

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

Page	FS Notes Reference		Current Year	Prior Year	Opening Prior Year Restated
			(01)	(03)	(05)
		Cash and Cash Equivalents	25,796	15,965	
		Investment Income due and accrued	610	736	
		Assets held for sale		0	
		Investments:			
40.12		Short Term Investments	0	101	
40.22		Bonds and Debentures	105,061	106,875	
40.32		Mortgage Loans	0	0	
40.42		Preferred Shares	0	0	
40.52		Common Shares	23,871	19,421	
40.70		Investment Properties	7,678	7,678	
40.80		Other Loans and Invested Assets	3,392	4,532	
40.07		Total Investments (lines 04 to 10)	140,002	138,607	0
		Receivables:			
50.20		Unaffiliated Agents and Brokers	8,225	7,991	
		Policyholders		0	
		Instalment Premiums	26,352	25,375	
50.30		Other Insurers	2,307	3,231	
		Facility Association and the "P.R.R."	7,821	7,539	
50.40		Subsidiaries, Associates & Joint Ventures	0	0	
50.20		Other Receivables	771	1,647	
		Recoverable from Reinsurers:			
60.10		Unearned Premiums	23,207	23,705	
60.30		Unpaid Claims and Adjustment Expenses	44,071	51,472	
		Other Recoverables on Unpaid Claims	910	0	
50.40		Interests in Subsidiaries, Associates & Joint Ventures	0	0	
40.70		Property and Equipment	5,466	5,684	
		Deferred Policy Acquisition Expenses	22,037	21,232	
		Current Tax Assets	224	1,721	
		Deferred Tax Assets	350	336	
		Goodwill	0	0	
		Intangible Assets	1,483	1,411	
50.50		Other Assets	262	317	
		TOTAL ASSETS	309,894	306,969	0

CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES AND EQUITY
(S'000)

Page	FS Notes Reference		Current Year (01)	Prior Year (03)	Opening Prior Year Restated (05)
		LIABILITIES			
		Overdrafts 01		0	
		Borrowed Money and Accrued Interest 02		0	
		Payables:			
50.20		Agents and Brokers 03	4,360	4,388	
		Policyholders 04		0	
50.30		Other Insurers 05	10,407	6,419	
50.40		Subsidiaries, Associates & Joint Ventures 06	0	0	
		Expenses due and accrued 07	3,416	2,456	
		Other Taxes due and accrued 09	6,526	6,677	
		Policyholder Dividends and Rating Adjustments 10		0	
40.70		Encumbrances on Real Estate 11	0	0	
60.10		Unearned Premiums 12	87,542	84,821	
60.30		Unpaid Claims and Adjustment Expenses 13	111,698	119,108	
80.10		Unearned Commissions 14	6,858	7,473	
		Premium Deficiency 15	0	0	
		Liabilities held for sale 17		0	
		Current Tax Liabilities 18	34	0	
		Deferred Tax Liabilities 21	1,011	1,008	
50.50		Provisions and Other Liabilities 28	904	878	
		Total Liabilities 29	232,756	233,228	0
		EQUITY			
		Shares issued and paid 41	2,000	2,000	
		Contributed Surplus 42	9,362	9,362	
		(Specify) 43		0	
20.40		Retained Earnings 44	60,896	57,205	
20.40		Reserves 45	0	0	
20.42		Accumulated Other Comprehensive Income (Loss) 47	4,880	5,174	
		Total Policyholders/Shareholders' Equity 59	77,138	73,741	0
		Non-controlling Interests 48	0	0	
		Total Equity 49	77,138	73,741	0
		TOTAL LIABILITIES AND EQUITY 89	309,894	306,969	0

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME
(S'000)

Page	FS Notes Reference		Current Year (01)	Prior Year (03)
		UNDERWRITING OPERATIONS		
		Premiums Written		
		Direct	01 175,817	170,435
70.21		Reinsurance Assumed	02 0	0
70.21		Reinsurance Ceded	03 58,235	58,516
60.20		Net Premiums Written	04 117,582	111,919
		Decrease (increase) in Net Unearned Premiums	05 (3,219)	(558)
60.20		Net Premiums Earned	06 114,363	111,361
		Service Charges	07 2,002	1,999
		Other	08 0	0
		Total Underwriting Revenue	09 116,365	113,360
		Gross Claims and Adjustment Expenses	62 107,690	134,625
		Reinsurers' share of claims and adjustment expenses	64 36,837	60,640
60.20		Net Claims and Adjustment Expenses	10 70,853	73,985
		Acquisition Expenses		
80.10		Gross Commissions	66 33,578	32,312
80.10		Ceded Commissions	68 11,783	13,008
		Taxes	12 5,889	5,866
80.20		Other	14 (210)	(82)
80.20		General Expenses	16 21,050	19,534
		Total Claims and Expenses	19 119,377	118,607
		Premium Deficiency Adjustments	20 0	0
		Underwriting Income (Loss)	29 (3,012)	(5,247)
40.07		INVESTMENT OPERATIONS		
		Income	32 4,942	4,977
		Realized Gains (Losses)	33 3,705	4,198
		Expenses	34 459	448
		Net Investment Income	39 8,188	8,727
		OTHER REVENUE AND EXPENSES		
		Income (Loss) from Ancillary Operations (net of Expenses of \$'000)	40 0	0
		Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures	41 (265)	(138)
		Gain (Losses) from fluctuations in Foreign Exchange Rates	42 0	0
		Other Revenues	44 190	184
		Finance costs	45 0	0
		Other Expenses	46 0	0
		Net Income (Loss) before Income Taxes	49 5,101	3,526
		INCOME TAXES		
		Current	50 1,202	697
		Deferred	51 (10)	(100)
		Total Income Taxes	59 1,192	597
		NET INCOME (LOSS) FOR THE YEAR	89 3,909	2,929
		ATTRIBUTABLE TO:		
		Non-controlling Interests	80 0	0
		Equity Holders	82 3,909	2,929

