

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS  
(\$'000)

Reference Page	FS Notes Reference		Current Period		Prior Period		Opening Prior Period Restated	
			Total (01)	Vested in Trust* (02)	Total (03)	Vested in Trust* (04)	Total (05)	Vested in Trust* (06)
		Cash and Cash Equivalents	38,431		32,076			
		Investment Income due and accrued	1,396		1,298			
		Assets held for sale	0		0			
		Investments:						
<a href="#">40.12</a>		Short Term Investments	0		0			
<a href="#">40.22</a>		Bonds and Debentures	211,775		205,546			
<a href="#">40.32</a>		Mortgage Loans	0		0			
<a href="#">40.42</a>		Preferred Shares	19,172		12,737			
<a href="#">40.52</a>		Common Shares	0		0			
<a href="#">40.70</a>		Investment Properties	73,321		76,799			
<a href="#">40.80</a>		Other Loans and Invested Assets	24,000		0			
<a href="#">40.07</a>		<b>Total Investments (lines 04 to 10)</b>	328,268		295,082		0	
		Receivables:						
<a href="#">50.20</a>		Unaffiliated Agents and Brokers	0		0			
		Policyholders	4,477		4,315			
		Instalment Premiums	84,185		81,140			
		Other Insurers	1,791		147,578			
		Facility Association and the "P.R.R."	0		0			
<a href="#">50.40</a>		Subsidiaries, Associates & Joint Ventures	9,171		3,988			
<a href="#">50.20</a>		Other Receivables	708		640			
		Recoverable from Reinsurers:						
<a href="#">60.10</a>		Unearned Premiums	0		0			
<a href="#">60.30</a>		Unpaid Claims and Adjustment Expenses	12,524		7,830			
		Other Recoverables on Unpaid Claims			0			
		Investments Accounted for Using the Equity Method:						
<a href="#">50.32</a>		Interests in Subsidiaries, Associates & Joint Ventures	0		0			
		Pooled Funds	0		0			
<a href="#">40.70</a>		Property and Equipment	24,677		25,714			
		Deferred Policy Acquisition Expenses	18,766		17,935			
		Current Tax Assets	0		0			
		Deferred Tax Assets	36,298		13,686			
		Goodwill	0		0			
		Intangible Assets	5,171		6,042			
		Defined Benefit Pension Plan	0		0			
		Other Assets	263		121			
		<b>TOTAL ASSETS</b>	566,126		637,445		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)
		<b>LIABILITIES</b>			
		Overdrafts	01	0	0
		Borrowed Money and Accrued Interest	02	0	0
		Payables:			
<a href="#">50.20</a>		Agents and Brokers	03	0	0
		Policyholders	04	1,306	382
<a href="#">50.30</a>		Other Insurers	05	8,906	9,769
<a href="#">50.40</a>		Subsidiaries, Associates & Joint Ventures/Affiliates	06	2,939	2,739
		Expenses due and accrued	07	9,556	10,058
		Other Taxes due and accrued	09	10,738	11,335
		Policyholder Dividends and Rating Adjustments	10	0	0
<a href="#">40.70</a>		Encumbrances on Real Estate	11	0	0
<a href="#">60.10</a>		Unearned Premiums	12	130,607	124,870
<a href="#">60.30</a>		Unpaid Claims and Adjustment Expenses	13	249,262	273,365
<a href="#">80.10</a>		Unearned Commissions	14	0	0
		Ceded Deferred Premium Taxes	20	0	0
		Ceded Deferred Insurance Operations Expenses	34	0	0
		Premium Deficiency	15	0	0
		Liabilities held for sale	17	0	0
		Current Tax Liabilities	18	0	0
		Deferred Tax Liabilities	21	0	0
		Self-Insured Retention (SIR) portion of unpaid claims	22	0	0
		Defined Benefit Pension Plan	23	0	0
		Employment Benefits (not including amounts on line 23 above)	24	0	0
		Subordinated Debt	25	0	0
		Preferred Shares - Debt	26	0	0
		Provisions and Other Liabilities	28	5,007	4,418
		<b>Total Liabilities</b>	29	418,321	436,936
		<b>CANADIAN INSURERS ONLY:</b>			
		<b>EQUITY</b>			
		Shares issued and paid			
		Common	41	48,000	24,000
		Preferred	33	106,100	106,100
		Contributed Surplus	42	0	0
		(Specify)	43	0	0
<a href="#">20.54</a>		Retained Earnings	44	(6,295)	70,409
<a href="#">20.45</a>		Reserves	45	0	0
<a href="#">20.42</a>		Accumulated Other Comprehensive Income (Loss)	47	0	0
		<b>Total Policyholders/Shareholders' Equity</b>	59	147,805	200,509
		Non-controlling Interests	48	0	0
		<b>Total Equity</b>	49	147,805	200,509
		<b>TOTAL LIABILITIES AND EQUITY</b>	89	566,126	637,445
		<b>FOREIGN INSURERS ONLY:</b>			
		<b>HEAD OFFICE ACCOUNT, RESERVES &amp; AOCI</b>			
<a href="#">20.45</a>		Head Office Account	51		
		(Specify)	53		
<a href="#">20.45</a>		Reserves	55		
<a href="#">20.42</a>		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	183,846	176,015
70.21		Reinsurance Assumed	0	0
70.21		Reinsurance Ceded	13,178	14,510
60.20		<b>Net Premiums Written</b>	170,668	161,505
		Decrease (increase) in Net Unearned Premiums	(15,567)	(7,897)
60.20		<b>Net Premiums Earned</b>	155,101	153,608
		Service Charges	6,622	6,220
		Other		0
		<b>Total Underwriting Revenue</b>	161,723	159,828
		Gross Claims and Adjustment Expenses	106,953	95,236
		Reinsurers' share of claims and adjustment expenses	(140,616)	567
60.20		<b>Net Claims and Adjustment Expenses</b>	247,569	94,669
		Acquisition Expenses		
80.10		Gross Commissions	21,472	21,276
80.10		Ceded Commissions	0	0
		Taxes	6,710	6,738
80.20		Other	10,821	8,816
80.20		General Expenses	4,968	4,405
		<b>Total Claims and Expenses</b>	291,540	135,904
		Premium Deficiency Adjustments		0
40.07		<b>Underwriting Income (Loss)</b>	(129,817)	23,924
		<b>INVESTMENT OPERATIONS</b>		
		Income	13,101	6,895
		Gains (Losses) from FVO or FVTPL	0	0
		Realized Gains (Losses)	3,791	2,020
		Expenses	294	245
		<b>Net Investment Income</b>	16,598	8,670
		<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
		Overlay approach adjustment for financial instruments (Reclass from P&L to OCI)		0
		Share of Net Income (Loss) of Pooled Funds using Equity Method		0
		Gain (Losses) from fluctuations in Foreign Exchange Rates		0
		Other Revenues	134	(225)
		Finance costs		0
		Other Expenses		0
		<b>Net Income (Loss) before Income Taxes</b>	(113,085)	32,369
		<b>INCOME TAXES</b>		
		Current		0
		Deferred	(25,539)	10,552
		<b>Total Income Taxes</b>	(25,539)	10,552
		<b>NET INCOME (LOSS) FOR THE YEAR</b>	(87,546)	21,817
		<b>ATTRIBUTABLE TO:</b>		
		Non-controlling Interests		0
		Equity Holders	(87,546)	21,817

