escrowed	Shares escrowed as a percentage of non-escrowed Shares[1]	Escrow Period for shares escrowed
Bill Bessemer	9,117,015	75%	1 year – 100% of escrowed Shares
Martin Ryan	8,894,085	75%	1 year – 100% of escrowed Shares
Vin Harink	1,621,710	75%	1 year – 50% of escrowed Shares 2 years – 50% of escrowed Shares
Jonathan Tooth	4,933,920	75%	As above for Vin Harink
Ryan Whitelegg	1,443,495	75%	As above for Vin Harink
Total	**26,010,225**		

[1] A shareholder may hold other escrowed Shares as described above.

There are exceptions to the restrictions on disposal where the disposal arises in connection with:

(i) the acceptance of a takeover bid in respect of all the Shares made under Chapter 6 of the Corporations Act; or

(ii) the transfer or cancellation of Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act.

10.9 Material contracts

The Directors consider that there are a number of contracts which are significant or material to the Company or of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Shares. The main provisions of each such contract are summarised below. These summaries do not purport to be complete and are qualified in their entirety by reference to the text of the contracts themselves.

(a) ABC letter of understanding

On 8 May 2007, Austock Property Funds Management Ltd and Austock Property USA entered into a letter of understanding with ABC **(Letter of Understanding)** in relation to the acquisition and management of childcare centre properties in the United States, which are proposed to be acquired by ABC through a US-based property ownership structure **(ABC Property Vehicle)**. Austock Property USA is a wholly owned subsidiary of the Company and is based in Chicago.

Under the Letter of Understanding, ABC appoints Austock Property USA as manager of the ABC Property Vehicle's US properties on an exclusive basis in order to perform certain defined property and property-related services, and in consideration for payment of certain specified fees. These fees include acquisition fees and disposal fees. The arrangements under the Letter of Understanding will be reviewed by both parties periodically, and an incentive fee component negotiated and agreed between the parties before the ABC Property Vehicle's initial US property acquisition. The arrangement has no fixed term and can be terminated by either party on 12 months notice.

(b) International alliances

Austock has entered into an alliance arrangement with CIMB – GK Goh in relation to UK and Europe based clients. This agreement provides that a specialist sales team will market Australian equities to financial institutions in the UK and Europe from CIMB – GK Goh's London office. Austock provides research, access to analysts, supplemental sales services and sends corporate clients and analysts for road shows in UK and Europe. Austock and CIMB – GK Goh share equally the net revenues from clients covered under the arrangements.

10.10 Australian Taxation Considerations

This is a general description of the Australian income tax consequences for investors who acquire Shares through the Offer.

The taxation summary seeks to provide Australian resident individual Shareholders, Australian resident complying superannuation fund Shareholders, Australian resident corporate Shareholders and non-resident Shareholders with an overview of the relevant Australian income tax considerations associated with the payment of dividends by the Company and the future disposal of their Shares.

The Australian tax laws are complex. The summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The individual circumstances of each investor may affect the taxation implications of the investment of that investor. Investors should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

There are special tax rates that apply to investments in shares in PDFs. This summary therefore assumes that the Company remains a PDF. If, for any reason, the Company ceases to be a PDF the tax consequences for Shareholders will be different to those explained below.

Unless otherwise indicated, the comments are based on the income tax law, established interpretations of that law and understanding of the practice of the ATO as at the date of this Prospectus. Investors should also be aware that the Australian tax rules are continuing to undergo significant change.

(a) Taxation of dividends

Australian resident Shareholders

Australian resident Shareholders will generally be exempt from Australian tax on Company dividends. That is the case regardless of whether the dividends are fully franked, partly franked or fully unfranked.

If a Company dividend is franked, Shareholders will be able to elect to be taxed on the dividend. Shareholders that elect to be taxed on the dividend:

- must include the amount of the dividend, including the attached franking credits, in taxable income; but
- will be entitled to a tax offset equal to the amount of the franking credit – the tax offset is refundable if it is greater than the tax otherwise payable.

The availability of the tax offset means that electing to be taxed on franked dividends will generally be beneficial to Shareholders with an income tax rate lower than 30% (eg complying superannuation funds or individuals with a marginal rate lower than 30%).

