Grant Thornton

Consolidated financial statements

Antigonish Farmers' Mutual Insurance Company

December 31, 2010

Contents

Management's Statement of Responsibility of Financial Reporting

Preparation of the consolidated financial statements is the responsibility of Antigonish Farmers' Mutual Insurance Company's management. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgments.

The Board of Directors oversees management in carrying out its responsibilities for financial reporting and systems of internal control. The Board of Directors, which is chaired by and composed solely of directors who are unrelated to, and independent of, the Company, meet with financial management to satisfy itself as to reliability and integrity of financial information and the safeguarding of assets. The Board of Directors review and approve the annual consolidated financial statements to be issued to members. The external auditors have full and free access to the Board of Directors.

Mary Bekkers	Bill Chisholm
President	Manager

Independent auditors' report

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To the Policyholders of
Antigonish Farmers' Mutual Insurance Company

We have audited the accompanying consolidated financial statements of the Antigonish Farmers' Mutual Insurance Company, which comprise the consolidated balance sheet as at December 31, 2010, and the consolidated statements of net (loss) earnings, comprehensive (loss) income, accumulated other comprehensive loss, policy holders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Antigonish Farmers' Mutual Insurance Company as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The consolidated financial statements of Antigonish Farmers' Mutual Insurance Company for the year ended December 31, 2009, were audited by another auditor who expressed an unmodified opinion on those consolidated statements on January 22, 2010.

Grant Thornton LLP

Antigonish, Nova Scotia
February 22, 2011

Chartered accountants

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of net (loss) earnings

Year ended December 31		2010		2009
Revenue				
Gross premiums written	$	**4,748,799**	$	4,336,421
Returned premiums		**(65,603)**		(50,650)
Net gross premiums written		**4,683,196**		4,285,771
Reinsurance premiums		**(1,050,240)**		(1,011,437)
Net premiums written		**3,632,956**		3,274,334
Change in reserve for unearned premiums		**(197,763)**		7,092
Net premium earnings		**3,435,193**		3,281,426
Service charge and fees		**118,527**		107,315
Net underwriting revenue		**3,553,720**		3,388,741
Expenses				
Claims and adjustments (page 19)		**2,588,964**		1,671,952
Administrative expenses (page 19)		**1,991,766**		1,818,648
		4,580,730		3,490,600
Underwriting loss		**(1,027,010)**		(101,859)
Other income (note 8)		**810,023**		721,479
Provision for decline in market value of specific securities		**-**		(50,250)
(Loss) earnings before income taxes		**(216,987)**		569,370
Income taxes (recoverable)				
Current		**(26,050)**		15,408
Future		**(33,894)**		(7,766)
		(59,944)		7,642
Net (loss) earnings	$	**(157,043)**	$	561,728

See accompanying notes to the consolidated financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of comprehensive (loss) income

Year ended December 31	**2010**	2009
Net (loss) earnings	**$ (157,043)**	$ 561,728
Other comprehensive income		
Change in unrealized gains on available for sale investments	**154,544**	666,933
Net (gain) loss reclassified to income	**(51,485)**	244,864
	103,059	911,797
Income tax effect	**532**	(185,160)
	103,591	726,637
Comprehensive (loss) earnings	**$ (53,452)**	$ 1,288,365

See accompanying notes to the consolidated financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of accumulated other comprehensive loss

Year ended December 31		**2010**		2009
Accumulated other comprehensive income, beginning of year	**$**	**(717,647)**	$	(1,444,284)
Other comprehensive income		**103,591**		726,637
Accumulated other comprehensive loss, end of year	**$**	**(614,056)**	$	(717,647)

See accompanying notes to the consolidated financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of policyholders' equity

Year ended December 31		**2010**		2009
Policyholders' surplus, beginning of year	**$**	**11,129,517**	$	10,567,789
Net (loss) earnings		**(157,043)**		561,728
Policyholders' surplus, end of year	**$**	**10,972,474**	$	11,129,517

