

Market Information
New Zealand Exchange Limited
NZX Centre
Level 2, 11 Cable Street
Wellington
NEW ZEALAND

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 200
AUSTRALIA

24 May 2007

Dear Sir / Madam

TOWER LIMITED PRELIMINARY INTERIM REPORT

Current Reporting Period 6 Months ended 31 March 2007

Previous Reporting Period 6 Months ended 31 March 2006

FOR ANNOUNCEMENT TO THE MARKET

Total Revenue from continuing operations up 0.5% to NZ\$240.6 million.

Net profit after tax from continuing operations attributable to shareholders increased NZ\$4.8 million (+44%) to NZ\$15.7 million.

Net profit after tax attributable to shareholders (including discontinued operations) increased 561% to NZ\$214.5 million.

Earnings per share on continuing operations increased by 44% to NZ8.33 cents per share (NZ5.78 cents per share in corresponding period on a like for like basis).

No interim dividend has been declared and as such no dividend will be paid for the six months ended 31 March 2007.

Net Asset backing as at 31 March 2007 was NZ\$1.28 per share (NZ\$1.70 per share as at 31 March 2006).

In accordance with Listing Rules, please find attached the following documents:

- MEDIA RELEASE
- NZX APPENDIX 1
- ASX APPENDIX 4D
- TOWER LIMITED FINANCIAL RESULTS PRESENTATION

Yours faithfully

Eric O'Sullivan
Company Secretary & Investor Relations Manager
TOWER Limited

TOWER Makes Positive Start**24 May 2007**

Auckland - TOWER Limited ("TOWER") today reported a half year profit of \$15.9 million after tax from its continuing operations.

Financial results of the ongoing business were steady for the first six months through to 31 March, with a small increase in profit before taxation to \$31.2 million (prior year \$31.0 million). The profit after tax from continuing operations was \$15.9 million (prior year \$11.4 million).

In addition, the company earned a substantial one-off profit of \$198.8 million, arising from the separation of TOWER Australia. This amount includes the operating results of the demerged business for October and November 2006, leading up to separation. The separation of the Australian business was successfully completed with effect from 30 November 2006.

Earnings per share were 8.33 cents, an improvement of 44 % on the corresponding period (both calculated as the earnings from continuing operations divided by the 188.5m shares on issue as at 31 March 2007).

During the period TOWER's Health & Life business grew in key markets and margins improved. General Insurance's performance was lower, however good operating performance by the Pacific Islands was partially offset by a provision for claims, and higher claims and expenses for the New Zealand business. The Investments business performed solidly but incurred significant costs during the period on compliance with KiwiSaver and the Portfolio Investment Entity ("PIE") regime.

TOWER Group Chief Executive Officer Rob Flannagan said he was pleased with the progress made in re-establishing the New Zealand and Pacific businesses.

"We now have a committed and focussed team of executives in place, all very experienced. This team has been actively engaged in formulating detailed strategies to drive the business. There will be greater realisation of the existing group synergies and, in the near term, investment in technology and other enablers of growth."

"TOWER operates in very competitive markets where customer service excellence is essential and this is a priority across the entire business. The recent changes to KiwiSaver are an important and positive opportunity for TOWER which, as one of the approved default providers, should benefit from the anticipated increase in funds flow."

Mr Flannagan concluded by saying that TOWER's stand alone New Zealand and Pacific Islands business had made a respectable start and that there is significant opportunity for TOWER to improve its performance in the medium term.

Summary of Results

NZ\$million	Consolidated Half Year Ended	
	31-Mar-07	31-Mar-06
Net operating revenue	240.6	239.5
Net claims and operating expenses	207.2	208.5
Finance costs	(2.2)	-
Net profit before taxation continuing operations	31.2	31.0
Tax expense	(15.3)	(19.6)
Net profit after taxation continuing operations	15.9	11.4
Profit from discontinued operations	198.8	21.6
Profit for the half year	214.7	33.0
Profit attributable to minority interests	(0.2)	(0.5)
Reported net profit after taxation	214.5	32.5

All figures are restated for NZ IFRS.

The full presentation is available on www.towerlimited.com

For further information please contact:

Rob Flannagan
Group Chief Executive Officer
TOWER Limited
09 369 2057

PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT

TOWER LIMITED

(Name of Listed Issuer)

For Half Year Ended

31 March 2007

(referred to in this report as the "current half year")

Preliminary **half year** report on consolidated results (including the results for the previous corresponding *half year) in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with the New Zealand equivalents to the International Financial Reporting Standards and gives a true and fair view of the matters to which the report relates and is based on unaudited financial statements.

The Listed Issuer **has** a formally constituted Audit Committee of the Board of Directors.

[PLEASE REFER TO ATTACHED NOTES WHEN COMPLETING THIS FORM]

1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	*Consolidated Statement Financial Performance		
	Current *half Year \$NZ'000	*Up/Down %	Previous corresponding *half year \$NZ'000
1.1 OPERATING REVENUE			
(a) Trading Revenue	240,561	0.5%	239,457
(b) Other Revenue			
(c) Total Operating Revenue	240,561	0.5%	239,457
1.2 OPERATING *SURPLUS (DEFICIT) BEFORE TAXATION	31,165	0.8%	30,933
(a) Less taxation on operating result	15,302	(21.7%)	19,541
1.3 OPERATING *SURPLUS (DEFICIT) AFTER TAX	15,863	39.2%	11,392
(a) Extraordinary Items after Tax [detail in Item 3]	198,804	822.1%	21,559
(b) Unrealised net change in value of investment properties			
1.4 NET *SURPLUS (DEFICIT) FOR THE PERIOD	214,667	551.5%	32,951
(a) Net *Surplus (Deficit) attributable to minority interests	(167)	(66.0%)	(491)
1.5 NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	214,500	560.8%	32,460

