



Financial Information Package



Q2 2009

WESTERN FINANCIAL GROUP INC.
 CONSOLIDATED BALANCE SHEETS (unaudited)
 (in thousands, except for per share amounts)

	2009		2008		2007		2006		2005		2004	
	6 Months		Annual		Annual		Annual		Annual		Annual	
ASSETS												
Cash and cash equivalents	\$	48,627	\$	28,563	\$	36,033	\$	9,085	\$	10,416	\$	12,290
Interest rate swap		67		-		-		-		-		-
Marketable securities – held-for-trading		55,350		53,091		46,886		85,243		67,077		10,568
Marketable securities – available-for-sale		16,448		103,808		51,104		-		-		-
Accounts receivable		29,931		23,999		26,680		23,510		23,076		22,167
Prepaid expenses		7,955		8,039		5,960		8,054		6,182		3,424
Income taxes receivable		-		800		2,191		388		-		-
Future income taxes		668		539		584		1,271		1,411		-
Other assets		-		-		1,489		2,235		2,451		4,911
Equity investments		41,305		38,040		26,100		23,501		8,251		-
Mortgages and loans		341,453		272,135		288,202		149,051		90,841		43,371
Capital assets		16,348		15,325		12,141		8,844		9,333		8,901
Intangible assets		34,684		27,996		27,166		14,175		10,497		7,081
Goodwill		118,089		105,285		98,165		59,565		50,164		44,394
	\$	710,925	\$	677,620	\$	622,701	\$	384,922	\$	279,699	\$	157,107
LIABILITIES												
Accounts payable and accrued liabilities	\$	56,263	\$	50,378	\$	55,685	\$	35,944	\$	25,099	\$	20,978
Actuarial liabilities		37,732		38,256		38,042		34,754		33,507		-
Provision for unpaid and unreported claims		9,860		8,510		8,653		6,637		6,065		-
Deferred gain on investments		-		-		-		1,295		861		-
Income taxes payable		1,077		-		-		-		285		646
Interest rate swap		-		-		-		-		-		-
Customer deposits		329,570		333,130		283,299		147,118		100,441		49,571
Long term debt		63,378		38,151		33,389		25,164		37,707		38,263
Obligation under capital leases		-		-		-		-		-		39
Future income taxes		5,666		5,480		5,274		2,790		3,015		629
	\$	503,546	\$	473,905	\$	424,342	\$	253,702	\$	206,980	\$	110,087
SHAREHOLDERS' EQUITY												
Share capital	\$	173,438	\$	173,438	\$	168,693	\$	110,607	\$	59,676	\$	40,398
Other paid in capital		268		-		51		152		206		206
Contributed surplus		1,971		1,975		1,849		1,923		1,776		204
Retained earnings		31,376		28,598		28,015		18,538		11,061		6,212
Accumulated other comprehensive loss		326		(296)		(249)		-		-		-
Total Shareholders' Equity		207,379		203,715		198,359		131,220		72,719		47,020
	\$	710,925	\$	677,620	\$	622,701	\$	384,922	\$	279,699	\$	157,107



WESTERN FINANCIAL GROUP INC.
 CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (unaudited)
 (in thousands, except for per share amounts)

