



10 February 2003

Pam Ross  
Company Announcements Office  
Australian Stock Exchange Limited  
Exchange Centre  
Level 6, 20 Bridge Street  
Sydney NSW 2000  
AUSTRALIA

Dear Pam

**TOWER LIMITED – COMPANY ANNOUNCEMENT**

In accordance with the ASX Listing Rules, please note the following:

- **KPMG COMPLETES TOWER AUSTRALIA LTD REVIEW**

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Ngan Kee', positioned above a vertical line.

Mark Ngan Kee  
**GROUP COMPANY SECRETARY**  
**TOWER Limited**



## **MARKET RELEASE**

For Immediate Release

10 February 2003

### **KPMG Completes TOWER Australia Ltd Review**

TOWER Australia Limited today announced that the review for APRA by KPMG had been completed. In welcoming the findings, Jim Minto, Chief Executive Officer of TOWER Australia said:

"It is important for our clients to be assured of our security. We are pleased with both the review and the progress that we have been making in strengthening our capital position."

The review was based on the company's financial accounts and position as at 30 September 2002, the balance date for the company. Key conclusions of the review by KPMG were:

- TOWER Australia Ltd was solvent and was likely to have been capital adequate at 30 September 2002.
- The addition of the recently announced \$30 million cash injection by TOWER would have been sufficient to have exceeded capital adequacy uncertainties as at 30 September 2002.
- TOWER Australia Limited's position would be substantially improved by replacing the three strategic assets held by TOWER Australia Ltd statutory funds with cash or investment securities.

TOWER expects that when the \$30 million capital is injected by 31 March 2003, the company will be in excess of target surplus requirements.

The review considered a number of technical issues such as treatment of participating reserves, expense reserves, reinsurance and inadmissibility of strategic assets which all impact on solvency and capital adequacy. These are matters that require consideration and judgement as to the right treatment, and will be further considered by TOWER and discussed with APRA.

The investment value of TOWER's three strategic assets that are held in the statutory funds of TOWER Australia Limited – Bridges, TOWER Trust Australia and distribution group FSP – are reviewed on a six monthly basis, with a valuation being carried out by external experts. The experts used at 31 March 2003 will be changed as part of a normal rotational process. KPMG supported the approach adopted by TOWER, but did not specifically revalue the assets.

Mr. Minto continued: "TOWER strongly supports APRA's view and role of protecting policyholders. We have been investing funds, paying claims and looking after client needs for over 130 years. It is important for our clients to know that we remain secure, as we have been throughout our history."

Mr. Minto confirmed that all other aspects of the strategy to strengthen TOWER's position in Australia are very much on track.

"We implemented the first stage of restructuring late last year and we continue to implement key steps of our plan as we look to rebuild the TOWER Australia business."

For further information:

Jim Minto, Chief Executive Officer, TOWER Australia -  
+61 2 9448 9217 or 0061 403 277 244