2 DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR HALF YEAR	*Consolidated Statement of Financial Performance	
	Current *half year \$NZ'000	Previous corresponding *half year \$NZ'000
2.1 INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
(a) Interest revenue included in Item 1.1(b)	16,249	16,099
(b) # Unusual items for separate disclosure (gain/loss) (detail - Item 3)		
(c) Equity earnings (gain/loss) (detail - Item 16)		
(d) Interest expense included in Item 1.2 (include all forms of interest, etc)	2,218	
(e) Leasing and renting expenses		
(f) Depreciation	1,322	2,577
(g) Diminution in the value of assets (other than depreciation)		
(h) Amortisation of goodwill		
(i) Amortisation of other intangible assets		
(j) Impairment of goodwill		
(k) Impairment of other intangible assets		

5 EARNINGS PER SECURITY	Earnings Per Security	
	Current *half year	Previous corresponding *half year
Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share		
(a) Basic EPS (including discontinued operations)	113.79	17.22
(a) Basic EPS (from continuing operations)	8.33	5.78
(b) Diluted EPS (if materially different from (a))		

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES (See Note (VII) attached)	
(a) Name of subsidiary or group of subsidiaries
(b) Percentage of ownership acquired
(c) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	\$
(d) Date from which such contribution has been calculated
	\$

7 MATERIAL DISPOSALS OF SUBSIDIARIES		\$NZ'000
(a) Name of subsidiary or group of subsidiaries	Andric Pty Limited
	Tower Holdings (Australia) Ltd
(b) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)		\$198,804
(c) Date from which such contribution has been calculated	Disposed on 20 November 2006
(d) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) for the previous corresponding half year		\$21,559
(e) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) from sale of subsidiary		\$198,804

8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

Information on the industry and geographical segments of the Listed Issuer is to be reported for the half year in accordance with the provisions of SSAP:23: Financial Reporting for Segments. Because of the differing nature and extent of segments among Listed Issuers, no complete proforma is provided, and the segment information should be completed separately and attached to this report. However, the following shows a suitable list of items for presentation and indicates which amounts should agree with items included elsewhere in the *half year report:

SEGMENTAL REPORTING	Consolidated				
	TOWER Health & Life NZ\$000	TOWER Investments NZ\$000	TOWER General Insurance NZ\$000	Other (Holding companies & Australia) NZ\$000	Total NZ\$000
2007					
Profits from operations					
Profits from continued operations	13,553	1,728	4,136	(3,721)	15,696
Profits from discontinued operations	-	-	-	198,804	198,804
Profits including discontinued	13,553	1,728	4,136	195,083	214,500
Revenue					
Segment revenues	110,712	30,924	97,688	1,237	240,561
Revenue from continuing operations	110,712	30,924	97,688	1,237	240,561
Revenue from discontinued operations	-	-	-	216,568	216,568
Total revenue including discontinued operations	110,712	30,924	97,688	217,805	457,129

Business Segments	TOWER Health & Life NZ\$000	TOWER Investments NZ\$000	TOWER General Insurance NZ\$000	Other (Holding companies & Australia) NZ\$000	Total NZ\$000
2006					
Profits from operations					
Profits from continued operations	11,163	2,691	5,157	(8,110)	10,901
Profits from discontinued operations	-	-	-	21,559	21,559
Profits including discontinued operations	11,163	2,691	5,157	13,449	32,460
Revenue					
Segment revenues	123,679	24,758	90,590	430	239,457
Revenue from continuing operations	123,679	24,758	90,590	430	239,457
Revenue from discontinued operations	-	-	-	364,654	364,654
Total revenue including discontinued operations	123,679	24,758	90,590	365,084	604,111

	Consolidated Statement of Financial Position		
	At end of current *half Year \$NZ'000	As shown in last Annual Report \$NZ'000	If half yearly as shown in last half yearly report \$NZ'000
9 CURRENT ASSETS:			
(a) Cash	20,092	53,484	30,202
(b) Trade receivables	130,162	123,800	267,429
(c) Investments	1,363,050	5,657,091	4,995,160
(d) Inventories			
(e) Other assets, current		231	97
TOTAL CURRENT ASSETS	1,513,304	5,834,606	5,292,888
9.1 NON-CURRENT ASSETS			
(a) Trade receivables			
(b) Investments			
(c) Inventories			
(d) Property, plant and equipment	4,510	4,311	15,576
(e) Goodwill	33,692	34,264	160,013
(f) Deferred Taxation Assets	1,213	53,279	94,415
(g) Other Intangible Assets			56,806
(h) Other assets, non current	107,500	135,678	351,258
9.2 TOTAL NON-CURRENT ASSETS	146,915	227,532	678,068
9.3 TOTAL ASSETS	1,660,219	6,062,138	5,970,956
9.4 CURRENT LIABILITIES			
(a) Trade Creditors	262,512	251,644	421,918
(b) Income in advance, current			
(c) Secured loans			
(d) Unsecured loans	86,964	629	119,516
(e) Provisions, current	237,472	249,304	292,123
(f) Other liabilities, current	21,840	3,831,069	62,648
TOTAL CURRENT LIABILITIES	608,788	4,332,646	896,205
9.5 NON-CURRENT LIABILITIES			
(a) Accounts payable, non-current			
(b) Secured loans			
(c) Unsecured loans		197,805	197,200
(d) Provisions, non-current	796,050	858,150	4,161,874
(e) Deferred Taxation Liability, non-current	13,226	44,164	105,412
(f) Other liabilities, non-current			
9.6 TOTAL NON-CURRENT LIABILITIES	809,276	1,100,119	4,464,486
9.7 TOTAL LIABILITIES	1,418,064	5,432,765	5,360,691
9.8 NET ASSETS	242,155	629,373	610,265
9.9 SHAREHOLDERS' EQUITY			
(a) Share capital (optional)			
(b) Reserves (optional) (i) Revaluation reserve (ii) Other reserves			
(c) Retained Surplus (accumulated Deficit) (optional)			
9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	238,898	625,456	606,801
(a) Minority equity interests in subsidiaries	3,257	3,917	3,464
9.1 TOTAL SHAREHOLDERS' EQUITY	242,155	629,373	610,265
(a) Returns on Assets (%) (EBIT excluding discontinued operations, / Total Assets)	2.0%	0.9%	0.5%
(b) Return on Equity (%) (Net Income Continuing Optns / S/holders' Equity) (Including Net Income from Discontinued Operations)	6.6%	2.4%	1.9%
(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	586%	863%	878%

