Kingsway Financial Services Inc.

Kingsway Financial Services Inc.

Consolidated Statement of Income

For the periods ended December 31, 1995 and 1994

				($ in Thousands, except for per share amounts)						
			Quarter ended:				**Year ended:**			
				31/12/95		**31/12/94**		**31/12/95**		**31/12/94**
			Forecast		**Actual**	**Actual**	**Forecast**		**Actual**	**Actual**
			(unaudited)		**(unaudited)**	**(unaudited)**	**(unaudited)**		**(audited)**	**(audited)**
Gross premiums written			$17,950		$19,308	$9,576	$58,691		$60,049	$55,619
Net premiums written			$15,188		$16,363	$7,599	$49,265		$50,440	$48,013
Net earned premiums			$10,576		$12,757	$11,368	$43,882		$46,063	$42,414
Investment income			750		956	677	3,409		3,615	2,102
Premium finance income			275		274	284	1,299		1,298	1,234
			11,601		13,987	12,329	48,590		50,976	45,750
Claims incurred			6,468		8,013	7,351	29,093		30,638	27,148
Commissions & premium taxes			1,770		2,182	1,664	7,470		7,882	7,170
General expenses			1,538		1,955	2,025	5,566		5,983	5,505
			9,776		12,150	11,040	42,129		44,503	39,823
Income before income taxes			1,825		1,837	1,289	6,461		6,473	5,927
Income taxes			821		626	547	2,901		2,706	2,632
Net income			$1,004		$1,211	$742	$3,560		$3,767	$3,295
Earnings per share:										
	basic:		$0.34		$0.39	$0.25	$1.19		$1.23	$1.10
	fully -diluted:		$0.34		$0.39	$0.25	$1.19		$1.23	$1.10
Claims ratio			61.2%		62.8%	64.7%	66.3%		66.5%	64.0%
Expense ratio			31.2%		32.4%	32.4%	29.7%		30.1%	29.9%
Combined ratio			92.4%		95.2%	97.1%	96.0%		96.6%	93.9%
Return on equity							19.3%		19.8%	21.9%
				Kingsway Financial Services Inc.						
				Consolidated Balance Sheets						
				As at December 31, 1995 and 1994						
				($ in Thousands)						
							1995			**1994**
									(audited)	
ASSETS										
	Cash & Investments						$61,870			$35,564
	Financed premiums receivable						12,914			11,211

	Deferred policy acquisition costs						3,830			2,980
	Accounts receivable						5,587			5,707
	Capital assets						2,173			1,558
	Other						1,431			1,097
							$87,805			$58,117
LIABILITIES AND SHAREHOLDERS' EQUITY										
LIABILITIES										
	Unpaid claims						$24,322			$16,988
	Unearned premiums						23,920			19,543
	Accounts payable & accrued liabilities						1,350			653
	Note payable to Intercargo						-			2,500
	Other						1,536			1,776
							51,128			41,460
SHAREHOLDER'S EQUITY										
	Share capital						21,889			5,636
	Retained earnings						14,788			11,021
							36,677			16,657
							$87,805			$58,117
				Kingsway Financial Services Inc.						
				Consolidated Statement of Changes in Financial Position						
				For the years ended December 31, 1995 and 1994						
				($ in Thousands)						
							1995			**1994**
									(audited)	
Operating activities:										
	Net income						$ 3,767			$ 3,295
	Items not involving cash:									
		Amortization					244			233
		Deferred income taxes					(328)			(248)
		Net realized gain on sale of investments					(255)			(19)
		Amortization of bond premiums & discounts					(2,190)			(823)
							1,238			2,438
Net change in non-cash balances:							9,751			8,866
							10,989			11,304
Financing activities										

	Issuance of share capital, net						16,253			-
	Note payable to Intercargo						(2,500)			2,500
	Bank demand loan						-			(2,650)
							13,753			(150)
Investing activities:										
	Purchase of investments						(144,061)			(39,936)
	Proceeds from sales of investments						117,924			33,114
	additions to capital assets						(809)			(393)
							(26,946)			(7,215)
Increase (decrease) in cash during year							(2,204)			3,939
Cash, beginning of year							3,567			(372)
Cash, end of year							$1,363			$3,567

Last Updated on 5/1/99
By David Johnson