

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

Reference Page			Current Year 01	Prior Year 03
	Cash	010	21,370	18,867
<u>21.012</u>	Short Term Investments	040	10,752	3,357
	Accrued Investment Income	070	1,972	1,610
	Accounts Receivable	100	9,146	15,028
	Policy Loans	200	0	0
<u>21.012</u>	Bonds and Debentures	250	41,701	43,948
	Mortgage Loans	300	2,519	4,714
<u>21.012</u>	Preferred Shares	420	104,141	97,534
<u>21.012</u>	Common Shares	440	26,045	29,388
	Real Estate	500	14,806	0
	Other Equity Investments.....	550	23,211	24,937
	Other Loans and Invested Assets	600	15,170	13,197
	Future Income Taxes	800		
	Goodwill.....	820		
	Intangible Assets.....	830		
	Other Assets.....	880	1,543	7,792
	TOTAL ASSETS	899	272,376	260,372
	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	59,482	63,256
Other Insurance Policy & Contract Liabilities	040	62,907	65,622
Trust and Banking Deposits	070	0	
Accounts Payable	100	12,679	10,126
Mortgage Loans and Other Real Estate Encumbrances	130	4,062	0
Other Liabilities	160	29	3,774
Net Deferred Gains (Losses) on Real Estate:			
Backing Liabilities	180		
Backing Equity	230		
Future Income Taxes	250	9,876	18,731
Subordinated Debt	280		
Other Debt	310		
Total Liabilities	389	149,035	161,509
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	83,798	65,008
Accumulated Other Comprehensive Income (Loss)	740	1,543	(4,145)
Total Shareholders' Equity	779	123,341	98,863
TOTAL LIABILITIES AND EQUITY	899	272,376	260,372

CONSOLIDATED FINANCIAL STATEMENTS

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

		Current Year (01)	Prior Year (03)
Revenue			
Premiums	040	22,618	21,968
Net Investment Income	070	7,989	5,116
Fee Income	130	5,187	5,161
Other Revenue	160	0	
Total Revenue	199	35,794	32,245
Policy Benefits and Expenses			
Policyholder Benefits	250	3,845	4,206
Net Changes to Actuarial Liabilities			
Normal	300	(1,894)	(2,648)
Basis Change	330	0	
Policyholder Dividends	360	0	
Experience Rating Refunds	390	0	
Transfer to and (Transfer from) Other Funds	420	0	
Commissions	450	11,658	11,427
Interest on Policyholder Amounts on Deposit	480	0	
Interest Expense	510	0	
General Expenses and Taxes (excl. income taxes)	540	9,900	10,040
Other Expenses	570	617	523
Non-Controlling Interests	600	0	
Total Benefits and Expenses	649	24,126	23,548
Income Before Income Tax	669	11,668	8,697
Provision for Income Taxes			
Current	700	2,496	1,269
Future	710		
Income before the following:	749	9,172	7,428
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	9,172	7,428
Income Attributable to Participating Policyholders (Stock companies)	870	0	
Net Income	899	9,172	7,428
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)	9,172	7,428
<u>20.040</u>	Transfer from (to) Par Account	0	
	Dividends to Shareholders:		
	Preferred		
	Common		
	End of Year	83,798	65,008

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	9,172	7,428
Other Comprehensive Income (Loss):		
Available for Sale:		
Change in Unrealized Gains and Losses:		
- Loans 110	0	0
- Bonds and Debentures 140	451	1,928
- Equities 170	(3,349)	(6,208)
Reclassification to Earnings of (Gains) Losses 210	(2,571)	135
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	(5,469)	(4,145)
Total Comprehensive Income (Loss) 589	3,703	3,283

	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	2,068	1,928
- Equities 770	9	(6,073)
Derivatives Designated as Cash Flow Hedges 810		
Foreign Currency (Net of Hedging Activities) 840		
Other 880	(534)	0
Balance at end of Year 899	1,543	(4,145)

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	83,798		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Retained earnings for MCCSR purposes		83,798	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		121,798	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		121,798	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 121,798	329
Tier 2A (page 20.020 line 079)	1,543		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 1,543	025
Total Capital Available	(A+B)	C 123,341	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	13,383	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)	13,383	050
Insurance Risks			
Mortality Risk	i)	2,290	051
Morbidity Risk	ii)	12,984	052
Lapse Risk	iii)	1,310	053
Total Insurance Risks	sum of (i to iii)	16,584	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk		122	067
Other (specify) ²			070
Total Capital Required		D 31,154	080
MCCSR Ratios			
Tier 1	(A + D) x 100	390.95	098
Total	(C + D) x 100	395.91	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.