

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

Reference			Current Year	Prior Year
Page			01	03
	Cash	010	752	231
<u>21.012</u>	Short Term Investments	040	0	0
	Accrued Investment Income	070		0
	Accounts Receivable	100	795	742
	Policy Loans	200		0
<u>21.012</u>	Bonds and Debentures	250	54	56
	Mortgage Loans	300	0	0
<u>21.012</u>	Preferred Shares	420	5,741	5,251
<u>21.012</u>	Common Shares	440	891	1,041
	Real Estate	500	0	0
	Other Equity Investments.....	550	0	0
	Other Loans and Invested Assets	600	0	0
	Future Income Taxes	800	24	10
	Goodwill.....	820		0
	Intangible Assets.....	830		0
	Other Assets.....	880	166	126
	TOTAL ASSETS	899	8,423	7,457
	Total Segregated Funds Net Assets	929		0

CONSOLIDATED FINANCIAL STATEMENTS

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

		Current Year	Prior Year
		01	03
Liabilities			
Net Actuarial Liabilities	010	869	708
Other Insurance Policy & Contract Liabilities	040	346	286
Trust and Banking Deposits	070		0
Accounts Payable	100		0
Mortgage Loans and Other Real Estate Encumbrances	130		0
Other Liabilities	160	678	498
Not Deforrod Gains (Losses) on Real Estate:			
Backing Liabilities	180		0
Backing Equity	230		0
Future Income Taxes	250		0
Subordinated Debt	280		0
Other Debt	310		0
Total Liabilities	389	1,893	1,492
Non-Controlling Interests.....	410		0
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		0
Shareholders' Equity			
Capital Stock	610	5,000	5,000
Other Capital	640		
Contributed Surplus	670	1,000	1,000
Retained Earnings	700	580	193
Accumulated Other Comprehensive Income (Loss)	740	50	228
Total Shareholders' Equity	779	6,530	5,965
TOTAL LIABILITIES AND EQUITY	899	8,423	7,457

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT
(\$'000)

		Current Year (01)	Prior Year (03)
Revenue			
Premiums	040	6,935	6,283
Net Investment Income	070	11	166
Fee Income	130	0	0
Other Revenue	160	0	0
Total Revenue	199	6,946	6,449
Policy Benefits and Expenses			
Policyholder Benefits	250	645	597
Net Changes to Actuarial Liabilities			
Normal	300	304	151
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	5,201	4,928
Other Expenses	570	0	0
Non-Controlling Interests	600	0	0
Total Benefits and Expenses	649	6,150	5,676
Income Before Income Tax	669	796	773
Provision for Income Taxes			
Current	700	397	152
Future	710	-251	115
Income before the following:	749	650	506
Extraordinary Items			
(Net of Income Taxes of \$ 0)	800	0	0
Discontinued Operations			
(Net of Income Taxes of \$ 0)	830	0	0
Income Before Attribution to Participating Policyholders	859	650	506
Income Attributable to Participating Policyholders (Stock companies)	870	0	0
Net Income	899	650	506

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		
	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	486
	Adjustments	540	0	0
	570	0	0
<u>20.030</u>	Share of Net Income (Loss)	600	649	506
<u>20.040</u>	Transfer from (to) Par Account	630	0	
	Dividends to Shareholders:			
	Preferred	710		
	Common	740	430	799
	End of Year	859	579	193

Insurer

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	650	506
Other Comprehensive Income (Loss):		
Available for Sale:		
Change in Unrealized Gains and Losses:		
- Loans	0	0
- Bonds and Debentures	0	0
- Equities	388	257
Reclassification to Earnings of (Gains) Losses	139	-37
Derivatives Designated as Cash Flow Hedges		
Change in Unrealized Gains and Losses		0
Reclassification to Earnings of (Gains) Losses		0
Foreign Currency Translation		
Change in Unrealized Gains and Losses		0
Impact of Hedging		0
Other		
Total Other Comprehensive Income (Loss)	527	220
Total Comprehensive Income (Loss)	1,177	726

	Current Period 01	Prior Period 03
Accumulated Other Comprehensive Income (Loss)		
Accumulated Gains/ (Losses) on:		
Available for Sale:		
- Loans	710	0
- Bonds and Debentures	740	0
- Equities	-50	-228
Derivatives Designated as Cash Flow Hedges	810	0
Foreign Currency (Net of Hedging Activities)	840	0
Other	880	
Balance at end of Period	-50	-228

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

	01	02	Ref
Capital Available:			
Tier 1			
Common shares	5,000		001
Contributed surplus	1,000		002
Retained earnings	579		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		6,579	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		6,579	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 6,579	329
Tier 2A (page 20.020 line 079)	-50		021
Tier 2B allowed (line 20.030 line 045)	0		022
Tier 2C (line 20.030 line 068)	0		023
Total Tier 2 Capital Allowed (page 20.030 line 070)		0	025
Total Capital Available		B 6,579	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	278	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)	278	050
Insurance Risks			
Mortality Risk	i)	251	051
Morbidity Risk	ii)	486	052
Lapse Risk	iii)		053
Total Insurance Risks	sum of (i to iii)	737	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk			
Other (specify)²			
Total Capital Required		C 1,015	080
MCCSR Ratios			
Tier 1	(A + C) x 100	648.29	098
Total	(B + C) x 100	648.29	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.