

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

Reference Page			Current Year 01	Prior Year 03
	Cash	010	189	978
<u>21.012</u>	Short Term Investments	040	0	0
	Accrued Investment Income	070	0	0
	Accounts Receivable	100	1,170	677
	Policy Loans	200	0	0
<u>21.012</u>	Bonds and Debentures	250	53	55
	Mortgage Loans	300	0	0
<u>21.012</u>	Preferred Shares	420	5,451	5,121
<u>21.012</u>	Common Shares	440	1,005	738
	Real Estate	500	0	0
	Other Equity Investments.....	550	0	0
	Other Loans and Invested Assets	600	0	0
	Future Income Taxes	800	13	12
	Goodwill.....	820	0	0
	Intangible Assets.....	830	0	0
	Other Assets.....	880	228	152
	TOTAL ASSETS	899	8,109	7,733
	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	951	808
Other Insurance Policy & Contract Liabilities	040	426	338
Trust and Banking Deposits	070	0	0
Accounts Payable	100	127	809
Mortgage Loans and Other Real Estate Encumbrances	130	0	0
Other Liabilities	160	131	(207)
Net Deferred Gains (Losses) on Real Estate:			
Backing Liabilities	180	0	0
Backing Equity	230	0	0
Future Income Taxes	250	0	0
Subordinated Debt	280	0	0
Other Debt	310	0	0
Total Liabilities	389	1,635	1,748
Non-Controlling Interests.....	410	0	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	0
Shareholders' Equity			
Capital Stock	610		
Other Capital	640		
Contributed Surplus	670		
Retained Earnings	700		
Accumulated Other Comprehensive Income (Loss)	740		
Total Shareholders' Equity	779	6,474	5,985
TOTAL LIABILITIES AND EQUITY	899	8,109	7,733

CONSOLIDATED FINANCIAL STATEMENTS

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

		Current Year (01)	Prior Year (03)
Revenue			
Premiums	040	3,102	2,191
Net Investment Income	070	110	4
Fee Income	130	0	0
Other Revenue	160	0	0
Total Revenue	199	3,212	2,195
Policy Benefits and Expenses			
Policyholder Benefits	250	263	294
Net Changes to Actuarial Liabilities			
Normal	300	175	14
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	2,421	1,666
Other Expenses	570	0	0
Non Controlling Interests	600	0	0
Total Benefits and Expenses	649	2,859	1,974
Income Before Income Tax	669	353	221
Provision for Income Taxes			
Current	700	78	79
Future	710	(2)	(29)
Income before the following:	749	277	171
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	277	171
Income Attributable to Participating Policyholders (Stock companies)			
	870	0	0
Net Income	899	277	171
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		0
	Adjustments		0
		0
<u>20.030</u>	Share of Net Income (Loss)		0
<u>20.040</u>	Transfer from (to) Retained Earnings (Stock companies only)...		0
<u>20.040</u>	Transfer from (to) Non-Par Account (Mutual companies only) ...		0
	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		0
	Adjustments		0
		0
<u>20.030</u>	Share of Net Income (Loss)		0
<u>20.040</u>	Transfer from (to) Par Account	0	0
	Dividends to Preferred Shareholders		0
	End of Year	0	0

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

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year	493	360
	Adjustments	0	0
	0	0
<u>20.030</u>	Share of Net Income (Loss)	277	171
<u>20.040</u>	Transfer from (to) Par Account	0	0
	Dividends to Shareholders:		
	Preferred	0	0
	Common	350	0
	End of Year	420	531

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	277	171
Other Comprehensive Income (Loss):		
Available for Sale:		
Change in Unrealized Gains and Losses:		
- Loans	0	0
- Bonds and Debentures	0	0
- Equities	32	0
Reclassification to Earnings of (Gains) Losses	(4)	31
Derivatives Designated as Cash Flow Hedges		
Change in Unrealized Gains and Losses	0	0
Reclassification to Earnings of (Gains) Losses	0	0
Foreign Currency Translation		
Change in Unrealized Gains and Losses	0	0
Impact of Hedging	0	0
Other	0	0
Total Other Comprehensive Income (Loss)	28	31
Total Comprehensive Income (Loss)	305	202

	Current Year 01	Prior Year 03
Accumulated Other Comprehensive Income (Loss)		
Accumulated Gains/ (Losses) on:		
Available for Sale:		
- Loans	710	0
- Bonds and Debentures	740	0
- Equities	770	0
Derivatives Designated as Cash Flow Hedges	810	0
Foreign Currency (Net of Hedging Activities)	840	0
Other	880	0
Balance at end of Year	0	0

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	420		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Retained earnings for MCCSR purposes		420	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		6,420	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		6,420	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 6,420	329
Tier 2A (page 20.020 line 079)	0		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 0	025
Total Capital Available	(A+B)	C 6,420	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	309	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)	309	050
Insurance Risks			
Mortality Risk	i)	82	051
Morbidity Risk	ii)	1,101	052
Lapse Risk	iii)		053
Total Insurance Risks	sum of (i to iii)	1,183	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk			
Other (specify) ²			
Total Capital Required		D 1,492	080
MCCSR Ratios			
Tier 1	(A + D) x 100	430.29	098
Total	(C + D) x 100	430.29	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.