

CONSOLIDATED FINANCIAL STATEMENTS**ASSETS**

(\$'000)

Reference			Current Year	Prior Year
Page			(01)	(03)
	Cash	010	9,977	23,614
<u>21.012</u>	Short Term Investments	040	13,368	35,476
	Accrued Investment Income	070	1,211	1,041
<u>21.150</u>	Accounts Receivable	100	13,605	13,614
	Policy Loans	200		0
<u>21.012</u>	Bonds and Debentures	250	28,150	34,135
<u>21.050</u>	Mortgage Loans	300	4,263	15,380
<u>21.012</u>	Preferred Shares	420	104,946	64,877
<u>21.012</u>	Common Shares	440	21,657	21,964
<u>21.080</u>	Real Estate	500	0	0
<u>21.100</u>	Other Equity Investments.....	550	21,659	20,773
<u>21.100</u>	Other Loans and Invested Assets	600	10,901	3,619
	Future Income Taxes	800		0
	Goodwill.....	820		0
	Intangible Assets.....	830		198
<u>21.150</u>	Other Assets.....	880	7,730	3,487
	TOTAL ASSETS	899	237,467	238,178
<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			
<u>22.020</u>	Net Actuarial Liabilities	010	51,945	49,857
<u>22.020</u>	Other Insurance Policy & Contract Liabilities	040	65,327	63,078
	Trust and Banking Deposits	070		0
<u>22.030</u>	Accounts Payable	100	26,816	23,701
<u>21.080</u>	Mortgage Loans and Other Real Estate Encumbrances	130	0	0
<u>22.030</u>	Other Liabilities	160	2,578	2,927
<u>23.020</u>	Net Deferred Gains (Losses) on Real Estate:			
	Backing Liabilities	180		0
	Backing Equity	230		0
	Future Income Taxes	250	12,921	12,945
<u>22.050</u>	Subordinated Debt	280	0	0
<u>22.060</u>	Other Debt	310	0	0
	Total Liabilities	389	159,587	152,508
	Non-Controlling Interests	410		0
	Policyholders' Equity			
<u>20.040</u>	Participating Account	510	0	0
	Participating Account - Accumulated OCI (Loss)	520		0
<u>20.040</u>	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
<u>20.040</u>	Retained Earnings	700	57,580	46,696
	Shareholders' Accumulated OCI (Loss)	740	(17,700)	974
	Total Shareholders' Equity	779	77,880	85,670
	TOTAL LIABILITIES AND EQUITY	899	237,467	238,178

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Revenue			
<u>45.030</u>	Premiums	040	74,206	71,532
<u>23.010</u>	Net Investment Income	070	1,541	13,725
	Fee Income	130	12,204	12,171
<u>23.030</u>	Other Revenue	160	0	0
	Total Revenue	199	87,951	97,428
	Policy Benefits and Expenses			
<u>35.030</u>	Policyholder Benefits	250	8,312	7,028
	Net Changes to Actuarial Liabilities			
<u>35.030</u>	Normal	300	4,612	10,223
<u>35.030</u>	Basis Change	330	(2,525)	(2,791)
<u>35.030</u>	Policyholder Dividends	360	0	0
<u>35.030</u>	Experience Rating Refunds	390	0	0
<u>35.030</u>	Transfer to and (Transfer from) Other Funds	420	0	0
<u>45.030</u>	Commissions	450	36,350	34,501
<u>35.030</u>	Interest on Policyholder Amounts on Deposit	480	0	0
<u>23.030</u>	Interest Expense	510	52	59
<u>23.030</u>	General Expenses and Taxes (excl. income taxes)	540	21,737	23,055
<u>23.030</u>	Other Expenses	570	784	701
<u>35.030</u>	Non-Controlling Interests	600	0	0
	Total Benefits and Expenses	649	69,322	72,776
	Income Before Income Tax	669	18,629	24,652
	Provision for Income Taxes			
	Current	700	(3,399)	2,708
	Future	710	6,144	3,512
	Income before the following:	749	15,884	18,432
<u>35.030</u>	Extraordinary Items			
	(Net of Income Taxes of \$ <u>0</u>)	800	0	0
<u>35.030</u>	Discontinued Operations			
	(Net of Income Taxes of \$ <u>0</u>)	830	0	0
	Income Before Attribution to Participating Policyholders	859	15,884	18,432
<u>35.030</u>	Income Attributable to Participating Policyholders (Stock companies)	870	0	0
<u>35.030</u>	Net Income	899	15,884	18,432
	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
(\$'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	46,696	26,405
	Adjustments	540		1,859
	570		0
<u>20.030</u>	Share of Net Income (Loss)	600	15,884	18,432
<u>20.040</u>	Transfer from (to) Par Account	630	0	0
	Dividends to Shareholders:			
	Preferred	710		0
	Common	740	5,000	0
	End of Year	859	57,580	46,696

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	15,884	18,432
Other Comprehensive Income (Loss):			
Available for Sale:			
Change in Unrealized Gains and Losses:			
Loans	110		0
Bonds and Debentures	140	553	0
Equities	170	(18,920)	(5,839)
Reclassification to Earnings of (Gains) Losses	210	(306)	0
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	(18,673)	(5,839)
Total Comprehensive Income (Loss)	589	(2,789)	12,593
Accumulated Other Comprehensive Income (Loss)			
Accumulated Gains/ (Losses) on:			
Available for Sale:			
Loans	710		0
Bonds and Debentures	740	773	218
Equities	770	(18,473)	756
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	(17,700)	974

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	57,580		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
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
Other Tier 1 Capital Elements (page 20.020 line 015)	0		009
Gross Tier 1 Capital		95,580	010
Deductions from Tier 1			
Goodwill & intangibles in excess of limit (page 20.020 line 020)	0		015
Other Deductions (page 20.020 line 030)	0		016
Total Deductions from Tier 1		0	017
Net Tier 1 Capital		A 95,580	020
Tier 2A (page 20.020 line 079)	(17,700)		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)		(17,700)	025
Total Tier 1 and Tier 2 Capital		77,880	030
Less Deductions/Adjustments (total of Tier 1 and Tier 2) (page 20.030 line 090)		0	035
Total Capital Available		B 77,880	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating (page 31.030) i)	11,352		041
- Backing Qualifying Participating Policies (page 32.030) ii)	0		042
Index Linked Pass Through Products (page 35.010) iii)	0		043
Off-Balance Sheet Exposures			
- Backing Non-Par, Surplus and Non-Qualifying Participating (page 41.010) iv)	0		044
- Backing Qualifying Participating Policies (page 42.010) v)	0		045
Segregated Funds Risk (page 90.010) vi)	0		046
Total Asset Default and Market Risk sum of (i to vi)		11,352	050
Insurance Risks			
Mortality Risk (page 55.010) i)	2,330		051
Morbidity Risk (page 60.020) ii)	16,997		052
Lapse Risk (page 65.020) iii)	1,617		053
Total Insurance Risks sum of (i to iii)		20,944	060
Interest Rate Risks			
Interest Margin Pricing Risk (page 70.010) i)	0		061
Changes in Interest Environment (C-3) Risk (page 80.010) ii)	1,173		062
Total Interest Rate Risks sum of (i to ii)		1,173	065
Other (specify)¹			070
Total Capital Required		C 33,469	080
MCCSR Ratios			
Tier 1	(A + C) x 100	285.58	098
Total	(B + C) x 100	232.69	099

¹ Provide details of additional requirements.