Where a Company dividend is partly franked and partly unfranked it will essentially be treated as two dividends, a franked and an unfranked dividend, for these purposes. That is, the election to be taxed will only apply to the franked part of the dividend; the unfranked part will be exempt from tax regardless of whether the election is made.

The election is made simply by preparing the relevant tax return on the basis that the franked dividend is taxable. Notice of the election does not need to be given to the ATO.

Shareholders should also be aware that the fact that Company dividends will generally be exempt income could affect the deductibility of other expenses related to the dividends. For example interest paid on a loan used to purchase the Shares might not be deductible where the dividends are exempt from tax. Shareholders should also consider the deductibility of related expenses when deciding whether to elect to be taxed on franked dividends.

Non-resident Shareholders

Non-resident Shareholders should not be liable to any Australian tax on Company dividends, including dividend withholding tax.

However, they should also consider the impact of receiving dividends under their domestic tax regime.

Tax File Number and Australian Business Number

Shareholders are not obliged to quote their tax file number (TFN), or where relevant, Australian Business Number (ABN), to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, tax is required to be deducted by the Company at the highest marginal rate (currently 45%) plus Medicare Levy (currently 1.5%) from certain distributions.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

(b) Taxation of future Share disposals

Shareholders should not be liable to pay any Australian tax on disposal of their Shares. However, non-resident Shareholders should also consider the impact of their domestic tax regime.

(c) Stamp Duty

No stamp duty will be payable on the issue of Shares pursuant to the Offer. Under current stamp duty legislation, no stamp duty would ordinarily be payable on any subsequent transfer of Shares.

(d) Goods and Services Tax

Under current Australian law, goods and services tax will not be payable in respect of any issue or transfer of Shares.

10.11 Interests of directors, advisors and promoters

(a) General

Other than as stated in this Section 10.11 and elsewhere in this Prospectus:

(1) no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a Director of the Company.

(2) none of the following persons:

- a Director or proposed Director of the Company;
- each person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
- a promoter of the Company; or
- a stockbroker to the issue of the Shares,

holds or held at any time during the last two years an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- the Offer of the Shares;

or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company or the Offer of the Shares.

(b) Interests of Directors

The Directors are not required to hold any Shares under the provisions of the Company's Constitution.

Set out below are details of the interests of the Directors in shares in the Company immediately before the lodgement of the Prospectus with the ASIC. Interests include those held directly or otherwise.

Director	Shares	Options[2]	Share rights[3]
Bill Bessemer[1]	12,510,220	600,000	Nil
Tim Boyle	853,920	600,000	1,000,000
Michael McFarlane[1]	600,000	Nil	Nil
Victor Cottren	Nil	Nil	Nil

Notes
[1] These Shares and options are held through associated entities.
[2] The terms of these options are summarised in Section 10.12.
[3] The rights to Shares under the Employee Share Trust are summarised in Section 10.6.

The Directors are entitled to apply for Shares under the Offer.

The Constitution of the Company provides that the non-executive Directors of the Company are entitled to such remuneration, as determined by the Directors which remuneration must not exceed in aggregate the maximum amount determined by the Company in general meeting. Currently it has been determined that such remuneration will not exceed $500,000 per annum, to be apportioned among the non-executive Directors as they determine in their absolute discretion. The Directors acknowledge that as the Company grows, the demands on the Directors will increase and the Directors' fees will be increased commensurate with their responsibilities and workload, as determined by the Board and approved by the members.

For the current financial year, it is expected that non-executive Directors' fees will not exceed $150,000 in total.

10.12 Options

A total of 4,727,440 options have been issued by the Company as at 12 November 2007. The holders of these options and their key terms are set out below.

Option Holder	Number of Options	Note	Totals
Ryan Whitelegg	600,000 400,000	6 7	1,000,000
Bill Bessemer	600,000	6	600,000
Vin Harink	600,000	6	600,000
Tim Boyle	600,000	7	600,000
Jeremy Kirkwood	250,000	7	250,000
Greg Burns	250,000 250,000	6 7	500,000
Other option holders	234,000	1	234,000
Other option holders	147,600	2	147,600
Other option holders	285,000	3	285,000
Other option holders	166,440	4	166,440
Other option holders	44,400	5	44,400
Other option holders	300,000	8	300,000
Total			**4,727,440**