10 CASH FLOWS RELATING TO OPERATING ACTIVITIES	Consolidated Statement of cashflows for *half year	
	Current *half year \$NZ'000	Corresponding *half year \$NZ'000
(a) Receipts from customers	178,619	388,328
(b) Interest received	16,249	69,248
(c) Dividends received	1,381	21,524
(d) Payments to suppliers and employees	(86,091)	(194,368)
(e) Interest paid	(2,218)	(9,965)
(f) Income taxes paid	(9,762)	(5,726)
(g) Other cash flows relating to operating activities	(128,087)	(258,288)
NET OPERATING FLOWS	(29,909)	10,753

11 CASH FLOWS RELATING TO INVESTING ACTIVITIES		
(a) Cash proceeds from sale of property, plant and equipment		
(b) Cash proceeds from sale of equity investments	203,364	
(c) Loans repaid by other entities		
(d) Cash paid for purchases of property, plant and equipment	(948)	(500)
(e) Interest paid - capitalised		
(f) Cash paid for purchases of equity investments		(129,562)
(g) Loans to other entities		
(h) Other cash flows relating to operating activities	(93,800)	17,027
NET INVESTING CASH FLOWS	108,616	(113,035)

12 CASH FLOWS RELATED TO FINANCING ACTIVITIES		
(a) Cash proceeds from issue of shares, options, etc.		1,596
(b) Borrowings	86,335	116,482
(c) Repayment of borrowings	(197,806)	
(d) Dividends paid		
(e) Other cash flows relating to operating activities		
NET FINANCING CASH FLOWS	(111,471)	118,078

13 NET INCREASE (DECREASE IN CASH HELD)		
(a) Cash at beginning of *half year	52,856	12,831
(b) Exchange rate adjustments to Item 12.3(a) above		260
(c) CASH AT END OF *HALF YEAR	20,092	28,887

14 NON-CASH FINANCING AND INVESTING ACTIVITIES
Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows:

.....

.....

.....

.....

15 RECONCILIATION OF CASH	Current *half Year NZ\$'000	Previous Corresponding *half year NZ\$'000
For the purposes of the above Statement of cash flows, cash includes:		
.....		
.....		
Cash at the end of the *half year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:		
Cash on hand and at bank	20,092	30,202
Deposits at call		
Bank overdraft		(1,315)
Other (provide details eg Term Deposits)	20,092	28,887
Total = Cash at End of *Half Year (Item 13(c) above)		

16 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES

Information attributable to the reporting group's share of investments in associates and other material interests is to be disclosed by way of separate note below (refer FRS-38 Accounting for Investments in Associates).

16 GROUP SHARE OF RESULTS OF ASSOCIATES

- (a) OPERATING *SURPLUS (DEFICIT) BEFORE TAX
- (b) Less tax
- (c) OPERATING *SURPLUS (DEFICIT) AFTER TAX
 - (i) Extraordinary items
- (d) NET *SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX

Equity Earnings	
Current *half year \$NZ'000	Previous corresponding *half year \$NZ'000

16 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES

- (a) The group has a material (from group's viewpoint) interest in the following corporations:

Name	Percentage of ordinary shares held at end of *Half Year		Contribution to net *surplus (deficit) (Item 1.5)	
	Current *Half Year	Previous Corresponding *Half Year	Current *Half Year NZ\$'000	Previous Corresponding *Half Year NZ\$'000
Equity Accounted Associates				
			<i>Equity Accounted in current year</i>	
Other Material Interests			<i>Not Equity Accounted in current year</i>	

- (b) Investments in Associates

	Current *half Year \$NZ'000	Previous Corresponding *half year \$NZ'000
Carrying value of investments in associates beginning of half year		
Share of changes in associates' post acquisition surpluses/and reserves:		
- Retained surplus		
- Reserves		
Net goodwill amortisation and impairment adjustments in the period		
Less Dividends received in the period		
Equity carrying value of investments at the end of half year		
Amount of goodwill included in carrying value at end of that half year		

17 ISSUED AND QUOTED SECURITIES AT END OF CURRENT *HALF YEAR

Category of Securities	Number Issued	Number Quoted	Number	Paid-Up Value Cents (If not fully paid)
PREFERENCE SHARES:				
# (Description)				
Issued during current *half year				
ORDINARY SHARES:				
Ordinary Shares at 30 Sep 2006	359,582,910			
Less Shares cancelled during current half year	(171,065,883)			
	188,517,027			
CONVERTIBLE NOTES				
# (Description)				
Issued during current *half year				
OPTIONS:				
	Issued	Quoted	Exercise Price	Expiry Date
Issued during current *half year				
DEBENTURES - Totals only:		\$		
UNSECURED NOTES - Totals only:		\$		
OTHER SECURITIES		\$	\$	

Description includes rate of dividend or interest and any redemption or conversion rights together with the prices and dates thereof.

