

29 May 2009

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000
ARBN 0088 481 234 Incorporated in New Zealand

Market Information
New Zealand Exchange Limited
Level 2, NSX Centre,
11 Cable Street
Wellington 6140

TOWER LIMITED – VALUE & CAPITAL ANALYSIS

Further to release of the Half Year Results for the period ended 31 March 2009, attached is a Value & Capital Analysis Report.

Yours faithfully

Eric O'Sullivan
Company Secretary
TOWER Limited

TOWER Limited

Half Year Results - Period ended 31 March 2009

Value & Capital Analysis Pack



TOWER Group and Business Units - Balance Sheet

31 March 09 NZ\$ millions	Health & Life	General Ins	Investments	Holdings Companies	Group
Cash & Call Deposits	14.1	48.3	3.5	86.8	152.7
Fixed Interest	551.0	176.0		21.9	748.9
Equity	188.3	3.1		2.3	193.7
Property	73.3	8.3			81.6
Derivative Financial Instruments	46.9		(0.3)		46.6
Total Investment Assets	873.6	235.7	3.2	111.0	1,223.5
Policy liabilities & Insurance Provisions	(736.8)	(188.9)			(925.7)
Deferred Acquisition Costs	25.4	13.5	9.0		47.9
External Debt				(165.2)	(165.2)
Net Operational Assets/(Liabilities)	2.7	60.8	14.0	18.6	96.1
Net Tangible Assets Backing Shareholder Capital	164.9	121.1	26.2	(35.6)	276.6
Excess of Market Value over Net Tangible Assets – Goodwill	13.1	17.7			30.8
Total Equity Attributable to Shareholders	178.0	138.8	26.2	(35.6)	307.4

TOWER Group and Business Units - Appraisal Value*

31 March 09 NZ\$ millions	Health & Life	General Ins	Investments	Holdings Companies	Group
Net Worth	27.4				27.4
Value of In-force business	154.7				154.7
Embedded Value	182.1	0.0	0.0	0.0	182.1
Value of 1 years new business	2.7				2.7
Value of Future new business	10.6				10.6
Appraisal Value (Enterprise Value)	192.7	0.0	0.0	0.0	192.7
Fair Value of Net Tangible Assets	95.8	153.2	26.2	129.6	404.8
External Debt				(165.2)	(165.2)
Appraisal Value	288.5	153.2	26.2	(35.6)	432.3

An internal assessment performed by the Chief Actuary

TOWER Group and Business Unit - Carrying Value / Appraisal Value

NZ\$ millions	As at 31 March 09		As at 30 September 08	
	Carrying Value	Appraisal Value	Carrying Value	Appraisal Value
Health & Life				
TOWER Health & Life	107.0	136.2	94.5	130.0
TOWER Medical	44.1	95.8	37.7	89.8
TOWER Life (NZ)	26.9	56.5	26.3	66.4
	178.0	288.5	158.5	286.2
General Insurance				
TOWER Insurance	138.8	153.2	145.9	160.3
	138.8	153.2	145.9	160.3
Investment Business				
TOWER Asset Management	6.4	6.4	5.8	5.8
TOWER Managed Funds	19.8	19.8	18.0	18.0
	26.2	26.2	23.8	23.8
Other				
TOWER Group Head Office	129.6	129.6	53.6	53.6
External Debt	(165.2)	(165.2)	(87.6)	(87.6)
Total Capital Employed	307.4	432.3	294.2	436.3

Life Insurance - Profit Summary

NZ\$ millions	Six months ended 31 March 2009	Six months ended 30 September 08	Six months ended 31 March 2008
Life Insurance Operating Earnings			
Planned Profits	8.6	8.0	7.4
Experience Profit (Loss)	(1.8)	1.0	(0.3)
Operating Earnings from Life	6.8	9.0	7.1
Earnings from Health	5.6	(0.4)	4.9
Total Operating Earnings (Net of Tax)	12.4	8.6	12.0
Net Investment Return on Shareholders Funds	1.4	2.9	3.4
Discount Rate Changes	5.1	1.9	(0.3)
Profit After Taxation from Continuing Operations	18.9	13.4	15.1

Life Insurance - Change in Embedded Value

NZ\$ millions	TOWER Life (NZ)	TOWER Health & Life
Embedded Value as at 30 September 2008	63.6	122.0
Expected Increase in Value of In-Force	2.6	6.4
Earnings on Net Worth	0.3	0.1
Experience:		
- Investment Earnings	(6.7)	(0.3)
- Other	0.1	(0.3)
Changes in Assumptions:		
- Investment Earnings	(5.8)	(0.5)
Value from New Business	0.3	0.7
Miscellaneous:		
- Other	(0.3)	(0.1)
Embedded Value as at 31 March 2009	54.1	128.0

Life Insurance - Change in Value of One Year's New Business

NZ\$ millions	TOWER Life (NZ)	TOWER Health & Life
Value of One Year's New Business as at 30 September 2008	0.7	2.0
Change in One Year's Volumes and Mix of Business	(0.1)	0.1
Value of One Year's New Business as at 31 March 2009	0.6	2.1

Life Insurance - Embedded Value and Value of One Year's New Business

Embedded Value and Value of One Year's New Business

NZ\$ millions	31 March 09		30 September 08	
	TOWER Life (NZ)	TOWER Health & Life	TOWER Life (NZ)	TOWER Health & Life
Net Worth	17.7	9.7	17.6	7.4
Value of In-force Business	36.4	118.3	46.0	114.6
Embedded Value	54.1	128.0	63.6	122.0
Value of One Year's New Business	0.6	2.1	0.7	2.0