

**CONSOLIDATED FINANCIAL STATEMENTS****ASSETS**

(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Cash .....	010	534	876
<u>21.012</u>	Short Term Investments .....	040	0	0
	Accrued Investment Income .....	070	0	0
<u>21.150 OF</u> <u>21.155</u>	Accounts Receivable .....	100	2,563	1,300
	Policy Loans .....	200	0	0
<u>21.012</u>	Bonds and Debentures .....	250	51	53
<u>21.050</u>	Mortgage Loans .....	300	0	0
<u>21.012</u>	Preferred Shares .....	420	4,823	5,459
<u>21.012</u>	Common Shares .....	440	1,325	954
<u>21.080</u>	Real Estate .....	500	0	0
<u>21.100</u>	Other Equity Investments.....	550	0	0
<u>21.100</u>	Other Loans and Invested Assets .....	600	0	0
	Future Income Taxes .....	800	70	12
	Goodwill.....	820	0	0
	Intangible Assets.....	830	0	0
<u>21.155</u>	Other Assets.....	880	369	209
	<b>TOTAL ASSETS .....</b>	<b>899</b>	<b>9,735</b>	<b>8,863</b>
<u>60.010</u>	<b>Total Segregated Funds Net Assets .....</b>	<b>929</b>	<b>0</b>	<b>0</b>

## CONSOLIDATED FINANCIAL STATEMENTS

**LIABILITIES, POLICYHOLDERS' AND SHAREHOLDERS' EQUITY**  
(\$'000)

Reference Page		Current Year (01)	Prior Year (03)
	<b>Liabilities</b>		
<u>22.020</u>	Net Actuarial Liabilities ..... 010	620	398
<u>22.020</u>	Other Insurance Policy & Contract Liabilities ..... 040	782	776
	Trust and Banking Deposits ..... 070		0
<u>22.030 or 21.155</u>	Accounts Payable ..... 100	1,282	785
<u>21.080</u>	Mortgage Loans and Other Real Estate Encumbrances ..... 130	0	0
<u>22.030</u>	Other Liabilities ..... 160	261	385
<u>23.020</u>	Net Deferred Gains (Losses) on Real Estate:		
	Backing Liabilities ..... 180		0
	Backing Equity ..... 230		0
	Future Income Taxes ..... 250		0
	Subordinated Debt ..... 280		0
	Other Debt ..... 310		0
	<b>Total Liabilities</b> ..... 389	2,945	2,344
	Non-Controlling Interests ..... 410		0
	<b>Policyholders' Equity</b>		
<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
	<b>Total Policyholders' Equity</b> ..... 589	0	0
	<b>Shareholders' Equity</b>		
	Capital Stock ..... 610	5,000	5,000
	Other Capital ..... 640		0
	Contributed Surplus ..... 670	1,000	1,000
<u>20.040</u>	Retained Earnings ..... 700	652	494
	Shareholders' Accumulated OCI (Loss) ..... 740	138	25
	<b>Total Shareholders' Equity</b> ..... 779	6,790	6,519
	<b>TOTAL LIABILITIES AND EQUITY</b> ..... 899	9,735	8,863

Insurer

## CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT  
(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	<b>Revenue</b>			
45.020	Premiums .....	040	15,891	9,574
23.010	Net Investment Income .....	070	222	102
	Fee Income .....	130	0	0
23.030	Other Revenue .....	160	0	0
	<b>Total Revenue</b> .....	199	16,113	9,676
	<b>Policy Benefits and Expenses</b>			
35.020	Policyholder Benefits .....	250	961	810
	Net Changes to Actuarial Liabilities			
35.020	Normal .....	300	1,290	246
35.020	Basis Change .....	330	0	0
35.020	Policyholder Dividends .....	360	0	0
35.020	Experience Rating Refunds .....	390	0	0
35.020	Transfer to and (Transfer from) Other Funds .....	420	0	0
45.020	Commissions .....	450	0	0
35.020	Interest on Policyholder Amounts on Deposit .....	480	0	0
23.030	Interest Expense .....	510	0	0
23.030	General Expenses and Taxes (excl. income taxes) .....	540	12,326	7,492
23.030	Other Expenses .....	570	0	0
35.020	Non-Controlling Interests .....	600	0	0
	<b>Total Benefits and Expenses</b> .....	649	14,577	8,548
	<b>Income Before Income Tax</b> .....	669	1,536	1,128
	Provision for Income Taxes			
	Current .....	700	426	183
	Future .....	710	(58)	1
	<b>Income before the following:</b> .....	749	1,168	944
35.020	Extraordinary Items			
	(Net of Income Taxes of \$ <u>          0</u> ) .....	800	0	0
35.020	Discontinued Operations			
	(Net of Income Taxes of \$ <u>          0</u> ) .....	830	0	0
	<b>Income Before Attribution to Participating Policyholders</b> .....	859	1,168	944
35.020	Income Attributable to Participating Policyholders (Stock companies) .....	870	0	0
35.020	<b>Net Income</b> .....	899	1,168	944
	<b>Premiums on Reinsurance Agreements</b>			
	Deducted in arriving at Net Premiums .....	940		0
	Deducted & not included in gross premiums .....	941		0

## CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF EQUITY IN PARTICIPATING ACCOUNT  
(\$'000)

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year .....	0	0
	Adjustments .....		0
	.....		0
<u>20.030</u>	Share of Net Income (Loss) .....		0
<u>20.040</u>	Transfer from (to) Retained Earnings (Stock companies only).....		0
<u>20.040</u>	Transfer from (to) Non-Par Account (Mutual companies only) .....		0
	<b>End of Year</b> .....	0	0

STATEMENT OF NON-PARTICIPATING ACCOUNT  
Mutual Companies Only  
(\$'000)

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year .....	0	0
	Adjustments .....		0
	.....		0
<u>20.030</u>	Share of Net Income (Loss) .....		0
<u>20.040</u>	Transfer from (to) Par Account .....	0	0
	Dividends to Preferred Shareholders .....		0
	<b>End of Year</b> .....	0	0

STATEMENT OF RETAINED EARNINGS  
Stock Companies Only  
(\$'000)

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year .....	494	360
	Adjustments .....		0
	.....		0
<u>20.030</u>	Share of Net Income (Loss) .....	1,168	944
<u>20.040</u>	Transfer from (to) Par Account .....	0	0
	Dividends to Shareholders:		
	Preferred .....	1,010	0
	Common .....		810
	<b>End of Year</b> .....	652	494

## CONSOLIDATED FINANCIAL STATEMENTS

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

		Current Year 01	Prior Year 03
<b>Comprehensive Income (Loss)</b>			
Income Before Attribution to Participating Policyholders .....	010	1,168	944
Other Comprehensive Income (Loss):			
<b>Available for Sale:</b>			
Change in Unrealized Gains and Losses:			
Loans .....	110		0
Bonds and Debentures .....	140		0
Equities .....	170	47	541
Reclassification to Earnings of (Gains) Losses .....	210	66	61
<b>Derivatives Designated as Cash Flow Hedges</b>			
Change in Unrealized Gains and Losses .....	310		0
Reclassification to Earnings of (Gains) Losses .....	340		0
<b>Foreign Currency Translation</b>			
Change in Unrealized Gains and Losses .....	410		0
Impact of Hedging .....	440		0
<b>Other</b> .....	480		0
Total Other Comprehensive Income (Loss) .....	510	113	602
<b>Total Comprehensive Income (Loss)</b> .....	589	1,281	1,546
<b>Accumulated Other Comprehensive Income (Loss)</b>			
Accumulated Gains/ (Losses) on:			
<b>Available for Sale:</b>			
Loans .....	710		0
Bonds and Debentures .....	740		0
Equities .....	770	138	25
<b>Derivatives Designated as Cash Flow Hedges</b> .....	810		0
<b>Foreign Currency (Net of Hedging Activities)</b> .....	840		0
<b>Other</b> .....	880		0
<b>Balance at end of Year</b> .....	899	138	25

## Summary of Capital Elements and Ratio Calculations

(thousands of dollars)

	01	02	Ref
<b>Capital Available:</b>			
<b>Tier 1</b>			
Common shares		5,000	001
Contributed surplus		1,000	002
Retained earnings	652		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Less: Net decrease in actuarial liabilities due to recognition of mortality improvement			210
Retained earnings for MCCSR purposes		652	203
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
Non-participating account (mutual companies)			311
Adjusted <sup>1</sup> net deferred gains/losses on real estate that have not been taken into account in the valuation of policy liabilities			312
Accumulated net after-tax foreign currency translation adjustment reported in Other Comprehensive Income (OCI)			313
Accumulated net after-tax unrealized loss on available-for-sale equity securities reported in OCI			314
<b>Gross Tier 1 Capital</b>		6,652	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
<b>Net Tier 1 Capital</b>		6,652	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
<b>Adjusted Net Tier 1 Capital</b>		A 6,652	329
<b>Tier 2A (page 20.020 line 079)</b>	0		021
<b>Tier 2B allowed (page 20.030 line 045)</b>	0		022
<b>Tier 2C (page 20.030 line 068)</b>	0		023
<b>Net Tier 2 Capital (page 20.030 line 695)</b>		B 0	025
<b>Total Capital Available</b>	(A+B)	C 6,652	040
<b>Capital Required:</b>			
<b>Asset Default and Market Risk</b>			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	479	041
- Backing Qualifying Participating Policies	ii)	0	042
Index Linked Pass Through Products	iii)	0	043
Off-Balance Sheet Exposures			
- Backing Non-Par, Surplus and Non-Qualifying Participating	iv)	0	044
- Backing Qualifying Participating Policies	v)	0	045
Segregated Funds Risk	vi)	0	046
<b>Total Asset Default and Market Risk</b>	sum of (i to vi)	479	050
<b>Insurance Risks</b>			
Mortality Risk	i)	216	051
Morbidity Risk	ii)	1,785	052
Lapse Risk	iii)	0	053
<b>Total Insurance Risks</b>	sum of (i to iii)	2,001	060
<b>Changes in Interest Environment (C-3) Risk</b>		0	062
<b>Foreign Exchange Risk</b>		0	067
<b>Other (specify)<sup>2</sup></b>			070
<b>Total Capital Required</b>		D 2,480	080
<b>MCCSR Ratios</b>			
Tier 1	(A + D) x 100	268.21	098
Total	(C + D) x 100	268.21	099

<sup>1</sup> Net deferred gains must be adjusted to reduce gains/losses by 45% on the portion of gains/losses on which no income taxes payable has been accounted for, or the future income tax amount.

<sup>2</sup> Provide details of additional requirements.