

7 November 2008

Company Announcements Office
ASX Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000
AUSTRALIA

TOWER COMPLETES INSURANCELINE PURCHASE

TOWER Australia Group Limited (TOWER Australia) has today announced the completion of the purchase of InsuranceLine Holdings Pty Ltd (InsuranceLine).

On 2 October 2008 TOWER Australia said it had an agreement to purchase the 85% of InsuranceLine it did not already own subject to FIRB approval and the satisfaction of a number of conditions. All the conditions have now been satisfied, FIRB approval has been received and the transaction was completed today.

InsuranceLine is Australia's fastest growing and largest direct distributor of Life Insurance products with in-force premium of \$114 million at 31 August 2008.

TOWER Australia's Managing Director, Mr Jim Minto, said the acquisition is strategically important for the company and complements TOWER Australia's existing Advice and Workplace channels.

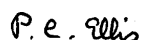
"It gives TOWER Australia end-to-end distribution capability in the direct to customer segment of the market which is not served by advice and builds on our highly competitive market position," he said.

"TOWER Australia remains well capitalised and financially strong. Our financial strength provides us with the ability to make this important acquisition in challenging economic circumstances," he concluded.

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

- Appendix 3B – New Issue Announcement
- Section 708A Notice

Yours faithfully



Philippa Ellis
General Manager Investor Relations & Listed Company Secretary
TOWER Australia Group Limited

TOWER AUSTRALIA

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

TOWER AUSTRALIA GROUP LIMITED

ABN

79 003 401 698

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	1.1 Ordinary Shares (subject to Voluntary Escrow) 1.2 Series 1 Convertible Notes 1.3 Series 2 Convertible Notes
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	2.1 Ordinary Shares: 12,842,466 2.2 Series 1 Convertible Notes: \$19,852,940 (Face Value) 2.3 Series 2 Convertible Notes: \$17,647,060 (Face Value)

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

3.1 Ordinary Shares

Subject to Voluntary Escrow arrangements where:

- (a) 1,605,309 Ordinary Shares will be released from Escrow on 1 January 2009;
- (b) 1,605,309 Ordinary Shares will be released from Escrow on 1 April 2009
- (c) 1,605,309 Ordinary Shares will be released from Escrow on 1 July 2009
- (d) 1,605,309 Ordinary Shares will be released from Escrow on 1 October 2009; and
- (e) the balance of Ordinary Shares will be released from Escrow on 1 April 2010.

In the event that the Series 1 and Series 2 Convertible Notes held by or on behalf of the Escrowed Shareholder is converted, redeemed or transferred at the entities request to a third party in its entirety all Escrowed Shares other than 32% of the original number of Escrowed Shares will be released from the Disposal Restrictions imposed under the Voluntary Escrow Deeds entered into by each holder of Escrowed shares.

3.2 Series 1 Convertible Notes

The convertible notes have the following terms:

- (a) The convertibles notes will mature on 1 October 2011;
- (b) at any time before 1 October 2009 the holder(s) may convert all or any part of the Face Value of the notes into Ordinary Shares provided:
 - (i) the TOWER share price is not less than \$3.20 in the 10 days prior to conversion; and
 - (ii) the aggregate face value converted within the 30 days prior to conversion does not exceed 25% of the original face value of the note.
- (c) at any time after 1 October 2009 the holder(s) may convert all or any part of the Face Value of the notes into Ordinary Shares without restriction for an issue price of \$2.92 per share.
- (d) at any time before 1 October 2011 TOWER Australia Group Limited may:
 - (i) redeem all or any part of the Face Value of the notes;
 - (ii) convert all or any part of the Face Value of the notes into Ordinary Shares at an issue price per share determined by the Company. Such shares will then be sold by placement and the proceeds will reduce the Face Value of the Notes (pro rata amongst the notes).
- (e) TOWER Australia Group Limited may not redeem convert or transfer with respect to the series 1 convertible notes unless at least \$5,000,000 of the face value of series 2 convertible notes has been redeemed, converted or transferred.

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3.3 Series 2 Convertible Notes

As above at 3.2 (a) to (d).

