

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

| | | Current | Prior | Opening |
|--|----|---------|---------|---------------------|
| | | (01) | (03) | Prior Year Restated |
| | | | | (05) |
| Cash and Cash Equivalents | 01 | 33,827 | 23,313 | |
| Investment Income due and accrued | 02 | 622 | 609 | |
| Assets held for sale | 50 | | 0 | |
| Investments: | | | | |
| Short Term Investments | 04 | | 0 | |
| Bonds and Debentures | 05 | 87,902 | 102,019 | |
| Mortgage Loans | 06 | 0 | 0 | |
| Preferred Shares | 07 | 0 | 0 | |
| Common Shares | 08 | 32,731 | 20,465 | |
| Investment Properties | 09 | 9,006 | 7,679 | |
| Other Loans and Invested Assets | 10 | 4,266 | 3,017 | |
| Total Investments (lines 04 to 10) | 19 | 133,905 | 133,180 | 0 |
| Receivables: | | | | |
| Unaffiliated Agents and Brokers | 20 | 10,929 | 10,719 | |
| Policyholders | 21 | | 0 | |
| Instalment Premiums | 22 | 31,189 | 27,046 | |
| Other Insurers | 23 | 1,511 | 651 | |
| "Facility Association" and the "P.R.R." | 24 | 7,570 | 7,543 | |
| Subsidiaries, Associates & Joint Ventures | 25 | 0 | 0 | |
| Other Receivables | 27 | 1,018 | 769 | |
| Recoverable from Reinsurers: | | | | |
| Unearned Premiums | 30 | 26,658 | 24,227 | |
| Unpaid Claims and Adjustment Expenses | 31 | 39,161 | 48,021 | |
| Other Recoverables on Unpaid Claims | 37 | | 967 | |
| Interests in Subsidiaries, Associates & Joint Ventures | 40 | | 0 | |
| Property and Equipment | 41 | 5,801 | 5,323 | |
| Deferred Policy Acquisition Expenses | 43 | 24,622 | 22,216 | |
| Current Tax Assets | 52 | 8,645 | 8,969 | |
| Deferred Tax Assets | 44 | 441 | 350 | |
| Goodwill | 54 | | 0 | |
| Intangible Assets | 56 | 1,110 | 1,370 | |
| Defined Benefit Pension Plan | 58 | | | |
| Other Assets | 88 | 401 | 375 | |
| TOTAL ASSETS | 89 | 327,410 | 315,648 | 0 |

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

| Page | | Current | Prior | Opening |
|-------|---|---------|---------|--------------------------------|
| | | (01) | (03) | Prior Year Restated (05) |
| | LIABILITIES | | | |
| | Overdrafts 01 | | 0 | |
| | Borrowed Money and Accrued Interest 02 | | 0 | |
| | Payables: | | | |
| | Agents and Brokers 03 | 3,734 | 3,374 | |
| | Policyholders 04 | | 0 | |
| | Other Insurers 05 | 6,802 | 8,576 | |
| | Subsidiaries, Associates & Joint Ventures 06 | 0 | 0 | |
| | Expenses due and accrued 07 | 3,222 | 2,716 | |
| | Other Taxes due and accrued 09 | 3,803 | 3,343 | |
| | Policyholder Dividends and Rating Adjustments 10 | | 0 | |
| | Encumbrances on Real Estate 11 | | 0 | |
| | Unearned Premiums 12 | 100,021 | 89,859 | |
| | Unpaid Claims and Adjustment Expenses 13 | 112,924 | 116,832 | |
| | Unearned Commissions 14 | 7,086 | 6,394 | |
| | Premium Deficiency 15 | | 0 | |
| | Liabilities held for sale 17 | | 0 | |
| | Current Tax Liabilities 18 | 18 | 1 | |
| | 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 | 8,532 | 8,700 | |
| | Total Liabilities 29 | 248,469 | 240,806 | 0 |
| | EQUITY | | | |
| | Shares issued and paid 41 | 2,000 | 2,000 | |
| | Contributed Surplus 42 | 9,362 | 9,362 | |
| | (Specify) 43 | | 0 | |
| | Retained Earnings 44 | 62,294 | 61,041 | |
| | Reserves 45 | 0 | 0 | |
| 20.42 | Accumulated Other Comprehensive Income (Loss) 47 | 5,285 | 2,439 | |
| | Total Policyholders/Shareholders' Equity 59 | 78,941 | 74,842 | 0 |
| | Non-controlling Interests 48 | | 0 | |
| | Total Equity 49 | 78,941 | 74,842 | 0 |
| | TOTAL LIABILITIES AND EQUITY 89 | 327,410 | 315,648 | 0 |

