



## 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)
		<b>LIABILITIES</b>			
		Overdrafts	01	0	
		Borrowed Money and Accrued Interest	02	0	
		Payables:			
50.20		Agents and Brokers	03	0	0
		Policyholders	04	414	338
		Other Insurers	05	1,806	8,849
50.40		Subsidiaries, Associates & Joint Ventures/Affiliates	06	0	0
		Expenses due and accrued	07	9,716	10,752
		Other Taxes due and accrued	09	15,488	16,912
		Policyholder Dividends and Rating Adjustments	10		0
40.70		Encumbrances on Real Estate	11	0	0
60.10		Unearned Premiums	12	126,794	135,186
60.30		Unpaid Claims and Adjustment Expenses	13	331,145	557,707
80.10		Unearned Commissions	14	0	0
		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		0
		Deferred Tax Liabilities	21		0
		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	3,655	3,814
		<b>Total Liabilities</b>	29	489,018	733,558
		<b>CANADIAN INSURERS ONLY:</b>			
		<b>EQUITY</b>			
		Shares issued and paid			
		Common	41	9,000	9,000
		Preferred	33	106,100	76,100
		Contributed Surplus	42	0	0
		(Specify)	43		0
20.54		Retained Earnings	44	63,000	82,199
20.45		Reserves	45	0	0
20.42		Accumulated Other Comprehensive Income (Loss)	47	0	0
		<b>Total Policyholders/Shareholders' Equity</b>	59	178,100	167,299
		Non-controlling Interests	48	0	0
		<b>Total Equity</b>	49	178,100	167,299
		<b>TOTAL LIABILITIES AND EQUITY</b>	89	667,118	900,857
		<b>FOREIGN INSURERS ONLY:</b>			
		<b>HEAD OFFICE ACCOUNT, RESERVES &amp; AOCI</b>			
20.45		Head Office Account	51		
		(Specify)	53		
20.45		Reserves	55		
20.42		Accumulated Other Comprehensive Income (Loss)	56		
		<b>Total Head Office Account, Reserves &amp; AOCI</b>	69		
		<b>TOTAL LIABILITIES, HEAD OFFICE ACCOUNT, RESERVES &amp; AOCI</b>	79		

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME  
(\$'000)

Reference Page	FS Notes Reference		Current Period (01)	Prior Period (03)
		<b>UNDERWRITING OPERATIONS</b>		
		<b>Premiums Written</b>		
		Direct	258,258	285,588
70.21		Reinsurance Assumed	0	0
70.21		Reinsurance Ceded	25,612	28,932
60.20		<b>Net Premiums Written</b>	232,646	256,656
		Decrease (increase) in Net Unearned Premiums	8,392	4,882
60.20		<b>Net Premiums Earned</b>	241,038	261,538
		Service Charges	8,305	9,052
		Other		0
		<b>Total Underwriting Revenue</b>	249,343	270,590
		Gross Claims and Adjustment Expenses	211,264	646,263
		Reinsurers' share of claims and adjustment expenses	(5,983)	350,963
60.20		<b>Net Claims and Adjustment Expenses</b>	217,247	295,300
		Acquisition Expenses		
80.10		Gross Commissions	30,886	33,159
80.10		Ceded Commissions	0	0
		Taxes	10,310	9,833
80.20		Other	10,355	11,674
80.20		General Expenses	17,206	17,093
		<b>Total Claims and Expenses</b>	286,004	367,059
		Premium Deficiency Adjustments		0
40.07		<b>Underwriting Income (Loss)</b>	(36,661)	(96,469)
		<b>INVESTMENT OPERATIONS</b>		
		Income	13,723	10,898
		Gains (Losses) from FVO or FVTPL	0	0
		Realized Gains (Losses)	(3,403)	6,047
		Expenses	571	841
		<b>Net Investment Income</b>	9,749	16,104
		<b>OTHER REVENUE AND EXPENSES</b>		
		Income (Loss) from Ancillary Operations (net of Expenses of \$000 )		0
		Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures		0
		Share of Net Income (Loss) of Pooled Funds using Equity Method		0
		Gain (Losses) from fluctuations in Foreign Exchange Rates		0
		Other Revenues	176	551
		Finance costs		0
		Other Expenses		0
		<b>Net Income (Loss) before Income Taxes</b>	(26,736)	(79,814)
		<b>INCOME TAXES</b>		
		Current	290	(1,411)
		Deferred	(7,828)	(20,123)
		<b>Total Income Taxes</b>	(7,538)	(21,534)
		<b>NET INCOME (LOSS) FOR THE YEAR</b>	(19,198)	(58,280)
		<b>ATTRIBUTABLE TO:</b>		
		Non-controlling Interests		0
		Equity Holders	(19,198)	(58,280)

