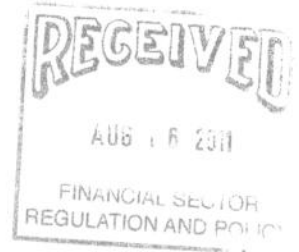


20.10

Fortress Insurance Company
Insurer

30-06-2011



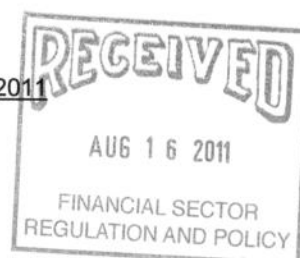
CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

		Current 01	Prior 03
Cash and Cash Equivalents	01	445	246
Investment Income due and accrued	02	65	33
Assets held for sale	50		
Investments:			
Short Term Investments	04	2,700	1,357
Bonds and Debentures	05	2,915	4,537
Mortgage Loans	06	0	0
Preferred Shares	07	297	238
Common Shares	08	853	908
Investment Properties	09	0	0
Other Investments	10	0	0
Total Investments (lines 04 to 10)	19	6,765	7,040
Receivables:			
Unaffiliated Agents and Brokers	20	0	
Policyholders	21	74	115
Instalment Premiums	22	0	
Other Insurers	23	0	
"Facility Association" and the "PRR"	24	0	
Subsidiaries, Associates & Joint Ventures	25	0	
Income Taxes	26		
Other Receivables	27	3,036	2,866
Recoverable from Reinsurers:			
Unearned Premiums	30	0	
Unpaid Claims and Adjustment Expenses	31	0	
Other Recoverables on Unpaid Claims	37	0	
Interests in Subsidiaries, Associates & Joint Ventures	40	0	
Property and Equipment	41	0	
Deferred Policy Acquisition Expenses	43	0	
Current Tax Assets	52		
Deferred Tax Assets	44	0	
Goodwill	54		
Intangible Assets	56		
Other Assets	88		
TOTAL ASSETS	89	10,385	10,300

Fortress Insurance Company
Insurer

30-06-2011



CONSOLIDATED FINANCIAL STATEMENTS
LIABILITIES AND EQUITY
(\$'000)

Page		Current 01	Prior 03
	LIABILITIES		
	Overdrafts 01		
	Borrowed Money and Accrued Interest 02		
	Payables:		
	Agents and Brokers 03		
	Policyholders 04		
	Other Insurers 05	150	204
	Subsidiaries, Associates & Joint Ventures 06	41	
	Expenses due and accrued 07	57	49
	Income Taxes due and accrued 08	(1)	
	Other Taxes due and accrued 09	12	9
	Policyholder Dividends and Rating Adjustments 10		
	Encumbrances on Real Estate 11		
	Unearned Premiums 12		
	Unpaid Claims and Adjustment Expenses 13	4,335	4,122
80.10	Unearned Commissions 14	0	
	Premium Deficiency 15		
	Liabilities held for sale 17		
	Current Tax Liabilities 18		
	Deferred Tax Liabilities 21		
	Provisions and Other Liabilities 28		
	Total Liabilities 29	4,594	4,384
	EQUITY		
	Shares issued and paid 41	4,000	4,000
	Contributed Surplus 42		
	43		
20.40	Retained Earnings 44	1,791	1,916
20.40	Reserves 45	0	0
20.42	Accumulated Other Comprehensive Income (Loss) 47	0	0
	Non-controlling Interests 48		
	Total Equity 49	5,791	5,916
	TOTAL LIABILITIES AND EQUITY 89	10,385	10,300

Fortress Insurance Company
Insurer

6 months ended

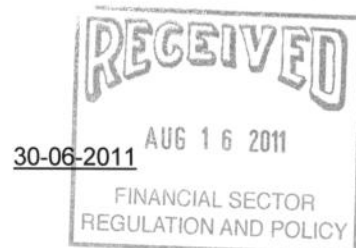
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FINANCIAL SECTOR
REGULATION AND POLICY

CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF INCOME
(\$'000)

		Current 01	Prior 03
UNDERWRITING OPERATIONS			
Premiums Written			
Direct	01	384	310
Reinsurance Assumed	02	0	
Reinsurance Ceded	03	0	
Net Premiums Written	04	384	310
Decrease (increase) in Net Unearned Premiums	05	0	
Net Premiums Earned	06	384	310
Service Charges	07		
Other	08		
Total Underwriting Revenue	09	384	310
Gross Claims and Adjustment Expenses	62	646	843
Reinsurers' share of claims and adjustment expenses	64	0	
Net Claims and Adjustment Expenses	10	646	843
Acquisition Expenses			
Gross Commissions	66	0	0
Ceded Commissions	68	0	0
Taxes	12	12	9
Other	14		
General Expenses	16	67	67
Total Claims and Expenses	19	725	919
Premium Deficiency Adjustments	20		
Underwriting Income (Loss)	29	(341)	(609)
INVESTMENT OPERATIONS			
Income	32	196	67
Realized Gains (Losses)	33	26	
Expenses	34		
Net Investment Income	39	222	67
OTHER REVENUE AND EXPENSES			
Income (Loss) from Ancillary Operations (net of Expenses of \$'000 _____)	40		
Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures	41		
Gain (losses) from fluctuations in Foreign Exchange Rates	42		
Other Revenues	44	715	875
Finance costs	45		
Other Expenses	46		
Net Income (Loss) before Income Taxes	49	596	333
INCOME TAXES			
Current	50	20	78
Deferred	51		
Total Income Taxes	59	20	78
Extraordinary Items (net of Income Taxes of \$'000 _____) (CGAAP)	60		
NET INCOME (LOSS) FOR THE PERIOD	89	576	255
ATTRIBUTABLE TO:			
Non-controlling Interests	80		
Equity Holders	82		

