

**CONSOLIDATED FINANCIAL STATEMENTS**

**ASSETS**  
(\$'000)

		Current 01	Prior 03
Cash and Cash Equivalents	01	17,773	23,761
Investment Income due and accrued	02	1,027	1,149
Assets held for sale	50		
Investments:			
Short Term Investments	04	101	100
Bonds and Debentures	05	101,544	96,692
Mortgage Loans	06	0	0
Preferred Shares	07	0	0
Common Shares	08	18,914	21,598
Investment Properties	09	9,614	9,614
Other Investments	10	4,721	567
<b>Total Investments (lines 04 to 10)</b>	<b>19</b>	<b>134,894</b>	<b>128,571</b>
Receivables:			
Unaffiliated Agents and Brokers	20	7,811	8,017
Policyholders	21	0	0
Instalment Premiums	22	26,121	25,962
Other Insurers	23	3,310	1,415
"Facility Association" and the "PRR"	24	7,779	8,560
Subsidiaries, Associates & Joint Ventures	25	0	0
Income Taxes	26		0
Other Receivables	27	1,938	1,761
Recoverable from Reinsurers:			
Unearned Premiums	30	23,487	20,881
Unpaid Claims and Adjustment Expenses	31	57,905	47,105
Other Recoverables on Unpaid Claims	37	0	0
Interests in Subsidiaries, Associates & Joint Ventures	40	0	0
Property and Equipment	41	1,039	1,229
Deferred Policy Acquisition Expenses	43	21,467	20,739
Current Tax Assets	52	2,794	
Deferred Tax Assets	44	179	288
Goodwill	54		
Intangible Assets	56	1,466	1,450
Other Assets	88	3,134	3,487
<b>TOTAL ASSETS</b>	<b>89</b>	<b>312,124</b>	<b>294,375</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	3,636	3,274
	Policyholders 04		0
	Other Insurers 05	6,246	11,072
	Subsidiaries, Associates & Joint Ventures 06		0
	Expenses due and accrued 07	2,646	2,487
	Income Taxes due and accrued 08		2,469
	Other Taxes due and accrued 09	5,158	4,743
	Policyholder Dividends and Rating Adjustments 10		0
	Encumbrances on Real Estate 11		0
	Unearned Premiums 12	85,739	82,848
80.10	Unpaid Claims and Adjustment Expenses 13	127,832	112,814
	Unearned Commissions 14	7,699	7,129
	Premium Deficiency 15		0
	Liabilities held for sale 17		
	Current Tax Liabilities 18		
	Deferred Tax Liabilities 21	1,004	1,002
	Provisions and Other Liabilities 28	892	886
	<b>Total Liabilities</b> 29	<b>240,852</b>	<b>228,724</b>
	<b>EQUITY</b>		
	Shares issued and paid 41	2,000	2,000
	Contributed Surplus 42	9,362	9,362
	43		0
20.40	Retained Earnings 44	55,747	49,750
20.40	Reserves 45	0	0
20.42	Accumulated Other Comprehensive Income (Loss) 47	4,163	4,539
	Non-controlling Interests 48		
	<b>Total Equity</b> 49	<b>71,272</b>	<b>65,651</b>
	<b>TOTAL LIABILITIES AND EQUITY</b> 89	<b>312,124</b>	<b>294,375</b>

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

		Current 01	Prior 03
<b>UNDERWRITING OPERATIONS</b>			
<b>Premiums Written</b>			
Direct	01	128,455	123,156
Reinsurance Assumed	02	0	0
Reinsurance Ceded	03	43,966	38,109
<b>Net Premiums Written</b>	<b>04</b>	<b>84,489</b>	<b>85,047</b>
Decrease (increase) in Net Unearned Premiums	05	(1,694)	(2,518)
<b>Net Premiums Earned</b>	<b>06</b>	<b>82,795</b>	<b>82,529</b>
Service Charges	07	1,503	1,505
Other	08		0
<b>Total Underwriting Revenue</b>	<b>09</b>	<b>84,298</b>	<b>84,034</b>
Gross Claims and Adjustment Expenses	62	107,769	73,871
Reinsurers' share of claims and adjustment expenses	64	51,734	27,113
<b>Net Claims and Adjustment Expenses</b>	<b>10</b>	<b>56,035</b>	<b>46,758</b>
Acquisition Expenses			
Gross Commissions	66	23,554	21,646
Ceded Commissions	68	9,215	7,866
Taxes	12	4,397	4,017
Other	14		0
General Expenses	16	14,987	13,905
<b>Total Claims and Expenses</b>	<b>19</b>	<b>89,758</b>	<b>78,460</b>
Premium Deficiency Adjustments	20		0
<b>Underwriting Income (Loss)</b>	<b>29</b>	<b>(5,460)</b>	<b>5,574</b>
<b>INVESTMENT OPERATIONS</b>			
Income	32	3,725	3,216
Realized Gains (Losses)	33	4,185	2,726
Expenses	34	342	403
<b>Net Investment Income</b>	<b>39</b>	<b>7,568</b>	<b>5,539</b>
<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	(132)	(140)
Gain (losses) from fluctuations in Foreign Exchange Rates	42		0
Other Revenues	44	133	88
Finance costs	45		
Other Expenses	46		
<b>Net Income (Loss) before Income Taxes</b>	<b>49</b>	<b>2,109</b>	<b>11,061</b>
<b>INCOME TAXES</b>			
Current	50	638	3,531
Deferred	51		0
<b>Total Income Taxes</b>	<b>59</b>	<b>638</b>	<b>3,531</b>
Extraordinary Items (net of Income Taxes of \$'000 _____ ) (CGAAP)	60		0
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>89</b>	<b>1,471</b>	<b>7,530</b>
<b>ATTRIBUTABLE TO:</b>			
Non-controlling Interests	80		
Equity Holders	82	1,471	7,530

