Full Year Results
Period ended 30 September 2006

John de Zwart
Chief Financial Officer
TOWER Australia

30 November 2006

Jim Minto
Managing Director, TOWER Australia

Rob Flannagan
Chief Executive Officer, TOWER Limited

TOWER Group Results
FY06 Financial Highlights

Net Profit After Tax (1)	**NZ$63.5m**	**up 55%**
Business Unit Operating Earnings	**NZ$56.7m**	**up 60%**
Adjusted Earnings per Share (1)	**17.7cps**	**up 56%**
Return on Equity (1)	**10.8%**	**vs 7.5%**

(1) Comparisons exclude profits from Australian Wealth Management NZ$78.4 million

TOWER Group Results
FY06 Business Highlights

- **Geographic separation**
- **Acquisition of PrefSure**
- **Competitive strategy in Australia**
- **Renewal of New Zealand business progresses**

Agenda

- **Analysis of Financial Results** — **John de Zwart**
  - TOWER Group
  - TOWER Limited
  - TOWER Australia Group Limited
- **TOWER Limited** — **Rob Flannagan**
  - Business Review and Strategy
  - Outlook
  - Operating Targets
- **TOWER Australia Group Limited** — **Jim Minto**
  - Business Review and Strategy
  - Outlook
  - Operating Targets

TOWER

Analysis of Financial Results

John de Zwart

TOWER Group Financial Results

(NZ$m)	6 months ended Sep 05	Mar 06	Sep 06	FY 06	FY 05
Business Unit Operating Earnings	11.5	29.3	27.4	56.7	35.5
Corporate Expenses	(2.8)	(5.9)	(3.4)	(9.3)	(9.9)
Investment Returns on SHF	15.3	14.9	17.5	32.4	25.1
Discount Rate Changes	0.4	(1.6)	(1.6)	(3.2)	(0.5)
Financing Expenses	(4.5)	(4.2)	(6.7)	(10.9)	(9.3)
NPAT – Before Amortisation	**19.9**	**32.5**	**33.2**	**65.7**	**40.9**
Amortisation	-	-	(2.2)	(2.2)	-
NPAT – Continuing Operations	**19.9**	**32.5**	**31.0**	**63.5**	**40.9**
Profit from Discontinued Operations (AWM)	-	-	-	-	78.4
Reported NPAT	19.9	32.5	31.0	63.5	119.3
Return on Equity (annualised)	7.5%	11.2%	10.0%	10.8%	7.5%
Adjusted Earnings per Share (1)	5.5	9.0	8.6	17.7	11.4

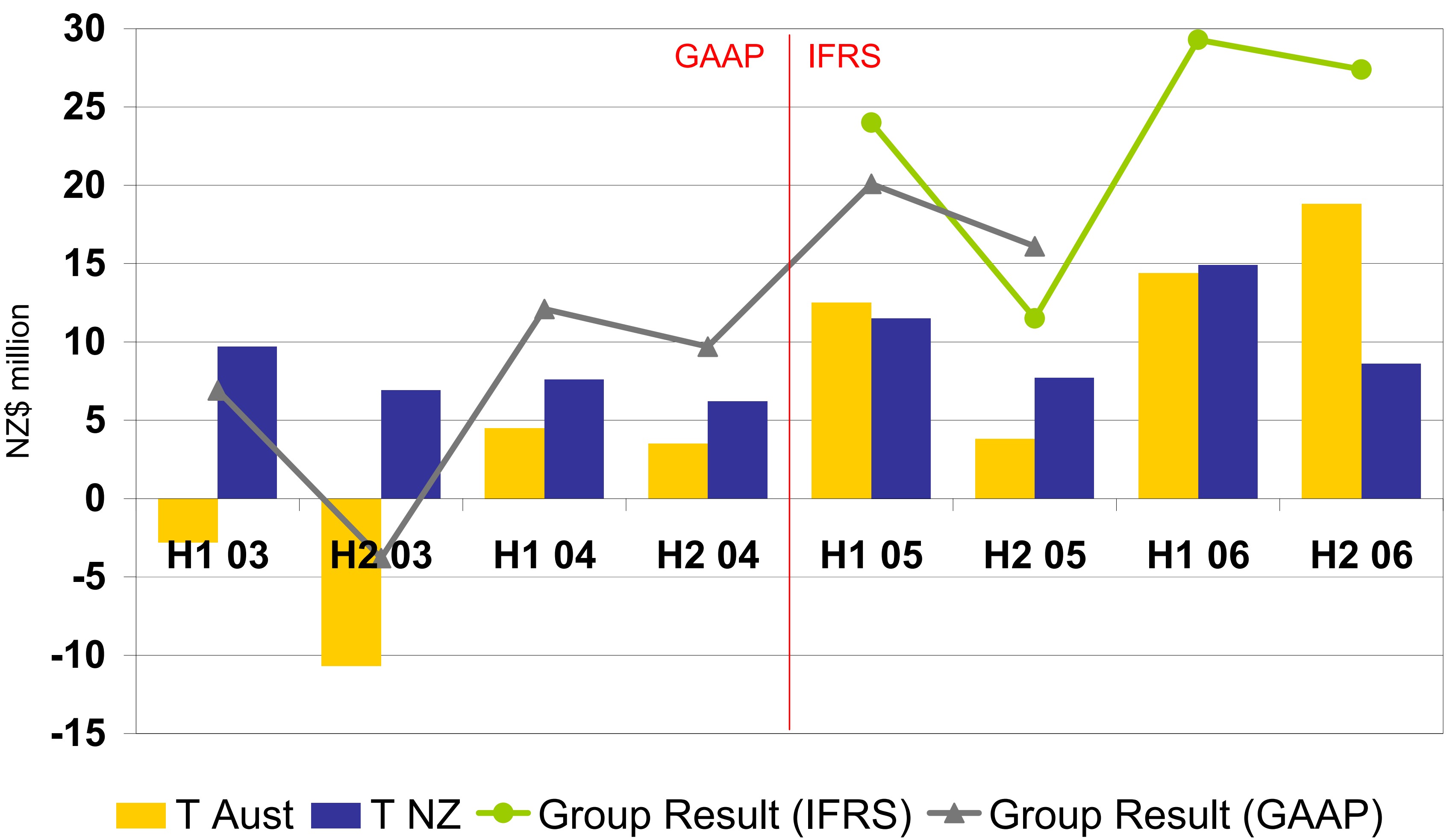
All figures are restated for NZ IFRS and are net of tax

