

## CONSOLIDATED FINANCIAL STATEMENTS

**ASSETS**  
**(\$'000)**

		Current	Prior	Opening
		(01)	(03)	Prior Year Restated
				(05)
Cash and Cash Equivalents	01	24,518	18,832	
Investment Income due and accrued	02	787	980	
Assets held for sale	50		0	
Investments:				
Short Term Investments	04		0	
Bonds and Debentures	05	87,860	96,483	
Mortgage Loans	06	0	0	
Preferred Shares	07	0	0	
Common Shares	08	31,313	20,820	
Investment Properties	09	9,006	7,679	
Other Loans and Invested Assets	10	2,696	3,219	
<b>Total Investments (lines 04 to 10)</b>	19	130,875	128,201	0
Receivables:				
Unaffiliated Agents and Brokers	20	7,923	8,978	
Policyholders	21		0	
Instalment Premiums	22	27,570	24,320	
Other Insurers	23	3,234	4,633	
"Facility Association" and the "P.R.R."	24	7,764	7,948	
Subsidiaries, Associates & Joint Ventures	25	0	0	
Other Receivables	27	995	789	
Recoverable from Reinsurers:				
Unearned Premiums	30	24,176	22,694	
Unpaid Claims and Adjustment Expenses	31	39,145	39,788	
Other Recoverables on Unpaid Claims	37		1,533	
Interests in Subsidiaries, Associates & Joint Ventures	40		0	
Property and Equipment	41	5,776	5,353	
Deferred Policy Acquisition Expenses	43	22,620	20,842	
Current Tax Assets	52	8,925	7,102	
Deferred Tax Assets	44	441	349	
Goodwill	54		0	
Intangible Assets	56	1,180	1,424	
Defined Benefit Pension Plan	58			
Other Assets	88	315	308	
<b>TOTAL ASSETS</b>	89	306,244	294,074	0

**CONSOLIDATED FINANCIAL STATEMENTS**  
**LIABILITIES AND EQUITY**  
**(\$'000)**

Page		Current	Prior	Opening Prior Year Restated
		(01)	(03)	(05)
	<b>LIABILITIES</b>			
	Overdrafts 01		0	
	Borrowed Money and Accrued Interest 02		0	
	Payables:			
	Agents and Brokers 03	2,344	2,122	
	Policyholders 04		0	
	Other Insurers 05	2,236	4,118	
	Subsidiaries, Associates & Joint Ventures 06	0	0	
	Expenses due and accrued 07	3,248	2,484	
	Other Taxes due and accrued 09	1,906	1,839	
	Policyholder Dividends and Rating Adjustments 10		0	
	Encumbrances on Real Estate 11		0	
	Unearned Premiums 12	91,044	82,860	
	Unpaid Claims and Adjustment Expenses 13	110,328	105,898	
	Unearned Commissions 14	6,538	6,310	
	Premium Deficiency 15		0	
	Liabilities held for sale 17		0	
	Current Tax Liabilities 18	21	0	
	Deferred Tax Liabilities 21	2,327	1,011	
	Self-Insured Retention (SIR) portion of unpaid claims 22			
	Defined Benefit Pension Plan 23			
	Employment Benefits (not including amounts on line 23 above) 24			
	Subordinated Debt 25			
	Preferred Shares - Debt 26			
	Provisions and Other Liabilities 28	7,880	7,277	
	<b>Total Liabilities</b> 29	227,872	213,919	0
	<b>EQUITY</b>			
	Shares issued and paid 41	2,000	2,000	
	Contributed Surplus 42	9,362	9,362	
	(Specify) 43		0	
	Retained Earnings 44	62,194	63,821	
	Reserves 45	0	0	
20.42	Accumulated Other Comprehensive Income (Loss) 47	4,816	4,972	
	<b>Total Policyholders/Shareholders' Equity</b> 59	78,372	80,155	0
	Non-controlling Interests 48		0	
	<b>Total Equity</b> 49	78,372	80,155	0
	<b>TOTAL LIABILITIES AND EQUITY</b> 89	306,244	294,074	0

CONSOLIDATED FINANCIAL STATEMENTS  
**STATEMENT OF INCOME**  
(\$'000)