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

		Current 01	Prior 02
<b>Balance at beginning of year</b>	01	47,569	35,200
Prior period adjustments:	02		0
Transition adjustments to IFRS	04	7,028	7,020
Adjusted balance at beginning of year	09	54,597	42,220
Net income (loss) for the Period	10	1,471	7,530
Dividends declared to shareholders	11	321	0
Decrease (increase) in Reserves	12		
(Please Specify)	16		
Net increase (decrease) in Retained Earnings during the period	15	1,150	7,530
<b>Balance at end of Period</b>	89	55,747	49,750

**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

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	1,471	7,530
	Other Comprehensive Income (Loss):		
	<b>Available for Sale:</b>		
	Change in Unrealized Gains and Losses:		
	- Loans 02	0	0
	- Bonds and Debentures 03	3,580	3,488
	- Equities 04	(1,791)	634
	Reclassification to Earnings of (Gains) Losses 05	(2,971)	(1,936)
	<b>Derivatives Designated as Cash Flow Hedges</b>		
	Change in Unrealized Gains and Losses 06	0	0
	Reclassification to Earnings of (Gains) Losses 07	0	0
	<b>Foreign Currency Translation</b>		
	Change in Unrealized Gains and Losses 08		(127)
	Impact of Hedging 09		0
	<b>Share of Other Comprehensive Income of     Subsidiaries, Associates &amp; Joint Ventures</b>		
	<b>Other</b>		
	Total Other Comprehensive Income (Loss) 21	(1,182)	2,059
	<b>Total Comprehensive Income (Loss)</b> 39	289	9,589
	<b>Attributable to:</b>		
	Non-controlling Interests 60		
	Equity Holders 62	289	9,589
	<b>Accumulated Other Comprehensive Income (Loss)</b>		
	Accumulated Gains (Losses) on:		
	<b>Available for Sale:</b>		
	- Loans 42		0
	- Bonds and Debentures 43	4,207	3,535
	- Equities 44	(241)	802
	<b>Derivatives Designated as Cash Flow Hedges</b> 45	0	0
	<b>Foreign Currency (net of hedging activities)</b> 46	197	202
	<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	4,163	4,539

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

		Current 01	Prior 02
<b>Capital Available</b>			
Total Equity less Accumulated Other Comprehensive Income	02	67,109	61,112
Add:			
Subordinated Indebtedness and Redeemable Preferred Shares	03		0
Accumulated Other Comprehensive Income (Loss) on:			
Available for Sale Equity Securities	04	(241)	802
Available for Sale Debt Securities	06	4,207	3,535
Foreign Currency (Net of Hedging Activities)	08	197	202
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	3,085	3,120
	13		0
IFRS Conversion Phase in (IFRS)	18		
<b>Total Capital Available</b>	19	68,187	62,531
<b>Minimum Capital Required</b>			
Balance Sheet Assets	20	11,390	11,306
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	10,175	10,032
Catastrophes	24	0	0
Reinsurance Ceded to Unregistered Insurers	26	0	0
Structured Settlements, Letters of Credit, Derivatives and Other Exposures	28	72	72
	34		
<b>Minimum Capital Required</b>	29	21,637	21,410
<b>Excess Capital Available over Minimum Capital Required</b> (line 19 minus line 29)	89	46,550	41,121
<b>Line 19 as a % of line 29</b>	90	315.14%	292.06%