(1) Amount in NZ cents, and excludes profit from Australian Wealth Management: NZ$78.4 million

TOWER Group
NPAT by Business Unit

(NZ$m)	6 months ended Mar 06	Sep 06	Scheme Book Est.	FY06	FY05
TOWER NZ					
- TOWER Health & Life	11.1	8.0	19.7	19.1	13.0
- TOWER General Insurance	5.2	2.7	8.6	7.9	6.9
- TOWER Investments	2.8	4.0	6.7	6.8	4.9
Total TOWER NZ	19.1	14.7	35.0	33.8	24.8
TOWER Australia	21.5	27.2	47.9	48.7	33.7
Business Unit NPAT	**40.6**	**41.9**	**82.9**	**82.5**	**58.5**
Finance Costs	(4.2)	(6.7)	(13.1)	(10.9)	(9.3)
Corporate Expenses & Investment Income	(3.9)	(2.0)	(6.0)	(5.9)	(8.3)
NPAT – Before Amortisation	**32.5**	**33.2**	**63.8**	**65.7**	**40.9**
Amortisation	-	(2.2)	(2.1)	(2.2)	-
NPAT – Continuing Operations	**32.5**	**31.0**	**61.7**	**63.5**	**40.9**

TOWER Group
Underlying Operating Earnings



(1) Excludes Head Office costs, investment income, and impact of changes to discount rates

TOWER Limited Financials

Update to Proforma Results
TOWER Limited

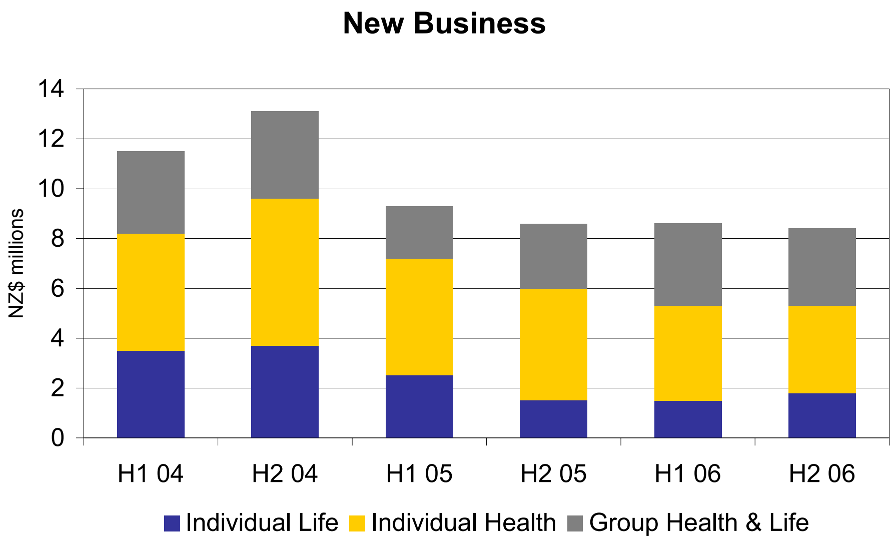
(NZ$m)	Scheme Book Estimate	Updated Proforma
TOWER NZ – Business Units	**35.0**	**33.8**
Statutory adjustments:		
NZ/Aus restructure	1.0	1.3
Group Income	2.1	3.4
Corporate expenses	(8.9)	(9.3)
Financing costs	(9.5)	(8.4)
Statutory Operating Profit After Tax	**19.7**	**20.8**
Proforma adjustments:		
NZ/Aus restructure	(1.0)	(1.3)
Net change to internal financing costs	2.6	2.6
Net change to external financing costs	6.8	6.8
Net change to financing tax efficiencies	-	(1.9)
Incremental stand alone costs	2.2	2.2
FX movements and financing costs above	-	(1.1)
Proforma Operating Profit After Tax	**30.3**	**28.1**

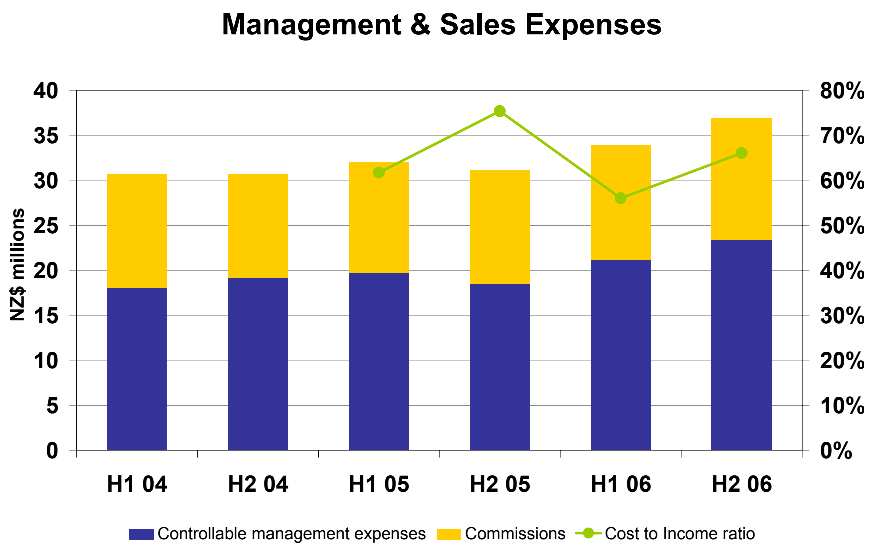
TOWER Limited – Health & Life
Analysis of Profit