(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		<b>Comprehensive Income (Loss)</b>			
		Net Income	01	(19,198)	(58,280)
		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	02		0
		- Bonds and Debentures	03		0
		- Equities	04		0
		Reclassification of (Gains) Losses to Net Income	05		0
		<b>Derivatives Designated as Cash Flow Hedges</b>			
		Change in Unrealized Gains and Losses	06		0
		Reclassification of (Gains) Losses to Net Income	07		0
		<b>Foreign Currency Translation</b>			
		Change in Unrealized Gains and Losses	08		0
		Impact of Hedging	09		0
		<b>Share of Other Comprehensive Income of Subsidiaries, Associates &amp; Joint Ventures (may be reclassified)</b>	14		0
		<b>Other</b>	18		0
		<b>Subtotal of items that may be reclassified subsequently to Net Income</b>	19	0	0
		<b>Items that will not be reclassified subsequently to Net Income:</b>			
		<b>Revaluation Surplus</b>	31		0
		<b>Share of Other Comprehensive Income of Subsidiaries, Associates &amp; Joint Ventures</b>	11		0
		<b>Remeasurements of Defined Benefit Plans</b>	34		0
	<b>Other</b>	12		0	
	<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	29	0	0	
	Total Other Comprehensive Income (Loss)	21	0	0	
	<b>Total Comprehensive Income (Loss)</b>	39	(19,198)	(58,280)	
	<b>Attributable to:</b>				
	Non-controlling Interests	60		0	
	Equity Holders	62	(19,198)	(58,280)	
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	42		0
		- Bonds and Debentures	43		0
		- Equities	44		0
		<b>Derivatives Designated as Cash Flow Hedges</b>	45		0
		<b>Foreign Currency (net of hedging activities)</b>	46		0
		<b>Share of Other Comprehensive Income of Subsidiaries, Associates &amp; Joint Ventures (may be reclassified)</b>	52		0
		<b>Other</b>	68		0
		<b>Subtotal of items that may be reclassified subsequently to Net Income</b>	69	0	0
		<b>Items that will not be reclassified subsequently to Net Income:</b>			
		<b>Revaluation Surplus</b>	71		0
		<b>Share of Other Comprehensive Income of Subsidiaries, Associates &amp; Joint Ventures</b>	51		0
		<b>Remeasurements of Defined Benefit Plans</b>	74		0
		<b>Other</b>	49		0
		<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	79	0	0
		Balance at end of Year	59	0	0

## CONSOLIDATED

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

	(55)	Current Period (01)
<b>Capital Available:</b>		
Capital available (from page 30.62 - capital available)	01	140,470
Phase-in of capital available	03	
(Specify)	08	
<b>Total Capital Available</b>	<b>09</b>	140,470
<b>Assets Available:</b>		
Net Assets Available (from page 30.92 - net assets available)	11	
Phase-in of net assets available	13	
(Specify)	18	
<b>Total Net Assets Available</b>	<b>19</b>	
<b>Capital (Margin) Required at Target:</b>		
<b>Insurance Risk:</b>		
Premium liabilities	20	18,799
Unpaid claims	22	30,842
Catastrophes	24	0
Margin required for reinsurance ceded to unregistered insurers	26	0
Subtotal: Insurance risk margin	29	49,641
<b>Market Risk:</b>		
Interest rate risk	30	2,967
Foreign exchange risk	32	0
Equity risk	34	0
Real estate risk	36	19,666
Other market risk exposures	38	82
Subtotal: Market risk margin	39	22,715
<b>Credit Risk:</b>		
Counterparty default risk for balance sheet assets	40	7,535
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	7,535
Operational risk margin	50	13,887
Less: Diversification credit	52	10,027
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>83,751</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	55,834
Phase-in of Capital (Margin) Required	62	
(Specify)	68	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>55,834</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>84,636</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>251.59%</b>

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