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF RETAINED EARNINGS
(\$'000)

Page	FS Notes Reference		Current Year (01)	Prior Year (02)
20.30		Balance at beginning of year	57,205	54,597
		Prior period adjustments:		0
		(Specify)		0
		Adjusted balance at beginning of year	57,205	54,597
		Net income (loss) for the year	3,909	2,929
		Dividends declared to shareholders	369	321
		Decrease (increase) in Reserves	0	0
		Refundable Taxes	151	0
		Net increase (decrease) in Retained Earnings during the year	3,691	2,608
		Balance at end of Year	60,896	57,205

RESERVES
(\$'000)

Page	FS Notes Reference		Current Year (01)	Prior Year (02)
		Earthquake Reserves		
		Reserve Complement		0
		Premium Reserve		0
		Mortgage Reserve		0
		Nuclear Reserve		0
		General and Contingency Reserves		0
		Total Reserves	0	0

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

Page	FS Notes Reference		Current Year (01)	Prior Year (03)
20.30		Comprehensive Income (Loss)		
		Net Income 01	3,909	2,929
		Other Comprehensive Income (Loss):		
		Available for Sale:		
		Change in Unrealized Gains and Losses:		
		- Loans 02	0	0
		- Bonds and Debentures 03	1,383	(3,070)
		- Equities 04	1,993	945
		Reclassification to Earnings of (Gains) Losses 05	(3,671)	1,954
		Derivatives Designated as Cash Flow Hedges		
		Change in Unrealized Gains and Losses 06	0	0
		Reclassification to Earnings of (Gains) Losses 07	0	0
		Foreign Currency Translation		
		Change in Unrealized Gains and Losses 08	0	0
		Impact of Hedging 09	0	0
		Revaluation Surplus 31		
		Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures 11	0	0
		Other 12	0	0
		Total Other Comprehensive Income (Loss) 21	(295)	(171)
		Total Comprehensive Income (Loss) 39	3,614	2,758
		Attributable to:		
		Non-controlling Interests 60	0	0
		Equity Holders 62	3,614	2,758

Page	FS Notes Reference		Current Year (01)	Prior Year (03)
20.20		Accumulated Other Comprehensive Income (Loss)		
		Accumulated Gains (Losses) on:		
		Available for Sale:		
		- Loans 42	0	0
		- Bonds and Debentures 43	(1,573)	400
		- Equities 44	6,256	4,577
		Derivatives Designated as Cash Flow Hedges 45	0	0
		Foreign Currency (net of hedging activities) 46	197	197
		Revaluation Surplus 71		
		Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures 51	0	0
		Other 49		0
		Balance at end of Year 59	4,880	5,174

Peace Hills General Insurance Company
Insurer

2012
Year

CONSOLIDATED
MINIMUM CAPITAL TEST
(S'000)

		Current Year (01)	Prior Year (02)
Capital Available			
Total Equity less Accumulated Other Comprehensive Income	02	72,258	68,567
Add:			
Subordinated Indebtedness and Redeemable Preferred Shares	03		0
Accumulated Other Comprehensive Income (Loss) on:			
Available for Sale Equity Securities	04	6,256	4,577
Available for Sale Debt Securities	06	(1,573)	400
Foreign Currency (Net of Hedging Activities)	08	197	197
Share of Other Comprehensive Income of non-qualifying Subsidiaries, Associates & Joint Ventures	36	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	1,599	1,599
Shadow Accounting Impact	16		0
Assets with a Capital Requirement of 100%	17	3,308	3,027
(Specify)	13		0
IFRS Conversion Phase in	18		0
Total Capital Available	19	72,231	69,115
Minimum Capital Required			
Balance Sheet Assets	20	12,260	11,249
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	10,224	9,970
Catastrophes	24	0	0
Reinsurance Ceded to Unregistered Insurers	26	0	0
Interest Rate Risk	38	2,878	
Foreign Exchange Risk (for future use only)	40		
Structured Settlements, Letters of Credit, Derivatives and Other Exposures	28	72	72
(Specify)	34		0
Minimum Capital Required	29	25,434	21,291
Excess Capital Available over Minimum Capital Required (line 19 minus line 29)	89	46,797	47,824
Line 19 as a % of line 29	90	283.99%	324.62%
Minimum Gross Capital Level	96	3,733	

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