Fortress Insurance Company
Insurer



CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF RETAINED EARNINGS
(\$'000)

		Current 01	Prior 02
Balance at beginning of year	01	1,215	1,661
Prior period adjustments:	02		
	04		
Adjusted balance at beginning of year	09	1,215	1,661
Net income (loss) for the Period	10	576	255
Dividends declared to shareholders	11		
Decrease (increase) in Reserves	12		
(Please Specify)	16		
Net increase (decrease) in Retained Earnings during the period	15	576	255
Balance at end of Period	89	1,791	1,916

RESERVES
(\$'000)

		Current 01	Prior 02
Earthquake Reserves			
Reserve Complement	90		
Premium Reserve	91		
Mortgages Reserve	95		
Nuclear Reserve	96		
General and Contingency Reserves	98		
Total Reserves	99	0	0



Fortress Insurance Company

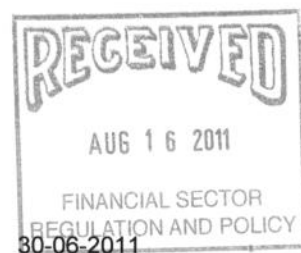
Insurer

CONSOLIDATED FINANCIAL STATEMENTS

COMPREHENSIVE INCOME (LOSS)
and
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(\$'000)

Page		Current 01	Prior 03
	Comprehensive Income (Loss)		
20.30	Net Income 01	576	255
	Other Comprehensive Income (Loss):		
	Available for Sale:		
	Change in Unrealized Gains and Losses:		
	- Loans 02		
	- Bonds and Debentures 03		
	- Equities 04		
	Reclassification to Earnings of (Gains) Losses 05		
	Derivatives Designated as Cash Flow Hedges		
	Change in Unrealized Gains and Losses 06		
	Reclassification to Earnings of (Gains) Losses 07		
	Foreign Currency Translation		
	Change in Unrealized Gains and Losses 08		
	Impact of Hedging 09		
	Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures 11		
	Other 12		
	Total Other Comprehensive Income (Loss) 21	0	0
	Total Comprehensive Income (Loss) 39	576	255
	Attributable to:		
	Non-controlling Interests 60		
	Equity Holders 62		

		Current (01)	Prior (03)
	Accumulated Other Comprehensive Income (Loss)		
	Accumulated Gains (Losses) on:		
	Available for Sale:		
	- Loans 42		
	- Bonds and Debentures 43		
	- Equities 44		
	Derivatives Designated as Cash Flow Hedges 45		
	Foreign Currency (net of hedging activities) 46		
	Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures 51		
	Other 49		
20.20	Balance at end of Period 59	0	0



Fortress Insurance Company
Insurer

**CONSOLIDATED
MINIMUM CAPITAL TEST
(\$'000)**

		Current 01	Prior 02
Capital Available			
Total Equity less Accumulated Other Comprehensive Income	02	5,791	5,916
Add:			
Subordinated Indebtedness and Redeemable Preferred Shares	03		
Accumulated Other Comprehensive Income (Loss) on:			
Available for Sale Equity Securities	04	0	
Available for Sale Debt Securities	06	0	
Foreign Currency (Net of Hedging Activities)	08	0	
Revaluation Losses in Excess of Gains on Own Use Properties (IFRS)	32		
	30		
Less:			
Accumulated net after-tax fair value gains (losses) arising from changes in the company's own credit risk	12		
Unrealized Fair Value Gains (Losses) from Own Use Properties at Conversion (IFRS)	15		
Shadow Accounting Impact (IFRS)	16		
Assets with a Capital Requirement of 100%	17	0	
	13		
IFRS Conversion Phase in (IFRS)	18		
Total Capital Available	19	5,791	5,916
Minimum Capital Required			
Balance Sheet Assets	20	338	609
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	462	152
Catastrophes	24	0	
Reinsurance Ceded to Unregistered Insurers	26	0	
Structured Settlements, Letters of Credit, Derivatives and Other Exposures	28	0	
	34		
Minimum Capital Required	29	800	761
Excess Capital Available over Minimum Capital Required			
(line 19 minus line 29)	89	4,991	5,155
Line 19 as a % of line 29	90	723.88%	777.40%