(NZ$m)	6 months ended Sep 05	Mar 06	Sep 06	FY 06	FY05
Operating earnings from Life	6.4	7.6	5.7	13.3	12.4
Operating earnings from Health	(1.9)	2.4	0.6	3.0	(0.6)
Total Operating Earnings (Net of Tax)	**4.5**	**10.0**	**6.3**	**16.3**	**11.8**
Discount rate changes	(1.2)	(0.6)	(0.1)	(0.7)	(1.0)
Net Investment Return on SHF	1.5	1.7	1.8	3.5	2.2
Net Profit After Tax	**4.8**	**11.1**	**8.0**	**19.1**	**13.0**

- NPAT increased 36% due to the improved performance of the health business following product price increases and the removal of loss making products
- Operating Earnings from Life improved by 8% but sales levels are still below expectations

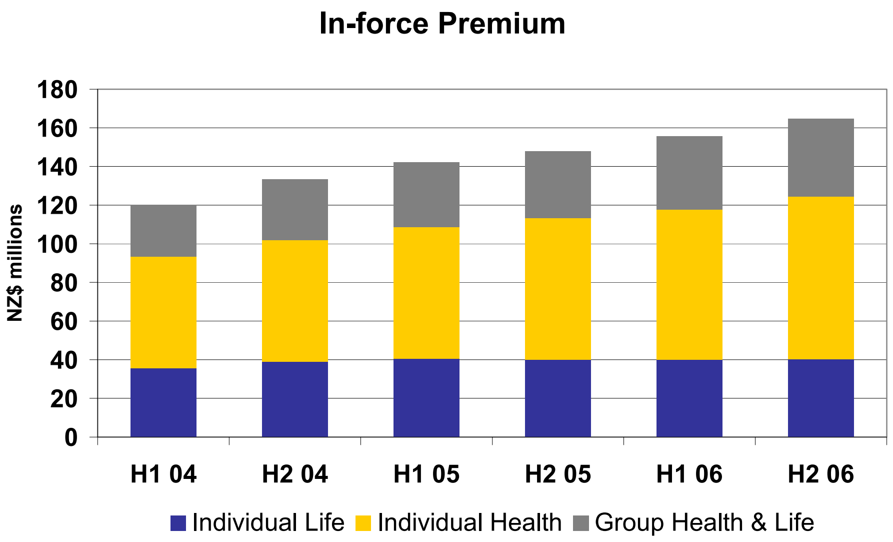
TOWER Limited – Health & Life
New Business and Expenses

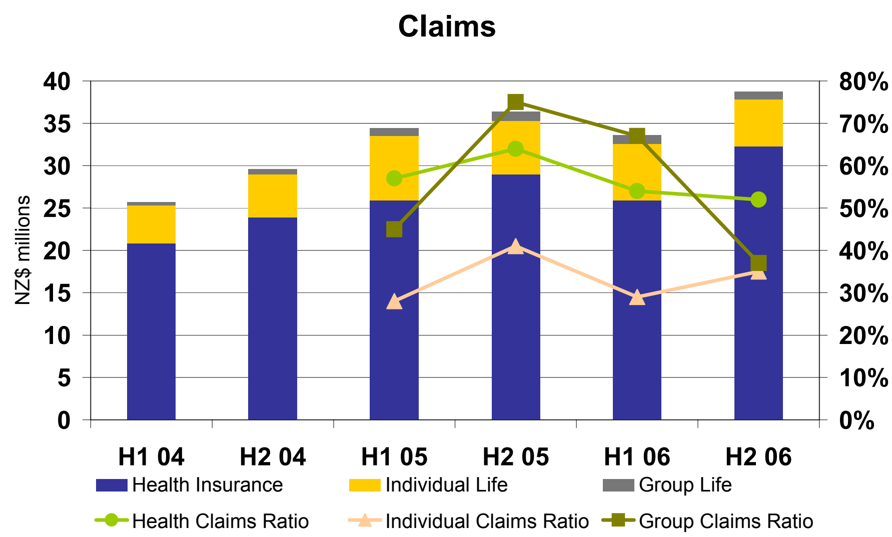




- New business declined (5%) during 2006, with the business focused on improving margins
  - Individual Life sales, while down 17.5% over the year, started to pick up in the second half
  - Individual Health sales declined 20% reflecting a major focus on product and channel restructuring with the emphasis on improving margins
  - Group Health & Life sales grew 36% with strong growth in the second half from group life
- Expenses increased 7% as part of the push to improve service and retention
  - impact of these initiatives on profit reflected in the decline in cost to income ratio from 68% to 61%

TOWER Limited – Health & Life
In-force and Claims





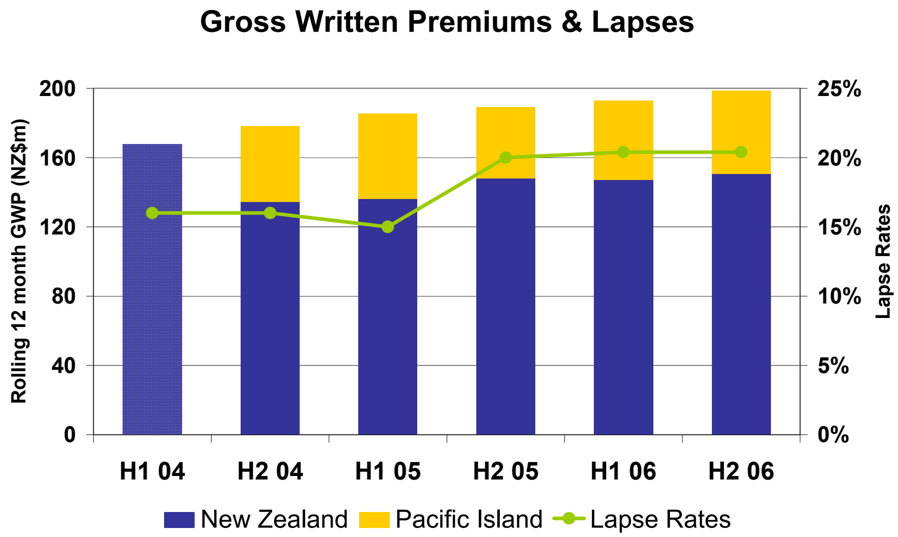
- In-force premium continued solid growth – up 10.4% in FY06
- Lapse rate experience across business lines was mixed
  - Group Health & Life and Individual Health lapses improved on 2H05 despite re-pricing
  - While Individual Life lapses deteriorated over the year, trends in the final months of 2006 were positive.
- Total claims increased only slightly during 2006 to NZ$72.3 million compared with the 11% growth in in-force premium during the period
  - Individual Life and Group Life claims fell as claims returned to more normalised levels
  - While Health insurance claims rose 6% over the year and 11% in the second half compared to the prior period, the claims ratio dropped from 56% to 52%

