

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS  
(\$'000)

Reference Page	FS Notes Reference		Current Period		Prior Period		Opening Prior Period Restated	
			Total	Vested in Trust*	Total	Vested in Trust*	Total	Vested in Trust*
			(01)	(02)	(03)	(04)	(05)	(06)
		Cash and Cash Equivalents	01	17,059		53,957		
		Investment Income due and accrued	02	1,662		1,365		
		Assets held for sale	50					
		Investments:						
		Short Term Investments	04					
		Bonds and Debentures	05	310,380		275,746		
		Mortgage Loans	06			0		
		Preferred Shares	07	35,343		29,685		
		Common Shares	08	89,418		92,626		
		Investment Properties	09	18,516		19,411		
		Other Loans and Invested Assets	10					
40.07		<b>Total Investments (lines 04 to 10)</b>	19	453,657		417,468		0
		Receivables:						
50.20		Unaffiliated Agents and Brokers	20	0				
		Policyholders	21	4,395		4,450		
		Instalment Premiums	22	82,620		83,667		
		Other Insurers	23	6,467		2,994		
		Facility Association and the "P.R.R."	24	3,230		1,719		
50.40		Subsidiaries, Associates & Joint Ventures	25	0		0		
50.20		Other Receivables	27	1,231		1,734		
		Recoverable from Reinsurers:						
60.10		Unearned Premiums	30	0				
60.30		Unpaid Claims and Adjustment Expenses	31	12,197		20,942		
		Other Recoverables on Unpaid Claims	37					
50.32		Interests in Subsidiaries, Associates & Joint Ventures	40	0				
40.70		Property and Equipment	41	27,397		29,104		
		Deferred Policy Acquisition Expenses	43	20,012		20,501		
		Current Tax Assets	52	2,953				
		Deferred Tax Assets	44	1,777		1,523		
		Goodwill	54					
		Intangible Assets	56	6,942		7,591		
		Defined Benefit Pension Plan	58					
		Other Assets	88	314		432		
		<b>TOTAL ASSETS</b>	89	641,913		647,447		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
			(01)	(03)	(05)
		<b>LIABILITIES</b>			
		Overdrafts 01			
		Borrowed Money and Accrued Interest 02			
		Payables:			
50.20		Agents and Brokers 03	0		
		Policyholders 04	658	1,207	
50.30		Other Insurers 05	0		
50.40		Subsidiaries, Associates & Joint Ventures/Affiliates 06	1,386	263	
		Expenses due and accrued 07	11,769	9,443	
		Other Taxes due and accrued 09	16,097	15,239	
		Policyholder Dividends and Rating Adjustments 10			
40.70		Encumbrances on Real Estate 11	0		
60.10		Unearned Premiums 12	140,068	146,931	
60.30		Unpaid Claims and Adjustment Expenses 13	318,469	316,125	
80.10		Unearned Commissions 14	0		
		Ceded Deferred Premium Taxes 20			
		Ceded Deferred Insurance Operations Expenses 34			
		Premium Deficiency 15	0		
		Liabilities held for sale 17			
		Current Tax Liabilities 18		513	
		Deferred Tax Liabilities 21			
		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	3,987	4,108	
		<b>Total Liabilities 29</b>	<b>492,434</b>	<b>493,829</b>	<b>0</b>
		<b>CANADIAN INSURERS ONLY:</b>			
		<b>EQUITY</b>			
		Shares issued and paid			
		Common 41	9,000	9,000	
		Preferred 33			
		Contributed Surplus 42			
		(Specify) 43			
20.54		Retained Earnings 44	140,479	144,618	
20.45		Reserves 45	0	0	
20.42		Accumulated Other Comprehensive Income (Loss) 47	0	0	
		<b>Total Policyholders/Shareholders' Equity 59</b>	<b>149,479</b>	<b>153,618</b>	<b>0</b>
		Non-controlling Interests 48			
		<b>Total Equity 49</b>	<b>149,479</b>	<b>153,618</b>	<b>0</b>
		<b>TOTAL LIABILITIES AND EQUITY 89</b>	<b>641,913</b>	<b>647,447</b>	<b>0</b>
		<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 69</b>			
		<b>TOTAL LIABILITIES, HEAD OFFICE ACCOUNT, RESERVES &amp; AOCI 79</b>			

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME  
(\$'000)