Notes

1 Issued July 2005. Nil issue price. $1.00 exercise price. Vest 1 July 2008. Expire 30 June 2010.
2 Issued July 2005. Nil issue price. $0.6768 exercise price. Vest 1 July 2008. Expire 30 June 2010.
3 Issued July 2006. Nil issue price. $1.00 exercise price. Vest 1 July 2008. Expire 30 June 2010.
4 Issued July 2006. Nil issue price. $1.20833 exercise price. Vest 1 July 2008. Expire 30 June 2010.
5 Issued July 2006. $0.225 issue price. $1.20833 exercise price. Vest 1 July 2008. Expire 30 June 2010.
6 Issued January and September 2007. Nil issue price. $1.20833 exercise price. Vest 1 July 2009. Expire 31 December 2010. Exercise condition that Share price must be $1.833 for option to be exercised.
7 Issued May, June and September 2007. Nil issue price. $1.40 exercise price. Vest 1 July 2009. Expire 31 December 2010. Exercise condition that Share price must be $1.833 for option to be exercised.
8 Issued October 2007. Nil issue price. $1.25 exercise price. Vest 30 October 2007. Expire 31 October 2010.

10.13 Interests of advisors

Freehills has acted as Australian legal advisor to the Company in connection with the Offer and has performed work in relation to the Australian due diligence enquiries on legal matters. The Company has paid $300,000 for such services to the date of this Prospectus. Further amounts may be paid to Freehills in accordance with its time-based charge-out rates.

KPMG are the Company's auditors and KPMG Transaction Services (Australia) Pty Ltd has prepared the Investigating Accountant's Report included in this Prospectus. KPMG Transaction Services (Australia) Pty Ltd has also performed due diligence enquiries in relation to historical, pro forma historical and forecast financial information, and taxation matters. The Company has paid $250,000 for such services to the date of this Prospectus. Further amounts may be paid to KPMG Transaction Services (Australia) Pty Ltd in accordance with their time-based charge out rates.

Unless stated otherwise, all such payments have been paid or are payable in cash. The Company is also generally obligated to pay the out-of-pocket expenses of the advisors listed above which are included in the amounts stated.

10.14 Consents

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with the ASIC, had not been withdrawn by the following parties:

- Freehills has given, and not withdrawn prior to the lodgement of this Prospectus with the ASIC, its written consent to be named in this Prospectus as the Company's Australian legal advisors in the form and context it is so named. Freehills takes no responsibility for any part of this Prospectus other than any reference to its name.
- Austock Securities has given, and not withdrawn prior to the lodgement of this Prospectus with the ASIC, its written consent to be named in this Prospectus as the broker to the Offer in the form and context it is so named. Austock Securities takes no responsibility for any part of this Prospectus other than any reference to its name.
- KPMG Transaction Services (Australia) Pty Ltd has given, and not withdrawn prior to the lodgement of this Prospectus with the ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in the form and context it is so named and has not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report in the form and context in which it is included. KPMG Transaction Services (Australia) Pty Ltd takes no responsibility for any part of this Prospectus other than any reference to its name and its Investigating Accountant's Report.
- KPMG has given, and not withdrawn prior to the lodgement of this Prospectus with the ASIC, its written consent to be named in this Prospectus as Auditor of the Company in the form and context it is so named. KPMG takes no responsibility for any part of this Prospectus other than any reference to its name.
- Registries has given and has not withdrawn its written consent to be named as the Share Registry in the form and context in which it is named. Registries has not taken part in the preparation of any part of this Prospectus other than the recording of its name as Share Registry to the Company. Registries has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this Prospectus.
- PIR has given, and not withdrawn prior to the lodgement of this Prospectus with the ASIC, its written consent to the inclusion in this Prospectus of the reports and documents attributed to it in the form and context in which they are included. PIR takes no responsibility for any part of this Prospectus other than the reports and documents attributed to it.
- Each of the Austock personnel to whom a statement is attributed in this Prospectus has given, and not withdrawn prior to the lodgement of this Prospectus with the ASIC, his or her written consent to the inclusion in this Prospectus of the statement attributed to him or her in the form and context in which they are included. Each such person takes no responsibility for any part of this Prospectus other than the statement attributed to him or her.

