

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

Reference Page			Current Year 01	Prior Year 03
	Cash	010	22,052	14,750
<u>21.012</u>	Short Term Investments	040	14,357	12,345
	Accrued Investment Income	070	1,609	1,555
	Accounts Receivable	100	12,811	13,864
	Policy Loans	200	0	0
<u>21.012</u>	Bonds and Debentures	250	41,248	35,444
	Mortgage Loans	300	2,573	4,164
<u>21.012</u>	Preferred Shares	420	96,775	88,972
<u>21.012</u>	Common Shares	440	35,026	21,146
	Real Estate	500	4,419	0
	Other Equity Investments.....	550	27,181	19,563
	Other Loans and Invested Assets	600	15,447	11,288
	Future Income Taxes	800		
	Goodwill.....	820		
	Intangible Assets.....	830		
	Other Assets.....	880	3,053	3,281
	TOTAL ASSETS	899	276,551	226,372
	Total Segregated Funds Net Assets	929		

CONSOLIDATED FINANCIAL STATEMENTS

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

		Current Year	Prior Year
		01	03
Liabilities			
Net Actuarial Liabilities	010	59,344	63,604
Other Insurance Policy & Contract Liabilities	040	62,000	65,725
Trust and Banking Deposits	070	0	
Accounts Payable	100	18,366	9,443
Mortgage Loans and Other Real Estate Encumbrances	130	0	0
Other Liabilities	160	1,682	(5,557)
Net Deferred Gains (Losses) on Real Estate:			
Backing Liabilities	180		
Backing Equity	230		
Future Income Taxes	250	12,058	12,777
Subordinated Debt	280		
Other Debt	310		
Total Liabilities	389	153,450	145,992
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	38,000	38,000
Other Capital	640		
Contributed Surplus	670		
Retained Earnings	700	78,466	60,807
Accumulated Other Comprehensive Income (Loss)	740	6,635	(18,427)
Total Shareholders' Equity	779	123,101	80,380
TOTAL LIABILITIES AND EQUITY	899	276,551	226,372

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT
(\$'000)

		Current Year (01)	Prior Year (03)
Revenue			
Premiums	040	9,028	8,752
Net Investment Income	070	3,807	2,356
Fee Income	130	2,056	2,170
Other Revenue	160	0	
Total Revenue	199	14,891	13,278
Policy Benefits and Expenses			
Policyholder Benefits	250	1,932	2,071
Net Changes to Actuarial Liabilities			
Normal	300	(2,032)	(2,300)
Basis Change	330	0	
Policyholder Dividends	360	0	
Experience Rating Refunds	390	0	
Transfer to and (Transfer from) Other Funds	420	0	
Commissions	450	4,942	4,769
Interest on Policyholder Amounts on Deposit	480	0	
Interest Expense	510	0	
General Expenses and Taxes (excl. income taxes)	540	4,846	4,700
Other Expenses	570	302	260
Non-Controlling Interests	600	0	
Total Benefits and Expenses	649	9,990	9,500
Income Before Income Tax	669	4,901	3,778
Provision for Income Taxes			
Current	700	1,061	551
Future	710		
Income before the following:	749	3,840	3,227
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	3,840	3,227
Income Attributable to Participating Policyholders			
(Stock companies)	870	0	
Net Income	899	3,840	3,227
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 (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) ...		
	End of Year	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		
	End of Year	0	0

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

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year	74,626	57,580
	Adjustments		
		
<u>20.030</u>	Share of Net Income (Loss)	3,840	3,227
<u>20.040</u>	Transfer from (to) Par Account	0	
	Dividends to Shareholders:		
	Preferred		
	Common		
	End of Year	78,466	60,807

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

	Current Year 01	Prior Year 03
Comprehensive Income (Loss)		
Income Before Attribution to Participating Policyholders 010	3,840	3,227
Other Comprehensive Income (Loss):		
Available for Sale:		
Change in Unrealized Gains and Losses:		
- Loans 110	0	0
- Bonds and Debentures 140	120	1,336
- Equities 170	517	(19,458)
Reclassification to Earnings of (Gains) Losses 210	(1,014)	(305)
Derivatives Designated as Cash Flow Hedges		
Change in Unrealized Gains and Losses 310		
Reclassification to Earnings of (Gains) Losses 340		
Foreign Currency Translation		
Change in Unrealized Gains and Losses 410		
Impact of Hedging 440		
Other 480		
Total Other Comprehensive Income (Loss) 510	(377)	(18,427)
Total Comprehensive Income (Loss) 589	3,463	(15,200)

	Current Year 01	Prior Year 03
Accumulated Other Comprehensive Income (Loss)		
Accumulated Gains/ (Losses) on:		
Available for Sale:		
- Loans 710	0	0
- Bonds and Debentures 740	1,773	1,336
- Equities 770	4,862	(19,458)
Derivatives Designated as Cash Flow Hedges 810		
Foreign Currency (Net of Hedging Activities) 840		
Other 880		
Balance at end of Year 899	6,635	(18,122)

Summary of Capital Elements and Ratio Calculations

(thousands of dollars)

	01	02	Ref
Capital Available:			
Tier 1			
Common shares		38,000	001
Contributed surplus			002
Retained earnings	78,466		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Retained earnings for MCCSR purposes		78,466	203
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		116,466	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		116,466	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 116,466	329
Tier 2A (page 20.020 line 079)	6,635		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)		B 6,635	025
Total Capital Available	(A+B)	C 123,101	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	14,892	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)	14,892	050
Insurance Risks			
Mortality Risk	i)	2,304	051
Morbidity Risk	ii)	12,518	052
Lapse Risk	iii)	1,297	053
Total Insurance Risks	sum of (i to iii)	16,119	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk		66	067
Other (specify) ²			070
Total Capital Required	D	32,133	080
MCCSR Ratios			
Tier 1	(A + D) x 100	362.45	098
Total	(C + D) x 100	383.10	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.