

Series B

Statement of Accounts

For the year ended

30 September 2007

Relating to

Individual Business, Corporate Superannuation
And the Capital Assured Fund investment option.

TOWER Australia Limited



These statements have been produced as part of the disclosure requirements of Series B policy conditions. These accounts do not comply with the disclosure requirements of the Australian accounting standards. They do meet the basic accounting recognition and measurement principles in accordance with accounting policies of TOWER Australia Limited and have been assessed on this basis.

The statement of accounts includes:

- A summary of Transactions in all Investment Accounts for the year ended 30 September 2007
- A statement of Investments as at 30 September 2007
- A statement of Investment Yield earned for the year ended 30 September 2007
- The movement in the combined Investment Reserve for the year ended 30 September 2007

Statement of Transactions in all Investment Accounts
For the year ended 30 September 2007

		Ordinary \$	Superannuation \$
Opening Balances		21,779,393	223,252,719
Opening Adjustment	1		(772,366)
Contributions received		1,072,399	17,520,732
Dividends credited to investment accounts		956,087	10,726,119
Loyalty bonuses credited to investment accounts		62,559	460,898
Benefit payments on death, surrender or maturity		(3,131,256)	(42,054,915)
Contributions tax deducted		-	(1,893,607)
Protection and group life charges deducted		(324,742)	(612,549)
Administration fees deducted		(254,581)	(2,152,380)
Movement in balances of investment accounts		(1,619,533)	(18,778,066)
Balances of Investment Accounts at end of year		20,159,860	204,474,653

Notes:

1. Aggregate account balances at 30 September 2006 were overstated due to a reporting error. Actual balances for individuals were not affected.

Statement of Assets
For the year ended 30 September 2007

	Ordinary \$	Superannuation \$
Australian Fixed Interest	26,987,830	160,532,261
Australian Shares	4,809,838	30,421,453
Cash	2,553,204	2,809,128
International Fixed Interest	8,894,443	52,538,208
International Shares	2,140,596	12,690,130
Property	2,007,664	11,718,662
Other assets	264,699	4,152,374
Less Other liabilities	(4,787,686)	(8,283,858)
Total Assets Less Other Liabilities	<u>42,870,588</u>	<u>266,578,359</u>
The net assets are available to meet:		
Net Balances of Investment Accounts (i.e. aggregate surrender values)	20,656,755	204,285,343
Plus: charges contingent on early termination	170,786	4,206,775
Less: accrued loyalty bonus paid on surrender	(667,682)	(4,017,464)
Excess of Net Assets over the Balances of Investment Accounts (representing assets backing Investment Reserves and General Surplus for Series-B)	22,710,729	62,103,706
	<u>42,870,588</u>	<u>266,578,359</u>

Statement of Investment Yield earned
For the year ended 30 September 2007

	Ordinary	Superannuation
	\$	\$
Investment Earnings		
Interest, dividends and rents	1,997,007	12,369,196
Income tax expense	(599,102)	(1,819,487)
Transfer (To) / From Investment Reserve	(300,987)	2,531,888
Total	1,096,917	13,081,597
Investment Yield Earned	4.11%	4.99%

Movement in the combined¹ Investment Reserve
For the year ended 30 September 2007

		\$
Balance at beginning of year		12,826,824
Adjustment to opening balance:	2	(991,238)
Add:		(1,287,147)
Net profits on sale of assets and net appreciation of assets		
Interest on Investment Reserve	3	856,417
Transfers from investment earnings		-
Deduct:		(153,884)
Allowance for taxation		
Release of reserves and payment of terminal bonuses	4	2,317,617
Transfers to investment earnings		2,230,901
Balance at end of year		7,010,221

Notes:

1. A combined Investment Reserve is maintained for Ordinary and Superannuation business.
2. The investment earnings on General Surplus at 30 September 2006 has been reclassified from Investment Reserve to General Surplus available for Series-B policyholders. The amount reclassified to General Surplus leaves the total reserves available to Series-B policyholders unchanged.
3. Net of allowance for taxation
4. Terminal bonuses were introduced for some Series-B policies during 2007 as a mechanism to distribute a share of reserves to exiting policyholders or members.