See accompanying notes to the consolidated financial statements

Antigonish Farmers’ Mutual Insurance Company
Consolidated balance sheet

December 31		2010		2009
Assets				
Cash and cash equivalents	**$**	**796,913**	$	857,094
Investments (note 5)		**11,689,407**		11,110,865
Accounts receivable (note 6)		**1,471,282**		950,537
Income taxes receivable		**160,161**		9,566
Prepaid expenses		**13,143**		28,218
Deferred policy acquisition costs		**354,847**		333,122
Property and equipment (note 4)		**439,120**		421,825
Future income taxes		**35,044**		23,700
	$	**14,959,917**	$	13,734,927

Liabilities				
Accounts payables and accrued liabilities	**$**	**399,996**	$	243,389
Claims payable		**1,838,000**		903,000
Reserve for unearned premiums		**2,340,649**		2,142,886
Long term debt (note 7)		**22,854**		33,782
		4,601,499		3,323,057
Policyholders’ equity				
Policyholders’ surplus		**10,972,474**		11,129,517
Accumulated other comprehensive loss		**(614,056)**		(717,647)
		10,358,418		10,411,870
	$	**14,959,917**	$	13,734,927

Commitment (note 13)

Approved on behalf of the Board

____________________________ Director ____________________________ Director

See accompanying notes to the consolidated financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of cash flows

Year ended December 31		2010		2009
Increase (decrease) in cash and cash equivalents				
Operating				
Net earnings	$	**(157,043)**	$	561,728
Items not involving cash:				
Amortization		**49,761**		58,449
Amortization of unrealized holding loss (gain)		**19,015**		(3,980)
Gain on disposal of investments		**(239,307)**		(214,882)
Future income taxes		**(33,894)**		(7,766)
Provision for decline in market value of specific securities		**-**		50,250
Loss on sale of property and equipment		**4,157**		6,648
Current tax on comprehensive income		**23,082**		(93,691)
Change in non-cash operating working capital				
Accounts receivable		**(520,745)**		34,506
Income taxes receivable		**(150,595)**		356,934
Prepaid expenses		**15,075**		(10,135)
Deferred policy acquisition costs		**(21,725)**		(13,468)
Accounts payable and accrued liabilities		**156,607**		26,839
Claims payable		**935,000**		(8,000)
Reserve for unearned premiums		**197,763**		(7,091)
		277,151		736,341
Financing				
Proceeds of long term debt		-		33,782
Repayment of long term debt		**(10,928)**		(75,000)
		(10,928)		(41,218)
Investing				
Purchase of property and equipment		**(76,213)**		(38,163)
Proceeds from sale of property and equipment		**5,000**		7,000
Proceeds on sale of investments		**2,517,821**		1,469,067
Purchase of investments		**(2,773,012)**		(1,812,715)
		(326,404)		(374,811)
Increase (decrease) in cash		**(60,181)**		320,312
Cash and cash equivalents,				
Beginning of year		**857,094**		536,782
End of year	$	**796,913**	$	857,094

Supplemental cash flow information:				
Income taxes paid (received)	$	101,304	$	(247,832)
Interest paid		835		1,266

See accompanying notes to the consolidated financial statements

1. Nature of operations

The Company was incorporated in 1910 without share capital under the laws of the Province of Nova Scotia, is federally licensed and is subject to the Nova Scotia Insurance Act and the Office of the Superintendent of Financial Institutions of Canada. It is licensed to write property and liability insurance in Nova Scotia.

2. Basis for presentation:

These consolidated financial statements include the accounts of the Company and its subsidiary company and have been prepared in accordance with Sections 331(4) of the Insurance Companies Act ("Act") which states that, except as otherwise specified by OSFI, the financial statements are to be prepared in accordance with Canadian generally accounting principles ("GAAP"). The significant accounting policies used in the preparation of these consolidated financial statements, including the accounting requirements of OSFI, are summarized below. These accounting policies conform, in all material respects, to GAPP.

