

**CONSOLIDATED FINANCIAL STATEMENTS**

**ASSETS**  
(\$'000)

|  |           | Current<br>01 | Prior<br>03   |
|--|-----------|---------------|---------------|
| Cash and Cash Equivalents                              | 01        | 320           | 256           |
| Investment Income due and accrued                      | 02        | 48            | 60            |
| Assets held for sale                                   | 50        |               |               |
| Investments:   |           |               |               |
| Short Term Investments                                 | 04        | 300           | 400           |
| Bonds and Debentures                                   | 05        | 3,904         | 4,581         |
| Mortgage Loans   | 06        | 0             | 0             |
| Preferred Shares                                       | 07        | 103           | 164           |
| Common Shares  | 08        | 2,173         | 2,431         |
| Investment Properties                                  | 09        | 0             | 0             |
| Other Investments                                      | 10        | 0             | 0             |
| <b>Total Investments (lines 04 to 10)</b>              | <b>19</b> | <b>6,480</b>  | <b>7,576</b>  |
| Receivables:   |           |               |               |
| Unaffiliated Agents and Brokers                        | 20        | 0             | 0             |
| Policyholders  | 21        | 25            | 139           |
| Instalment Premiums                                    | 22        | 158           | 146           |
| Other Insurers   | 23        | 0             | 6             |
| "Facility Association" and the "PRR"                   | 24        | 0             | 0             |
| Subsidiaries, Associates & Joint Ventures              | 25        | 0             | 0             |
| Income Taxes   | 26        |               | 0             |
| Other Receivables                                      | 27        | 0             | 0             |
| Recoverable from Reinsurers:                           |           |               |               |
| Unearned Premiums                                      | 30        | 0             | 0             |
| Unpaid Claims and Adjustment Expenses                  | 31        | 2,309         | 2,903         |
| Other Recoverables on Unpaid Claims                    | 37        | 0             | 0             |
| Interests in Subsidiaries, Associates & Joint Ventures | 40        | 0             | 0             |
| Property and Equipment                                 | 41        | 764           | 733           |
| Deferred Policy Acquisition Expenses                   | 43        | 30            | 15            |
| Current Tax Assets                                     | 52        |               |               |
| Deferred Tax Assets                                    | 44        | 431           | 290           |
| Goodwill   | 54        |               |               |
| Intangible Assets                                      | 56        |               |               |
| Other Assets   | 88        | 149           | 106           |
| <b>TOTAL ASSETS</b>                                    | <b>89</b> | <b>10,714</b> | <b>12,230</b> |

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

| Page  |  | Current<br>01 | Prior<br>03   |
|-------|--|---------------|---------------|
|       | <b>LIABILITIES</b>                               |               |               |
|       | Overdrafts 01                                    |               | 0             |
|       | Borrowed Money and Accrued Interest 02           |               | 0             |
|       | Payables:  |               |               |
|       | Agents and Brokers 03                            | 15            | 0             |
|       | Policyholders 04                                 |               | 0             |
|       | Other Insurers 05                                |               | 30            |
|       | Subsidiaries, Associates & Joint Ventures 06     |               | 0             |
|       | Expenses due and accrued 07                      | -59           | 549           |
|       | Income Taxes due and accrued 08                  |               | 0             |
|       | Other Taxes due and accrued 09                   |               | 0             |
|       | Policyholder Dividends and Rating Adjustments 10 |               | 0             |
|       | Encumbrances on Real Estate 11                   |               | 0             |
|       | Unearned Premiums 12                             | 1,874         | 1,673         |
|       | Unpaid Claims and Adjustment Expenses 13         | 3,586         | 4,610         |
| 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             |
|       | Provisions and Other Liabilities 28              |               | 0             |
|       | <b>Total Liabilities 29</b>                      | <b>5,416</b>  | <b>6,862</b>  |
|       | <b>EQUITY</b>                                    |               |               |
|       | Shares issued and paid 41                        |               | 0             |
|       | Contributed Surplus 42                           |               | 0             |
|       | 43   |               | 0             |
| 20.40 | Retained Earnings 44                             | 5,222         | 5,000         |
| 20.40 | Reserves 45                                      | 0             | 0             |
| 20.42 | Accumulated Other Comprehensive Income (Loss) 47 | 76            | 368           |
|       | Non-controlling Interests 48                     |               |               |
|       | <b>Total Equity 49</b>                           | <b>5,298</b>  | <b>5,368</b>  |
|       | <b>TOTAL LIABILITIES AND EQUITY 89</b>           | <b>10,714</b> | <b>12,230</b> |

