Kingsway Financial Services Inc.

KINGSWAY FINANCIAL SERVICES INC.

CONSOLIDATED STATEMENT OF INCOME

For the periods ended June 30, 1996 and 1995

($ in Thousands, except for per share amounts)								
			Quarter ended June 30:			**Six months ended June 30:**		
			1996	**1996**	**1995**	**1996**	**1996**	**1995**
			Actual	**Forecast**	**Actual**	**Actual**	**Forecast**	**Actual**
				(Unaudited)			**(Unaudited)**	
Gross premiums written			$39,097	$24,575	$16,000	$60,953	$45,000	$26,569
Net premiums written			$35,760	$20,007	$13,469	$62,096	$37,201	$21,970
Net earned premiums			$27,377	$18,020	$11,117	$43,032	$34,898	$21,731
Investment income			1,602	1,042	1,106	2,882	1,875	1,818
Premium finance income			402	463	204	730	833	404
			29,381	19,525	12,427	46,644	37,606	23,953
Claims incurred			16,734	11,700	6,897	26,862	23,000	14,181
Commissions & premium taxes			4,833	3,093	1,881	7,351	5,991	3,604
General expenses			3,425	1,787	1,375	5,488	3,575	2,894
			24,992	16,580	10,153	39,701	32,566	20,679
Income before income taxes			4,389	2,945	2,274	6,943	5,040	3,274
Income taxes			1,171	1,208	1,016	2,133	2,068	1,467
Net income			$3,218	$1,737	$1,258	$4,810	$2,972	$1,807
Earnings per share:								
	basic:		$0.64	$0.36	$0.42	$0.96	$0.62	$0.60
	fully -diluted:		$0.59	$0.36	$0.42	$0.90	$0.61	$0.60
Claims ratio			61.1%	64.9%	62.0%	62.4%	65.9%	65.3%
Expense ratio			30.2%	27.1%	29.3%	29.8%	27.4%	29.9%
Combined ratio			91.3%	92.0%	91.3%	92.3%	93.3%	95.2%
Underwriting profit			$2,385	$1,440	$964	$3,331	$2,332	$1,052
KINGSWAY FINANCIAL SERVICES INC.								

CONSOLIDATED BALANCE SHEET								
As at June 30, 1996 and 1995								
($ in Thousands)								
						1996		**1995**
							(Unaudited)	
ASSETS								
	Cash & Investments					$99,207		$40,680
	Financed premiums receivable					26,129		11,241
	Deferred policy acquisition costs					11,366		4,214
	Amounts due from reinsurers					26,779		5,569
	Accounts receivable					10,207		4,906
	Capital assets					5,258		1,486
	Other					1,460		606
						$180,406		$68,702
LIABILITIES AND SHAREHOLDERS' EQUITY								
LIABILITIES								
	Unpaid claims					$68,863		$21,433
	Unearned premiums					55,827		22,883
	Accounts payable & accrued liabilities					6,963		2,552
	Note payable to Intercargo					-		2,437
	Other					1,002		933
						132,655		50,238
SHAREHOLDER'S EQUITY								
	Share capital					24,218		5,636
	Share warrant					3,935		-
	Retained earnings					19,598		12,828
						47,751		18,464
						$180,406		$68,702
KINGSWAY FINANCIAL SERVICES INC.								
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION								
For the periods ended June 30, 1996 and 1995								
($ in Thousands)								

							1996		**1995**
								(Unaudited)	
Operating activities:									
	Net income						$4,810		$1,807
	Items not involving cash:								
		Amortization					160		112
		Deferred income taxes					(433)		-
		Net realized gain on sale of investments					(52)		(188)
		Amortization of bond premiums & discounts					(666)		(1,050)
							3,819		681
Net change in non-cash balances:							18,739		3,731
							22,558		4,412
Financing activities									
	Issuance of share capital, net						2,329		-
	Share warrant						3,935		-
	Note payable to Intercargo						-		(62)
	Bank indebtedness						(1,480)		-
							4,784		(62)
Investing activities:									
	Purchase of investments						(95,657)		(36,925)
	Proceeds from sales of investments						78,209		31,176
	Purchase of subsidiary						(5,209)		-
	Additions to capital assets						(3,048)		(16)
							(25,705)		(5,765)
Increase (decrease) in cash during period							1,637		(1,415)
Cash, beginning of period							1,363		3,567
Cash, end of period							$3,000		$2,152

Last Updated on 7/27/97
By Dan Browne