10.15 Costs of the Offer

The expenses connected with the Offer, which are payable by the Company, are estimated to be approximately $800,000. Such expenses comprise:

	$
(a) Investigating accountant's fees	250,000
(b) Legal fees	300,000
(c) Share registry fees	10,000
(d) Prospectus design and publication fees	50,000
(e) ASX fees	105,000
(f) Miscellaneous fees	85,000
TOTAL	800,000

10.16 Litigation and claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

10.17 ASIC relief

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper prospectus lodged with the ASIC and the publication of notices referring to an electronic Prospectus, subject to compliance with certain provisions.

10.18 Statement of Directors

The Directors report that after due enquires by them, in their opinion, since the date of the financial statements in the financial information in Section 6, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

This Prospectus is authorised by each Director of the Company who consents to its lodgement with the ASIC and its issue.

Glossary of Terms

In this Prospectus the following expressions have the meanings set out below:

"1H2008" means the six months from 1 July 2007 to 31 December 2007;

"20##" means a reference to the financial year ending on 30 June of that year;

"ABC" means ABC Learning Centres Limited (ASX:ABS), ABN 93 079 736 664;

"ABS" means Australian Bureau of Statistics;

"AET" means Australian Education Trust (ASX:AEU), ABN 58 102 955 939;

"AFSL" means Australian Financial Services Licence;

"AIFRS" means the Australian equivalents to International Financial Reporting Standards;

"API" means API Fund (ASX:APR), ARSN 112 307 114;

"Applicant" means a person applying for Shares under this Prospectus;

"Application" means the lodgement of an Application Form;

"Application Form" means the form of application for Shares attached to this Prospectus;

"Application Monies" means the Offer Price multiplied by the number of Shares applied for;

"APX" means Australia Pacific Exchange Limited, ABN 19 080 399 220;

"ASIC" means Australian Securities & Investments Commission;

"ASIF" means The Australian Social Infrastructure Fund (APX:PASIF), ARSN 094 614 874;

"ASTC" means the ASX Settlement and Transfer Corporation Pty Limited;

"ASTC Settlement Rules" means the operating rules of ASX Settlement and Transfer Corporation Pty Limited and, to the extent that they are applicable, the operating rules of Australian Clearing House Pty Limited;

"ASX" means ASX Limited or the market operated by that entity (as applicable);

"ASX Market Rules" means the official market rules of ASX;

"ATO" means the Australian Taxation Office;

"Austchoice" means DKN Partner Solutions Pty Ltd, ABN 34 078 950 651, formerly known as "Austchoice Financial Services Limited";

"Austock" or **"Group"** or **"Company"** means Austock Group Limited, ABN 90 087 334 370 and, where the context requires, its subsidiaries;

"Austock Asset Management" means Austock Asset Management Limited, ABN 42 010 338 324;

"Austock Corporate Finance" means Austock Corporate Finance Limited, ABN 26 101 074 015;

"Austock Funds Management" means Austock Funds Management Limited, ABN 29 094 185 092;

"Austock Life" means Austock Life Limited, ABN 68 092 843 902;

"Austock Private Equity" means Austock Private Equity Limited, ABN 45 113 924 842;

"Austock Property" means the group of property related Austock businesses consisting of Austock Property Management, Austock Property USA and Austock Funds Management and includes Austock Property Funds Management Limited, ABN 34 120 289 394 which provides support services to those businesses;

"Austock Property Management" means Austock Property Management Limited, ABN 46 111 338 937;

"Austock Property USA" means Austock GET USA Management Pty Ltd, ABN 46 121 791 124;

"Austock Securities" means Austock Securities Limited, ABN 51 053 513 438;

"Board" means the board of Directors;

"Broker Firm Applicant" means an Applicant who has received a firm allocation of Shares from their broker;

"Broker Firm Offer" means the offer of Shares under this Prospectus to Australian resident retail investors as described in Section 2.4.1;

"Closing Date" means the date by which valid Applications must be received by the Share Registry being 5:00pm AEDT 6 December 2007 or such other date and time determined by the Board;

"Constitution" means the constitution of the Company;

"Corporate and Securities" means the division of the Company comprising Austock Corporate Finance and Austock Securities as described in Section 4.3;

"Corporations Act" means the Corporations Act 2001;

"Directors" means the directors of the Company;

