

**CONSOLIDATED FINANCIAL STATEMENTS**

**ASSETS**  
(\$'000)

		Current 01	Prior 03
Cash and Cash Equivalents	01	653	525
Investment Income due and accrued	02	93	41
Assets held for sale	50		
Investments:			
Short Term Investments	04	2,745	1,429
Bonds and Debentures	05	2,980	4,364
Mortgage Loans	06	0	0
Preferred Shares	07	228	292
Common Shares	08	861	963
Investment Properties	09	0	0
Other Investments	10	0	0
<b>Total Investments (lines 04 to 10)</b>	<b>19</b>	<b>6,814</b>	<b>7,048</b>
Receivables:			
Unaffiliated Agents and Brokers	20	0	0
Policyholders	21	68	79
Instalment Premiums	22	0	0
Other Insurers	23	0	0
"Facility Association" and the "PRR"	24	0	0
Subsidiaries, Associates & Joint Ventures	25	0	0
Income Taxes	26		0
Other Receivables	27	3,378	2,946
Recoverable from Reinsurers:			
Unearned Premiums	30	0	0
Unpaid Claims and Adjustment Expenses	31	0	0
Other Recoverables on Unpaid Claims	37		
Interests in Subsidiaries, Associates & Joint Ventures	40	0	0
Property and Equipment	41	0	0
Deferred Policy Acquisition Expenses	43	0	0
Current Tax Assets	52		
Deferred Tax Assets	44	0	0
Goodwill	54		
Intangible Assets	56		
Other Assets	88		
<b>TOTAL ASSETS</b>	<b>89</b>	<b>11,006</b>	<b>10,639</b>

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

Page		Current 01	Prior 03
	<b>LIABILITIES</b>		
	Overdrafts 01		0
	Borrowed Money and Accrued Interest 02		0
	Payables:		
	Agents and Brokers 03		0
	Policyholders 04		0
	Other Insurers 05	188	227
	Subsidiaries, Associates & Joint Ventures 06	42	0
	Expenses due and accrued 07	77	69
	Income Taxes due and accrued 08	(1)	0
	Other Taxes due and accrued 09	18	15
	Policyholder Dividends and Rating Adjustments 10		0
	Encumbrances on Real Estate 11		0
	Unearned Premiums 12		0
	Unpaid Claims and Adjustment Expenses 13	4,660	4,213
80.10	Unearned Commissions 14	0	0
	Premium Deficiency 15		0
	Liabilities held for sale 17		
	Current Tax Liabilities 18		
	Deferred Tax Liabilities 21	0	0
	Provisions and Other Liabilities 28	0	0
	<b>Total Liabilities 29</b>	<b>4,984</b>	<b>4,524</b>
	<b>EQUITY</b>		
	Shares issued and paid 41	4,000	4,000
	Contributed Surplus 42		0
	43		0
20.40	Retained Earnings 44	2,022	2,115
20.40	Reserves 45	0	0
20.42	Accumulated Other Comprehensive Income (Loss) 47	0	0
	Non-controlling Interests 48		
	<b>Total Equity 49</b>	<b>6,022</b>	<b>6,115</b>
	<b>TOTAL LIABILITIES AND EQUITY 89</b>	<b>11,006</b>	<b>10,639</b>

