

CONSOLIDATED FINANCIAL STATEMENTS**ASSETS**

(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Cash	010	14,560	24,582
<u>21.012</u>	Short Term Investments	040	21,950	16,390
	Accrued Investment Income	070	1,032	895
<u>21.150 or</u> <u>21.155</u>	Accounts Receivable	100	12,323	8,679
	Policy Loans	200		0
<u>21.012</u>	Bonds and Debentures	250	53,704	41,513
<u>21.050</u>	Mortgage Loans	300	2,417	4,552
<u>21.012</u>	Preferred Shares	420	100,190	100,431
<u>21.012</u>	Common Shares	440	33,880	36,093
<u>21.080</u>	Real Estate	500	23,675	4,462
<u>21.100</u>	Other Equity Investments.....	550	21,459	27,612
<u>21.100</u>	Other Loans and Invested Assets	600	15,944	15,702
	Future Income Taxes	800		0
	Goodwill.....	820		0
	Intangible Assets.....	830		0
<u>21.155</u>	Other Assets.....	880	1,314	1,110
	TOTAL ASSETS	899	302,448	282,021
<u>60.010</u>	Total Segregated Funds Net Assets	929	0	0

CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES, POLICYHOLDERS' AND SHAREHOLDERS' EQUITY
(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Liabilities			
22.020	Net Actuarial Liabilities	010	45,953	47,730
22.020	Other Insurance Policy & Contract Liabilities	040	60,235	60,647
	Trust and Banking Deposits	070		0
<u>22.030 or</u> <u>21.155</u>	Accounts Payable	100	34,888	25,262
21.080	Mortgage Loans and Other Real Estate Encumbrances	130	0	0
22.030	Other Liabilities	160	5,598	16,525
23.020	Net Deferred Gains (Losses) on Real Estate:			
	Backing Liabilities	180		0
	Backing Equity	230		0
	Future Income Taxes	250	11,497	12,219
	Subordinated Debt	280		0
	Other Debt	310		0
	Total Liabilities	389	158,171	162,383
	Non-Controlling Interests	410		0
	Policyholders' Equity			
20.040	Participating Account	510	0	0
	Participating Account - Accumulated OCI (Loss)	520		0
20.040	Non-Participating Account (Mutual Companies Only)	540	0	0
	Non-Participating Account - Accumulated OCI (Loss)	550		0
	Total Policyholders' Equity	589	0	0
	Shareholders' Equity			
	Capital Stock	610	38,000	38,000
	Other Capital	640		0
	Contributed Surplus	670		0
20.040	Retained Earnings	700	95,408	74,626
	Shareholders' Accumulated OCI (Loss)	740	10,869	7,012
	Total Shareholders' Equity	779	144,277	119,638
	TOTAL LIABILITIES AND EQUITY	899	302,448	282,021

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT
(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Revenue			
45.020	Premiums	040	50,454	44,602
23.010	Net Investment Income	070	16,802	13,400
	Fee Income	130	10,289	9,687
23.030	Other Revenue	160	0	0
	Total Revenue	199	77,545	67,689
	Policy Benefits and Expenses			
35.020	Policyholder Benefits	250	7,181	8,010
	Net Changes to Actuarial Liabilities			
35.020	Normal	300	(953)	(7,239)
35.020	Basis Change	330	(825)	3,024
35.020	Policyholder Dividends	360	0	0
35.020	Experience Rating Refunds	390	0	0
35.020	Transfer to and (Transfer from) Other Funds	420	0	0
45.020	Commissions	450	24,938	22,893
35.020	Interest on Policyholder Amounts on Deposit	480	0	0
23.030	Interest Expense	510	55	45
23.030	General Expenses and Taxes (excl. income taxes)	540	19,593	19,463
23.030	Other Expenses	570	649	581
35.020	Non-Controlling Interests	600	0	0
	Total Benefits and Expenses	649	50,638	46,777
	Income Before Income Tax	669	26,907	20,912
	Provision for Income Taxes			
	Current	700	6,848	4,570
	Future	710	(723)	(703)
	Income before the following:	749	20,782	17,045
35.020	Extraordinary Items			
	(Net of Income Taxes of \$ 0)	800	0	0
35.020	Discontinued Operations			
	(Net of Income Taxes of \$ 0)	830	0	0
	Income Before Attribution to Participating Policyholders	859	20,782	17,045
35.020	Income Attributable to Participating Policyholders (Stock companies)	870	0	0
35.020	Net Income	899	20,782	17,045
	Premiums on Reinsurance Agreements			
	Deducted in arriving at Net Premiums	940		0
	Deducted & not included in gross premiums	941		0

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF EQUITY IN PARTICIPATING ACCOUNT
(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Beginning of Year	010	0	0
	Adjustments	040		0
	070		0
<u>20.030</u>	Share of Net Income (Loss)	100		0
<u>20.040</u>	Transfer from (to) Retained Earnings (Stock companies only).....	130		0
<u>20.040</u>	Transfer from (to) Non-Par Account (Mutual companies only)	160		0
	End of Year	199	0	0