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

| | | Current | Prior |
|---|----|---------|---------|
| | | (01) | (03) |
| UNDERWRITING OPERATIONS | | | |
| Premiums Written | | | |
| Direct | 01 | 100,575 | 90,070 |
| Reinsurance Assumed | 02 | 0 | 0 |
| Reinsurance Ceded | 03 | 33,147 | 32,738 |
| Net Premiums Written | 04 | 67,428 | 57,332 |
| Decrease (increase) in Net Unearned Premiums | 05 | (2,703) | (2,808) |
| Net Premiums Earned | 06 | 64,725 | 54,524 |
| Service Charges | 07 | 1,149 | 1,022 |
| Other | 08 | | 0 |
| Total Underwriting Revenue | 09 | 65,874 | 55,546 |
| Gross Claims and Adjustment Expenses | 62 | 53,689 | 57,069 |
| Reinsurers' share of claims and adjustment expenses | 64 | 16,062 | 23,488 |
| Net Claims and Adjustment Expenses | 10 | 37,627 | 33,581 |
| Acquisition Expenses | | | |
| Gross Commissions | 66 | 18,497 | 16,936 |
| Ceded Commissions | 68 | 6,058 | 6,466 |
| Taxes | 12 | 3,340 | 3,037 |
| Other | 14 | | 0 |
| General Expenses | 16 | 11,566 | 10,971 |
| Total Claims and Expenses | 19 | 64,972 | 58,059 |
| Premium Deficiency Adjustments | 20 | | 0 |
| Underwriting Income (Loss) | 29 | 902 | (2,513) |
| INVESTMENT OPERATIONS | | | |
| Income | 32 | 1,456 | 2,114 |
| Realized Gains (Losses) | 33 | 1,414 | 1,366 |
| Expenses | 34 | 183 | 255 |
| Net Investment Income | 39 | 2,687 | 3,225 |
| OTHER REVENUE AND EXPENSES | | | |
| Income (Loss) from Ancillary Operations (net of Expenses of \$000) | 40 | | 0 |
| Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures | 41 | (79) | (54) |
| Gains (losses) from fluctuations in Foreign Exchange Rates | 42 | | 0 |
| Other Revenues | 44 | 217 | 98 |
| Finance costs | 45 | | 0 |
| Other Expenses | 46 | | 0 |
| Net Income (Loss) before Income Taxes | 49 | 3,727 | 756 |
| INCOME TAXES | | | |
| Current | 50 | 1,061 | 226 |
| Deferred | 51 | | 0 |
| Total Income Taxes | 59 | 1,061 | 226 |
| NET INCOME (LOSS) FOR THE PERIOD | 89 | 2,666 | 530 |
| ATTRIBUTABLE TO: | | | |
| Non-controlling Interests | 80 | 0 | 0 |
| Equity Holders | 82 | 2,666 | 530 |

Insurer

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF RETAINED EARNINGS
(\$'000)

| | | Current | Prior |
|--|----|---------|--------|
| | | (01) | (02) |
| Balance at beginning of year | 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 | 2,666 | 530 |
| 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 | 2,508 | 145 |
| Balance at end of period | 89 | 62,294 | 61,041 |

RESERVES
(\$'000)

| | | Current | Prior |
|----------------------------------|----|---------|-------|
| | | (01) | (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 |
| Total Reserves | 99 | 0 | 0 |

