

**US International Reinsurance Company In Liquidation
(Modified Cash Basis)**

**Statements of Receipts and Disbursements, and
Changes in Cash and Marketable Securities**

**June 13, 2003
(inception of
Receivership) to
September 30, 2003**

Cash receipts:

Reinsurance collections	\$281,758
Net investment income	72,968
All other	728
Total cash receipts	<u>355,454</u>

Cash operating disbursements: Consultant and outside service fees	9,426
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Excess of receipts over operating disbursements	<u>346,028</u>
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Beginning cash and marketable securities, at cost	<u>585,858</u>
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Ending cash and marketable securities, at cost	<u><u>\$931,886</u></u>
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See accompanying notes.

**US International Reinsurance Company In Liquidation
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Statement of Assets

September 30, 2003

Assets

Cash and invested assets:

Cash and cash equivalents	<u>\$931,886</u>
Total cash and invested assets	\$931,886

See accompanying notes.

US International Reinsurance Company in Liquidation
(Modified Cash Basis)

Notes to Financial Statements

September 30, 2003

1) Basis of Accounting

US International Reinsurance Company in Liquidation (the Receivership) prepares financial statements using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Receivership and other known amounts for which ultimate realization by the Receivership is expected to occur, primarily investments and cash, and certain receivables, are recorded. Liabilities that have been acknowledged by the Receivership are prioritized into creditor classes in accordance with New Hampshire statutes governing insurance insolvencies.

The Receivership does not record the amounts of certain assets such as outstanding receivables, reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance claims, as such amounts have not been settled and agreed to with third parties.