

**CONSOLIDATED FINANCIAL STATEMENTS****ASSETS  
(\$'000)**

Reference Page			Current Year 01	Prior Year 03
	Cash .....	010	14,750	1,307
<u>21.012</u>	Short Term Investments .....	040	12,345	47,709
	Accrued Investment Income .....	070	1,555	1,362
	Accounts Receivable .....	100	13,864	13,912
	Policy Loans .....	200	0	0
<u>21.012</u>	Bonds and Debentures .....	250	35,444	28,708
	Mortgage Loans .....	300	4,164	15,482
<u>21.012</u>	Preferred Shares .....	420	88,972	64,997
<u>21.012</u>	Common Shares .....	440	21,146	27,762
	Real Estate .....	500	0	0
	Other Equity Investments.....	550	19,563	23,054
	Other Loans and Invested Assets .....	600	11,288	7,495
	Future Income Taxes .....	800		0
	Goodwill.....	820		0
	Intangible Assets.....	830		138
	Other Assets.....	880	3,281	2,104
	<b>TOTAL ASSETS .....</b>	<b>899</b>	<b>226,372</b>	<b>234,030</b>
	<b>Total Segregated Funds Net Assets .....</b>	<b>929</b>		<b>0</b>

**CONSOLIDATED FINANCIAL STATEMENTS**

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

		Current Year 01	Prior Year 03
<b>Liabilities</b>			
Net Actuarial Liabilities .....	010	63,604	61,385
Other Insurance Policy & Contract Liabilities .....	040	65,725	63,321
Trust and Banking Deposits .....	070		0
Accounts Payable .....	100	9,443	8,270
Mortgage Loans and Other Real Estate Encumbrances .....	130		0
Other Liabilities .....	160	(5,557)	492
Net Deferred Gains (Losses) on Real Estate:			
Backing Liabilities .....	180		0
Backing Equity .....	230		0
Future Income Taxes .....	250	12,777	12,285
Subordinated Debt .....	280		0
Other Debt .....	310		0
<b>Total Liabilities .....</b>	<b>389</b>	<b>145,992</b>	<b>145,753</b>
Non-Controlling Interests.....	410		0
<b>Policyholders' Equity</b>			
Participating Account .....	510		
Participating Account - Accumulated OCI (Loss) .....	520		
Non-Participating Account (Mutual Companies Only) .....	540		
Non-Participating Account - Accumulated OCI (Loss) .....	550		
<b>Total Policyholders' Equity .....</b>	<b>589</b>		0
<b>Shareholders' Equity</b>			
Capital Stock .....	610	38,000	38,000
Other Capital .....	640		
Contributed Surplus .....	670		
Retained Earnings .....	700	60,807	50,706
Accumulated Other Comprehensive Income (Loss) .....	740	(18,427)	(429)
<b>Total Shareholders' Equity .....</b>	<b>779</b>	<b>80,380</b>	<b>88,277</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>899</b>	<b>226,372</b>	<b>234,030</b>

**CONSOLIDATED FINANCIAL STATEMENTS**

**INCOME STATEMENT  
(\$'000)**

		Current Year (01)	Prior Year (03)
<b>Revenue</b>			
Premiums .....	040	8,752	13,965
Net Investment Income .....	070	2,356	2,374
Fee Income .....	130	2,170	2,887
Other Revenue .....	160	0	0
<b>Total Revenue .....</b>	<b>199</b>	<b>13,278</b>	<b>19,226</b>
<b>Policy Benefits and Expenses</b>			
Policyholder Benefits .....	250	2,071	1,601
Net Changes to Actuarial Liabilities			
Normal .....	300	(2,300)	371
Basis Change .....	330	0	0
Policyholder Dividends .....	360	0	0
Experience Rating Refunds .....	390	0	0
Transfer to and (Transfer from) Other Funds .....	420	0	0
Commissions .....	450	4,769	6,541
Interest on Policyholder Amounts on Deposit .....	480	0	0
Interest Expense .....	510	0	0
General Expenses and Taxes (excl. income taxes) .....	540	4,700	5,211
Other Expenses .....	570	260	114
Non-Controlling Interests .....	600	0	0
<b>Total Benefits and Expenses .....</b>	<b>649</b>	<b>9,500</b>	<b>13,838</b>
<b>Income Before Income Tax .....</b>	<b>669</b>	<b>3,778</b>	<b>5,388</b>
Provision for Income Taxes			
Current .....	700	551	1,379
Future .....	710		0
<b>Income before the following: .....</b>	<b>749</b>	<b>3,227</b>	<b>4,009</b>
Extraordinary Items			
(Net of Income Taxes of \$ 0 ) .....	800	0	0
Discontinued Operations (Net of Income Taxes of \$ 0 ) .....	830	0	0
<b>Income Before Attribution to Participating Policyholders .....</b>	<b>859</b>	<b>3,227</b>	<b>4,009</b>
Income Attributable to Participating Policyholders (Stock companies) .....	870	0	0
<b>Net Income .....</b>	<b>899</b>	<b>3,227</b>	<b>4,009</b>

**Premiums on Reinsurance Agreements**

Deducted in arriving at Net Premiums .....	940		
Deducted & not included in gross premiums .....	941		

