

CONSOLIDATED FINANCIAL STATEMENTS**ASSETS**
(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Cash	010	24,582	9,977
<u>21.012</u>	Short Term Investments	040	<u>16,390</u>	13,368
	Accrued Investment Income	070	895	1,211
<u>21.150</u>	Accounts Receivable	100	8,679	13,966
	Policy Loans	200		0
<u>21.012</u>	Bonds and Debentures	250	<u>41,513</u>	28,150
<u>21.050</u>	Mortgage Loans	300	<u>4,552</u>	4,263
<u>21.012</u>	Preferred Shares	420	<u>100,431</u>	104,946
<u>21.012</u>	Common Shares	440	<u>36,093</u>	21,657
<u>21.080</u>	Real Estate	500	<u>2,990</u>	0
<u>21.100</u>	Other Equity Investments.....	550	<u>27,612</u>	21,659
<u>21.100</u>	Other Loans and Invested Assets	600	<u>15,702</u>	10,901
	Future Income Taxes	800		0
	Goodwill.....	820		0
	Intangible Assets.....	830		0
<u>21.150</u>	Other Assets.....	880	<u>2,582</u>	7,730
	TOTAL ASSETS	899	282,021	237,828
<u>60.010</u>	Total Segregated Funds Net Assets	929	0	0

CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES, POLICYHOLDERS' AND SHAREHOLDERS' EQUITY
(S'000)

Reference Page			Current Year (01)	Prior Year (03)
	Liabilities			
22.020	Net Actuarial Liabilities	010	47,730	51,945
22.020	Other Insurance Policy & Contract Liabilities	040	60,647	65,327
	Trust and Banking Deposits	070		0
22.030	Accounts Payable	100	25,262	27,177
21.080	Mortgage Loans and Other Real Estate Encumbrances	130	0	0
22.030	Other Liabilities	160	16,525	2,578
23.020	Net Deferred Gains (Losses) on Real Estate:			
	Backing Liabilities	180		0
	Backing Equity	230		0
	Future Income Taxes	250	12,219	12,921
22.050	Subordinated Debt	280	0	0
22.060	Other Debt	310	0	0
	Total Liabilities	389	162,383	159,948
	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	74,626	57,580
	Shareholders' Accumulated OCI (Loss)	740	7,012	(17,700)
	Total Shareholders' Equity	779	119,638	77,880
	TOTAL LIABILITIES AND EQUITY	899	282,021	237,828

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT
(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Revenue			
45.030	Premiums	040	44,602	74,206
23.010	Net Investment Income	070	13,400	1,541
	Fee Income	130	9,687	12,204
23.030	Other Revenue	160	0	0
	Total Revenue	199	67,689	87,951
	Policy Benefits and Expenses			
35.030	Policyholder Benefits	250	8,010	8,312
	Net Changes to Actuarial Liabilities			
35.030	Normal	300	(7,239)	4,612
35.030	Basis Change	330	3,024	(2,525)
35.030	Policyholder Dividends	360	0	0
35.030	Experience Rating Refunds	390	0	0
35.030	Transfer to and (Transfer from) Other Funds	420	0	0
45.030	Commissions	450	22,893	36,350
35.030	Interest on Policyholder Amounts on Deposit	480	0	0
23.030	Interest Expense	510	45	52
23.030	General Expenses and Taxes (excl. income taxes)	540	19,463	21,737
23.030	Other Expenses	570	581	784
35.030	Non-Controlling Interests	600	0	0
	Total Benefits and Expenses	649	46,777	69,322
	Income Before Income Tax	669	20,912	18,629
	Provision for Income Taxes			
	Current	700	4,570	2,768
	Future	710	(703)	(23)
	Income before the following:	749	17,045	15,884
35.030	Extraordinary Items			
	(Net of Income Taxes of \$ <u>0</u>)	800	0	0
35.030	Discontinued Operations			
	(Net of Income Taxes of \$ <u>0</u>)	830	0	0
	Income Before Attribution to Participating Policyholders	859	17,045	15,884
35.030	Income Attributable to Participating Policyholders (Stock companies)	870	0	0
35.030	Net Income	899	17,045	15,884
	Premiums on Reinsurance Agreements			
	Deducted in arriving at Net Premiums	940		
	Deducted & not included in gross premiums	941		

CONSOLIDATED FINANCIAL STATEMENTS

**STATEMENT OF EQUITY IN PARTICIPATING ACCOUNT
(S'000)**

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

**STATEMENT OF NON-PARTICIPATING ACCOUNT
Mutual Companies Only
(S'000)**

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

**STATEMENT OF RETAINED EARNINGS
Stock Companies Only
(S'000)**

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year	57,580	46,696
	Adjustments	1	0
		0
<u>20.030</u>	Share of Net Income (Loss)	17,045	15,884
<u>20.040</u>	Transfer from (to) Par Account	0	0
	Dividends to Shareholders:		
	Preferred		0
	Common		5,000
	End of Year	74,626	57,580

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	17,045	15,884
Other Comprehensive Income (Loss):			
Available for Sale:			
Change in Unrealized Gains and Losses:			
Loans	110		0
Bonds and Debentures	140	945	553
Equities	170	22,803	(18,920)
Reclassification to Earnings of (Gains) Losses	210	963	(306)
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	24,711	(18,673)
Total Comprehensive Income (Loss)	589	41,756	(2,789)

		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	1,667	773
Equities	770	5,345	(18,473)
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	7,012	(17,700)

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	74,626		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk	0		301
Retained earnings for MCCSR purposes		74,626	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		112,626	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		112,626	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 112,626	329
Tier 2A (page 20.020 line 079)	7,012		021
Tier 2B allowed (line 20.030 line 045)	0		022
Tier 2C (line 20.030 line 068)	0		023
Total Tier 2 Capital Allowed (page 20.030 line 070)		B 7,012	025
Total Capital Available	(A+B) C	119,638	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	14,819	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)	14,819	050
Insurance Risks			
Mortality Risk	i)	2,320	051
Morbidity Risk	ii)	14,171	052
Lapse Risk	iii)	1,322	053
Total Insurance Risks	sum of (i to iii)	17,813	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk		1,084	062
Other (specify) ²		137	067
Total Capital Required	D	33,853	080
MCCSR Ratios			
Tier 1	(A + D) x 100	332.69	098
Total	(C ÷ D) x 100	353.40	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.