"DRP" means the dividend reinvestment plan referred to in Section 10.7;

"$" means Australian dollars;

"Eligible Employee" means current full-time and permanent part-time (excluding fixed term contract) employees and casual employees who are employed by the Company or any of its subsidiaries as at the date of this Prospectus and who are eligible to participate in the Employee Share Offer in accordance with the Board's determination;

"Employee Share Offer" means the offer of Shares under this Prospectus to Eligible Employees as described in Section 2.4.3;

"ESAP" means the employee share acquisition plan referred to in Section 10.5;

"Financial Information" means the historical financial information, pro forma financial information and the forecast financial information as defined in Section 6.1;

"Forecast Financial Information" means the forecast financial information defined in Section 6.1;

"FUM" means funds under management;

"HIN" means Holder Identification Number;

"Historical Financial Information" means the historical financial information defined in Section 6.1;

"Imputation Bond" means an investment product offered by Austock Life as described in Section 4.4(b);

"Institutional Offer" means the invitation to institutional and professional investors under this Prospectus as set out in Section 2.4.2;

"Investment Management" means the division of the Company comprising Austock Property, Austock Life and Austock Asset Management as described in Section 4.4;

"Investigating Accountant" means KPMG Transaction Services (Australia) Pty Limited;

"Investigating Accountant's Report" means the report of the Investigating Accountant in Section 9;

"IPO" means initial public offering;

"Listing" means the admission of the Company to the official list of the ASX;

"Listing Date" means the first day on which the Shares trade on ASX, anticipated to be 17 December 2007;

"Listing Rules" means the official listing rules of the ASX;

"Managing Director" means the managing director of the Company;

"Minimum Subscription" means the minimum subscription required by the Company for the Offer to proceed, being the subscription of 6,000,000 Shares at an issue price of $1.80 per Share to raise $10.8 million;

"NPAT" means net profit after tax;

"Offer" means the invitation by the Company to subscribe for Shares under the Prospectus;

"Offer Period" means the Period commencing on the Opening Date and ending on the Closing Date;

"Offer Price" means $1.80 per Share;

"Official List" means the official list of entities that ASX has admitted and not removed;

"Opening Date" means the date the Offer opens being 20 November 2007, or such other date determined by the Board;

"PDF" means a Pooled Development Fund under the PDF Act;

"PDF Act" means the Pooled Development Funds Act 1992 (Cth);

"PDF Board" means the Pooled Development Funds Registration Board;

"PIR" means Property Investment Research Pty Ltd;

"Pro Forma Financial Information" means the pro forma financial information defined in Section 6.1;

"Prospectus" means this document;

"RE" means responsible entity;

"Registries" means Registries Limited, ABN 14 003 209 836, and includes its parent company Newreg Pty Ltd, ABN 97 125 082 804;

"Share" means an ordinary share in the Company;

"Share Registry" means Registries Limited of Level 2, 28 Margaret Street, Sydney NSW 2000;

"Shareholder" means a shareholder of the Company;

"Sigma" means Sigma Company Limited, ABN 44 004 132 923;

"SRN" means Securityholder Reference Number;

"Tax Act" means, collectively, the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 and the Income Tax Rates Act 1986;

"Tax Law" means Australian income tax legislation, and established interpretations of that legislation;

"US Offering Circular" means the disclosure document entitled "Offering Circular" issued by the Company and dated on or about the date of this Prospectus; and

"Voluntary Escrow Agreements" means the agreements referred to in Section 10.8.

Austock Group

Austock Group Limited
ABN 90 087 334 370

Broker Reference – Stamp Only

Broker Code | Advisory Code

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker, financial advisor or other professional advisor without delay. You should read the entire Prospectus dated 12 November 2007 carefully before completing the form. Under the Corporations Act, this form must not be distributed unless included in, or accompanied by, a complete and unaltered copy of the Prospectus dated 12 November 2007.

- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

THE CLOSING DATE IS 5:00PM AEDT ON 6 DECEMBER 2007.