18 COMMENTS BY DIRECTORS

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

- (a) Material factors affecting the revenues and expenses of the group for the current *half year
On 20 November 2006, Tower separated its Australian and New Zealand businesses into two separate entities. Tower Australia Group Limited is now a separate company to Tower Limited. The trading results for Tower Australia for both periods have been classified as discontinued, as has the profit on sale of the business.
- (b) Significant trends or events since end of current *half year
NIL
- (c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed
NIL
- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain
NIL
- (e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty
NIL
- (f) Other comments
NIL

19 DIVIDEND

(a) Dividend Yield as at balance date (%) (Annual dividend per share divided by price per share)

0%

(b) Tax Adjusted Dividend Yield as at balance date (%) (Annual net dividend per share divided by price per share)

0%

20 ANNUAL MEETING (if full year report)

(a) To be held at

(b) Date 200 Time

(c) Approximate date of availability of Annual Report

If this *half year report was approved by resolution of the Board of Directors, please indicate date of meeting:

(signed by) Authorised Officer of Listed Issuer

(date)

*Delete as required

TOWER Limited

**APPENDIX 4D
PRELIMINARY INTERIM REPORT
24 May 2007
ASX LISTING RULES 4.2A.3**

TOWER LIMITED PRELIMINARY INTERIM REPORT

Current Reporting Period 6 Months ended 31 March 2007

Previous Reporting Period 6 Months ended 31 March 2006

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Total Revenue from continuing operations up 0.5% to NZ\$240.6 million.

Net profit after tax from continuing operations attributable to shareholders increased NZ\$4.8 million (+44%) to NZ\$15.7 million.

Net profit after tax attributable to shareholders (including discontinued operations) increased 561% to NZ\$214.5 million.

Earnings per share on continuing operations increased by 44% to NZ8.33 cents per share (NZ5.78 cents per share in corresponding period on a like for like basis).

No interim dividend has been declared and as such no dividend will be paid for the six months ended 31 March 2007.

Net Asset backing as at 31 March 2007 was NZ\$1.28 per share (NZ\$1.70 per share as at 31 March 2006).

TOWER Limited

Half Year Results - Period ended 31 March 2007

Rob Flannagan
Group Chief Executive Officer
TOWER Limited

Maree Webster
Group Chief Financial Officer
TOWER Limited



Making life easier



TOWER Group Results

Agenda

- **Half Year Overview**
- **Business Line Overview**
- **Strategy**

TOWER Group Results

HY07 Financial Highlights

- **Overall Net Profit After Tax** **NZ\$214.5m**
- **Profit from Discontinued Operations** **NZ\$198.8m**
- **Profit from Continuing Operations** **NZ\$15.7m**
(Net of minority interests)
- **Earnings per Share** **8.33cps**
- **Return on Equity** **13.4%**
(Annualised)
- **Gearing** **10.6%**
(Net debt to net debt plus equity)

TOWER Group Results

Financial Results

NZ\$million	Consolidated Half Year Ended		Proforma NZ and PI Full Year
	31-Mar-07	31-Mar-06	30-Sep-06
Business unit operating earnings	27.4	28.8	38.7
Corporate expenses	(3.9)	(4.8)	(10.5)
Investment returns on shareholder funds	9.7	6.4	20.6
Finance costs	(2.2)	-	(6.9)
Net profit before taxation continuing operations <small>Net of minority interest</small>	31.0	30.4	41.9
Tax expense	(15.3)	(19.5)	(13.8)
Net profit after taxation continuing operations	15.7	10.9	28.1
Profit from discontinued operations	198.8	21.6	-
Reported net profit after taxation	214.5	32.5	28.1

All figures are restated for NZ IFRS

TOWER Group Results

Half Year Overview

- The separation of the Australian business gone well
- Health and Life growing in chosen markets with good margins being maintained, building on the focus set last year
- General Insurance performing strongly in the Pacific and New Zealand business recovering
- Investments performance remains strong with significant progress on compliance with KiwiSaver and Portfolio Investment Entity (“PIE”) changes – projects are on track
- Improvements and investment have been, and will continue to be, made in technology
- Head office costs being controlled
- Detailed strategies now formulated with the Executive teams - we expect positive movements in all areas over the next 12 months

Business Line Overview

TOWER Limited – Health & Life

Analysis of Profit

TOWER New Zealand - Health & Life

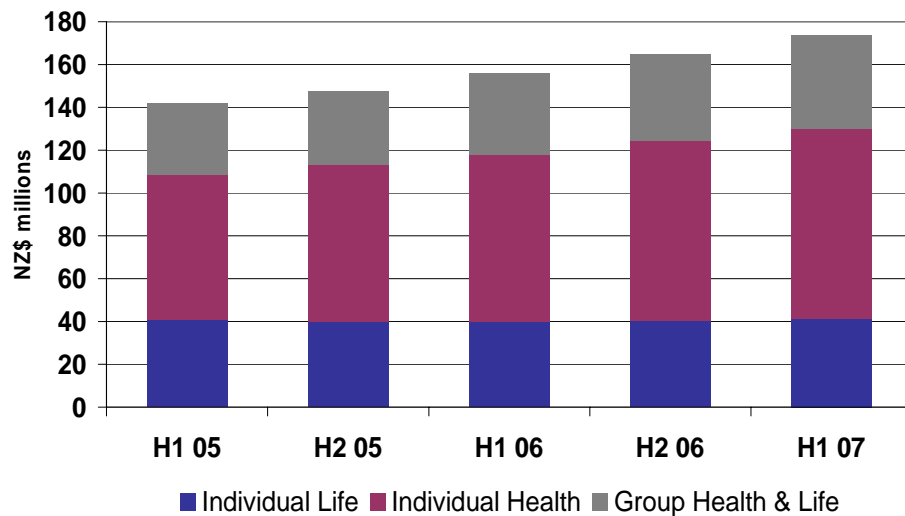
NZ\$million	Six months ended		
	31-Mar-07	31-Mar-06	30-Sep-06
Operating earnings from Health	3.1	2.4	0.6
Operating earnings from Life	8.5	7.6	5.7
Total Operating Earnings (Net of Tax)	11.6	10.0	6.3
Discount rate changes from Life	(0.7)	(0.6)	(0.1)
Net Investment return on shareholder funds	1.3	1.7	1.8
Net Profit After Tax	12.2	11.1	8.0

- Operating earnings from the combined Health & Life businesses up 16% on the same period last year. Operating earnings for Health up by 29% and Life up 12%.
- Discount rate reduced earnings
- Investment returns lower
- NPAT up by 10% on the same period last year.