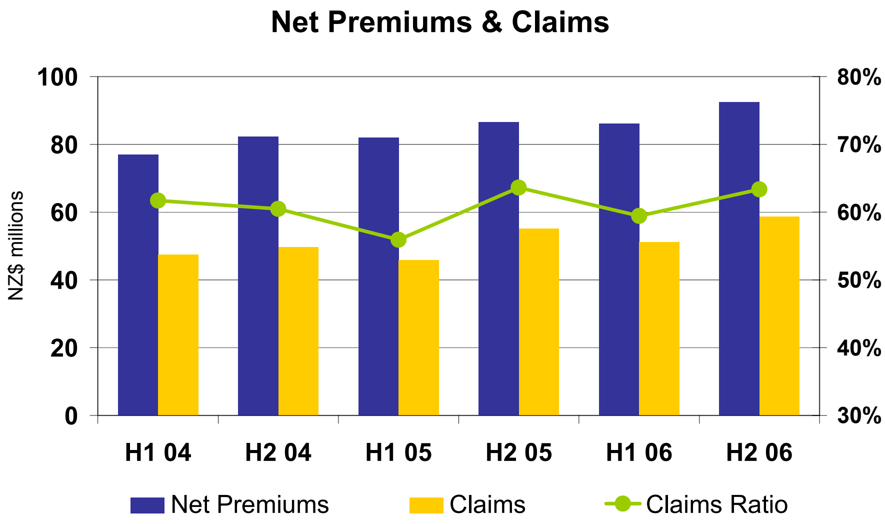
TOWER Limited – General Insurance
Analysis of Profit

(NZ$m)	6 months ended Sep 05	Mar 06	Sep 06	FY 06	FY05
Net Premiums	86.6	86.0	92.5	178.5	168.5
Incurred Claims	(55.1)	(51.1)	(58.6)	(109.7)	(100.9)
Management and Sales Expenses	(33.1)	(29.3)	(32.3)	(61.6)	(66.0)
Underwriting Profit	**(1.6)**	**5.6**	**1.6**	**7.2**	**1.6**
Net Investment Return on SHF & Other	6.9	4.0	5.2	9.2	10.4
Tax	(2.3)	(4.4)	(4.1)	(8.5)	(5.1)
Net Profit After Tax	**3.0**	**5.2**	**2.7**	**7.9**	**6.9**

- Underwriting profit up on the back of reduced total management expenses and price increases
  - Second half underwriting profit of NZ$1.6 million compared with loss of (NZ$1.6 million) pcp
- Net Premium growth of 6% grew ahead of market growth (4.4%) during 2006
  - Retail market share remained constant at 10%
- Strong underwriting result from the Pacific Islands

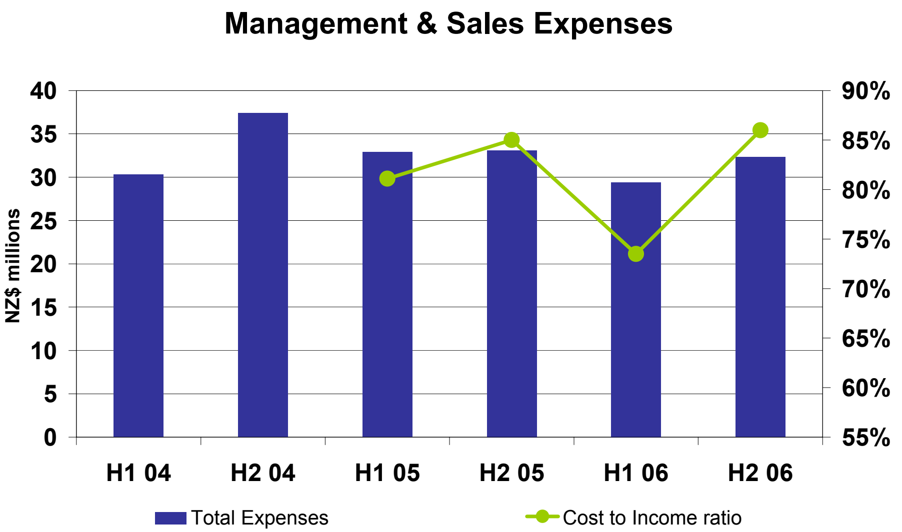
TOWER Limited – General Insurance
Premiums, Lapses and Claims