	2009				2008				2007	2006	2005	2004
	6 Months	Q2	Q1	Annual	Q4	Q3	Q2	Q1	Annual	Annual	Annual	Annual
REVENUE												
Commission and other customer income	\$ 42,981	\$ 24,540	\$ 18,441	\$ 76,651	\$ 17,605	\$ 20,119	\$ 22,129	\$ 16,798	\$ 67,826	\$ 47,983	\$ 43,206	\$ 41,117
Premium income	18,125	9,678	8,447	31,240	8,241	8,121	7,717	7,161	27,282	22,785	16,343	-
Interest income on customer loans	10,373	5,451	4,922	18,596	4,368	4,677	4,610	4,941	13,805	8,214	4,284	1,127
Investment income												
Impairment of available-for-sale securities	-	-	-	(3,830)	(3,830)	-	-	-	-	-	-	-
Change in fair value of held-for-trading assets	627	758	(131)	(64)	1,552	(1,458)	(615)	457	752	-	-	-
Realized gain (loss) on sales of available-for-trading assets	(731)	(3)	(728)	(30)	(30)	-	-	-	409	-	-	-
Realized gain (loss) on sales of held-for-trading assets	30	24	6	(217)	(215)	2	(25)	21	(78)	-	-	-
Other net investment income	853	430	424	2,509	679	551	555	724	4,130	3,661	2,808	-
	72,258	40,878	\$ 31,381	\$ 124,855	\$ 28,370	\$ 32,012	\$ 34,371	\$ 30,102	\$ 114,126	\$ 82,643	\$ 66,641	\$ 42,244
EXPENSES												
Operating expenses	\$ 45,662	\$ 24,104	\$ 21,559	\$ 81,707	\$ 21,101	\$ 21,468	\$ 20,210	\$ 18,928	\$ 70,558	\$ 51,420	\$ 44,133	\$ 34,231
Policyholder benefits	8,832	5,199	3,633	14,789	5,752	2,550	2,782	3,705	13,934	13,595	9,564	-
Interest expense – customer deposits	7,432	3,778	3,654	12,555	2,871	3,185	3,103	3,396	9,209	5,223	2,924	-
Provision for credit losses	806	517	289	936	367	360	129	80	793	755	401	-
Income before the following	9,526	7,280	2,246	14,868	(1,722)	4,449	8,147	3,993	19,632	11,650	9,619	8,013
Income (loss) from equity investments	835	1,088	(253)	2,172	647	67	845	613	2,172	2,323	1,357	653
Impairment on equity investments	-	-	-	(2,053)	(2,053)	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	1,263	362	303	598	-	(400)	566	630	(95)
Interest and financing costs on long-term debt	(1,603)	(1,041)	(562)	(2,137)	(461)	(540)	(553)	(583)	(2,788)	(2,616)	(2,653)	(2,593)
Amortization of intangible assets	(862)	(450)	(412)	(1,262)	(316)	(316)	(278)	(352)	(934)	(439)	(329)	(220)
Amortization of capital assets	(1,427)	(736)	(691)	(2,661)	(574)	(731)	(841)	(515)	(1,743)	(1,506)	(1,406)	(1,052)
Income (loss) before income taxes	6,469	6,141	328	10,190	(4,116)	3,232	7,918	3,156	15,939	9,978	7,218	4,706
Income taxes	(630)	(1,216)	586	(3,642)	339	(1,132)	(2,079)	(770)	(3,726)	(1,990)	(2,369)	(1,311)
NET INCOME (LOSS) FOR THE PERIOD	\$ 5,839	\$ 4,925	\$ 914	\$ 6,548	\$ (3,777)	\$ 2,100	\$ 5,839	\$ 2,386	\$ 12,213	\$ 7,988	\$ 4,849	\$ 3,395
Retained earnings, beginning of period as previously reported	\$ 28,598	\$ 27,981	\$ 28,598	\$ 28,015	\$ 34,930	\$ 33,361	\$ 29,923	\$ 28,015	\$ 18,538	\$ 11,061	\$ 6,212	\$ 3,319
Cumulative effect of adopting new accounting policies	-	-	-	-	-	-	-	-	300	-	-	(393)
Retained earnings, beginning of period as restated	28,598	27,981	28,598	28,015	34,930	33,361	29,923	28,015	18,838	11,061	6,212	2,926
Excess on repurchase of shares	-	-	-	-	-	-	-	-	-	-	-	(109)
Issuer bid	-	-	-	(21)	(21)	-	-	-	-	-	-	-
Preferred share dividends	(2,005)	(1,002)	(1,003)	(3,914)	(2,006)	-	(1,908)	-	(1,656)	(511)	-	-
Common share dividends	(1,056)	(528)	(528)	(2,030)	(528)	(531)	(493)	(478)	(1,380)	-	-	-
Retained earnings, end of period	31,375	31,376	\$ 27,981	\$ 28,598	\$ 32,375	\$ 34,930	\$ 33,361	\$ 29,923	\$ 28,015	\$ 18,538	\$ 11,061	\$ 6,212
Earnings per share												
Basic	\$ 0.08	\$ 0.08	\$ 0.00	\$ 0.05	\$ (0.12)	\$ 0.04	\$ 0.08	\$ 0.05	\$ 0.24	\$ 0.22	\$ 0.17	\$ 0.18
Diluted	\$ 0.07	\$ 0.07	\$ 0.00	\$ 0.05	\$ (0.12)	\$ 0.04	\$ 0.08	\$ 0.04	\$ 0.22	\$ 0.20	\$ 0.15	\$ 0.16