3. Summary of significant accounting policies

Income on insurance
Premium income is recognized on a straight-line basis over the terms of the policies.

Unearned premiums
The unearned premium reserve is based on the unexpired term of all policies of the company in force as at December 31.

Deferred policy acquisition costs
Deferred policy acquisition costs are those expenses such as agents' commissions, and fire taxes which relate directly to the acquisition of premiums. These costs, to the extent that they are considered recoverable, are deferred and amortized over the terms of the related premiums.

Income taxes
The Company follows the asset and liability method of accounting for income taxes, whereby future tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the consolidated financial statement carrying amount of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

3. Summary of significant accounting policies (continued)

Depreciation

Rates and bases of depreciation are applied to write-off the cost of property and equipment less estimated residual values over their useful lives. Estimated useful lives are as follows:

Buildings	50 yrs, straight-line
Vehicles	5 yrs, straight-line
Computer equipment	5 yrs, straight-line
Office equipment	10 yrs, straight-line
Telephone equipment	10 yrs, straight-line
Building generator	30 yrs, straight-line

During the year, the Company re-estimated the useful lives of their property and equipment. As a result, the depreciation policy has been updated to straight-line to better reflect the useful lives of the property and equipment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Use of estimates

In preparing the Company's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Provisions for unpaid claims and adjustment expenses

The provision for unpaid claims represents the amounts needed to provide for the estimated ultimate expected cost of settling claims related to insured events (both reported and unreported) that have occurred on or before each balance sheet date. The provision for adjustment expenses represents the estimated ultimate expected costs of investigating, resolving and processing these claims. Estimated recoveries of these costs from reinsurance ceded are included in assets. The computation of these provisions takes into account the time value of money using discount rates based on projected investment income from the assets supporting the provisions.

The process of determining the provisions for unpaid claims and adjustment expenses necessarily involves risks that the actual results will deviate from the best estimates made. These risks vary in proportion to the length of the estimation period and the volatility of each component comprising the liabilities. To recognize the uncertainty in establishing these best estimates and to allow for possible deterioration in experience, actuaries are required to included explicit margins for adverse deviation in assumptions for asset defaults, reinvestment risk, claims development and recoverability of reinsurance balances.

All provisions are periodically reviewed and evaluated in the light of emerging claim experience and changing circumstances. The resulting changes in estimates of the ultimate liability are recorded as incurred claims in the current period.

3. Summary of significant accounting policies (continued)

Financial instruments
Financial assets are classified as held for trading, available for sale, held to maturity or loans and receivables. Financial liabilities are classified as held for trading or as other financial liabilities. Derivatives are classified as held for trading unless they are specifically designated within an effective hedge relationship. The Company may also designate certain financial instruments, on initial recognition or adoption of the standard, as held for trading under the fair value option.

The Company's financial assets and liabilities, including all derivatives, but excluding insurance contracts, are recorded on the balance sheet at fair value on initial recognition and subsequently accounted for based on their classification as described below.

Available for sale
Financial assets with quoted prices in an active market classified as available for sale are carried at fair value with changes in unrealized gains and losses recorded in other comprehensive income until realized, at which time the cumulative gain or loss is transferred to net gains (losses) on investments in the statement of earnings. When unrealized losses on available for sale investments are determined to be other than temporary, the difference between the cost of the investment and its market value is recorded as realized losses on investments in the statements of earnings and a corresponding adjustment is made to other comprehensive income. Previously, such write-downs were taken in relation to management's estimate of net realizable value. Dividends and interest income from available for sale investments are recorded in interest and dividends.

Held to maturity
The Company has not designated any financial assets held to maturity

Loans and receivables and other financial liabilities
Loans and receivables and other financial liabilities are carried at amortized cost using the effective interest rate method.

Hedges
The Company does not have any derivatives designated as accounting hedges upon adoption of the new standards.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Comprehensive income
Comprehensive income consists of net earnings and other comprehensive income. Changes in unrealized gains and losses on financial assets classified as available for sale are recorded in the statement of comprehensive income, and included in accumulated other comprehensive income until recognized in the statement of earnings. Accumulated other comprehensive income is included on the balance sheet as a separate component of members' equity.