CONSOLIDATED FINANCIAL STATEMENTS

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

| Page | | Current (01) | Prior (03) |
|-------|---|-----------------|---------------|
| 20.30 | Comprehensive Income (Loss) | | |
| | Net Income | 2,666 | 530 |
| | Other Comprehensive Income (Loss): | | |
| | Items that may be reclassified subsequently to Net Income: | | |
| | Available for Sale: | | |
| | Change in Unrealized Gains and Losses: | | |
| | - Loans | | 0 |
| | - Bonds and Debentures | 688 | (2,681) |
| | - Equities | 1,984 | 1,239 |
| | Reclassification of (Gains) Losses to Net Income | (1,144) | (998) |
| | Derivatives Designated as Cash Flow Hedges | | |
| | Change in Unrealized Gains and Losses | | 0 |
| | Reclassification of (Gains) Losses to Net Income | | 0 |
| | Foreign Currency Translation | | |
| | Change in Unrealized Gains and Losses | | 0 |
| | Impact of Hedging | | 0 |
| | Share of Other Comprehensive Income of | | |
| | Subsidiaries, Associates & Joint Ventures | | 0 |
| | Other | | 0 |
| | Subtotal of items that may be reclassified subsequently to Net Income | 1,528 | (2,440) |
| | Items that will not be reclassified subsequently to Net Income: | | |
| | Revaluation Surplus | | 0 |
| | Remeasurements of Defined Benefit Plans | | 0 |
| | Other | | 0 |
| | Subtotal of items that will not be reclassified subsequently to Net Income | 0 | 0 |
| | Total Other Comprehensive Income (Loss) | 1,528 | (2,440) |
| | Total Comprehensive Income (Loss) | 4,194 | (1,910) |
| | Attributable to: | | |
| | Non-controlling Interests | 0 | 0 |
| | Equity Holders | 4,194 | (1,910) |
| | | | |
| | Accumulated Other Comprehensive Income (Loss) | | |
| | Accumulated Gains (Losses) on: | | |
| | Items that may be reclassified subsequently to Net Income: | | |
| | Available for Sale: | | |
| | - Loans | | 0 |
| | - Bonds and Debentures | (4,426) | (4,422) |
| | - Equities | 9,352 | 6,664 |
| | Derivatives Designated as Cash Flow Hedges | | 0 |
| | Foreign Currency (net of hedging activities) | | 197 |
| | Share of Other Comprehensive Income of | | |
| | Subsidiaries, Associates & Joint Ventures | | 0 |
| | Other | | 0 |
| | Subtotal of items that may be reclassified subsequently to Net Income | 4,926 | 2,439 |
| | Items that will not be reclassified subsequently to Net Income: | | |
| | Revaluation Surplus | 359 | 0 |
| | Remeasurements of Defined Benefit Plans | | 0 |
| | Other | | 0 |
| | Subtotal of items that will not be reclassified subsequently to Net Income | 359 | 0 |
| 20.20 | Balance at end of Period | 5,285 | 2,439 |

CONSOLIDATED
MINIMUM CAPITAL TEST
(\$'000)

| | | Current (01) | Prior (02) |
|---|-----------|-----------------|----------------|
| Capital Available | | | |
| Total Equity less Accumulated Other Comprehensive Income | 02 | 73,656 | 72,403 |
| Add: | | | |
| Subordinated Indebtedness and Redeemable Preferred Shares | 03 | | 0 |
| Accumulated Other Comprehensive Income (Loss) on: | | | |
| Available for Sale Equity Securities | 04 | 9,352 | 6,664 |
| Available for Sale Debt Securities | 06 | (4,426) | (4,422) |
| 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 | 3,275 | 3,476 |
| (Specify) | 13 | | 0 |
| Accumulated Other Comprehensive Income (Loss) on Remeasurements of Defined Benefit Pension Plans (Phase-in) | 44 | | 0 |
| Total Capital Available | 19 | 74,065 | 69,767 |
| Minimum Capital Required | | | |
| Balance Sheet Assets | 20 | 14,431 | 11,917 |
| Unearned Premiums/Unpaid Claims/Premium Deficiencies | 22 | 11,378 | 10,318 |
| Catastrophes | 24 | 0 | 0 |
| Reinsurance Ceded to Unregistered Insurers | 26 | 0 | 34 |
| Interest Rate Risk | 38 | 913 | 4,244 |
| Foreign Exchange Risk (for future use only) | 40 | | |
| Structured Settlements, Letters of Credit, Derivatives and Other Exposures | 28 | 0 | 72 |
| (Specify) | 34 | | 0 |
| Minimum Capital Required | 29 | 26,722 | 26,585 |
| Excess Capital Available over Minimum Capital Required (line 19 minus line 29) | 89 | 47,343 | 43,182 |
| Line 19 as a % of line 29 | 90 | 277.17% | 262.43% |
| Minimum Gross Capital Level | 96 | 4,019 | 3,813 |

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