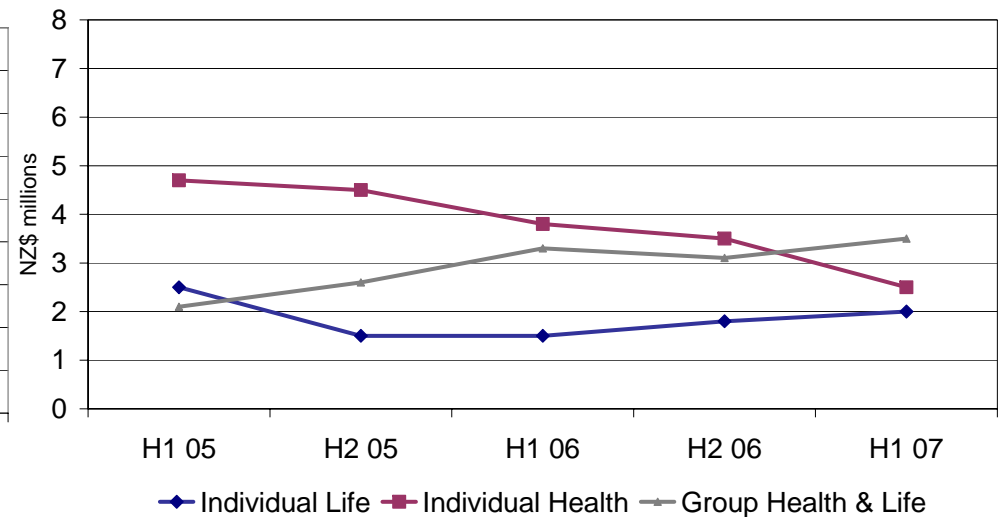
TOWER Limited – Health & Life

In-force and New Business

In-force Premium



New Business

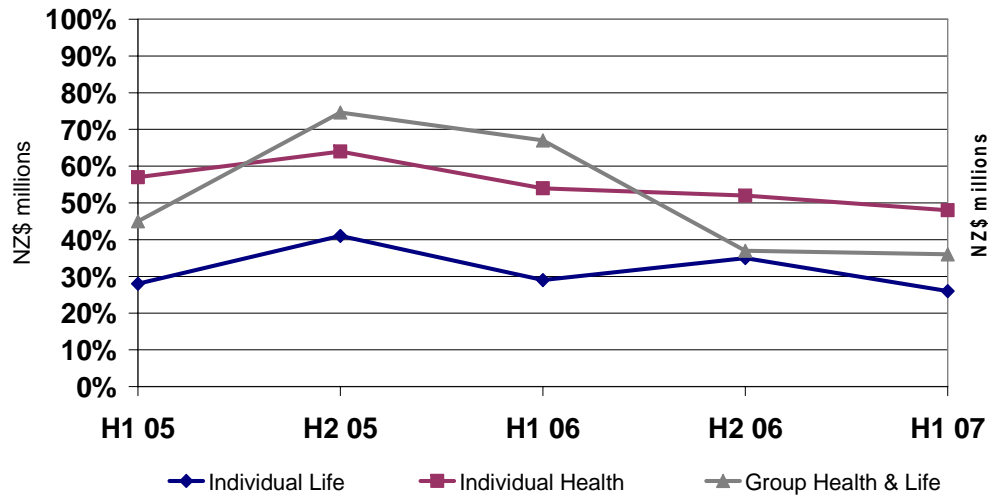


- Group Health and Life growing
- Individual Health premium growing due to adoption of disciplined pricing over the last year, notwithstanding reduced sales - product offering now being revamped
- Individual Life business constant

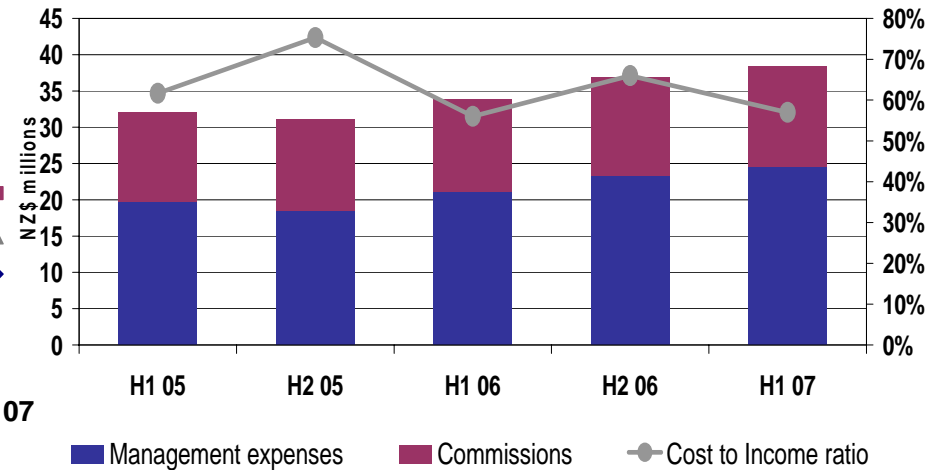
TOWER Limited – Health & Life

Claims and Expenses

Claims Ratio



Management & Sales Expenses



- Claims – All claims ratios show positive trends as a result of active claims management
- Management and Sales Expenses – Cost / Income ratio continues to show positive trend notwithstanding investment in service improvement for customers and distributors

