

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

Reference Page	FS Notes Reference		Current Period		Prior Period		Opening Prior Period Restated	
			Total	Vested in Trust*	Total	Vested in Trust*	Total	Vested in Trust*
			(01)	(02)	(03)	(04)	(05)	(06)
		Cash and Cash Equivalents	01	11,483		17,444		
		Investment Income due and accrued	02	726		785		
		Assets held for sale	50	0		0		
		Investments:						
40.12		Short Term Investments	04	0		0		
40.22		Bonds and Debentures	05	126,812		127,741		
40.32		Mortgage Loans	06	0		0		
40.42		Preferred Shares	07	0		0		
40.52		Common Shares	08	26,249		27,191		
40.70		Investment Properties	09	7,987		7,987		
40.80		Other Loans and Invested Assets	10	5,459		3,954		
40.07		Total Investments (lines 04 to 10)	19	166,507		166,873		0
		Receivables:						
50.20		Unaffiliated Agents and Brokers	20	7,896		8,161		
		Policyholders	21			0		
		Instalment Premiums	22	35,953		38,112		
		Other Insurers	23	2,417		5,149		
		Facility Association and the "P.R.R."	24	7,879		7,493		
50.40		Subsidiaries, Associates & Joint Ventures	25	0		0		
50.20		Other Receivables	27	474		640		
		Recoverable from Reinsurers:						
60.10		Unearned Premiums	30	41,951		44,430		
60.30		Unpaid Claims and Adjustment Expenses	31	72,769		120,893		
		Other Recoverables on Unpaid Claims	37			0		
		Investments Accounted for Using the Equity Method:						
50.32		Interests in Subsidiaries, Associates & Joint Ventures	40	0		0		
		Pooled Funds	45			0		
40.70		Property and Equipment	41	4,907		5,206		
		Deferred Policy Acquisition Expenses	43	27,823		28,893		
		Current Tax Assets	52	54		159		
		Deferred Tax Assets	44	4,643		2,636		
		Goodwill	54			0		
		Intangible Assets	56	518		418		
		Defined Benefit Pension Plan	58			0		
		Other Assets	88	510		440		
		TOTAL ASSETS	89	386,510		447,732		0

* Foreign insurers: Excludes deposits of reinsurers held in special trust accounts.

CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES, EQUITY, HEAD OFFICE ACCOUNT, RESERVES & AOCI
(\$'000)

Reference Page	FS Notes Reference		Current Period	Prior Period	Opening Prior Period Restated
		(55)	(01)	(03)	(05)
		LIABILITIES			
		Overdrafts	01	0	
		Borrowed Money and Accrued Interest	02	0	
		Payables:			
50.20		Agents and Brokers	03	4,813	5,940
		Policyholders	04		0
		Other Insurers	05	2,209	3,125
50.40		Subsidiaries, Associates & Joint Ventures/Affiliates	06	0	0
		Expenses due and accrued	07	2,871	3,161
		Other Taxes due and accrued	09	9,231	9,461
		Policyholder Dividends and Rating Adjustments	10		0
40.70		Encumbrances on Real Estate	11	0	0
60.10		Unearned Premiums	12	108,310	114,171
60.30		Unpaid Claims and Adjustment Expenses	13	169,248	212,943
80.10		Unearned Commissions	14	11,648	12,781
		Ceded Deferred Premium Taxes	20		0
		Ceded Deferred Insurance Operations Expenses	34		0
		Premium Deficiency	15	0	0
		Liabilities held for sale	17		0
		Current Tax Liabilities	18		17
		Deferred Tax Liabilities	21	2,119	2,124
		Self-Insured Retention (SIR) portion of unpaid claims	22		0
		Defined Benefit Pension Plan	23		0
		Employment Benefits (not including amounts on line 23 above)	24		0
		Subordinated Debt	25		0
		Preferred Shares - Debt	26		0
		Provisions and Other Liabilities	28	11,057	14,428
		Total Liabilities	29	321,506	378,151
		CANADIAN INSURERS ONLY:			
		EQUITY			
		Shares issued and paid			
		Common	41	2,000	2,000
		Preferred	33		0
		Contributed Surplus	42	9,362	9,362
		(Specify)	43		0
20.54		Retained Earnings	44	52,511	56,353
20.45		Reserves	45	0	0
20.42		Accumulated Other Comprehensive Income (Loss)	47	1,131	1,866
		Total Policyholders/Shareholders' Equity	59	65,004	69,581
		Non-controlling Interests	48	0	0
		Total Equity	49	65,004	69,581
		TOTAL LIABILITIES AND EQUITY	89	386,510	447,732
		FOREIGN INSURERS ONLY:			
		HEAD OFFICE ACCOUNT, RESERVES & AOCI			
20.45		Head Office Account	51		
		(Specify)	53		
20.45		Reserves	55		
20.42		Accumulated Other Comprehensive Income (Loss)	56		
		Total Head Office Account, Reserves & AOCI	69		
		TOTAL LIABILITIES, HEAD OFFICE ACCOUNT, RESERVES & AOCI	79		

