



Kingsway Financial Services Inc.

KINGSWAY FINANCIAL SERVICES INC.

CONSOLIDATED STATEMENT OF INCOME

For the three months ended March 31st 1997 and 1996

(\$ in Thousands, except for per share amounts)		1997	1996
			(unaudited)
Gross premiums written		\$32,686	\$21,856
Net premiums written		\$29,392	\$26,336
Net earned premiums		\$33,318	\$15,655
Investment income		2,849	1,280
Premium finance income		639	328
		36,806	17,263
Claims incurred		20,608	10,128
Commissions & premium taxes		8,175	2,518
General expenses		2,980	2,063
		31,763	14,709
Income before income taxes		5,043	2,554
Income taxes		852	962
Net income		\$4,191	\$1,592
Earnings per share:			
	basic:	\$0.32	\$0.16
	fully -diluted:	\$0.30	\$0.16
Claims ratio		61.9%	64.7%
Expense ratio		33.4%	29.3%
Combined ratio		95.3%	94.0%
Underwriting profit		\$1,555	\$946
Return on Equity (Annualized)		18.9%	15.8%
Per share amounts are after giving effect to the 2 for 1 subdivision of shares in October 1996.			
KINGSWAY FINANCIAL SERVICES INC.			
CONSOLIDATED BALANCE SHEET			
As at March 31st 1997 and 1996			
(\$ in Thousands)			
ASSETS			
	Cash & Investments	\$166,650	\$82,586
	Financed premiums receivable	26,262	22,562
	Deferred policy acquisition costs	16,605	9,077
	Amounts due from reinsurers	51,918	29,587
	Amounts due from other insurers	12,541	-
	Accounts receivable	20,101	10,791

	Capital assets		5,919		2,338
	Goodwill (note 1)		4,687		177
	Other		1,842		1,649
			\$306,525		\$158,767
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
	Unpaid claims		\$135,744		\$64,695
	Unearned premiums		76,326		46,966
	Accounts payable & accrued liabilities		1,937		1,939
	Other		961		630
			214,968		114,230
SHAREHOLDERS' EQUITY					
	Share capital		59,863		24,222
	Share warrant		1,553		3,935
	Retained earnings		30,141		16,380
			91,557		44,537
			\$306,525		\$158,767
Note 1					
Contingent consideration is payable for the acquisition of Jevco Insurance Company based on the favourable					
or adverse development of claims liabilities as recorded at December 31st 1996. The final amount of the					
contingent consideration cannot be reasonably estimated and therefore, the outcome cannot be					
determined beyond reasonable doubt. Consequently, the contingent consideration has not been recorded					
at this time, and will be recorded once it can be determined.					
KINGSWAY FINANCIAL SERVICES INC.					
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION					
For the three months ended March 31st 1997 and 1996					
(\$ in Thousands)					
			1997		1996
				(unaudited)	
Operating activities:					
	Net income		\$4,191		\$1,592
	Items not involving cash:				
	Amortization		150		72
	Deferred income taxes		(95)		(747)
	Net realized gain on sale of investments		(932)		(70)
	Amortization of bond premiums & discounts		(444)		(335)
			2,870		512
	Net change in non-cash balances:		941		2,930
			3,811		3,442
Financing activities					
	Issuance of share capital, net		826		2,333
	Share warrant		(95)		3,935
	Bank demand loan		-		(1,480)
			731		4,788
Investing activities:					
	Purchase of investments		(82,863)		(57,978)
	Proceeds from sales of investments		106,233		54,129
	Purchase of subsidiary		(13,000)		(5,209)

	Additions to capital assets			(189)		(53)
				10,181		(9,111)
Increase (decrease) in cash during period				14,723		(881)
Cash, beginning of period				4,165		1,363
Cash, end of period				\$18,888		\$482

Last Updated on 7/27/97
By Dan Browne