

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

Reference			Current Year	Prior Year
Page			01	03
	Cash .....	010	23,385	18,983
<u>21.012</u>	Short Term Investments .....	040	2,771	19,246
	Accrued Investment Income .....	070	1,509	1,551
	Accounts Receivable .....	100	14,016	14,109
	Policy Loans .....	200		
<u>21.012</u>	Bonds and Debentures .....	250	47,021	23,737
	Mortgage Loans .....	300	4,650	4,304
<u>21.012</u>	Preferred Shares .....	420	101,225	107,660
<u>21.012</u>	Common Shares .....	440	34,113	21,770
	Real Estate .....	500	0	0
	Other Equity Investments.....	550	27,946	19,978
	Other Loans and Invested Assets .....	600	15,114	9,668
	Future Income Taxes .....	800		
	Goodwill.....	820		
	Intangible Assets.....	830		18
	Other Assets.....	880	6,970	3,385
	<b>TOTAL ASSETS .....</b>	<b>899</b>	<b>278,720</b>	<b>244,409</b>
	<b>Total Segregated Funds Net Assets .....</b>	<b>929</b>		

**CONSOLIDATED FINANCIAL STATEMENTS**

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

		Current Year 01	Prior Year 03
<b>Liabilities</b>			
Net Actuarial Liabilities .....	010	63,021	68,480
Other Insurance Policy & Contract Liabilities .....	040	66,826	68,701
Trust and Banking Deposits .....	070		
Accounts Payable .....	100	10,938	11,492
Mortgage Loans and Other Real Estate Encumbrances .....	130		
Other Liabilities .....	160	3,524	3,106
Net Deferred Gains (Losses) on Real Estate:			
Backing Liabilities .....	180		
Backing Equity .....	230		
Future Income Taxes .....	250	22,001	8,505
Subordinated Debt .....	280		
Other Debt .....	310		
<b>Total Liabilities .....</b>	<b>389</b>	<b>166,310</b>	<b>160,284</b>
Non-Controlling Interests .....	410		
<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>		
<b>Shareholders' Equity</b>			
Capital Stock .....	610	38,000	38,000
Other Capital .....	640		
Contributed Surplus .....	670		
Retained Earnings .....	700	69,651	54,586
Accumulated Other Comprehensive Income (Loss) .....	740	4,759	(8,461)
<b>Total Shareholders' Equity .....</b>	<b>779</b>	<b>112,410</b>	<b>84,125</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>899</b>	<b>278,720</b>	<b>244,409</b>

**CONSOLIDATED FINANCIAL STATEMENTS**

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

		Current Year (01)	Prior Year (03)
<b>Revenue</b>			
Premiums .....	040	35,227	57,422
Net Investment Income .....	070	8,208	7,358
Fee Income .....	130	8,546	10,434
Other Revenue .....	160	0	0
<b>Total Revenue .....</b>	<b>199</b>	<b>51,981</b>	<b>75,214</b>
<b>Policy Benefits and Expenses</b>			
Policyholder Benefits .....	250	6,098	6,114
Net Changes to Actuarial Liabilities			
Normal .....	300	(2,882)	7,466
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	18,190	26,124
Interest on Policyholder Amounts on Deposit .....	480	0	0
Interest Expense .....	510	0	0
General Expenses and Taxes (excl. income taxes) .....	540	15,636	17,855
Other Expenses .....	570	788	587
Non-Controlling Interests .....	600	0	0
<b>Total Benefits and Expenses .....</b>	<b>649</b>	<b>37,830</b>	<b>58,146</b>
<b>Income Before Income Tax .....</b>	<b>669</b>	<b>14,151</b>	<b>17,068</b>
Provision for Income Taxes			
Current .....	700	2,080	4,178
Future .....	710		
<b>Income before the following: .....</b>	<b>749</b>	<b>12,071</b>	<b>12,890</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>12,071</b>	<b>12,890</b>
Income Attributable to Participating Policyholders (Stock companies) .....	870	0	0
<b>Net Income .....</b>	<b>899</b>	<b>12,071</b>	<b>12,890</b>
<b>Premiums on Reinsurance Agreements</b>			
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 (01)	Prior Year (03)
	Beginning of Year .....		
	Adjustments .....		
	.....		
<u>20.030</u>	Share of Net Income (Loss) .....		
<u>20.040</u>	Transfer from (to) Retained Earnings (Stock companies only)...		
<u>20.040</u>	Transfer from (to) Non-Par Account (Mutual companies only) ...		
	<b>End of Year</b> .....	0	0

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

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

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

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year .....	57,580	46,696
	Adjustments .....		
	.....		
<u>20.030</u>	Share of Net Income (Loss) .....	12,071	12,890
<u>20.040</u>	Transfer from (to) Par Account .....	0	
	Dividends to Shareholders:		
	Preferred .....		
	Common .....		5,000
	<b>End of Year</b> .....	69,651	54,586

**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 .....	12,071	12,890
Other Comprehensive Income (Loss):		
<b>Available for Sale:</b>		
Change in Unrealized Gains and Losses:		
- Loans .....		
- Bonds and Debentures .....	859	171
- Equities .....	21,198	(9,362)
Reclassification to Earnings of (Gains) Losses .....	401	(244)
<b>Derivatives Designated as Cash Flow Hedges</b>		
Change in Unrealized Gains and Losses .....		
Reclassification to Earnings of (Gains) Losses .....		
<b>Foreign Currency Translation</b>		
Change in Unrealized Gains and Losses .....		
Impact of Hedging .....		
<b>Other</b> .....		
Total Other Comprehensive Income (Loss) .....	22,458	(9,435)
<b>Total Comprehensive Income (Loss)</b> .....	34,529	3,455

	Current Period 01	Prior Period 03
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Accumulated Gains/ (Losses) on:		
<b>Available for Sale:</b>		
- Loans .....		
- Bonds and Debentures .....	1,581	401
- Equities .....	3,178	(8,862)
<b>Derivatives Designated as Cash Flow Hedges</b> .....		
<b>Foreign Currency (Net of Hedging Activities)</b> .....		
<b>Other</b> .....		
Balance at end of Period .....	4,759	(8,461)

**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	69,651		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>		107,651	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
<b>Net Tier 1 Capital</b>		107,651	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 107,651	329
<b>Tier 2A (page 20.020 line 079)</b>	4,759		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>		4,759	025
<b>Total Capital Available</b>		B 112,410	040
<b>Capital Required:</b>			
<b>Asset Default and Market Risk</b>			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	14,791	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
<b>Total Asset Default and Market Risk</b>	sum of (i to vi)	14,791	050
<b>Insurance Risks</b>			
Mortality Risk	i)	2,295	051
Morbidity Risk	ii)	13,924	052
Lapse Risk	iii)	1,528	053
<b>Total Insurance Risks</b>	sum of (i to iii)	17,747	060
<b>Changes in Interest Environment (C-3) Risk</b>		1,113	062
<b>Foreign Exchange Risk</b>			067
<b>Other (specify) <sup>2</sup></b>			070
<b>Total Capital Required</b>		C 33,651	080
<b>MCCSR Ratios</b>			
<b>Tier 1</b>	<b>(A + C) x 100</b>	319.90	098
<b>Total</b>	<b>(B + C) x 100</b>	334.05	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.