(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)
<a href="#">20.30</a>		<b>Comprehensive Income (Loss)</b>		
		Net Income	01	(87,546)
		Other Comprehensive Income (Loss):		
		<b>Items that may be reclassified subsequently to Net Income:</b>		
		<b>FVOCI:</b>		
		Change in Unrealized Gains and Losses:		
		- Loans	02	0
		- Bonds and Debentures	03	0
		- Equities (IAS 39)	04	0
		Reclassification of (Gains) Losses to Net Income	05	0
		<b>Overlay approach</b>		
		Change in Unrealized Gains and Losses related to overlay approach for financial instruments		
		Unrealized Gains and Losses	15	0
		Reclassification of (Gains) Losses from Net Income	16	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
		<b>Items that will not be reclassified subsequently to Net Income:</b>		
		<b>FVOCI:</b>		
		Change in Unrealized Gains and Losses:		
		- Equities (IFRS 9)	25	0
		<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
		Total Other Comprehensive Income (Loss)	21	0
		<b>Total Comprehensive Income (Loss)</b>	39	(87,546)
		<b>Attributable to:</b>		
		Non-controlling Interests	60	0
		Equity Holders	62	(87,546)

		Current Period	Prior Period
		(01)	(03)
		<b>Accumulated Other Comprehensive Income (Loss)</b>	
		Accumulated Gains (Losses) on:	
		<b>Items that may be reclassified subsequently to Net Income:</b>	
		<b>FVOCI:</b>	
		- Loans	
		42	0
		- Bonds and Debentures	
		43	0
		- Equities (IAS 39)	
		44	0
		<b>Overlay approach</b>	
		55	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
		<b>Items that will not be reclassified subsequently to Net Income:</b>	
		<b>FVOCI:</b>	
		- Equities (IFRS 9)	
		65	0
		<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
<a href="#">20.20</a>		Balance at end of Year	
		59	0

## CONSOLIDATED

## MINIMUM CAPITAL TEST/BRANCH ADEQUACY OF ASSETS TEST: CAPITAL (MARGIN) REQUIRED AND MCT (BAAT) RATIO

(\$'000)

		Current Period
	(55)	(01)
<b>Capital Available:</b>		
Capital available (from page 30.62 - capital available)	01	106,161
(Specify)	08	
<b>Total Capital Available</b>	<b>09</b>	<b>106,161</b>
<b>Assets Available:</b>		
Net Assets Available (from page 30.92 - net assets available)	11	
(Specify)	18	
<b>Total Net Assets Available</b>	<b>19</b>	
<b>Capital (Margin) Required at Target:</b>		
Insurance Risk:		
Premium liabilities	20	14,915
Unpaid claims	22	22,019
Catastrophes	24	0
Margin required for reinsurance ceded to unregistered insurers	26	35
Subtotal: Insurance risk margin	29	36,969
Market Risk:		
Interest rate risk	30	3,327
Foreign exchange risk	32	0
Equity risk	34	0
Real estate risk	36	17,090
Other market risk exposures	38	42
Subtotal: Market risk margin	39	20,459
Credit Risk:		
Counterparty default risk for balance sheet assets	40	7,391
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	7,391
Operational risk margin	50	11,725
Less: Diversification credit	52	8,499
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>68,045</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	45,363
(Specify)	68	
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>45,363</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>60,798</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>234.03%</b>

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