STATEMENT OF NON-PARTICIPATING ACCOUNT
Mutual Companies Only
(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Beginning of Year	310	0	0
	Adjustments	340		0
	370		0
<u>20.030</u>	Share of Net Income (Loss)	400		0
<u>20.040</u>	Transfer from (to) Par Account	430	0	0
	Dividends to Preferred Shareholders	460		0
	End of Year	499	0	0

STATEMENT OF RETAINED EARNINGS
Stock Companies Only
(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Beginning of Year	510	74,626	57,580
	Adjustments	540		1
	570		0
<u>20.030</u>	Share of Net Income (Loss)	600	20,782	17,045
<u>20.040</u>	Transfer from (to) Par Account	630	0	0
	Dividends to Shareholders:			
	Preferred	710		0
	Common	740		0
	End of Year	859	95,408	74,626

CONSOLIDATED FINANCIAL STATEMENTS

COMPREHENSIVE INCOME (LOSS), and
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(\$'000)

		Current Year 01	Prior Year 03
Comprehensive Income (Loss)			
Income Before Attribution to Participating Policyholders	010	20,782	17,045
Other Comprehensive Income (Loss):			
Available for Sale:			
Change in Unrealized Gains and Losses:			
Loans	110		0
Bonds and Debentures	140	794	945
Equities	170	6,916	22,803
Reclassification to Earnings of (Gains) Losses	210	(3,853)	963
Derivatives Designated as Cash Flow Hedges			
Change in Unrealized Gains and Losses	310		0
Reclassification to Earnings of (Gains) Losses	340		0
Foreign Currency Translation			
Change in Unrealized Gains and Losses	410		0
Impact of Hedging	440		0
Other	480		0
Total Other Comprehensive Income (Loss)	510	3,857	24,711
Total Comprehensive Income (Loss)	589	24,639	41,756

		Current Year 01	Prior Year 03
Accumulated Other Comprehensive Income (Loss)			
Accumulated Gains/ (Losses) on:			
Available for Sale:			
Loans	710		0
Bonds and Debentures	740	1,892	1,667
Equities	770	8,977	5,345
Derivatives Designated as Cash Flow Hedges	810		0
Foreign Currency (Net of Hedging Activities)	840		0
Other	880		0
Balance at end of Year	899	10,869	7,012

Summary of Capital Elements and Ratio Calculations

(thousands of dollars)

	01	02	Ref
Capital Available:			
Tier 1			
Common shares		38,000	001
Contributed surplus			002
Retained earnings	95,408		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Less: Net decrease in actuarial liabilities due to recognition of mortality improvement			210
Retained earnings for MCCSR purposes		95,408	203
Future use: fair value option			302
Participating account			004
Non-cumulative perpetual preferred shares			005
Qualifying non-controlling interests (excluding innovative tier 1)			006
Innovative Instruments in Tier 1 (max 15% net tier 1)			007
Non-participating account (mutual companies)			311
Adjusted ¹ net deferred gains/losses on real estate that have not been taken into account in the valuation of policy liabilities			312
Accumulated net after-tax foreign currency translation adjustment reported in Other Comprehensive Income (OCI)			313
Accumulated net after-tax unrealized loss on available-for-sale equity securities reported in OCI			314
Gross Tier 1 Capital		133,408	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		133,408	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 133,408	329
Tier 2A (page 20.020 line 079)	10,869		021
Tier 2B allowed (page 20.030 line 045)	0		022
Tier 2C (page 20.030 line 068)	0		023
Net Tier 2 Capital (page 20.030 line 695)		B 10,869	025
Total Capital Available	(A+B)	C 144,277	040

Capital Required:

Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	15,254	041
- Backing Qualifying Participating Policies	ii)	0	042
Index Linked Pass Through Products	iii)	0	043
Off-Balance Sheet Exposures			
- Backing Non-Par, Surplus and Non-Qualifying Participating	iv)	0	044
- Backing Qualifying Participating Policies	v)	0	045
Segregated Funds Risk	vi)	0	046
Total Asset Default and Market Risk	sum of (i to vi)	15,254	050
Insurance Risks			
Mortality Risk	i)	2,320	051
Morbidity Risk	ii)	14,464	052
Lapse Risk	iii)	1,322	053
Total Insurance Risks	sum of (i to iii)	18,106	060
Changes in Interest Environment (C-3) Risk		1,062	062
Foreign Exchange Risk		44	067
Other (specify) ²			070
Total Capital Required		D 34,466	080

MCCSR Ratios

Tier 1	(A ÷ D) x 100	387.07	098
Total	(C ÷ D) x 100	418.60	099

¹ Net deferred gains must be adjusted to reduce gains/losses by 45% on the portion of gains/losses on which no income taxes payable has been accounted for, or the future income tax amount.

² Provide details of additional requirements.