WESTERN FINANCIAL GROUP INC.
 CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (unaudited)
 (in thousands, except for per share amounts)

	2007					2006				
	Annual	Q4	Q3	Q2	Q1	Annual	Q4	Q3	Q2	Q1
REVENUE										
Commission and other customer income	\$ 67,826	\$ 17,616	\$ 17,278	\$ 17,973	\$ 14,959	\$ 47,983	\$ 13,081	\$ 11,831	\$ 12,891	\$ 10,180
Premium income	27,282	7,281	7,370	6,383	6,248	22,785	5,970	6,024	5,448	5,343
Interest income on customer loans	13,805	5,173	3,312	2,760	2,560	8,214	2,455	2,343	1,874	1,542
Investment income										
Change in fair value of held-for-trading assets	752	1,886	362	(1,451)	(45)	-	-	-	-	-
Realized gain on sales of available-for-trading assets	409	409	-	-	-	-	-	-	-	-
Realized gain (loss) on sales of held-for-trading assets	(78)	(89)	173	(162)	-	-	-	-	-	-
Other net investment income	4,130	1,092	1,059	1,142	837	3,661	1,298	853	783	727
	\$ 114,126	\$ 33,368	\$ 29,554	\$ 26,645	\$ 24,559	\$ 82,643	\$ 22,804	\$ 21,051	\$ 20,996	\$ 17,792
EXPENSES										
Operating expenses	\$ 70,558	\$ 19,760	\$ 18,258	\$ 16,916	\$ 15,624	\$ 51,420	\$ 14,456	\$ 12,857	\$ 12,800	\$ 11,307
Policyholder benefits	13,934	4,766	4,312	1,447	3,409	13,595	3,481	3,506	3,088	3,520
Interest expense – customer deposits	9,209	3,530	2,272	1,826	1,581	5,223	1,567	1,504	1,192	960
Provision for credit losses	793	91	375	270	57	755	131	263	249	112
Income before the following	19,632	5,221	4,337	6,186	3,888	11,650	3,169	2,921	3,667	1,893
Income (loss) from equity investments	2,172	322	256	832	762	2,323	433	536	643	711
Gain (loss) on sale of assets	(400)	(400)	-	-	-	566	566	-	-	-
Interest and financing costs on long-term debt	(2,788)	(829)	(532)	(901)	(526)	(2,616)	(532)	(610)	(729)	(745)
Amortization of intangible assets	(934)	(309)	(215)	(206)	(204)	(439)	(132)	(118)	(95)	(94)
Amortization of capital assets	(1,743)	(589)	(401)	(373)	(380)	(1,506)	(341)	(416)	(428)	(321)
Income before income taxes	15,939	3,416	3,445	5,538	3,540	9,978	3,163	2,313	3,058	1,444
Income taxes	(3,726)	(182)	(1,101)	(1,448)	(995)	(1,990)	(185)	(827)	(679)	(299)
NET INCOME FOR THE PERIOD	\$ 12,213	\$ 3,234	\$ 2,344	\$ 4,090	\$ 2,545	\$ 7,988	\$ 2,978	\$ 1,486	\$ 2,379	\$ 1,145
Retained earnings, beginning of period as previously reported	18,538	26,414	24,529	21,383	18,538	11,061	16,071	14,585	12,206	11,061
Cumulative effect of adopting new accounting policies	300	-	-	-	300	-	-	-	-	-
Retained earnings, beginning of period as restated	18,838	26,414	-	21,383	18,838	11,061	16,071	14,585	12,206	11,061
Excess on repurchase of shares	-	-	-	-	-	-	-	-	-	-
Preferred share dividends	(1,656)	(1,155)	-	(501)	-	(511)	(511)	-	-	-
Common share dividends	(1,380)	(478)	(459)	(443)	-	-	-	-	-	-
Retained earnings, end of period	\$ 28,015	\$ 28,015	\$ 26,414	\$ 24,529	\$ 21,383	\$ 18,538	\$ 18,538	\$ 16,071	\$ 14,585	\$ 12,206
Earnings per share										
Basic	\$ 0.24	\$ 0.05	\$ 0.05	\$ 0.08	\$ 0.06	\$ 0.22	\$ 0.05	\$ 0.05	\$ 0.08	\$ 0.04
Diluted	\$ 0.22	\$ 0.06	\$ 0.04	\$ 0.07	\$ 0.05	\$ 0.20	\$ 0.06	\$ 0.04	\$ 0.06	\$ 0.04