Fair value of financial instruments measured at fair value are quoted in active markets, and are obtained from external pricing services and are based on bid prices for financial assets.

4. Property and equipment

	Cost	Accumulated Depreciation	**2010** Net Book Value	2009 Net Book Value
Land	$ 21,700	$ -	**$ 21,700**	$ 21,700
Building	595,755	317,630	**278,125**	290,040
Vehicle	73,580	11,174	**62,406**	47,319
Computer equipment	294,710	263,282	**31,428**	17,897
Office equipment	60,369	39,322	**21,047**	17,667
Telephone equipment	16,479	11,821	**4,658**	6,211
Building generator	36,443	16,687	**19,756**	20,991
	$ 1,099,036	$ 659,916	**$ 439,120**	$ 421,825

5. Investments

	2010 Cost	2010 Fair Value	2009 Cost	2009 Fair Value
Bonds				
Municipal bonds	**$ 695,000**	**$ 719,347**	$ 570,000	$ 617,132
Provincial bonds	**2,300,000**	**2,532,390**	2,000,000	2,253,157
Federal bonds	**600,000**	**602,682**	350,000	356,223
Corporate bonds	**2,705,000**	**2,773,323**	2,780,000	2,866,824
	6,300,000	**6,627,742**	5,700,000	6,093,336
Equities				
Common shares	**5,226,712**	**4,341,323**	5,074,991	4,022,399
Preferred shares	**742,323**	**720,342**	1,018,564	995,130
	5,969,035	**5,061,665**	6,093,555	5,017,529
	$ 12,269,035	**$ 11,689,407**	$ 11,793,555	$ 11,110,865

	Within 1 Year	Over 1 to 5 Years	Over 5 Years	Fair Value
Bonds – maturity profile				
Bonds	$ 1,646,118	$ 3,913,323	$1,068,301	$ 6,627,742
	24.8%	59.1%	16.1%	100%

6. Accounts receivable

	2010	2009
Interest	**$ 75,188**	$ 80,211
Premiums	**702,166**	540,908
Farmers Mutual Reinsurance Plan Inc.	**581,000**	214,000
Rent	**-**	2,034
Other	**126,128**	124,184
	1,484,482	961,337
Provision for doubtful accounts	**(13,200)**	(10,800)
	$ 1,471,282	$ 950,537

7. Long term debt

		2010		2009
GMAC loan payable, fixed interest at 2.9% maturing January 2013, secured by a vehicle.	**$**	**22,854**	$	33,782

Principal payments due on long term debt for two years subsequent to December 31, 2010 are as follows: 2011 - $11,258 and 2012 $11,596.

8. Other income

		2010		2009
Income from investments	**$**	**583,568**	$	570,583
Gain on sale of investments		**239,307**		214,882
Miscellaneous		**(12,149)**		(9,377)
Agency		**(703)**		(3,999)
Insurance proceeds		**-**		(50,610)
	$	**810,023**	$	721,479

9. Reinsurance

In the normal course of business, the Company seeks to reduce the loss that may arise from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk, in various areas of exposure, with other insurers.

While reinsurance is obtained to protect against large losses, the primary liability to the policyholder remains with the Company. Failure of reinsurers to honour their obligations could result in losses to the Company.

The Company follows the policy of underwriting and reinsuring insurance contracts which, in the main, limit the liability of the Company to $150,000 plus 10% of the next $850,000 on any property claim and $100,000 plus 10% of the next $900,000 of any liability claim. In additional, the Company has obtained reinsurance which limits the Company's liability to $450,000 plus 5% of the balance of all claims in the event of a series of claims arising out of a single occurrence. The Company has also obtained Stop Loss reinsurance which limits the "Net Incurred Loss Ratio" to 80% for property and 100% for liability. Reinsurance does not relieve the Company of primary liability as the originating insurer.

