

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

Reference Page			Current Year 01	Prior Year 03
	Cash	010	978	830
<u>21.012</u>	Short Term Investments	040	0	0
	Accrued Investment Income	070		
	Accounts Receivable	100	677	783
	Policy Loans	200		
<u>21.012</u>	Bonds and Debentures	250	55	57
	Mortgage Loans	300	0	0
<u>21.012</u>	Preferred Shares	420	5,121	5,355
<u>21.012</u>	Common Shares	440	738	1,231
	Real Estate	500	0	0
	Other Equity Investments.....	550	0	0
	Other Loans and Invested Assets	600	0	0
	Future Income Taxes	800	12	29
	Goodwill.....	820		
	Intangible Assets.....	830		
	Other Assets.....	880	152	109
	TOTAL ASSETS	899	7,733	8,394
	Total Segregated Funds Net Assets	929		

CONSOLIDATED FINANCIAL STATEMENTS

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

		Current Year 01	Prior Year 03
Liabilities			
Net Actuarial Liabilities	010	808	609
Other Insurance Policy & Contract Liabilities	040	338	258
Trust and Banking Deposits	070	0	0
Accounts Payable	100	809	1,302
Mortgage Loans and Other Real Estate Encumbrances	130	0	0
Other Liabilities	160	-207	10
Net Deferred Gains (Losses) on Real Estate:			
Backing Liabilities	180		
Backing Equity	230		
Future Income Taxes	250		
Subordinated Debt	280		
Other Debt	310		
Total Liabilities	389	1,748	2,179
Non-Controlling Interests	410		
Policyholders' Equity			
Participating Account	510		
Participating Account - Accumulated OCI (Loss)	520		
Non-Participating Account (Mutual Companies Only)	540		
Non-Participating Account - Accumulated OCI (Loss)	550		
Total Policyholders' Equity	589		
Shareholders' Equity			
Capital Stock	610	5,000	5,000
Other Capital	640		
Contributed Surplus	670	1,000	1,000
Retained Earnings	700	531	292
Accumulated Other Comprehensive Income (Loss)	740	-546	-77
Total Shareholders' Equity	779	5,985	6,215
TOTAL LIABILITIES AND EQUITY	899	7,733	8,394

CONSOLIDATED FINANCIAL STATEMENTS

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

		Current Year (01)	Prior Year (03)
Revenue			
Premiums	040	2,191	2,037
Net Investment Income	070	4	53
Fee Income	130	0	0
Other Revenue	160	0	0
Total Revenue	199	2,195	2,090
Policy Benefits and Expenses			
Policyholder Benefits	250	294	231
Net Changes to Actuarial Liabilities			
Normal	300	14	-21
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	0	0
Interest on Policyholder Amounts on Deposit	480	0	0
Interest Expense	510	0	0
General Expenses and Taxes (excl. income taxes)	540	1,666	1,508
Other Expenses	570	0	0
Non-Controlling Interests	600	0	0
Total Benefits and Expenses	649	1,974	1,718
Income Before Income Tax	669	221	372
Provision for Income Taxes			
Current	700	79	78
Future	710	-29	25
Income before the following:	749	171	269
Extraordinary Items			
(Net of Income Taxes of \$ 0)	800	0	
Discontinued Operations (Net of Income Taxes of \$ 0)	830	0	
Income Before Attribution to Participating Policyholders	859	171	269
Income Attributable to Participating Policyholders (Stock companies)	870	0	
Net Income	899	171	269

Premiums on Reinsurance Agreements

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

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**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		
	End of Year	199	0	0

**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		
	End of Year	499	0	0

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

Reference Page			Current Year	Prior Year
			(01)	(03)
	Beginning of Year	510	360	487
	Adjustments	540	0	0
	570	0	0
<u>20.030</u>	Share of Net Income (Loss)	600	171	269
<u>20.040</u>	Transfer from (to) Par Account	630	0	0
	Dividends to Shareholders:			
	Preferred	710	0	0
	Common	740	0	464
	End of Year	859	531	292

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

	Current Period 01	Prior Period 03
Comprehensive Income (Loss)		
Income Before Attribution to Participating Policyholders	171	269
Other Comprehensive Income (Loss):		
Available for Sale:		
Change in Unrealized Gains and Losses:		
- Loans		
- Bonds and Debentures	0	
- Equities	0	-87
Reclassification to Earnings of (Gains) Losses	31	19
Derivatives Designated as Cash Flow Hedges		
Change in Unrealized Gains and Losses		
Reclassification to Earnings of (Gains) Losses		
Foreign Currency Translation		
Change in Unrealized Gains and Losses		
Impact of Hedging		
Other		
Total Other Comprehensive Income (Loss)	31	-68
Total Comprehensive Income (Loss)	202	201
Accumulated Other Comprehensive Income (Loss)		
Accumulated Gains/ (Losses) on:		
Available for Sale:		
- Loans	710	
- Bonds and Debentures	740	
- Equities	770	
Derivatives Designated as Cash Flow Hedges	810	
Foreign Currency (Net of Hedging Activities)	840	
Other	880	
Balance at end of Period	0	0

Summary of Capital Elements and Ratio Calculations

(thousands of dollars)

	01	02	Ref
Capital Available:			
Tier 1			
Common shares	738		001
Contributed surplus	1000		002
Retained earnings	531		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 ¹ 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
Gross Tier 1 Capital		2,269	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)			012
Net Tier 1 Capital		2,269	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)			321
Adjusted Net Tier 1 Capital		A 2,269	329
Tier 2A (page 20.020 line 079)	4575		021
Tier 2B allowed (line 20.030 line 045)			022
Tier 2C (line 20.030 line 068)			023
Total Tier 2 Capital Allowed (page 20.030 line 070)		2,269	025
Total Capital Available		B 4,538	040

Capital Required:

Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	253	041
- Backing Qualifying Participating Policies	ii)		042
Index Linked Pass Through Products	iii)		043
Off-Balance Sheet Exposures			
- Backing Non-Par, Surplus and Non-Qualifying Participating	iv)		044
- Backing Qualifying Participating Policies	v)		045
Segregated Funds Risk	vi)		046
Total Asset Default and Market Risk	sum of (i to vi)	253	050
Insurance Risks			
Mortality Risk	i)	85	051
Morbidity Risk	ii)	892	052
Lapse Risk	iii)		053
Total Insurance Risks	sum of (i to iii)	977	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk			
Other (specify)²			
Total Capital Required		C 1,230	080

MCCSR Ratios

Tier 1	(A + C) x 100	184.47	098
Total	(B + C) x 100	368.94	099

¹ 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.

² Provide details of additional requirements.