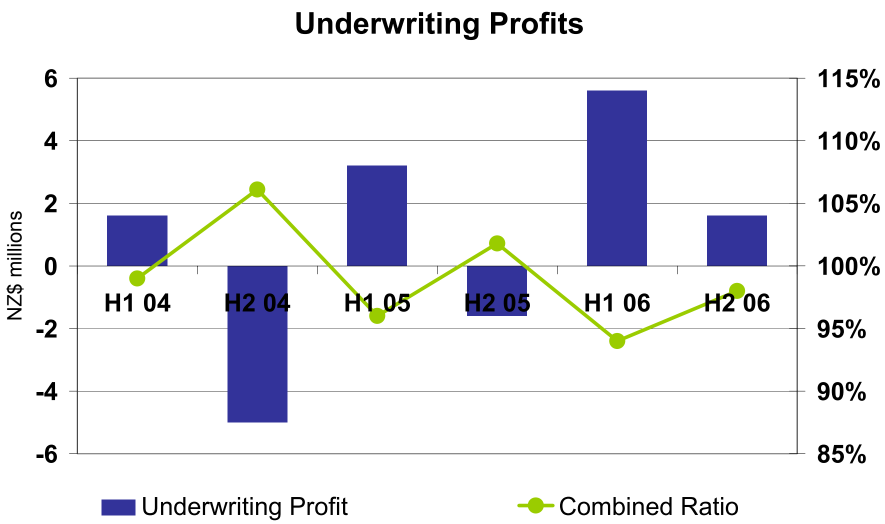




- Continued positive trend in Gross Written Premiums
- Lapse rates remain at 20%, slightly up on the prior period (19%) and unchanged from the first half
  - An increase in customer recovery teams and an improved credit control process is now in place
- Claims for FY06 increased by 9% on pcp largely due to the South Island snow storm and a series of less material floods

TOWER Limited – General Insurance
Expenses & Underwriting Profit





- Full year cost to income ratio reduced from 83% to 79%
  - lower IT amortisation and project costs
- An underwriting profit in the second half was recorded for the first time in 3 years, contributing to a +NZ$5.6 million lift in the underwriting profit (NZ$7.2m) for FY06
  - Total expenses have been reduced from NZ$66.0 million to NZ$61.6 million, a saving of NZ$4.4 million

TOWER Limited – Investment
Analysis of Profit

(NZ$m)	6 months ended Sep 05	Mar 06	Sep 06	FY06	FY05
Total Income	**25.2**	**24.2**	**28.6**	**52.8**	**51.6**
Controllable Management Expenses	16.2	16.2	17.8	34.0	35.0
Sales Expenses(1)	4.7	3.8	4.3	8.1	9.6
Total Expenses	**20.9**	**20.0**	**22.1**	**42.1**	**44.6**
Operating Earnings	**4.3**	**4.2**	**6.5**	**10.7**	**7.0**
Tax	(1.3)	(1.4)	(2.5)	(3.9)	(2.1)
Net Profit after Tax	**3.0**	**2.8**	**4.0**	**6.8**	**4.9**
Cost to Income Ratio (%)(1)	*70%*	*70%*	*64%*	*67%*	*75%*
Funds under Management	5,150	5,436	5,305	5,305	5,150

(1) Deferred Acquisition Costs (DAC) were classified as management expenses but are now included as sales expenses with prior period numbers and cost to income ratios adjusted accordingly

- The focus on business simplification during 2006 resulted in a NZ$2.5 million reduction in expenses, boosting operating earnings by 29%
  - reduction in cost to income ratio from 75% to 67%

TOWER Australia Group Financials

Update to Proforma Results
TOWER Australia

(A$m)	Scheme Book Estimate	Updated Proforma
TOWER Australia – Business Unit	**42.4**	**42.8**
Statutory adjustments:		
NZ/Aus restructure	(0.9)	(1.1)
Amortisation	(1.9)	(1.9)
Financing Expenses	(2.2)	(2.3)
Statutory Operating Profit After Tax[(1)]	**37.4**	**37.5**
Proforma Adjustments		
NZ/Aus restructure	0.9	1.1
Interest on surplus capital	4.2	4.2
Net change to financing expenses	(4.3)	(4.3)
Incremental stand alone costs	(7.0)	(7.0)
Proforma Operating Profit After Tax	**31.2**	**31.5**

(1) TOWER Australia Group Ltd financial statement for the 12 month period ending 30 September 2006 includes net profit after tax of A$124.8 million including a one off separation profit of $87.2 million, relating to forgiveness of intragroup debt, and other intragroup transactions

TOWER Australia
Analysis of Profits

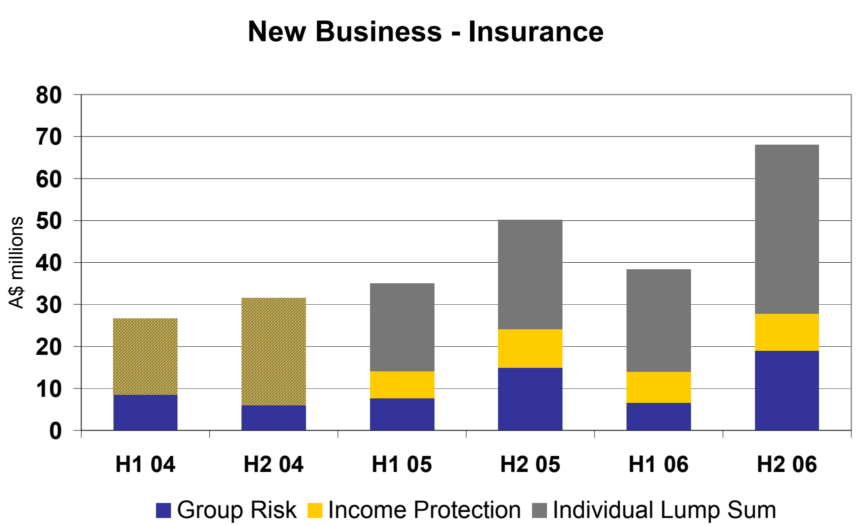
(A$m)	6 months ended Sep 05	Mar 06	Sep 06	FY06	FY05
Planned Profits	7.2	8.2	13.9	22.1	13.9
Experience Profits/(Losses)	(5.1)	0.3	0.7	1.0	(1.3)
Capitalised Loss Reversal/(Recognition)	(0.3)	0.5	(0.4)	0.1	(0.3)
Margin on Investment Contracts	(0.2)	3.3	0.4	3.7	0.7
Other Business Operating Margins	1.8	0.8	1.5	2.3	1.8
Total Operating Earnings (net of tax)	**3.4**	**13.1**	**16.1**	**29.2**	**14.8**
Discount Rate Change	1.5	(0.9)	(1.3)	(2.2)	0.5
Net Investment Return on SHF	8.5	7.4	8.4	15.8	15.5
Net Profit After Tax	**13.4**	**19.6**	**23.2**	**42.8**	**30.8**