A **Number of Shares you are applying for**

x $1.80 per share =

B **Total amount payable**

C **Write the name(s) you wish to register the Shares in *(see reverse for instructions)***

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D **Write your postal address here**

Number / Street

Suburb/Town

State

Postcode

E **CHESS participant – Holder Identification Number (HIN)**

X

Important please note *if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the issuer sponsored subregister*

F **Enter your Tax File Number(s), ABN, or exemption category**

Applicant #1

Applicant #1

Applicant #3

G **Cheque payment details – PIN CHEQUE(S) HERE**

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A$

H **Number of Shares you are applying for**

I **Email address**

By submitting this Application form, I/We declare that I/we have read and understood the Prospectus, this Application is completed and lodged according to the Prospectus and declare that all details, declarations and statements made by me/us (including the declarations/statements on the reverse of this Application Form) are compete and accurate. I/We agree to be bound by the constitution of Austock Group Limited (the Company) and agree to the issue to me/us of any number of Shares equal to or less than the number indicated in Section A above which may be issued to me/us pursuant to the Prospectus. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company. No signature is required.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.
Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.
These instructions are cross-referenced to each section of the Application Form.

Instructions

A. If applying for Shares insert the ***number*** of Shares for which you wish to subscribe at Item **A**. If you are applying under the Broker Firm offer, your application must be for a minimum of 1,200 Shares ($2,160) and thereafter in multiples of 100 Shares ($180). If you are applying under the Employee Share Offer, your application must be for a minimum of 500 Shares ($900) and thereafter in multiples of 100 Shares ($180).

B. Multiply by $1.80 to calculate the amount of Application Monies and enter the $ amount at B.

C. Write your ***full name.*** Initials are not acceptable for first names.

D. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.

NB: your registration details provided must match your CHESS account exactly.

F. Enter your Australian ***tax file number*** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

G. Complete ***cheque details*** as requested. Make your cheque or bank draft payable to **"The Austock Group Limited Share Offer"** (or as directed by your broker), cross it and mark it **"Not negotiable"**. Cheques or bank drafts must be made in Australian currency, and cheques must be drawn on an Australian bank.

H. Enter your ***contact details*** so we may contact you regarding your Application Form or Application Monies.

I. Enter your ***email address*** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Guide to the Application Form

By submitting this Application, you represent, warrant and agree that you (i) are not in the United States, (ii) are not acting for the account or benefit of a US person (as defined in Regulation S under the US Securities Act) (iii) will not offer or sell the Shares into the United States or to, or for the account or benefit of, any US person and (iv) are not engaged in the business of distributing securities.

By submitting this Application, you warrant that you are not aware and have no reason to suspect that (i) the monies used to fund your investment in the Company has been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement or (ii) the proceeds of your investment will be used to finance any illegal activities. By submitting this Application, you further warrant that you are not a politically exposed person or organisation as the term is used in the Anti-money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (1).

Austock Group Limited may, in its discretion, reject any Application, including where the Application Form is not properly completed or where a cheque submitted with the Application Form is dishonoured. If your Application Form is not completed correctly, is late or if the accompanying cheque is for the wrong amount, it may still be treated as valid. The decision of Austock Group Limited as to whether to treat your Application as valid, and how to construe, amend or complete it, is final. Austock Group Limited has the right, in its discretion, to accept any Application in part only and allocate to the Applicant fewer shares than the Applicant applied for. The decision of Austock Group Limited on the number of Shares to be allocated to you is final. An Applicant will not, however, be treated as having offered to subscribe for more Shares than are indicated on the Application Form. If an Application is rejected, or is accepted in part only, the Applicant will receive a refund of all or part of their Application Monies (as applicable) without interest.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. The name of the beneficial or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) or bank draft attached to the following address:

Mailing address:
Austock Corporate Finance Limited
PO Box 263
Collins Street West
MELBOURNE VIC 8007

Delivery address:
Austock Corporate Finance Limited
Level 1
350 Collins Street
MELBOURNE VIC 3000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Austock Corporate Finance on 1800 806 362.

Privacy Statement:

We Austock Group Limited, through our agent Registries Limited, advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. By executing your form you consent to us disclosing your personal information to the following organisations which may be located outside Australia; our related bodies corporate; our legal, financial and professional advisors; and organisations to which we outsource our functions and activities, (such as our mailing house). In most cases you can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (http://www.registriesltd.com.au/help/share_privacy.html).