10. Unpaid claims and adjustment expenses

a) Nature of unpaid claims:

The establishment of the provision for unpaid claims is based on known facts and interpretation of circumstances and is therefore a complex and dynamic process influenced by a large variety of factors. These factors include the Company's experience with similar cases and historical trends involving claim payment patters, loss payments, pending levels of unpaid claims, product mix or concentration, claims severity and claim frequency patterns.

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the Company's claim department personnel, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, investment rates of returns, court decisions, economic conditions and public attitudes. In addition, time can be a critical part of the provision determination, since the longer the span between the incidence of a loss and the payment or settlement of the claims, the more variable the ultimate settlement amount can be. Accordingly, short-tail claims tend to be more reasonably predictable than long-tail claims, such as general liability claims.

Consequently, the establishment of the provision for unpaid claims relies on the judgement and opinions of a large number of individuals, on historical precedent and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The process of determining the provisions necessarily involves risks that the actual results will deviate, perhaps substantially, from the best estimates made.

b) Discounting of the provision for unpaid claims and adjustment expenses and related reinsurance recoveries:

The provision for unpaid claims and adjustment expenses and related reinsurance recoveries is discounted using rates based on the projected investment income from the assets supporting the provisions, and reflecting the estimated timing of payments and recoveries.

The following table shows the effects of discounting on 2010 unpaid claims and adjustment expenses:

	Undiscounted	Effect of Present Value	PFADs	Discounted
Provision for unpaid claims and adjustment expenses	$ 1,734,000	$ (33,000)	$ 137,000	$ 1,838,000
Reinsurers' share of unpaid claims	(554,000)	10,000	(37,000)	(581,000)
	$ 1,180,000	$ (23,000)	$ 100,000	$ 1,257,000

11. Financial instrument risk management

Fair value of financial instruments

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act.

Fair value is best evidenced by quoted market prices in an active market. Where quoted market prices are not available, the quoted prices of similar financial instruments or valuation models with observable market based inputs are used to estimate fair value. These valuation models may use multiple observable market inputs, including observable interest rates, foreign exchange rates, index levels, credit spreads, equity prices, counterparty credit quality, and corresponding market volatility levels. Minimal management judgement is required for fair values calculated using quoted market prices or observable market inputs for models. The calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future fair values.

The Company employs a fair value hierarchy to categorize the inputs it uses in valuation techniques to measure the fair value. The extent of use of **(Level 1)** quoted prices in active markets for identical assets or liabilities **(Level 2)** inputs other than quoted prices included in Level 1 that are observable for the assets or liability either directly or indirectly, and **(Level 3)** inputs for the asset or liability that are not based on observable market data in the valuation of securities as at December 31, 2010 are as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Bonds	$ 6,627,742	$ -	$ -	$ 6,627,742
Common shares	4,341,323	-	-	4,341,323
Preferred shares	720,342	-	-	720,342
	$11,689,407	$ -	$ -	$ 11,689,407

The carrying value of unpaid claims and reinsurance recoverable, which takes into consideration the time value of money and explicit provision for adverse deviation, approximates the fair value. The carrying value of all other financial instruments including cash and cash equivalents, receivables and payables approximates their fair value due to the short term to maturity of those financial instruments.

11. Financial instrument risk management (continued)

Interest rate risk

Historical data and current information is used to profile the ultimate claims settlement pattern by class of insurance, which is then used in a broad sense to develop an investment policy and strategy. However, because a significant portion of the Company's assets relate to its capital rather than liabilities, the value of its interest rate based assets exceeds its interest rate based liabilities. As a result, generally the Company's investment income will move with interest rates over the medium to long-term with short term interest rate fluctuating creating unrealized gain or losses in Other Comprehensive Income.

At December 31, 2010, a 1% move in interest rates, with all the other variables held constant, could impact the market value of bonds by $618,865. For bonds that the Company did not sell during the year, the change during the period and changes prior to the period would be recognized as Other Comprehensive Income during the period.

Credit risk

The Company's investment policy puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. The bond portfolio remains very high quality. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis.