		Current	Prior
		(01)	(03)
<b>UNDERWRITING OPERATIONS</b>			
<b>Premiums Written</b>			
Direct	01	42,220	38,928
Reinsurance Assumed	02	0	0
Reinsurance Ceded	03	13,729	13,288
<b>Net Premiums Written</b>	04	28,491	25,640
Decrease (increase) in Net Unearned Premiums	05	3,792	2,720
<b>Net Premiums Earned</b>	06	32,283	28,360
Service Charges	07	565	497
Other	08		0
<b>Total Underwriting Revenue</b>	09	32,848	28,857
Gross Claims and Adjustment Expenses	62	24,754	22,606
Reinsurers' share of claims and adjustment expenses	64	6,588	7,426
<b>Net Claims and Adjustment Expenses</b>	10	18,166	15,180
Acquisition Expenses			
Gross Commissions	66	9,034	8,388
Ceded Commissions	68	3,062	3,472
Taxes	12	1,641	1,507
Other	14		0
General Expenses	16	5,335	5,195
<b>Total Claims and Expenses</b>	19	31,114	26,798
Premium Deficiency Adjustments	20		0
<b>Underwriting Income (Loss)</b>	29	1,734	2,059
<b>INVESTMENT OPERATIONS</b>			
Income	32	769	1,161
Realized Gains (Losses)	33	930	1,514
Expenses	34	72	129
<b>Net Investment Income</b>	39	1,627	2,546
<b>OTHER REVENUE AND EXPENSES</b>			
Income (Loss) from Ancillary Operations (net of Expenses of \$'000 )	40		0
Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures	41	(48)	(36)
Gains (losses) from fluctuations in Foreign Exchange Rates	42		0
Other Revenues	44	128	40
Finance costs	45		0
Other Expenses	46		0
<b>Net Income (Loss) before Income Taxes</b>	49	3,441	4,609
<b>INCOME TAXES</b>			
Current	50	875	1,299
Deferred	51		0
<b>Total Income Taxes</b>	59	875	1,299
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	89	2,566	3,310
<b>ATTRIBUTABLE TO:</b>			
Non-controlling Interests	80		0
Equity Holders	82	2,566	3,310

## CONSOLIDATED FINANCIAL STATEMENTS

**STATEMENT OF RETAINED EARNINGS**  
**(\$'000)**

		Current (01)	Prior (02)
<b>Balance at beginning of year</b>	01	59,786	60,896
Prior period adjustments:	02		0
(Specify)	04		0
Adjusted balance at beginning of year	09	59,786	60,896
Net income (loss) for the period	10	2,566	3,310
Dividends declared to shareholders	11		385
Decrease (increase) in Reserves	12	(158)	0
(Specify)	16		0
Net increase (decrease) in Retained Earnings during the period	15	2,408	2,925
<b>Balance at end of period</b>	89	62,194	63,821

**RESERVES**  
**(\$'000)**

		Current (01)	Prior (02)
Earthquake Reserves			
Reserve Complement	90		0
Premium Reserve	91		0
Mortgage Reserve	95		0
Nuclear Reserve	96		0
General and Contingency Reserves	98		0
<b>Total Reserves</b>	99	0	0

CONSOLIDATED FINANCIAL STATEMENTS

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

Page		Current (01)	Prior (03)
20.30	<b>Comprehensive Income (Loss)</b>		
	Net Income	2,566	3,310
	Other Comprehensive Income (Loss):		
	<b>Items that may be reclassified subsequently to Net Income:</b>		
	<b>Available for Sale:</b>		
	Change in Unrealized Gains and Losses:		
	- Loans	0	0
	- Bonds and Debentures	(518)	154
	- Equities	(1,220)	1,043
	Reclassification of (Gains) Losses to Net Income	679	(1,105)
	<b>Derivatives Designated as Cash Flow Hedges</b>		
	Change in Unrealized Gains and Losses	0	0
	Reclassification of (Gains) Losses to Net Income	0	0
	<b>Foreign Currency Translation</b>		
	Change in Unrealized Gains and Losses	0	0
	Impact of Hedging	0	0
	<b>Share of Other Comprehensive Income of     Subsidiaries, Associates &amp; Joint Ventures</b>	0	0
	<b>Other</b>	0	0
	<b>Subtotal of items that may be reclassified subsequently to Net Income</b>	(1,059)	92
	<b>Items that will not be reclassified subsequently to Net Income:</b>		
	<b>Revaluation Surplus</b>	0	0
	<b>Remeasurements of Defined Benefit Plans</b>	0	0
	<b>Other</b>	0	0
	<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	0	0
	Total Other Comprehensive Income (Loss)	(1,059)	92
	<b>Total Comprehensive Income (Loss)</b>	1,507	3,402
	<b>Attributable to:</b>		
	Non-controlling Interests	0	0
	Equity Holders	1,507	3,402