Reference Page	FS Notes Reference		Current Period	Prior Period
			(01)	(03)
		<b>UNDERWRITING OPERATIONS</b>		
		<b>Premiums Written</b>		
		Direct	01 304,924	320,352
70.21		Reinsurance Assumed	02 0	
70.21		Reinsurance Ceded	03 13,532	14,540
60.20		<b>Net Premiums Written</b>	04 291,392	305,812
		Decrease (increase) in Net Unearned Premiums	05 6,863	(13,291)
60.20		<b>Net Premiums Earned</b>	06 298,255	292,521
		Service Charges	07 9,767	9,104
		Other	08	
		<b>Total Underwriting Revenue</b>	09 308,022	301,625
		Gross Claims and Adjustment Expenses	62 237,665	250,909
		Reinsurers' share of claims and adjustment expenses	64 3,810	12,608
60.20		<b>Net Claims and Adjustment Expenses</b>	10 233,855	238,301
		Acquisition Expenses		
80.10		Gross Commissions	66 35,090	34,102
80.10		Ceded Commissions	68 0	
		Taxes	12 9,351	9,280
80.20		Other	14 11,417	12,361
80.20		General Expenses	16 25,304	23,336
		<b>Total Claims and Expenses</b>	19 315,017	317,380
		Premium Deficiency Adjustments	20	
		<b>Underwriting Income (Loss)</b>	29 (6,995)	(15,755)
40.07		<b>INVESTMENT OPERATIONS</b>		
		Income	32 (12,016)	6,816
		Realized Gains (Losses)	33 12,415	16,783
		Expenses	34 1,173	1,151
		<b>Net Investment Income</b>	39 (774)	22,448
		<b>OTHER REVENUE AND EXPENSES</b>		
		Income (Loss) from Ancillary Operations (net of Expenses of \$'000 )	40	
		Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures	41	
		Gain (Losses) from fluctuations in Foreign Exchange Rates	42	
		Other Revenues	44 1,655	1,772
		Finance costs	45	
		Other Expenses	46	
		<b>Net Income (Loss) before Income Taxes</b>	49 (6,114)	8,465
		<b>INCOME TAXES</b>		
		Current	50 (1,721)	1,258
		Deferred	51 (254)	539
		<b>Total Income Taxes</b>	59 (1,975)	1,797
		<b>NET INCOME (LOSS) FOR THE YEAR</b>	89 (4,139)	6,668
		<b>ATTRIBUTABLE TO:</b>		
		Non-controlling Interests	80	
		Equity Holders	82 (4,139)	6,668

(04)

*CONSOLIDATED FINANCIAL STATEMENTS*  
**COMPREHENSIVE INCOME (LOSS)**  
and  
**ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**  
(S'000)

Reference Page	FS Notes Reference		Current Period	Prior Period
			(01)	(03)
20.30		<b>Comprehensive Income (Loss)</b>		
		Net Income	01	6,668
		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	
		- Bonds and Debentures	03	
		- Equities	04	
		Reclassification of (Gains) Losses to Net Income	05	
		<b>Derivatives Designated as Cash Flow Hedges</b>		
		Change in Unrealized Gains and Losses	06	
		Reclassification of (Gains) Losses to Net Income	07	
		<b>Foreign Currency Translation</b>		
		Change in Unrealized Gains and Losses	08	
		Impact of Hedging	09	
		<b>Other</b>	18	
		<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>		
		Revaluation Surplus	31	
	Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures	11		
	Remeasurements of Defined Benefit Plans	34		
	Other	12		
	<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	29	0	
	<b>Total Other Comprehensive Income (Loss)</b>	21	0	
	<b>Total Comprehensive Income (Loss)</b>	39	6,668	
	<b>Attributable to:</b>			
	Non-controlling Interests	60		
	Equity Holders	62	6,668	

			Current Period	Prior Period
			(01)	(03)
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	
		- Bonds and Debentures	43	
		- Equities	44	
		<b>Derivatives Designated as Cash Flow Hedges</b>	45	
		<b>Foreign Currency (net of hedging activities)</b>	46	
		<b>Other</b>	68	
		<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>		
		Revaluation Surplus	71	
		Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures	51	
		Remeasurements of Defined Benefit Plans	74	
		Other	49	
		<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	79	0
		<b>Balance at end of Year</b>	59	0

*CONSOLIDATED*

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

		Current Period (01)
<b>Capital Available:</b>		
Capital available (from page 30.62 - capital available)	01	140,760
Phase-in of capital available	03	(5,010)
<b>Total Capital Available</b>	<b>09</b>	<b>145,770</b>
<b>Assets Available:</b>		
Net Assets Available (from page 30.92 - net assets available)	11	
Phase-in of net assets available	13	
<b>Total Net Assets Available</b>	<b>19</b>	
<b>Capital (Margin) Required at Target:</b>		
Insurance Risk:		
Premium liabilities	20	20,109
Unpaid claims	22	28,942
Catastrophes	24	0
Margin required for reinsurance ceded to unregistered insurers	26	0
Subtotal: Insurance risk margin	29	49,051
Market Risk:		
Interest rate risk	30	3,646
Foreign exchange risk	32	0
Equity risk	34	26,825
Real estate risk	36	6,287
Other market risk exposures	38	156
Subtotal: Market risk margin	39	36,914
Credit Risk:		
Counterparty default risk for balance sheet assets	40	5,141
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	5,141
Operational risk margin	50	15,705
Less: Diversification credit	52	12,128
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>94,683</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	63,122
Phase-in of Capital (Margin) Required	62	(4,366)
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>67,488</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>78,282</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>215.99%</b>