- (a) TOWER Australia Group Limited may not redeem convert or transfer with respect to the series 2 convertible notes unless at least \$5,000,000 of the face value of series 1 convertible notes has been redeemed, converted or transferred.

- 4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Yes

- 5 Issue price or consideration

5.1 Ordinary Shares

Part consideration for the acquisition of the remaining 85% share capital of InsuranceLine Holdings Pty Ltd and InsuranceLine Group Holdings Pty Ltd.

5.2 Series 1 Convertible Notes

As above at 5.1

5.3 Series 2 Convertible Notes

As above at 5.1

⁺ See chapter 19 for defined terms.

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New issue announcement

<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>6.1 Ordinary Shares</p> <p>Issued as part of the consideration for the acquisition of the remaining 85% share capital of InsuranceLine Holdings Pty Ltd and InsuranceLine Group Holdings Pty Ltd.</p> <p>6.2 Series 1 Convertible Notes</p> <p>As above at 6.1</p> <p>6.3 Series 2 Convertible Notes</p> <p>As above at 6.1</p>
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<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>7 November 2008</p>
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	Number	+Class
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>337,516,635</p>	<p>Fully Paid Ordinary Shares</p>

	Number	+Class
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>21,115,898</p>	<p>Unlisted Options</p>
	<p>572,150</p>	<p>Performance Rights</p>
	<p>12,842,466</p>	<p>Ordinary Shares (subject to voluntary escrow)</p>
	<p>\$19,852,940 (Face Value)</p>	<p>Series 1 Convertible Notes</p>
	<p>\$17,647,060 (Face Value)</p>	<p>Series 2 Convertible Notes</p>

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	<p>10.1 Ordinary Shares</p> <p>Subject to Voluntary Escrow. Entitlement to dividend as per ordinary shares.</p> <p>10.2 Series 1 Convertible Notes</p> <p>(a) No entitlement to dividend until converted to ordinary shares.</p> <p>(b) An unfranked coupon payment will be payable on the face value of the convertible notes in respect of the 2009 Financial year. The coupon rate will be calculated based on the TOWER Australia Group Limited's dividend rate plus 1%.</p> <p>(c) Any year 2 coupon rate thereafter on the will be calculated based on the Bank Bill Swap rate plus 1%.</p> <p>10.2 Series 2 Convertible Notes</p> <p>As above at 10.2</p>
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

+ See chapter 19 for defined terms.

Appendix 3B
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18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents	N/A
	Note: Security holders must be told how their entitlements are to be dealt with.	
	Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a	N/A

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	broker?	<input style="width: 95%;" type="text"/>
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

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39 Class of +securities for which
 quotation is sought

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40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

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41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

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- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

P. E. Ellis

Sign here: Date: 7 November 2008
(~~Director~~/Company secretary)

Print name: Philippa Ellis
TOWER Australia Group Limited

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ASX Limited
Exchange Centre
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Sydney NSW 2000
AUSTRALIA

SECTION 708A NOTICE

TOWER Australia Group Limited (**TOWER Australia**) hereby provides notice to the ASX that it has issued 12,842,466 fully paid ordinary shares (**Shares**) as a part of the consideration to acquire the remaining 85% of the share capital of InsuranceLine Holdings Pty Ltd and InsuranceLine Group Holdings Pty Ltd by TOWER Distribution Management Limited, as previously announced on 2 October 2008.

This notice is given under paragraph (5)(e) of section 708A of the Corporations Act. Accordingly, TOWER Australia makes the following statements:

TOWER Australia has issued the Shares without disclosure to investors under Part 6D.2 of the Corporations Act. That is, without a prospectus.

As at the date of this notice, TOWER Australia has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to TOWER Australia; and
- (b) section 674 of the Corporations Act.

As at the date of this notice, all information of the kind that would be required to be disclosed as excluded information for the purposes of sections 708A(7) and (8) of the Corporations Act has been disclosed to ASX.

SIGNED for and on behalf of TOWER Australia:

P. e. Ellis

Philippa Ellis
General Manager Investor Relations & Listed Company Secretary
TOWER Australia Group Limited

TOWER AUSTRALIA

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