

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

Reference			Current Year	Prior Year
Page			01	03
	Cash	010	18,810	23,385
<u>21.012</u>	Short Term Investments	040	6,887	2,771
	Accrued Investment Income	070	1,638	1,509
	Accounts Receivable	100	13,328	14,016
	Policy Loans	200	0	0
<u>21.012</u>	Bonds and Debentures	250	55,839	47,021
	Mortgage Loans	300	2,467	4,650
<u>21.012</u>	Preferred Shares	420	96,642	101,225
<u>21.012</u>	Common Shares	440	31,804	34,113
	Real Estate	500	23,952	0
	Other Equity Investments.....	550	22,070	27,946
	Other Loans and Invested Assets	600	15,280	15,114
	Future Income Taxes	800		
	Goodwill.....	820		
	Intangible Assets.....	830		
	Other Assets.....	880	1,253	6,970
	TOTAL ASSETS	899	289,970	278,720
	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	59,929	63,021
Other Insurance Policy & Contract Liabilities	040	65,201	66,826
Trust and Banking Deposits	070	0	
Accounts Payable	100	13,964	10,938
Mortgage Loans and Other Real Estate Encumbrances	130	4,032	0
Other Liabilities	160	678	3,524
Net Deferred Gains (Losses) on Real Estate:			
Backing Liabilities	180		
Backing Equity	230		
Future Income Taxes	250	12,279	22,001
Subordinated Debt	280		
Other Debt	310		
Total Liabilities	389	156,083	166,310
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	88,737	69,651
Accumulated Other Comprehensive Income (Loss)	740	7,150	4,759
Total Shareholders' Equity	779	133,887	112,410
TOTAL LIABILITIES AND EQUITY	899	289,970	278,720

CONSOLIDATED FINANCIAL STATEMENTS

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

		Current Year (01)	Prior Year (03)
Revenue			
Premiums	040	37,288	35,227
Net Investment Income	070	11,476	8,208
Fee Income	130	8,352	8,546
Other Revenue	160	0	
Total Revenue	199	57,116	51,981
Policy Benefits and Expenses			
Policyholder Benefits	250	5,426	6,098
Net Changes to Actuarial Liabilities			
Normal	300	(1,448)	(2,882)
Basis Change	330	0	
Policyholder Dividends	360	0	
Experience Rating Refunds	390	0	
Transfer to and (Transfer from) Other Funds	420	0	
Commissions	450	18,828	18,190
Interest on Policyholder Amounts on Deposit	480	0	
Interest Expense	510	0	
General Expenses and Taxes (excl. income taxes)	540	15,355	15,636
Other Expenses	570	971	788
Non-Controlling Interests	600	0	
Total Benefits and Expenses	649	39,132	37,830
Income Before Income Tax	669	17,984	14,151
Provision for Income Taxes			
Current	700	3,873	2,080
Future	710		
Income before the following:	749	14,111	12,071
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	14,111	12,071
Income Attributable to Participating Policyholders (Stock companies)	870	0	
Net Income	899	14,111	12,071
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)	14,111	12,071
<u>20.040</u>	Transfer from (to) Par Account	0	
	Dividends to Shareholders:		
	Preferred		
	Common		
	End of Year	88,737	69,651

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	14,111	12,071
Other Comprehensive Income (Loss):		
Available for Sale:		
Change in Unrealized Gains and Losses:		
- Loans	0	0
- Bonds and Debentures	748	859
- Equities	2,576	21,198
Reclassification to Earnings of (Gains) Losses	(3,186)	401
Derivatives Designated as Cash Flow Hedges		
Change in Unrealized Gains and Losses		
Reclassification to Earnings of (Gains) Losses		
Foreign Currency Translation		
Change in Unrealized Gains and Losses		
Impact of Hedging		
Other		
Total Other Comprehensive Income (Loss)	138	22,458
Total Comprehensive Income (Loss)	14,249	34,529

	Current Year 01	Prior Year 03
Accumulated Other Comprehensive Income (Loss)		
Accumulated Gains/ (Losses) on:		
Available for Sale:		
- Loans	0	0
- Bonds and Debentures	1,929	1,581
- Equities	5,755	3,178
Derivatives Designated as Cash Flow Hedges		
Foreign Currency (Net of Hedging Activities)		
Other	(534)	0
Balance at end of Year	7,150	4,759

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	88,737		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Retained earnings for MCCSR purposes		88,737	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 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		126,737	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		126,737	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 126,737	329
Tier 2A (page 20.020 line 079)	7,150		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 7,150	025
Total Capital Available	(A+B)	C 133,887	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i) 14,976		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)	14,976	050
Insurance Risks			
Mortality Risk	i) 2,278		051
Morbidity Risk	ii) 13,181		052
Lapse Risk	iii) 1,343		053
Total Insurance Risks	sum of (i to iii)	16,802	060
Changes in Interest Environment (C-3) Risk		1,089	062
Foreign Exchange Risk		97	067
Other (specify) ²			070
Total Capital Required		D 32,964	080
MCCSR Ratios			
Tier 1	(A ÷ D) x 100	384.47	098
Total	(C ÷ D) x 100	406.16	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.