Reinsurance is placed with FMRP, a Canadian registered reinsurer. Management monitors the creditworthiness of FMRP by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

Accounts receivables are short-term in nature and are not subject to material credit risk.

Market risk

The Company utilizes the prudent person approach to asset management as required by the Insurance Companies Act. An investment policy is in place and is monitored by the Investment Committee and the Board of Directors. Diversification techniques are utilized to minimize risk.

The Company's portfolio includes Canadian stocks with fair values that move with the Toronto Stock Exchange Composite Index. A 1% movement in the stock markets with all other variables held constant would have an estimated affect on the fair values of the Company's Canadian stocks of $29,187.

The Company does not have any foreign exchange risk.

11. Financial instrument risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The Company mitigates this risk by monitoring cash activities and expected outflows. Current liabilities arise as claims are made. The Company does not have material liabilities that can be called unexpectedly at the demand of a lender or client. There are not material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income.

12. Capital Management

Capital is comprised of the Company's member's equity. As at December 31, 2010, the Company's member's equity was $10.4 million (2009 - $10.4 million). The Company's objectives when managing capital are to protect its policyholders, to safeguard the Company's ability to continue as a going concern, to maintain financial strength and protect its claims paying abilities, to maintain creditworthiness, and to ensure reasonable returns for members over the long term. Management assists in the development of the capital strategy and oversees the capital management process of the Company. Capital is managed using both regulatory capital measures and internal metrics.

Canadian property and casualty insurance companies are regulated by the Office of the Superintendent of Financial Institutions (OSFI). The minimum solvency ratio targeted by the Company is higher than the regulatory minimum capital test (MCT) requirement of 150%. As at December 31, 2010, the Company has a MCT ratio of 809% (2009 - 905%) and aggregate available capital in excess of required capital of $9.1 million (2009 - $9.2 million).

To measure the degree to which the Company is able to meet regulatory solvency requirements, the appointed actuary must present an annual report to the Board and management on the Company's current and future solvency. This report may indicate mitigating measures that may be emp0loyed in managing risks to the future financial position and may also make formal recommendations to the Company to aid in this process.

13. Commitment

The Company has committed to funding of $15,000 to the People's Place Project over the next year.

14. Comparative figures

Certain of the 2009 comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for 2010.

Antigonish Farmers' Mutual Insurance Company
Consolidated schedule of claims and adjustments and administrative expenses

December 31		2010		2009
Claims and adjustments expenses				
Claims and adjustments - gross	$	**3,243,573**	$	2,131,781
Recoveries from reinsurance		**(654,609)**		(459,829)
	$	**2,588,964**	$	1,671,952
Administrative expenses				
Advertising and promotion	$	**188,962**	$	129,701
Agents' commissions		**644,441**		598,031
Amortization		**42,863**		41,202
Bad debt		**2,637**		7,509
Bank charges		**28,421**		25,289
Computer		**31,182**		39,389
Conventions and meetings		**39,999**		32,522
Director's fees		**37,200**		35,950
Donations		**63,156**		23,325
Education		**8,094**		10,616
Field representative expenses		**32,499**		32,723
Furniture and fixtures		**7,830**		32,111
Insurance		**29,609**		24,148
Interest on long term debt		**835**		1,266
Loss on sale of property and equipment		**4,157**		6,648
Loss prevention		**2,023**		1,643
Meals and entertainment		**21,913**		15,202
Memberships and fees		**28,338**		33,886
Miscellaneous		**3,856**		3,184
Occupancy costs		**27,491**		28,801
Office		**37,363**		26,350
Postage and express		**25,834**		41,564
Printing and stationery		**23,954**		20,388
Professional fees		**61,252**		46,208
Retiring allowances		**1,945**		2,795
Salaries and benefits		**386,262**		374,276
Taxes and levies		**186,694**		168,755
Telephone		**15,562**		9,277
Travel		**7,394**		5,889
	$	**1,991,766**	$	1,818,648