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME
(\$'000)

Reference Page	FS Notes Reference		Current Period (01)	Prior Period (03)
		UNDERWRITING OPERATIONS		
		Premiums Written		
		Direct	214,686	230,049
70.21		Reinsurance Assumed	0	0
70.21		Reinsurance Ceded	89,009	104,691
60.20		Net Premiums Written	125,677	125,358
		Decrease (increase) in Net Unearned Premiums	3,382	581
60.20		Net Premiums Earned	129,059	125,939
		Service Charges	2,808	2,983
		Other		0
		Total Underwriting Revenue	131,867	128,922
		Gross Claims and Adjustment Expenses	138,036	251,142
		Reinsurers' share of claims and adjustment expenses	47,952	164,153
60.20		Net Claims and Adjustment Expenses	90,084	86,989
		Acquisition Expenses		
		Gross Commissions	42,111	45,602
80.10		Ceded Commissions	22,463	25,615
80.10		Taxes	8,877	8,576
80.20		Other	(110)	(178)
80.20		General Expenses	23,411	24,969
		Total Claims and Expenses	141,910	140,343
		Premium Deficiency Adjustments		0
40.07		Underwriting Income (Loss)	(10,043)	(11,421)
		INVESTMENT OPERATIONS		
		Income	5,408	3,645
		Gains (Losses) from FVO or FVTPL	0	(1,019)
		Realized Gains (Losses)	(931)	1,938
		Expenses	442	460
		Net Investment Income	4,035	4,104
		OTHER REVENUE AND EXPENSES		
		Income (Loss) from Ancillary Operations (net of Expenses of \$000)		0
		Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures	82	2
		Share of Net Income (Loss) of Pooled Funds using Equity Method		0
		Gain (Losses) from fluctuations in Foreign Exchange Rates		0
		Other Revenues	498	368
		Finance costs		0
		Other Expenses		0
		Net Income (Loss) before Income Taxes	(5,428)	(6,947)
		INCOME TAXES		
		Current	427	436
		Deferred	(2,011)	(2,019)
		Total Income Taxes	(1,584)	(1,583)
		NET INCOME (LOSS) FOR THE YEAR	(3,844)	(5,364)
		ATTRIBUTABLE TO:		
		Non-controlling Interests		0
		Equity Holders	(3,844)	(5,364)

(04)

CONSOLIDATED FINANCIAL STATEMENTS
COMPREHENSIVE INCOME (LOSS)
and
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(\$'000)