Austock Group

Austock Group Limited
ABN 90 087 334 370

Broker Reference – Stamp Only

Broker Code | Advisory Code

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker, financial advisor or other professional advisor without delay. You should read the entire Prospectus dated 12 November 2007 carefully before completing the form. Under the Corporations Act, this form must not be distributed unless included in, or accompanied by, a complete and unaltered copy of the Prospectus dated 12 November 2007.

- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

THE CLOSING DATE IS 5:00PM AEDT ON 6 DECEMBER 2007.

A **Number of Shares you are applying for** **x $1.80 per share =** **B** **Total amount payable**

C **Write the name(s) you wish to register the Shares in *(see reverse for instructions)***

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D **Write your postal address here**

Number / Street

Suburb/Town | State | Postcode

E **CHESS participant – Holder Identification Number (HIN)**

X

Important please note *if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the issuer sponsored subregister*

F **Enter your Tax File Number(s), ABN, or exemption category**

Applicant #1 | Applicant #1

Applicant #3

G **Cheque payment details – PIN CHEQUE(S) HERE**

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A$

H **Number of Shares you are applying for**

I **Email address**

By submitting this Application form, I/We declare that I/we have read and understood the Prospectus, this Application is completed and lodged according to the Prospectus and declare that all details, declarations and statements made by me/us (including the declarations/statements on the reverse of this Application Form) are compete and accurate. I/We agree to be bound by the constitution of Austock Group Limited (the Company) and agree to the issue to me/us of any number of Shares equal to or less than the number indicated in Section A above which may be issued to me/us pursuant to the Prospectus. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company. No signature is required.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.
Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.
These instructions are cross-referenced to each section of the Application Form.

Instructions

A. If applying for Shares insert the ***number*** of Shares for which you wish to subscribe at Item **A**. If you are applying under the Broker Firm offer, your application must be for a minimum of 1,200 Shares ($2,160) and thereafter in multiples of 100 Shares ($180). If you are applying under the Employee Share Offer, your application must be for a minimum of 500 Shares ($900) and thereafter in multiples of 100 Shares ($180).

B. Multiply by $1.80 to calculate the amount of Application Monies and enter the $ amount at B.

C. Write your ***full name.*** Initials are not acceptable for first names.

D. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.

NB: your registration details provided must match your CHESS account exactly.

F. Enter your Australian ***tax file number*** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

G. Complete ***cheque details*** as requested. Make your cheque or bank draft payable to **"The Austock Group Limited Share Offer"** (or as directed by your broker), cross it and mark it **"Not negotiable"**. Cheques or bank drafts must be made in Australian currency, and cheques must be drawn on an Australian bank.

H. Enter your ***contact details*** so we may contact you regarding your Application Form or Application Monies.

I. Enter your ***email address*** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Guide to the Application Form

By submitting this Application, you represent, warrant and agree that you (i) are not in the United States, (ii) are not acting for the account or benefit of a US person (as defined in Regulation S under the US Securities Act) (iii) will not offer or sell the Shares into the United States or to, or for the account or benefit of, any US person and (iv) are not engaged in the business of distributing securities.

By submitting this Application, you warrant that you are not aware and have no reason to suspect that (i) the monies used to fund your investment in the Company has been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement or (ii) the proceeds of your investment will be used to finance any illegal activities. By submitting this Application, you further warrant that you are not a politically exposed person or organisation as the term is used in the Anti-money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (1).

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Our privacy policy is available on our website (http://www.registriesltd.com.au/help/share_privacy.html).

Austock Group

Corporate directory

Austock Group Limited

ABN 90 087 334 370

Directors

Bill Bessemer
Executive Chairman

Tim Boyle
Managing Director

Victor Cottren
Non-executive Director

Michael McFarlane
Non-executive Director

Investigating Accountant

KPMG Transaction Services (Australia) Pty Ltd
147 Collins Street
Melbourne VIC 3000

Solicitor to the Company

Freehills
101 Collins Street
Melbourne VIC 3000

Share Registry

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000

Company Secretary

Amanda Gawne

Auditor

KPMG
147 Collins Street
Melbourne VIC 3000

Broker to the Issue

Austock Securities Limited
Level 1, 350 Collins Street
Melbourne VIC 3000

Registered Office

Level 1, 350 Collins Street
Melbourne VIC 3000

Website

www.austock.com

DOD•1608 · 11/07

You're in good company

www.austock.com