WESTERN FINANCIAL GROUP INC.
 CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (unaudited)
 (in thousands, except for per share amounts)

	2005					2004				
	Annual	Q4	Q3	Q2	Q1	Annual	Q4	Q3	Q2	Q1
REVENUE										
Commission and other customer income	\$ 43,206	\$ 14,558	\$ 10,174	\$ 8,225	\$ 10,249	\$ 41,117	\$ 11,777	\$ 10,129	\$ 10,551	\$ 8,660
Premium income	16,343	1,587	5,104	8,073	1,579	-	-	-	-	-
Interest income on customer loans	4,284	2,042	794	1,109	339	1,127	95	598	168	266
Investment income										
Change in fair value of held-for-trading assets	-	-	-	-	-	-	-	-	-	-
Realized gain on sales of available-for-trading assets	-	-	-	-	-	-	-	-	-	-
Realized gain (loss) on sales of held-for-trading assets	-	-	-	-	-	-	-	-	-	-
Other net investment income	2,808	2,808	-	-	-	-	-	-	-	-
	\$ 66,641	\$ 20,995	\$ 16,072	\$ 17,407	\$ 12,167	\$ 42,244	\$ 11,872	\$ 10,727	\$ 10,719	\$ 8,926
EXPENSES										
Operating expenses	\$ 44,133	\$ 14,251	\$ 11,354	\$ 8,868	\$ 9,660	\$ 34,231	\$ 9,536	\$ 8,734	\$ 8,354	\$ 7,607
Policyholder benefits	9,564	710	2,625	5,461	768	-	-	-	-	-
Interest expense – customer deposits	2,924	2,924	-	-	-	-	-	-	-	-
Provision for credit losses	401	401	-	-	-	-	-	-	-	-
Income before the following	9,619	2,709	2,093	3,078	1,739	8,013	2,336	1,993	2,365	1,319
Income (loss) from equity investments	1,357	166	408	408	375	653	139	81	4	429
Gain (loss) on sale of assets	630	-	-	330	300	(95)	(95)	-	-	-
Interest and financing costs on long-term debt	(2,653)	(674)	(691)	(648)	(640)	(2,593)	(623)	(637)	(639)	(694)
Amortization of intangible assets	(329)	(120)	(72)	(72)	(65)	(220)	(46)	(76)	(49)	(49)
Amortization of capital assets	(1,406)	(394)	(335)	(393)	(284)	(1,052)	(278)	(306)	(254)	(214)
Income before income taxes	7,218	1,687	1,403	2,703	1,425	4,706	1,433	1,055	1,427	791
Income taxes	(2,369)	(472)	(377)	(1,155)	(365)	(1,311)	(207)	(462)	(438)	(204)
NET INCOME FOR THE PERIOD	\$ 4,849	\$ 1,215	\$ 1,026	\$ 1,548	\$ 1,060	\$ 3,395	\$ 1,226	\$ 593	\$ 989	\$ 587
Retained earnings, beginning of period as previously reported	6,212	9,846	8,820	7,272	6,212	3,319	4,999	4,488	3,539	3,319
Cumulative effect of adopting new accounting policies	-	-	-	-	-	(393)	-	(26)	-	(367)
Retained earnings, beginning of period as restated	6,212	9,846	8,820	7,272	6,212	2,926	4,999	4,462	3,539	2,952
Excess on repurchase of shares	-	-	-	-	-	(109)	(13)	(56)	(40)	-
Preferred share dividends	-	-	-	-	-	-	-	-	-	-
Common share dividends	-	-	-	-	-	-	-	-	-	-
Retained earnings, end of period	\$ 11,061	\$ 11,061	\$ 9,846	\$ 8,820	\$ 7,272	\$ 6,212	\$ 6,212	\$ 4,999	\$ 4,488	\$ 3,539
Earnings per share										
Basic	\$ 0.17	\$ 0.03	\$ 0.04	\$ 0.06	\$ 0.04	\$ 0.18	\$ 0.07	\$ 0.03	\$ 0.05	\$ 0.03
Diluted	\$ 0.15	\$ 0.03	\$ 0.03	\$ 0.05	\$ 0.04	\$ 0.16	\$ 0.05	\$ 0.03	\$ 0.05	\$ 0.03