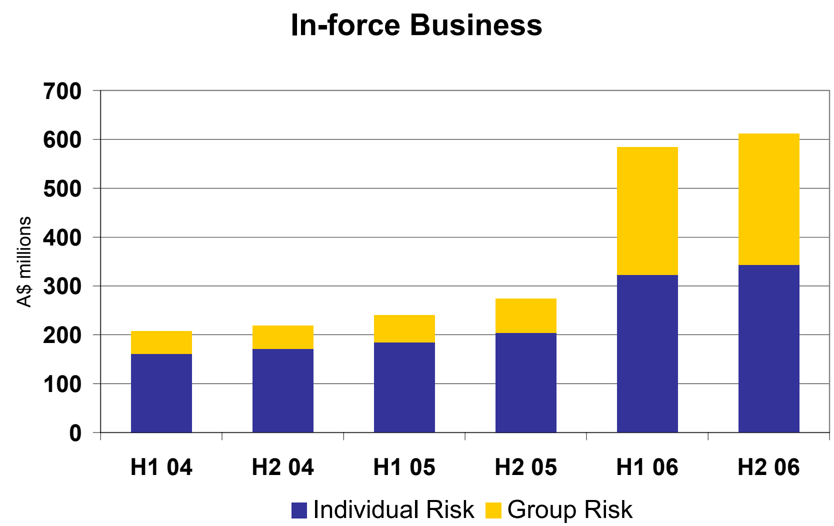
Notes: Includes PrefSure with effect from 31 March 2006
Margins from Investment Business are separately disclosed
Comparatives have been restated on consistent basis

TOWER Australia
Experience Items

- Prior period comparatives for Experience Items and capitalised losses have changed as a result of NZ IFRS
- The favourable Experience Profit of A$1.0 million for the year reflects favourable mortality and morbidity profit offset by costs relating to the integration of PrefSure of A$3.4 million
- Key Experience Items in the six months ended Sept 2006 were:
  - Mortality & morbidity: A$2.7 million (1H06: A$3.2 million)
  - Lapse profits: A$1.1 million (1H06: A$0.8 million)
  - Expense loss - including PrefSure integrations costs: (A$4.1) million

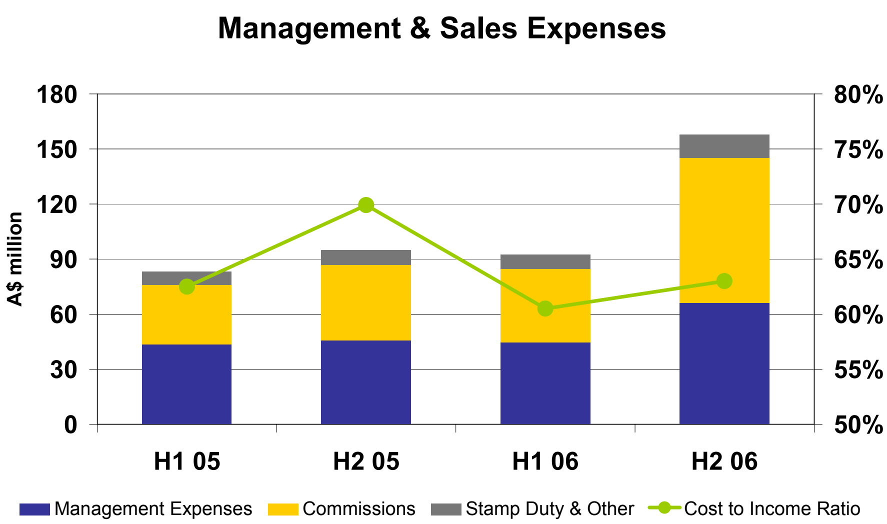
TOWER Australia
Sales, Lapses & In-force Business

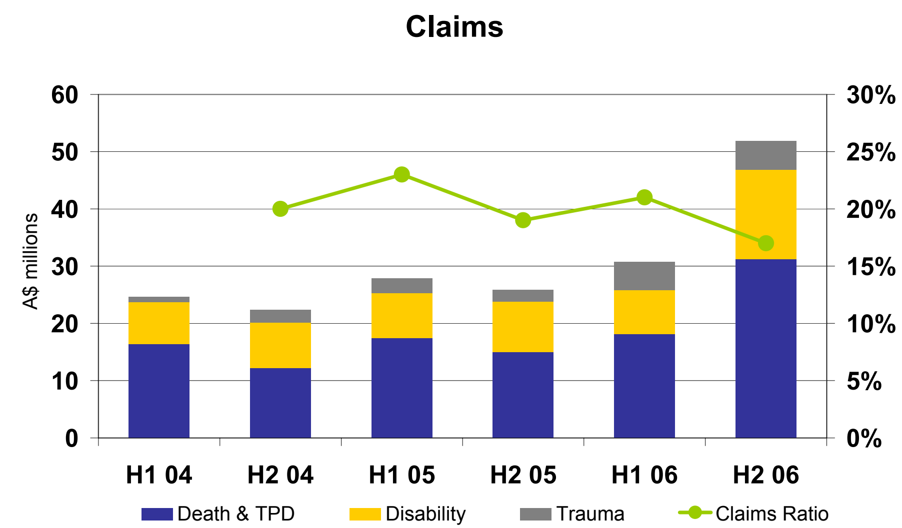




- Individual Lump Sum sales increased 38% to A$64.7 million during the year
  - Reflects inclusion of PrefSure sales in second half of the year
- Group sales increased 14% to A$25.6 million during the year
  - Second half Group sales grew strongly to A$19.0 million (vs A$14.1 million in pcp)
  - TOWER Australia Group product discontinued following PrefSure merger
- In-force life insurance premiums increased 5% during the second half to A$611.9 million
  - Individual lump sum premiums increased 6.3% to A$343.4 million
  - Group life insurance premium increased 2.7% to A$268.5 million