TOWER Limited – General Insurance

Analysis of Profit

TOWER New Zealand - General Insurance

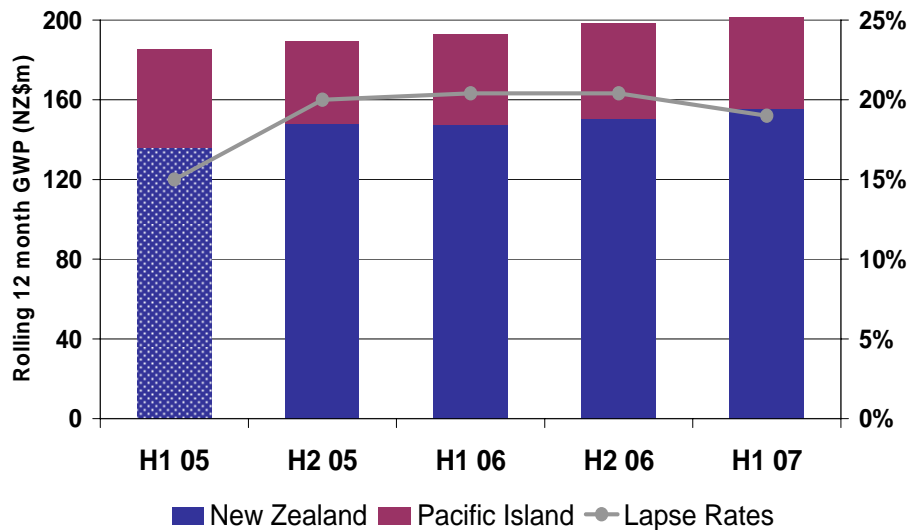
NZ\$million	Six months ended		
	31-Mar-07	31-Mar-06	30-Sep-06
Net Premiums	90.8	86	92.5
Incurred Claims	(55.3)	(51.1)	(58.6)
Management and Sales expenses	(32.3)	(29.3)	(32.3)
Underwriting Profit	3.2	5.6	1.6
Net Investment return on shareholder funds and other	6.5	4.0	5.2
Tax	(5.6)	(4.4)	(4.1)
Net Profit After Tax	4.1	5.2	2.7

- NPAT and Underwriting Profit both down on same period last year
- Increase in claims exceeded premium increase
- Investment returns higher than prior periods

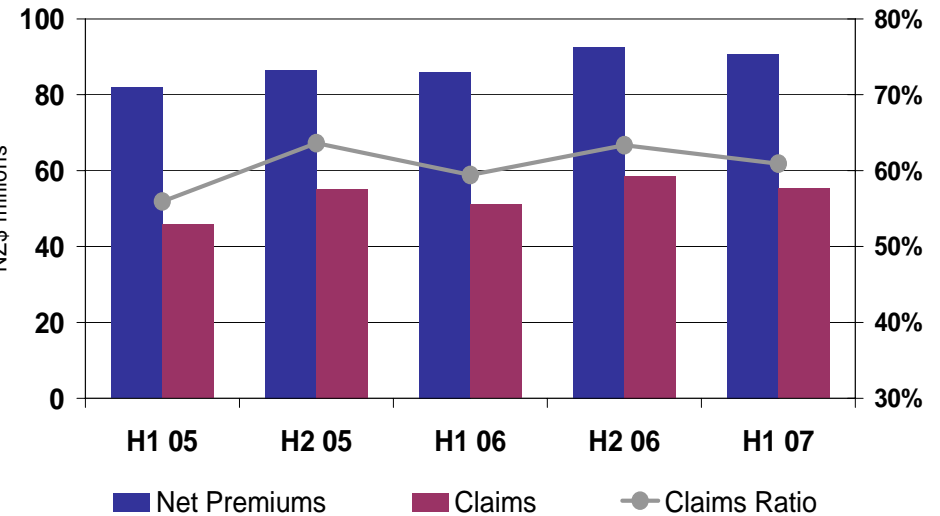
TOWER Limited – General Insurance

Premiums, Lapses and Claims

Gross Written Premiums & Lapses



Net Premiums & Claims

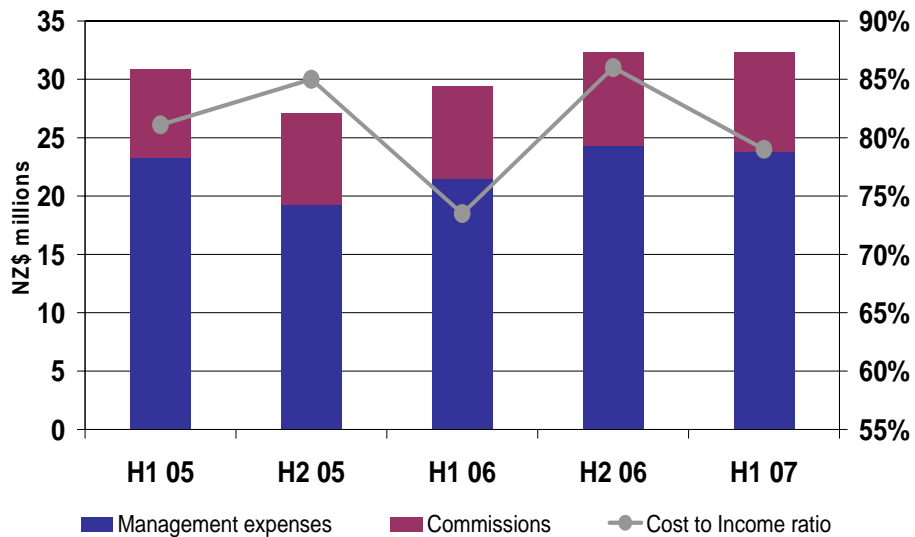


- All key ratios steady
- Positive trend in Gross Written Premiums
- Lapse rates at 19%, slightly down on the prior periods due to a stronger customer retention focus
- Claims ratio in line with recent periods