Reference Page	FS Notes Reference		Current Period	Prior Period	
			(01)	(03)	
20.30		Comprehensive Income (Loss)			
		Net Income	01	(3,844)	(5,364)
		Other Comprehensive Income (Loss):			
		Items that may be reclassified subsequently to Net Income:			
		Available for Sale:			
		Change in Unrealized Gains and Losses:			
		- Loans	02	0	0
		- Bonds and Debentures	03	(2,171)	(546)
		- Equities	04	696	1,289
		Reclassification of (Gains) Losses to Net Income	05	740	(1,052)
		Derivatives Designated as Cash Flow Hedges			
		Change in Unrealized Gains and Losses	06	0	0
		Reclassification of (Gains) Losses to Net Income	07	0	0
		Foreign Currency Translation			
		Change in Unrealized Gains and Losses	08	0	0
		Impact of Hedging	09	0	0
		Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures (may be reclassified)	14	0	0
		Other	18	0	0
		Subtotal of items that may be reclassified subsequently to Net Income	19	(735)	(309)
		Items that will not be reclassified subsequently to Net Income:			
		Revaluation Surplus	31		(251)
		Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures	11	0	0
		Remeasurements of Defined Benefit Plans	34	0	0
	Other	12	0	0	
	Subtotal of items that will not be reclassified subsequently to Net Income	29	0	(251)	
	Total Other Comprehensive Income (Loss)	21	(735)	(560)	
	Total Comprehensive Income (Loss)	39	(4,579)	(5,924)	
	Attributable to:				
	Non-controlling Interests	60	0	0	
	Equity Holders	62	(4,579)	(5,924)	
20.20		Accumulated Other Comprehensive Income (Loss)			
		Accumulated Gains (Losses) on:			
		Items that may be reclassified subsequently to Net Income:			
		Available for Sale:			
		- Loans	42	0	0
		- Bonds and Debentures	43	(680)	(9)
		- Equities	44	1,703	1,767
		Derivatives Designated as Cash Flow Hedges	45		0
		Foreign Currency (net of hedging activities)	46	0	0
		Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures (may be reclassified)	52		0
		Other	68		0
		Subtotal of items that may be reclassified subsequently to Net Income	69	1,023	1,758
		Items that will not be reclassified subsequently to Net Income:			
		Revaluation Surplus	71	108	108
		Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures	51		0
		Remeasurements of Defined Benefit Plans	74		0
		Other	49		0
	Subtotal of items that will not be reclassified subsequently to Net Income	79	108	108	
	Balance at end of Year	59	1,131	1,866	

CONSOLIDATED

MINIMUM CAPITAL TEST/BRANCH ADEQUACY OF ASSETS TEST: CAPITAL (MARGIN) REQUIRED AND MCT (BAAT) RATIO
(\$'000)

		Current Period
	(55)	(01)
Capital Available:		
Capital available (from page 30.62 - capital available)	01	63,070
Phase-in of capital available	03	
(Specify)	08	
Total Capital Available	09	63,070
Assets Available:		
Net Assets Available (from page 30.92 - net assets available)	11	
Phase-in of net assets available	13	
(Specify)	18	
Total Net Assets Available	19	
Capital (Margin) Required at Target:		
Insurance Risk:		
Premium liabilities	20	9,463
Unpaid claims	22	11,056
Catastrophes	24	0
Margin required for reinsurance ceded to unregistered insurers	26	65
Subtotal: Insurance risk margin	29	20,584
Market Risk:		
Interest rate risk	30	1,104
Foreign exchange risk	32	0
Equity risk	34	7,875
Real estate risk	36	1,699
Other market risk exposures	38	216
Subtotal: Market risk margin	39	10,894
Credit Risk:		
Counterparty default risk for balance sheet assets	40	5,450
Counterparty default risk for off-balance sheet exposures	42	0
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0
Subtotal: Credit risk margin	49	5,450
Operational risk margin	50	10,731
Less: Diversification credit	52	4,877
Total Capital (Margin) Required at Target	59	42,782
Minimum Capital (Margin) Required (line 59 / 1.5)	60	28,521
Phase-in of Capital (Margin) Required	62	
(Specify)	68	0
Total Minimum Capital (Margin) Required	69	28,521
Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required	79	34,549
MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)	90	221.14%

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