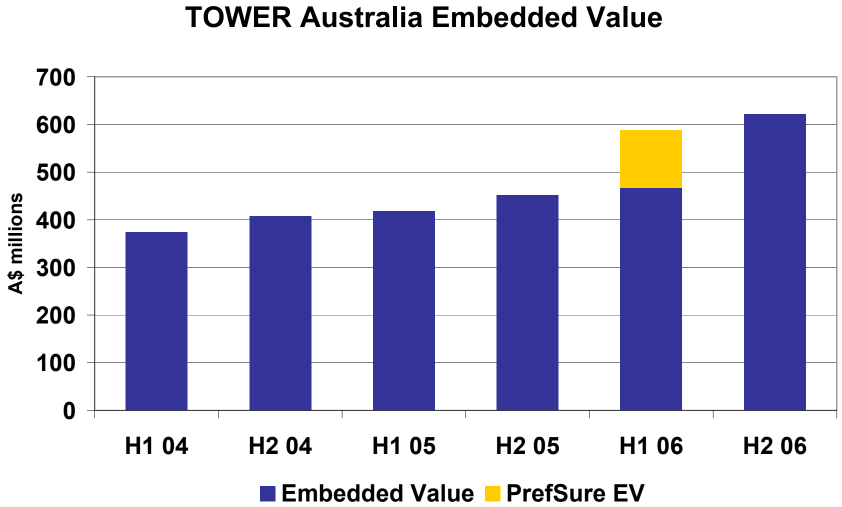
TOWER Australia
Expenses and Claims

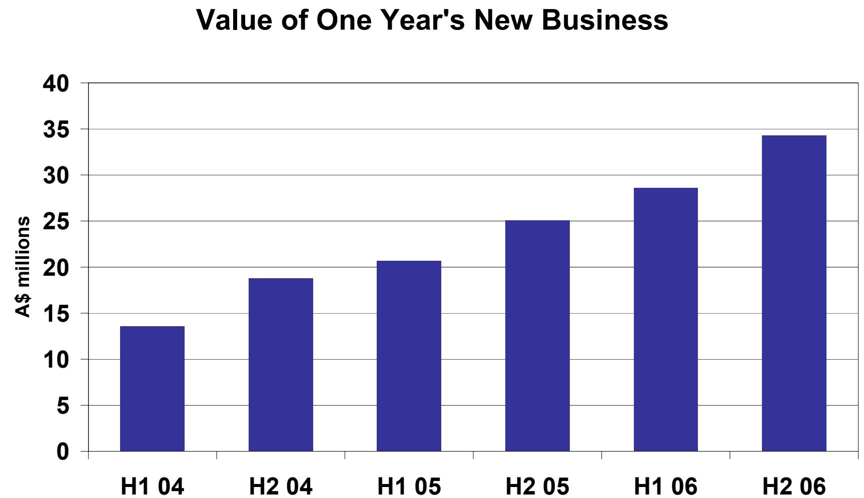




- PrefSure added A$17 million in management expenses in the second half
  - Similarly impacted commissions and stamp duty costs
- Cost to income ratio fell in 2H06 to 63% (vs 70% in pcp)
- Claims ratio continued to improve in the second half to 17% (vs 19% in pcp)

TOWER Australia
Embedded Value





The major contributors to the change in Embedded Value were:

- Expected increase in the value of in-force and earnings on Net Worth
- Significant contribution to value by new business written over the period

Partly offset a range of factors including:

- Payment of a A$15 million dividend and a A$10 million dividend release
- Amendment of models, primarily in respect of individual Risk businesses - A$17 million
- Release of franking credits from TOWER Australia to TOWER Group Australia

TOWER Limited

Rob Flannagan

Operating Highlights in 2006

- Operating earnings from the combined insurance businesses improved by 18% on FY05 (NZ$17.3 million vs NZ$14.6 million) driven by:
  - Improved product pricing, better claims management and reduced lapses also improved health insurance operating margins in 2006
  - Continued growth in GWP reflecting benefits of the diversified distribution channels for general insurance – Direct, Alliances and Pacific Islands
  - Significant reduction in general insurance expenses despite increased staff costs associated with customer service initiatives
  - Improved life insurance sales momentum in second half and a return to more normalised claims levels
- NZ Investment operating earnings after tax up 29% to NZ$6.2 million
  - Improvement in TOWER's retail managed funds business
  - Substantial improvement in cost and retention management
  - Profit on sale of NZ$1.0 million for Tortis-Ozzy – passive Australian equity fund

Strategy - Health & Life

- TOWER positioned with intermediaries as a specialist Health insurer with #2 ranked market position and product extensions of Life
  - Leverages our strong Health Insurance capability
- Develop leading position in individual sales through both intermediated channels and new channels
- Market and distribution development around life business
  - Focus on new distribution opportunities
  - Develop aligned distribution channels which will support growth
- Development of competitive strategy in both Health and Life markets with improved retention in life business a priority
- Continued focus on claims management, pricing and Health margin management
  - Productivity driven by system and process improvements
- Product innovation and leadership remains important to maintain competitive position in both product lines

Strategy - General Insurance

- Investing in Business to Business partnering skills to underpin our alliance business base
  - A core of strong alliance partners is already in place
- Expansion of direct distribution is one of our key growth platforms
- Continued development of competitive strategies including investigations of new product and niche market opportunities
- Investment in process improvements and work flow leading to better service and productivity
- Continued focus on operating margins with strong product management and pricing
- Optimise Pacific Islands business driving risk adjusted returns with careful underwriting

Strategy - Investment

- Revenue growth through leveraging TOWER's position as a market leading wholesale asset manager
  - Competitive edge maintained through superior performance
- Increase focus on marketing to increase funds under management
- Leading retail product set will be provided to niche markets
  - Tax changes make these more attractive from 2007
- Productivity improvements targeted via continued simplification of business model and systems
- Better margins as business model continues to simplify and business grows

