

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

Reference Page			Current Year 01	Prior Year 03
	Cash .....	010	196	752
<u>21.012</u>	Short Term Investments .....	040	0	0
	Accrued Investment Income .....	070		0
	Accounts Receivable .....	100	805	795
	Policy Loans .....	200		0
<u>21.012</u>	Bonds and Debentures .....	250	51	54
	Mortgage Loans .....	300	0	0
<u>21.012</u>	Preferred Shares .....	420	5,391	5,741
<u>21.012</u>	Common Shares .....	440	747	891
	Real Estate .....	500	0	0
	Other Equity Investments.....	550	0	0
	Other Loans and Invested Assets .....	600	0	0
	Future Income Taxes .....	800	15	24
	Goodwill.....	820		0
	Intangible Assets.....	830		0
	Other Assets.....	880	1,303	166
	<b>TOTAL ASSETS .....</b>	<b>899</b>	<b>8,508</b>	<b>8,423</b>
	<b>Total Segregated Funds Net Assets .....</b>	<b>929</b>		<b>0</b>

**CONSOLIDATED FINANCIAL STATEMENTS**

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

		Current Year 01	Prior Year 03
<b>Liabilities</b>			
Net Actuarial Liabilities .....	010	1,081	869
Other Insurance Policy & Contract Liabilities .....	040	559	346
Trust and Banking Deposits .....	070		0
Accounts Payable .....	100		0
Mortgage Loans and Other Real Estate Encumbrances .....	130		0
Other Liabilities .....	160	285	678
Net Deferred 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
<b>Total Liabilities</b> .....	<b>389</b>	<b>1,925</b>	<b>1,893</b>
Non-Controlling Interests.....	410		0
<b>Policyholders' Equity</b>			
Participating Account .....	510		
Participating Account - Accumulated OCI (Loss) .....	520		
Non-Participating Account (Mutual Companies Only) .....	540		
Non-Participating Account - Accumulated OCI (Loss) .....	550		
<b>Total Policyholders' Equity</b> .....	<b>589</b>		0
<b>Shareholders' Equity</b>			
Capital Stock .....	610		
Other Capital .....	640		
Contributed Surplus .....	670		
Retained Earnings .....	700		
Accumulated Other Comprehensive Income (Loss) .....	740		
<b>Total Shareholders' Equity</b> .....	<b>779</b>	<b>6,583</b>	<b>6,530</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>899</b>	<b>8,508</b>	<b>8,423</b>

**CONSOLIDATED FINANCIAL STATEMENTS**

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

		Current Year (01)	Prior Year (03)
<b>Revenue</b>			
Premiums .....	040	11,182	6,935
Net Investment Income .....	070	136	11
Fee Income .....	130	0	0
Other Revenue .....	160	0	0
<b>Total Revenue .....</b>	<b>199</b>	<b>11,318</b>	<b>6,946</b>
<b>Policy Benefits and Expenses</b>			
Policyholder Benefits .....	250	740	645
Net Changes to Actuarial Liabilities			
Normal .....	300	936	304
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	8,694	5,201
Other Expenses .....	570	0	0
Non-Controlling Interests .....	600	0	0
<b>Total Benefits and Expenses .....</b>	<b>649</b>	<b>10,370</b>	<b>6,150</b>
<b>Income Before Income Tax .....</b>	<b>669</b>	<b>948</b>	<b>796</b>
Provision for Income Taxes			
Current .....	700	227	397
Future .....	710	-3	-251
<b>Income before the following: .....</b>	<b>749</b>	<b>724</b>	<b>650</b>
Extraordinary Items			
(Net of Income Taxes of \$ 0) .....	800	0	0
Discontinued Operations (Net of Income Taxes of \$ 0) .....	830	0	0
<b>Income Before Attribution to Participating Policyholders .....</b>	<b>859</b>	<b>724</b>	<b>650</b>
Income Attributable to Participating Policyholders (Stock companies) .....	870	0	0
<b>Net Income .....</b>	<b>899</b>	<b>724</b>	<b>650</b>
<b>Premiums on Reinsurance Agreements</b>			
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
	<b>End of Year</b> .....	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
	<b>End of Year</b> .....	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
<u>20.030</u>	Share of Net Income (Loss) .....	726	649
<u>20.040</u>	Transfer from (to) Par Account .....	0	0
	Dividends to Shareholders:		
	Preferred .....		0
	Common .....	750	430
	<b>End of Year</b> .....	469	579

