

KINGSWAY FINANCIAL SERVICES INC.
CONSOLIDATED STATEMENT OF INCOME
For the three months ended March 31st 1998 and 1997
(\$ in Thousands, except for per share amounts)

	1998	1997
	(unaudited)	
Gross premiums written	\$95,901	\$32,686
Net premiums written	\$66,041	\$29,392
Net earned premiums	\$61,940	\$33,318
Investment income	8,929	2,849
Premium finance income	1,523	639
	72,392	36,806
Claims incurred	38,735	20,608
Commissions & premium taxes	9,512	8,175
General expenses & other	11,036	2,980
	59,283	31,763
Income before income taxes	13,109	5,043
Income taxes	5,653	852
Net income	\$7,456	\$4,191
Earnings per share:		
basic:	\$0.21	\$0.16
fully -diluted:	\$0.21	\$0.15
Claims ratio	62.5%	61.9%
Expense ratio	32.3%	33.4%
Combined ratio	94.8%	95.3%
Underwriting profit	3,192	1,555
Return on Equity (Annualized)	13.8%	18.9%

Per share amounts are after giving effect to the 2 for 1 subdivision of shares on May 8, 1998.

KINGSWAY FINANCIAL SERVICES INC.
CONSOLIDATED BALANCE SHEET
As at March 31, 1998 and 1997
(\$ in Thousands)

	1998	1997
	(unaudited)	
ASSETS		
Cash & Investments	\$400,930	\$166,650
Financed premiums receivable	37,174	26,262
Deferred policy acquisition costs	35,990	16,605
Amounts due from reinsurers and other insurers	114,147	64,459
Accounts receivable and other	61,002	20,180
Capital assets	15,511	5,919
Goodwill	41,136	4,687
Deferred income taxes	18,781	1,763
	<u>\$724,671</u>	<u>\$306,525</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Unpaid claims	\$314,488	\$135,744
Unearned premiums	153,184	76,326
Bank Loan	22,630	-
Accounts payable & accrued liabilities	13,023	1,937
Other	1,842	961
	<u>505,167</u>	<u>214,968</u>
SHAREHOLDERS' EQUITY		
Share capital	165,236	59,863
Share warrant	-	1,553
Currency translation adjustment	-1,289	-
Retained earnings	55,557	30,141
	<u>219,504</u>	<u>91,557</u>
	<u>\$724,671</u>	<u>\$306,525</u>

KINGSWAY FINANCIAL SERVICES INC.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the three months ended March 31, 1998 and 1997
(\$ in Thousands)

	1998	1997
	<u>(unaudited)</u>	
Operating activities:		
Net income	\$7,456	\$4,191
Items not involving cash:		
Amortization	944	150
Deferred income taxes	1,324	-95
Net realized gain on sale of investments	-2,973	-932
Amortization of bond premiums & discounts	123	-444
	<u>6,874</u>	<u>2,870</u>
Net change in non-cash balances:	<u>6,634</u>	<u>941</u>
	13,508	3,811
Financing activities:		
Issuance of share capital, net	88	826
Share warrant	-538	-95
Bank loan	7,069	-
	<u>6,619</u>	<u>731</u>
Investing activities:		
Purchase of investments	-213,527	-82,863
Proceeds from sales of investments	273,957	95,593
Purchase of subsidiary, net of cash acquired	-72,555	-2,360
Additions to capital assets	-596	-189
	<u>-12,721</u>	<u>10,181</u>
Increase (decrease) in cash during period	7,406	14,723
Cash, beginning of period	5,780	4,165
Cash, end of period	<u><u>\$13,186</u></u>	<u><u>\$18,888</u></u>