

## 2011 Half Year Financial Results

GWP:	\$122m	2010 HY - \$109m
Net loss:	(\$4.3m)	
Total assets:	\$425m	
Shareholders' equity:	\$100m	

### Commentary on Financial Results for 2011

The Group's net loss after tax was \$4.3m for the first half of the 2011 financial year, which compares with a profit in the prior corresponding period. This loss resulted through a record level of claims generated from four natural catastrophes and an increase in the frequency and severity of large individual claims. These catastrophe events cost the industry approximately \$4b, of which Calliden's exposure is approximately 1%. Calliden's reinsurance programme responded well to these events, and hence our net losses incurred are limited to \$8m excluding reinstatement premiums and other associated costs.

GWP is up 11% compared with the prior corresponding period, reflecting a mixture of new business growth and price increases. This shows Calliden is experiencing strong growth, particularly as the first half 2010 included NSW Home Warranty business. This business was replaced by a government scheme commencing July 2010; reflecting true growth of 16.4%.

Net earned premium increased by 9% as the Group is now retaining more risk as the quota share has now fully transitioned to 40% from 50%. Consequentially, this has reduced the exchange commission and increased our net acquisition ratio slightly.

During the first half of 2011 Calliden brought the management of its commercial claims in-house, recognising the different management and service skills required in managing commercial claims. Personal lines claims remain with our claims handling partner Claims Services Australia Pty Ltd (CSA).

### Financial Strength

Calliden Insurance Limited is authorised by the Australian Prudential Regulation Authority (APRA) to conduct general insurance.

Calliden Group is publicly listed on the Australian Securities Exchange (code: CIX). As a listed entity the group is subject to ASX continuous disclosure and listing rules. Calliden is also subject to ASIC's rigorous governance framework. Our shares are publicly traded and we have strong support from institutional investors, with over 50% of shares currently held by leading Australian Institutions.

The majority of Calliden Group's capital has been employed to support its insurance subsidiary Calliden Insurance Limited.

### Capital Management

Calliden Insurance Limited has net assets greater than \$50m and a capital adequacy ratio that exceeds APRA's minimum requirements by approximately 1.7 times. This measure aims to ensure that general insurers maintain adequate capital to act as a buffer against the risk associated with their activities and is calculated for each individual insurer. Capital adequacy figures for other insurers as at 30 June 2011 are obtainable from APRA. These demonstrate Calliden has a strong capital base relative to its peers.

### Reinsurance

Calliden maintains a conservative reinsurance philosophy with low risk retention levels in comparison to its strong capital base. In addition, it is supported by some of the worlds largest reinsurers, including Munich Re. The majority of these reinsurers have a Standard and Poors rating of 'A' or better.

### Broker Security Committees

Calliden has approval from the majority of the international broker security committees.

### Further information about Calliden Group

As at the end of June 2011, the group has \$100m in paid up capital. Its shareholders at this date include:

- Hunter Hall Investment Management 20%
- Australian Unity 13%
- Celeste 9%
- Greencapital 6%

### Further information

For further information please download and view Calliden's Half year 2011 results presentation from its website [www.calliden.com.au](http://www.calliden.com.au)

Or contact Mike Hooton - Calliden Group Executive, Business Performance, People & Customers on (02) 9551 1150