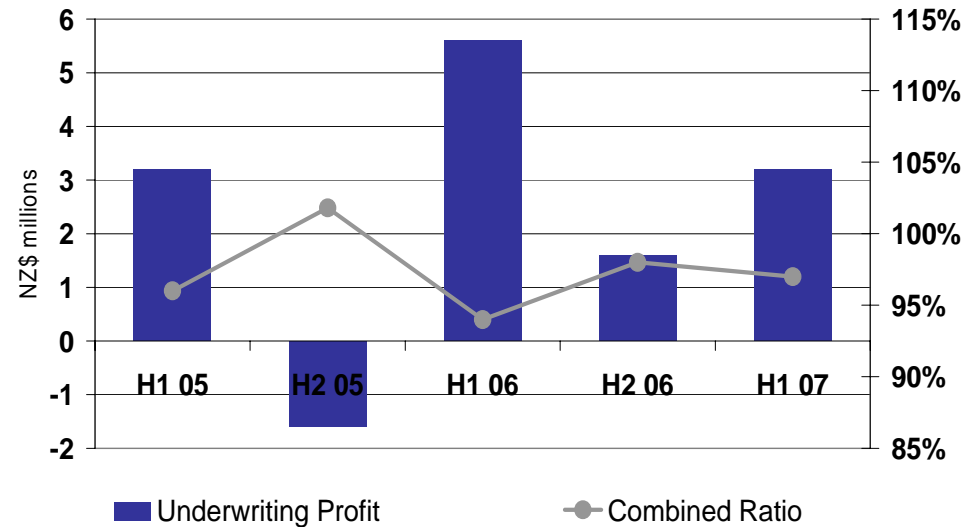
TOWER Limited – General Insurance

Expenses and Underwriting Profit

Management & Sales Expenses



Underwriting Profits



- Cost/Income ratio shows an improvement with an increase in commissions (due to alliance growth) largely offset by a saving in management expenses
- Increased underwriting profit due to Improved combined ratio

TOWER Limited – Investments

Analysis of Profit

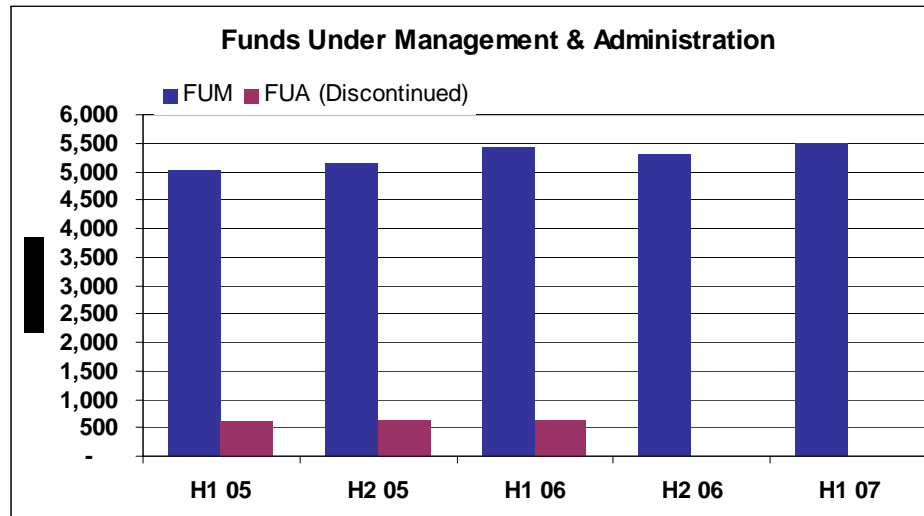
NZ\$million	Six months ended		
	31-Mar-07	31-Mar-06	30-Sep-06
Total Income	26.2	24.2	28.6
Management expenses	17.6	16.2	17.8
Sales Expenses ¹	2.8	3.8	4.3
Total Expenses	20.4	20.0	22.1
Operating Earnings	5.7	4.2	6.5
Tax	(2.0)	(1.4)	(2.5)
Net Profit After Tax	3.7	2.8	4.0
Cost to Income Ratio (%) ¹	67%	70%	64%
Funds under Management	5,505	5,436	5,305

(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

- NPAT improved vs same period last year due both to higher income and lower sales expenses
- Management expenses include \$2m of one-off project costs associated with KiwiSaver, PIE and the relocation of the Wellington office – projects on track

TOWER Limited – Investments

Funds Under Management

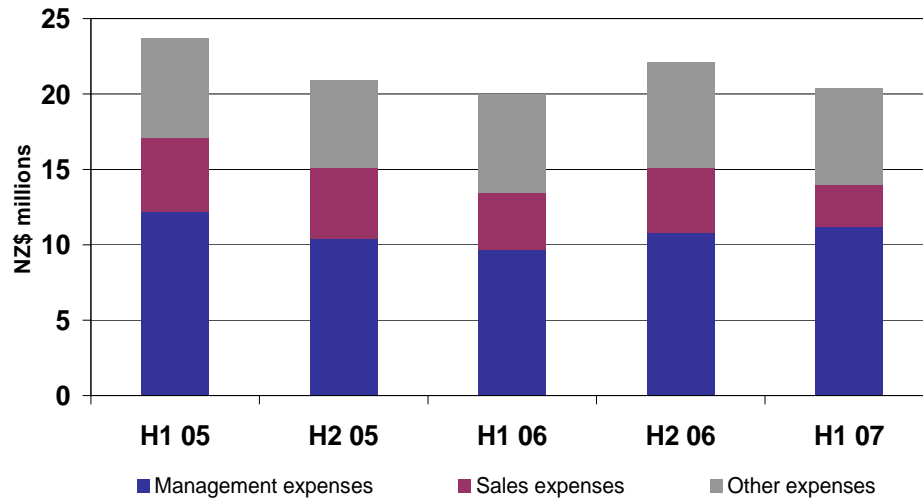


- Funds under management (“FUM”) growth attributable due to strong investment returns
- Sales affected by:
 - > Market factors: slowdown in activity due to wait and see approach being adopted pending introduction of KiwiSaver
 - > TOWER product factors: transfer from TOWER Retirement Fund to more flexible LifeSaver product, Property Fund closure and NZ Equities at capacity