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

	Current Year 01	Prior Year 03
<b>Comprehensive Income (Loss)</b>		
Income Before Attribution to Participating Policyholders ..... 010	724	650
Other Comprehensive Income (Loss):		
<b>Available for Sale:</b>		
Change in Unrealized Gains and Losses:		
- Loans ..... 110		0
- Bonds and Debentures ..... 140		0
- Equities ..... 170	11	388
Reclassification to Earnings of (Gains) Losses ..... 210	79	139
<b>Derivatives Designated as Cash Flow Hedges</b>		
Change in Unrealized Gains and Losses ..... 310		0
Reclassification to Earnings of (Gains) Losses ..... 340		0
<b>Foreign Currency Translation</b>		
Change in Unrealized Gains and Losses ..... 410		0
Impact of Hedging ..... 440		0
<b>Other</b> ..... 480		0
Total Other Comprehensive Income (Loss) ..... 510	90	527
<b>Total Comprehensive Income (Loss) ..... 589</b>	<b>814</b>	<b>1,177</b>

	Current Year 01	Prior Year 03
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Accumulated Gains/ (Losses) on:		
<b>Available for Sale:</b>		
- Loans ..... 710		0
- Bonds and Debentures ..... 740		0
- Equities ..... 770	115	-50
<b>Derivatives Designated as Cash Flow Hedges</b> ..... 810		0
<b>Foreign Currency (Net of Hedging Activities)</b> ..... 840		0
<b>Other</b> ..... 880		0
Balance at end of Year ..... 899	115	-50

## Summary of Capital Elements and Ratio Calculations

(thousands of dollars)

	01	02	Ref
<b>Capital Available:</b>			
<b>Tier 1</b>			
Common shares		5,000	001
Contributed surplus		1,000	002
Retained earnings	469		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Retained earnings for MCCR purposes		469	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
<b>Gross Tier 1 Capital</b>		6,469	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
<b>Net Tier 1 Capital</b>		6,469	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
<b>Adjusted Net Tier 1 Capital</b>		A 6,469	329
<b>Tier 2A (page 20.020 line 079)</b>	115		021
<b>Tier 2B allowed (line 20.030 line 045)</b>	0		022
<b>Tier 2C (line 20.030 line 068)</b>	0		023
<b>Total Tier 2 Capital Allowed (page 20.030 line 070)</b>		B 115	025
<b>Total Capital Available</b>	(A+B) C	6,584	040
<b>Capital Required:</b>			
<b>Asset Default and Market Risk</b>			
<b>Asset Default (C-1) Risk</b>			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i) 246		041
- Backing Qualifying Participating Policies	ii)		042
Index Linked Pass Through Products	iii)		043
<b>Off-Balance Sheet Exposures</b>			
- Backing Non-Par, Surplus and Non-Qualifying Participating	iv)		044
- Backing Qualifying Participating Policies	v)		045
Segregated Funds Risk	vi)		046
<b>Total Asset Default and Market Risk</b>	sum of (i to vi)	246	050
<b>Insurance Risks</b>			
Mortality Risk	i) 282		051
Morbidity Risk	ii) 1,348		052
Lapse Risk	iii)		053
<b>Total Insurance Risks</b>	sum of (i to iii)	1,630	060
<b>Changes in Interest Environment (C-3) Risk</b>			
<b>Foreign Exchange Risk</b>			
<b>Other (specify) <sup>2</sup></b>			
<b>Total Capital Required</b>		D 1,876	080
<b>MCCR Ratios</b>			
Tier 1	(A + D) x 100	344.83	098
Total	(C + D) x 100	350.96	099

<sup>1</sup> 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.

<sup>2</sup> Provide details of additional requirements.