**CONSOLIDATED FINANCIAL STATEMENTS****STATEMENT OF EQUITY IN PARTICIPATING ACCOUNT  
(\$'000)**

Reference Page			Current Year	Prior Year
			(01)	(03)
	Beginning of Year .....	010		
	Adjustments .....	040		
	.....	070		
<u>20.030</u>	Share of Net Income (Loss) .....	100		
<u>20.040</u>	Transfer from (to) Retained Earnings (Stock companies only)...	130		
<u>20.040</u>	Transfer from (to) Non-Par Account (Mutual companies only) ...	160		
	<b>End of Year .....</b>	<b>199</b>	<b>0</b>	<b>0</b>

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

Reference Page			Current Year	Prior Year
			(01)	(03)
	Beginning of Year .....	310		
	Adjustments .....	340		
	.....	370		
<u>20.030</u>	Share of Net Income (Loss) .....	400		
<u>20.040</u>	Transfer from (to) Par Account .....	430	0	
	Dividends to Preferred Shareholders .....	460		
	<b>End of Year .....</b>	<b>499</b>	<b>0</b>	<b>0</b>

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

Reference Page			Current Year	Prior Year
			(01)	(03)
	Beginning of Year .....	510	57,580	46,696
	Adjustments .....	540		
	.....	570		
<u>20.030</u>	Share of Net Income (Loss) .....	600	3,227	4,009
<u>20.040</u>	Transfer from (to) Par Account .....	630	0	
	Dividends to Shareholders:			
	Preferred .....	710		
	Common .....	740		
	<b>End of Year .....</b>	<b>859</b>	<b>60,807</b>	<b>50,705</b>

**CONSOLIDATED FINANCIAL STATEMENTS**  
**COMPREHENSIVE INCOME (LOSS), and**  
**ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**  
**(\$'000)**

	Current Period 01	Prior Period 03
<b>Comprehensive Income (Loss)</b>		
Income Before Attribution to Participating Policyholders ..... 010	3,227	4,009
Other Comprehensive Income (Loss):		
<b>Available for Sale:</b>		
Change in Unrealized Gains and Losses:		
- Loans ..... 110	0	226
- Bonds and Debentures ..... 140	1,336	692
- Equities ..... 170	(19,458)	(1,347)
Reclassification to Earnings of (Gains) Losses ..... 210	(305)	0
<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		
Total Other Comprehensive Income (Loss) ..... 510	(18,427)	(429)
<b>Total Comprehensive Income (Loss) ..... 589</b>	<b>(15,200)</b>	<b>3,580</b>

	Current Period 01	Prior Period 03
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Accumulated Gains/ (Losses) on:		
<b>Available for Sale:</b>		
- Loans ..... 710	0	226
- Bonds and Debentures ..... 740	1,336	692
- Equities ..... 770	(19,458)	(1,347)
<b>Derivatives Designated as Cash Flow Hedges</b> ..... 810		0
<b>Foreign Currency (Net of Hedging Activities)</b> ..... 840		0
<b>Other</b> ..... 880		
Balance at end of Period ..... 899	(18,122)	(429)

**Summary of Capital Elements and Ratio Calculations**  
(thousands of dollars)

	01	02	Ref
<b>Capital Available:</b>			
<b>Tier 1</b>			
Common shares	38,000		001
Contributed surplus			002
Retained earnings	60,807		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
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>		98,807	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
<b>Net Tier 1 Capital</b>		98,807	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 98,807	329
<b>Tier 2A (page 20.020 line 079)</b>	(18,427)		021
<b>Tier 2B allowed (line 20.030 line 045)</b>	0		022
<b>Tier 2C (line 20.030 line 068)</b>	0		023
<b>Total Tier 2 Capital Allowed (page 20.030 line 070)</b>		0	025
<b>Total Capital Available</b>		B 98,807	040
<b>Capital Required:</b>			
<b>Asset Default and Market Risk</b>			
<b>Asset Default (C-1) Risk</b>			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i) 10,527		041
- Backing Qualifying Participating Policies	ii)		042
Index Linked Pass Through Products	iii)		043
<b>Off-Balance Sheet Exposures</b>			
- Backing Non-Par, Surplus and Non-Qualifying Participating	iv)		044
- Backing Qualifying Participating Policies	v)		045
Segregated Funds Risk	vi)		046
<b>Total Asset Default and Market Risk</b>	sum of (i to vi)	10,527	050
<b>Insurance Risks</b>			
Mortality Risk	i) 2,405		051
Morbidity Risk	ii) 13,062		052
Lapse Risk	iii) 1,532		053
<b>Total Insurance Risks</b>	sum of (i to iii)	16,999	060
<b>Changes in Interest Environment (C-3) Risk</b>		1,108	062
<b>Foreign Exchange Risk</b>			067
<b>Other (specify) <sup>2</sup></b>			070
<b>Total Capital Required</b>		C 28,634	080
<b>MCCSR Ratios</b>			
<b>Tier 1</b>	(A ÷ C) x 100	345.07	098
<b>Total</b>	(B ÷ C) x 100	345.07	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.