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

|   |    | Current<br>01 | Prior<br>03 |
|---|----|---------------|-------------|
| <b>UNDERWRITING OPERATIONS</b>  |    |               |             |
| <b>Premiums Written</b>   |    |               |             |
| Direct  | 01 | 5,864         | 5,231       |
| Reinsurance Assumed   | 02 | 3             | 7           |
| Reinsurance Ceded   | 03 | 1,001         | 1,217       |
| <b>Net Premiums Written</b>   | 04 | 4,866         | 4,021       |
| Decrease (increase) in Net Unearned Premiums                            | 05 | -1,329        | -1,164      |
| <b>Net Premiums Earned</b>  | 06 | 3,537         | 2,857       |
| Service Charges   | 07 |               | 0           |
| Other   | 08 |               | 0           |
| <b>Total Underwriting Revenue</b>                                       | 09 | 3,537         | 2,857       |
| Gross Claims and Adjustment Expenses                                    | 62 | 2,999         | 3,262       |
| Reinsurers' share of claims and adjustment expenses                     | 64 | 937           | 1,039       |
| <b>Net Claims and Adjustment Expenses</b>                               | 10 | 2,062         | 2,223       |
| Acquisition Expenses  |    |               |             |
| Gross Commissions   | 66 | 42            | -2          |
| Ceded Commissions   | 68 | 0             |             |
| Taxes   | 12 |               | 118         |
| Other   | 14 |               | 14          |
| General Expenses  | 16 | 1,764         | 1,528       |
| <b>Total Claims and Expenses</b>  | 19 | 3,868         | 3,881       |
| Premium Deficiency Adjustments  | 20 |               | 0           |
| <b>Underwriting Income (Loss)</b>                                       | 29 | -331          | -1,024      |
| <b>INVESTMENT OPERATIONS</b>  |    |               |             |
| Income  | 32 | 224           | 227         |
| Realized Gains (Losses)   | 33 | 129           | 37          |
| Expenses  | 34 | 40            | 29          |
| <b>Net Investment Income</b>  | 39 | 313           | 235         |
| <b>OTHER REVENUE AND EXPENSES</b>                                       |    |               |             |
| Income (Loss) from Ancillary Operations<br>(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 | -3            | 0           |
| Other Revenues  | 44 | 146           | 53          |
| Finance costs   | 45 |               |             |
| Other Expenses  | 46 |               |             |
| <b>Net Income (Loss) before Income Taxes</b>                            | 49 | 125           | -736        |
| <b>INCOME TAXES</b>   |    |               |             |
| Current   | 50 |               | 0           |
| Deferred  | 51 |               | 0           |
| <b>Total Income Taxes</b>   | 59 | 0             | 0           |
| Extraordinary Items (net of Income Taxes of \$'000 ) (CGAAP)            | 60 |               | 0           |
| <b>NET INCOME (LOSS) FOR THE PERIOD</b>                                 | 89 | 125           | -736        |
| <b>ATTRIBUTABLE TO:</b>   |    |               |             |
| Non-controlling Interests   | 80 |               |             |
| Equity Holders  | 82 | 125           | -736        |

## CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF RETAINED EARNINGS  
(\$'000)

|  |    | Current<br>01 | Prior<br>02 |
|--|----|---------------|-------------|
| <b>Balance at beginning of year</b>                            | 01 | 5,097         | 5,736       |
| Prior period adjustments:                                      | 02 |               | 0           |
|  | 04 |               | 0           |
| <b>Adjusted balance at beginning of year</b>                   | 09 | 5,097         | 5,736       |
| Net income (loss) for the Period                               | 10 | 125           | -736        |
| 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 | 125           | -736        |
| <b>Balance at end of Period</b>                                | 89 | 5,222         | 5,000       |

RESERVES  
(\$'000)

|                                  |    | Current<br>01 | Prior<br>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           |

## CONSOLIDATED FINANCIAL STATEMENTS

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

| Page  |  | Current<br>01 | Prior<br>03 |
|-------|--|---------------|-------------|
|       | <b>Comprehensive Income (Loss)</b>   |               |             |
| 20.30 | Net Income 01  | 125           | -736        |
|       | Other Comprehensive Income (Loss):   |               |             |
|       | <b>Available for Sale:</b>   |               |             |
|       | Change in Unrealized Gains and Losses:   |               |             |
|       | - Loans 02   |               | 0           |
|       | - Bonds and Debentures 03  | 99            | 93          |
|       | - Equities 04  | -346          | 132         |
|       | 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<br/>    Subsidiaries, Associates &amp; Joint Ventures</b> 11 |               |             |
|       | <b>Other</b> 12  |               | 0           |
|       | Total Other Comprehensive Income (Loss) 21   | -247          | 225         |
|       | <b>Total Comprehensive Income (Loss)</b> 39  | -122          | -511        |
|       | <b>Attributable to:</b>  |               |             |
|       | Non-controlling Interests 60   |               |             |
|       | Equity Holders 62  | -122          | -511        |

|       |  | Current<br>(01) | Prior<br>(03) |
|-------|--|-----------------|---------------|
|       | <b>Accumulated Other Comprehensive Income (Loss)</b>   |                 |               |
|       | Accumulated Gains (Losses) on:   |                 |               |
|       | <b>Available for Sale:</b>   |                 |               |
|       | - Loans 42   |                 | 0             |
|       | - Bonds and Debentures 43  | 103             | 209           |
|       | - Equities 44  | -27             | 159           |
|       | <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<br/>    Subsidiaries, Associates &amp; Joint Ventures</b> 51 |                 |               |
|       | <b>Other</b> 49  |                 | 0             |
| 20.20 | Balance at end of Period 59  | 76              | 368           |

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

|   |    | Current<br>01 | Prior<br>02 |
|---|----|---------------|-------------|
| <b>Capital Available</b>  |    |               |             |
| Total Equity less Accumulated Other Comprehensive Income  | 02 | 5,222         | 5,000       |
| Add:  |    |               |             |
| Subordinated Indebtedness and Redeemable Preferred Shares   | 03 |               | 0           |
| Accumulated Other Comprehensive Income (Loss) on:   |    |               |             |
| Available for Sale Equity Securities  | 04 | -27           | 159         |
| Available for Sale Debt Securities  | 06 | 103           | 209         |
| 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 | 42            | 0           |
|   | 13 |               | 0           |
| IFRS Conversion Phase in (IFRS)   | 18 |               |             |
| <b>Total Capital Available</b>  | 19 | 5,256         | 5,368       |
| <b>Minimum Capital Required</b>   |    |               |             |
| Balance Sheet Assets  | 20 | 550           | 605         |
| Unearned Premiums/Unpaid Claims/Premium Deficiencies  | 22 | 294           | 311         |
| 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 | 844           | 916         |
| <b>Excess Capital Available over Minimum Capital Required</b>   |    |               |             |
| (line 19 minus line 29)   | 89 | 4,412         | 4,452       |
| <b>Line 19 as a % of line 29</b>  | 90 | 622.75%       | 586.03%     |