**Fortress Insurance Company**  
Insurer

9 months ended  
30/09/2011

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

		Current 01	Prior 03
<b>UNDERWRITING OPERATIONS</b>			
<b>Premiums Written</b>			
Direct	01	604	482
Reinsurance Assumed	02	0	0
Reinsurance Ceded	03	0	0
<b>Net Premiums Written</b>	04	604	482
Decrease (increase) in Net Unearned Premiums	05	0	0
<b>Net Premiums Earned</b>	06	604	482
Service Charges	07		0
Other	08		0
<b>Total Underwriting Revenue</b>	09	604	482
Gross Claims and Adjustment Expenses	62	1,227	1,639
Reinsurers' share of claims and adjustment expenses	64	0	0
<b>Net Claims and Adjustment Expenses</b>	10	1,227	1,639
Acquisition Expenses			
Gross Commissions	66	0	0
Ceded Commissions	68	0	0
Taxes	12	18	15
Other	14	0	0
General Expenses	16	94	98
<b>Total Claims and Expenses</b>	19	1,339	1,752
Premium Deficiency Adjustments	20		0
<b>Underwriting Income (Loss)</b>	29	(735)	(1,270)
<b>INVESTMENT OPERATIONS</b>			
Income	32	276	199
Realized Gains (Losses)	33	24	0
Expenses	34		0
<b>Net Investment Income</b>	39	300	199
<b>OTHER REVENUE AND EXPENSES</b>			
Income (Loss) from Ancillary Operations (net of Expenses of \$'000 )	40		0
Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures	41		0
Gain (losses) from fluctuations in Foreign Exchange Rates	42		0
Other Revenues	44	1,282	1,641
Finance costs	45		
Other Expenses	46		
<b>Net Income (Loss) before Income Taxes</b>	49	847	570
<b>INCOME TAXES</b>			
Current	50	40	116
Deferred	51		0
<b>Total Income Taxes</b>	59	40	116
Extraordinary Items (net of Income Taxes of \$'000 ) (CGAAP)	60		0
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	89	807	454
<b>ATTRIBUTABLE TO:</b>			
Non-controlling Interests	80		
Equity Holders	82	807	454

**CONSOLIDATED FINANCIAL STATEMENTS**

**STATEMENT OF RETAINED EARNINGS**  
**(\$'000)**

		Current 01	Prior 02
<b>Balance at beginning of year</b>	01	1,215	1,661
Prior period adjustments:	02		0
	04		0
Adjusted balance at beginning of year	09	1,215	1,661
Net income (loss) for the Period	10	807	454
Dividends declared to shareholders	11		0
Decrease (increase) in Reserves	12		0
(Please Specify)	16		
Net increase (decrease) in Retained Earnings during the period	15	807	454
<b>Balance at end of Period</b>	89	2,022	2,115

**RESERVES**  
**(\$'000)**

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

**Fortress Insurance Company**

Insurer

9 months ended

30/09/2011

## CONSOLIDATED FINANCIAL STATEMENTS

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

Page		Current 01	Prior 03
	<b>Comprehensive Income (Loss)</b>		
20.30	Net Income 01	807	454
	Other Comprehensive Income (Loss):		
	<b>Available for Sale:</b>		
	Change in Unrealized Gains and Losses:		
	- Loans 02		0
	- Bonds and Debentures 03		0
	- Equities 04		0
	Reclassification to Earnings of (Gains) Losses 05		0
	<b>Derivatives Designated as Cash Flow Hedges</b>		
	Change in Unrealized Gains and Losses 06		0
	Reclassification to Earnings of (Gains) Losses 07		0
	<b>Foreign Currency Translation</b>		
	Change in Unrealized Gains and Losses 08		0
	Impact of Hedging 09		0
	<b>Share of Other Comprehensive Income of     Subsidiaries, Associates &amp; Joint Ventures</b> 11		
	<b>Other</b> 12		0
	Total Other Comprehensive Income (Loss) 21	0	0
	<b>Total Comprehensive Income (Loss)</b> 39	807	454
	<b>Attributable to:</b>		
	Non-controlling Interests 60		
	Equity Holders 62	807	454

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

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

		Current 01	Prior 02
<b>Capital Available</b>			
Total Equity less Accumulated Other Comprehensive Income	02	6,022	6,115
Add:			
Subordinated Indebtedness and Redeemable Preferred Shares	03		0
Accumulated Other Comprehensive Income (Loss) on:			
Available for Sale Equity Securities	04	0	0
Available for Sale Debt Securities	06	0	0
Foreign Currency (Net of Hedging Activities)	08	0	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		0
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	0
	13		0
IFRS Conversion Phase in (IFRS)	18		
<b>Total Capital Available</b>	19	6,022	6,115
<b>Minimum Capital Required</b>			
Balance Sheet Assets	20	319	629
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	497	153
Catastrophes	24	0	0
Reinsurance Ceded to Unregistered Insurers	26	0	0
Structured Settlements, Letters of Credit, Derivatives and Other Exposures	28	0	0
	34		
<b>Minimum Capital Required</b>	29	816	782
<b>Excess Capital Available over Minimum Capital Required</b>			
(line 19 minus line 29)	89	5,206	5,333
<b>Line 19 as a % of line 29</b>	90	737.99%	781.97%