

21 February 2008

Calliden Builds Scale in General Insurance

FY 2007 Results

Calliden Group Limited today reported a net profit of \$1.3 million, compared with a net loss of \$2.4 million in 2006.

Gross written premium was reported as \$124.4 million for the year ended 31 December 2007, a 140% increase on the previous year's GWP of \$51.8 million, demonstrating that the Group has built sufficient scale to generate a profit.

Commenting on the results, Nick Kirk, Chief Executive Officer and Managing Director of the Calliden Group, said: "We're pleased that we have made our first profit as a general insurer. During the year we've made some significant investments to achieve scale most notably the acquisition of Australian Unity's general insurance businesses comprising Australian Unity General Insurance Limited, Mansions of Australia Limited and a 50% stake in Farmer's Mutual Insurance Limited. This acquisition has contributed significantly to our 2007 result.

"In addition we have continued to invest in specialist distribution, through agencies such as Interruption Underwriting Agencies (IUA) whilst expanding our involvement in a variety of niche sectors, and further expanding our claims handling capacity through Claims Services Australia's investment in Insurance Claims Solutions.

"This has been achieved in a changing environment. We have experienced abnormal weather events, and investment market volatility at the same time the commercial intermediated market prices have continued to soften.

"This has meant that as we carefully integrate all our acquisitions and joint ventures we focus on underwriting control and discipline, and protecting the company from this harsher trading environment.

"Our integration plan is on track. We now have a combined reinsurance program and a single management team across the group. We still have major challenges ahead with the continuation of our consolidation onto a single IT platform and the relocation of our Sydney and Melbourne offices.

“In 2008, we will continue to build value from our existing businesses in cooperation with our intermediary partners. We remain on track to achieve our longer term targets for the general insurance business.”

General insurance business

- Australian Unity general insurance business acquisition
- GWP of \$124.4 million, up from \$51.8 million in 2006
- Securing of distribution capability via acquisition/investment:
 - Blue Dog (50% acquired April 2007)
 - Club Insure Australia (50% acquired April 2007)
 - Young & Cool portfolio (100% acquired by Dawes Underwriting Australia July 2007)
 - Interruption Underwriting Agencies (50% acquired October 2007)

Investment & capital management

- Completion of push down project to transfer runoff liabilities to Calliden Limited freeing up \$25 million of regulatory capital.
- The Group maintained its conservative investment strategy during the financial year with \$165 million (2006 - \$98.4 million) invested in cash, fixed interest securities, property, equities and joint ventures
- Acquisition of AU general insurance businesses, partly funded by debt and a new strategic shareholding

Outlook for FY 2008

“I believe there is an exciting future ahead for the Calliden Group as we build on the 2007 results, continue to expand our reach and credibility and consolidate our position in the general insurance industry” said Mr Kirk.

Mr Nick Kirk will be giving a presentation on the full-year results of the Group on Friday 22 February 2008 at 8.30am AEST.

The telephone number to access the briefing is in the attached slide. The PowerPoint slides that Mr Kirk will be talking to will be made available this afternoon.

For further information please contact:

Nick Kirk, Chief Executive Officer and Managing Director, Calliden Group, 02 9551 1102

Conference Call - Dial in details

Friday 22nd February at 8.30am (Australian Eastern Standard Time)

Please note that to participate in this conference call you will need a touchtone phone

Dial in Numbers:

Australia	1800 554 798
New Zealand	0800 450 585
Singapore	800 6163 105
Japan	0053 1250 084
Hong Kong	800 901 587
United Kingdom	0808 234 8407
United States of America	1866 839 8029

- Approximately 10 minutes before the scheduled time, please dial the relevant number above.
- You will be greeted by an Operator and asked for your *CONFIRMATION CODE* – **9991729**.
- You will then be placed in Listen Only (mute) mode with hold music until the conference is due to commence.
- At the start of the conference your line will be taken off hold music and you will be placed back in Listen Only mode.
- Should you wish to ask a question or make a comment please dial *1 (star one) to register your questions.
- Should you wish to cancel your question at any time then please dial *2 (star two).
- Please note that all questions will be answered at the conclusion of the presentation.
- If you are disconnected during the call then please redial your conference Dial In number.
- At any time during the call please dial *0 (star zero) for operator assistance.

Should you have any queries in regards to the above information then please contact Katherine Formosa (katherine.formosa@calliden.com.au / + 61 2 9551 1102)