		Current (01)	Prior (03)
20.20	<b>Accumulated Other Comprehensive Income (Loss)</b>		
	Accumulated Gains (Losses) on:		
	<b>Items that may be reclassified subsequently to Net Income:</b>		
	<b>Available for Sale:</b>		
	- Loans		0
	- Bonds and Debentures	(4,645)	(1,820)
	- Equities	9,102	6,595
	<b>Derivatives Designated as Cash Flow Hedges</b>		0
	<b>Foreign Currency (net of hedging activities)</b>		197
	<b>Share of Other Comprehensive Income of     Subsidiaries, Associates &amp; Joint Ventures</b>		0
	<b>Other</b>		0
	<b>Subtotal of items that may be reclassified subsequently to Net Income</b>	4,457	4,972
	<b>Items that will not be reclassified subsequently to Net Income:</b>		
	<b>Revaluation Surplus</b>	359	0
	<b>Remeasurements of Defined Benefit Plans</b>		0
	<b>Other</b>		0
	<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	359	0
	Balance at end of Period	4,816	4,972

CONSOLIDATED  
**MINIMUM CAPITAL TEST**  
(\$'000)

		Current (01)	Prior (02)
<b>Capital Available</b>			
Total Equity less Accumulated Other Comprehensive Income	02	73,556	75,183
Add:			
Subordinated Indebtedness and Redeemable Preferred Shares	03		0
Accumulated Other Comprehensive Income (Loss) on:			
Available for Sale Equity Securities	04	9,102	6,595
Available for Sale Debt Securities	06	(4,645)	(1,820)
Foreign Currency (Net of Hedging Activities)	08	0	197
Share of Other Comprehensive Income of non-qualifying Subsidiaries, Associates	36	0	0
Remeasurements of Defined Benefit Plans	42		0
Revaluation Losses in Excess of Gains on Own Use Properties	32		0
(Specify)	30		0
Less:			
Accumulated net after-tax fair value gains (losses) arising from changes in the company's own credit risk	12		0
Unrealized Fair Value Gains (Losses) from Own Use Properties at Conversion	15	1,242	1,599
Shadow Accounting Impact	16		0
Assets with a Capital Requirement of 100%	17	4,330	3,259
(Specify)	13		0
Accumulated Other Comprehensive Income (Loss) on Remeasurements of Defined Benefit Pension Plans (Phase-in)	44		0
<b>Total Capital Available</b>	<b>19</b>	<b>72,441</b>	<b>75,297</b>
<b>Minimum Capital Required</b>			
Balance Sheet Assets	20	13,504	11,560
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	10,726	9,781
Catastrophes	24	0	0
Reinsurance Ceded to Unregistered Insurers	26	94	0
Interest Rate Risk	38	631	3,587
Foreign Exchange Risk (for future use only)	40		
Structured Settlements, Letters of Credit, Derivatives and Other Exposures	28	0	72
(Specify)	34		0
<b>Minimum Capital Required</b>	<b>29</b>	<b>24,955</b>	<b>25,000</b>
<b>Excess Capital Available over Minimum Capital Required</b> (line 19 minus line 29)	<b>89</b>	<b>47,486</b>	<b>50,297</b>
<b>Line 19 as a % of line 29</b>	<b>90</b>	<b>290.29%</b>	<b>301.19%</b>
<b>Minimum Gross Capital Level</b>	<b>96</b>	<b>3,913</b>	<b>3,633</b>

Note: See Section VI of the P&C-1 instructions and the MCT Guideline.