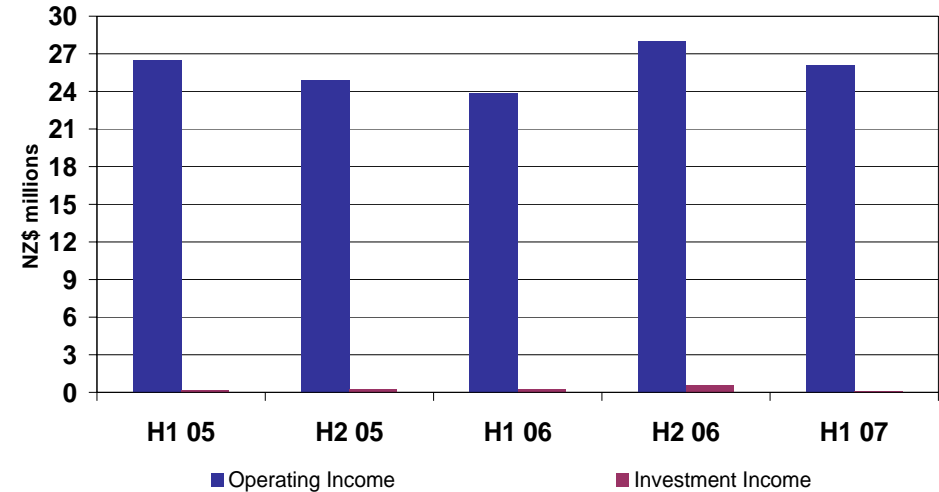
TOWER Limited – Investments

Expenses and Income

Expenses



Income



- Management expenses in line with prior period with project expenses offset by savings from other cost management and outsourcing initiatives.
- Lower investment management fees and corresponding product fee income due to reweighting from international to domestic assets

Looking Forward

TOWER's Group Strategy

Strategy – Overall Group

Growth

- Building aligned intermediated sales channel
- Channel diversification by leveraging Group expertise in the Direct and Corporate channels
- Product and service innovation
- Developing new Investment retail products to meet the new environment (Tax changes and KiwiSaver)
- Leveraging Work Place benefits as a result of the introduction of KiwiSaver
- Leveraging the considerable experience with commercial insurance in the Pacific

Default KiwiSaver provider status becomes more important following budget announcements

Strategy – Overall Group ...cont'd

Customer

The Group strategy for Customer Service will see the adoption of a ***One Touch*** concept which will provide:

- A focus on first point resolution for customer
- Enhanced customer experience whilst driving efficiencies through scale
- Leveraging the Group's wide range of products and services

Strategy – Overall Group ...cont'd

Processes

- The business is continuing its focus on operations to ensure it delivers a standard of excellence across all core fundamentals eg underwriting, margins containment of claims costs etc
- Productivity improvements targeted via continued simplification of business model and systems

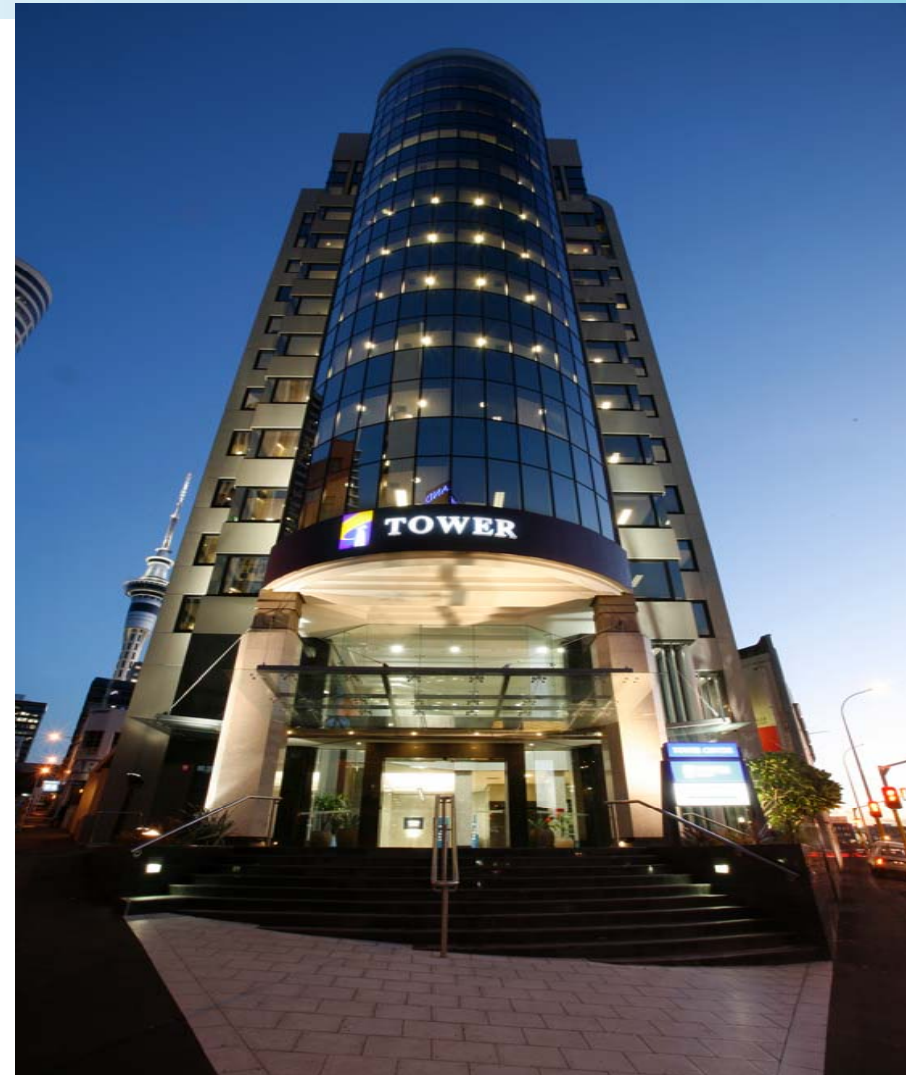
People

- Increasing our professionalism through learning and development and enhanced leadership capability

TOWER Limited

Half Year Results - Period ended 31 March 2007

Questions and Answers



Making life easier