WESTERN FINANCIAL GROUP INC.

COMPARATIVE ANALYSIS BY QUARTER

Outstanding Common shares, convertible preferred shares and convertible debentures

(in thousands)

	2009		2008				2007				2006			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Common Shares														
Basic	49,345	49,333	49,333	49,458	49,452	47,767	47,753	45,948	44,292	44,175	42,900	35,174	35,174	30,774
Options	5	-	48	66	84	97	129	154	199	165	86	74	58	63
	49,350	49,333	49,381	49,524	49,536	47,864	47,882	46,102	44,491	44,340	42,986	35,248	35,232	30,837
Convertible Preferred Shares														
Series 2	4,015	4,005	4,050	4,029	4,029	4,029	4,042	4,042	4,058	4,124	4,124	4,167	4,167	-
Series 3	3,448	3,448	3,448	3,448	3,448	3,448	3,448	3,448	-	-	-	-	-	-
Series 4	2,899	2,899	2,899	2,899	2,899	2,899	2,899	-	-	-	-	-	-	-
	10,361	10,352	10,397	10,376	10,376	10,376	10,389	7,490	4,058	4,124	4,124	4,167	4,167	-
Convertible Debenture														
\$16.71 million	5,570	-	-	-	-	-	-	-	-	-	-	-	-	-
\$10 million	-	-	-	-	-	1,667	1,667	3,333	3,333	3,333	3,333	3,333	3,333	3,333
\$5 million	-	-	-	-	-	-	-	-	1,538	1,538	1,538	1,538	1,538	1,538
\$7 million	-	-	-	-	-	-	-	-	-	-	-	-	-	4,390
	5,570	-	-	-	-	1,667	1,667	3,333	4,871	4,871	4,871	4,871	4,871	9,261
Total	65,281	59,685	59,778	59,900	59,912	59,907	59,938	56,925	53,420	53,335	51,981	44,286	44,270	40,098