TOWER

Macro Environment - 2007

- Stable Life and Health claims and underwriting environments anticipated
- Continued growth in Health and Life driven by consumer needs and public health demands
- While General Insurance claims environment has been challenging the market is adapting
- General Insurance market will continue to grow
- KIWI Saver introduction will be well received by the workplace and funds will flow from the end of 2007
- Tax changes for managed funds will be positive for that market on both retention and sales

Long Term Growth Strategy

- Strong Brand in Insurance and Investment
- Good competitive positions in markets that will be leveraged for growth
- Customer focus a corner stone underpinned by service
- Growth by a combination of direct, Alliance and Business partner distribution
- Business-to-Business partnering skills development will be a key focus

TOWER Australia

Jim Minto

Operating Highlights in 2006

- Maintained strategic focus on growing sales above market rates, improving retention rates, and tightly managing costs
- TOWER now third largest Australian Life insurer following the PrefSure merger
  - #1 ranked Group Life insurer – 17.1% share of in-force premiums
  - #5 ranked Retail Life insurer – 9.4% share of in-force premiums
  - Combined market share increased to 10.5% in June 2006
- PrefSure integration has progressed well and is substantially complete
- Strong and diversified distribution network
- Two product brand position in retail adviser market has good traction
- Awarded "Risk Company of the Year" in June 2006 by Money Management
- Several initiatives implemented to enhance products and services:
  - electronic application forms
  - fast tracking new business for lower sums insured
  - increased on-line information for business partners

Strategy - Life

1. **Aspiration**

- Net growth at least 50% stronger than market

2. **Positioning**

- Market position as Life market specialist via multi channels
- Market promotion of underinsurance and consumer protection need issues

3. **Execution / Strategy**

- Grow Retail Life through the adviser channels with strong service and product
- Build on market leading Group Risk position underpinned by Business-to-Business partnering and strong service
- Invest in existing alliance partner growth via service and partnering
- Development of new alliance and channel opportunities

Strategy - Investment

1. **Aspiration**

- Maximising value from a niche position and existing book of business

2. **Positioning**

- Investment management outsourced
- TOWER a packager and distributor of select investment products
- Niche focus around Life distribution base

3. **Execution / Strategy**

- Optimise value from and review the classic product base
- Simplification of products and underlying systems and processes
- Participating in market product rationalisation to aid simplification

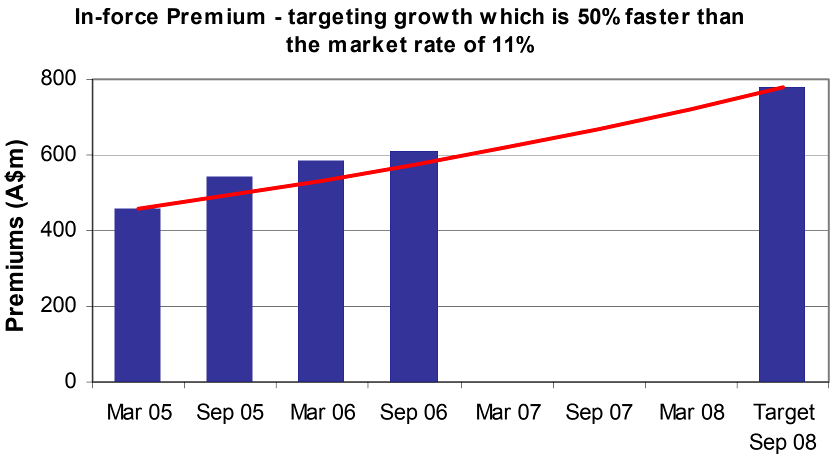
Macro Environment – 2007

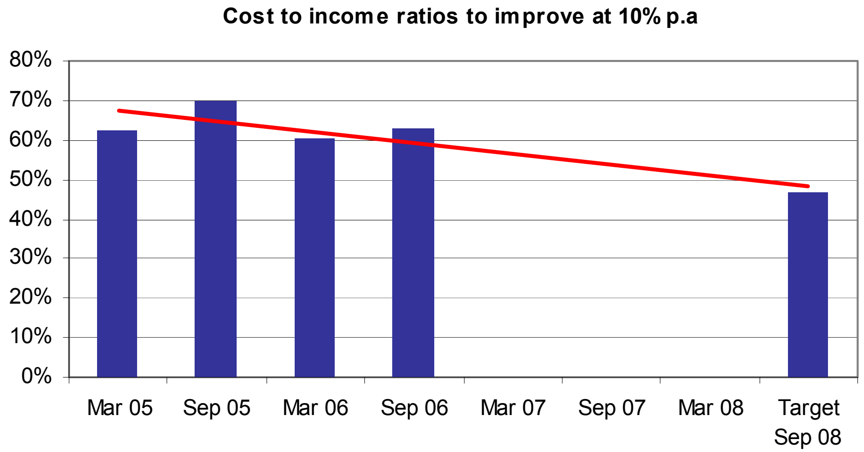
- Strong growth in superannuation to continue
- Strong linkage of superannuation savings to risk will be maintained and grown
- Increasing market focus on Risk, driven by growth rates and consumer needs
- Workplace will be a major provider of Risk to middle Australia. This will drive stronger Group Risk sales levels
- Continued investment in new points of access for consumers to Risk solutions
- New technologies and processes to remove complexities from underwriting

Long Term Growth Strategy

- TOWER a Life specialist in a market with few Life specialists
- Business partner of non-competing organisations who want a specialist risk partner
- Leader in product and service
- Business-to-Business partnering will be critical core competency
- Net Risk growth of at least 50% faster than the market
- Niche Investment business focused on packaging and distribution

Operating Targets to 2008





- Goals of growing in-force premiums faster than market and productivity improvements remain key strategic focuses
- PrefSure acquisition has increased some costs during integration
- Other targets are profit growth (to double by 2010), return on equity and diversification of distribution channels

Note: Charts restated to include PrefSure historical figures