

SGI CANADA
QUARTERLY REPORT
SEPTEMBER 2005



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Period Ended September 30, 2005

Management's discussion and analysis (MD&A) provides a review of the results of the operations of SGI CANADA and its subsidiaries, SGI CANADA Insurance Services Ltd. (SCISL), the Insurance Company of Prince Edward Island (ICPEI) and Coachman Insurance Company (Coachman), collectively referred to as SGI CANADA or the Corporation. This discussion and analysis should be read in conjunction with the SGI CANADA unaudited consolidated financial statements and supporting notes as at and for the nine month period ended September 30, 2005, and the SGI CANADA MD&A and annual audited consolidated financial statements and supporting notes as at and for the year ended December 31, 2004.

For the three months ended September 30, 2005

Overview of Operations

SGI CANADA recorded a consolidated net profit of \$5.0 million for the third quarter of 2005, \$2.2 million lower than the third quarter of 2004. Saskatchewan operations had a net profit of \$3.7 million for the quarter, compared to a \$7.4 million net profit for the same period in 2004. Operations from outside of Saskatchewan contributed \$1.3 million in profits for the third quarter in 2005, significantly better than the \$251,000 loss for the same three months in 2004.

Premium Revenue

During the third quarter of 2005, net premiums earned increased four per cent or \$2.5 million, compared to last year. Saskatchewan net premiums earned increased \$3.5 million over the same period last year, while out-of-province net premiums earned of \$11.1 million for the three month period decreased \$1.0 million or eight per cent.

Claims Incurred

Claim costs of \$46.7 million for the third quarter of 2005 are \$4.1 million or 10 per cent more than claim costs for the same period in 2004. Saskatchewan operations had an increase in claim costs of \$6.5 million compared to 2004, while claim costs for out-of-province operations decreased \$2.3 million for the same period last year. Severe storm activity in the third quarter of 2005 was \$3.6 million higher than for the same three months in 2004.

Expenses Excluding Claims Incurred

Expenses for the third quarter of 2005, excluding claims incurred, are \$26.1 million, \$1.4 million more than expenses for the same period in 2004. Expenses from Saskatchewan operations increased \$1.6 million, while out-of-province operations had a decrease in expenses of \$210,000 for the third quarter compared to last year. This is a result of growth in Saskatchewan premiums, while out-of-province premiums decreased during the three month period.

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Investments

Investment earnings for the third quarter of 2005 are \$7.1 million, \$709,000 more than for the same period in 2004. The variance is primarily due to investment writedowns of \$450,000 during the third quarter of 2004, while the same quarter in 2005 saw no investment writedowns. Also, realized gains on the sale of investments were \$192,000 more in the third quarter of 2005 than the previous year.

Capitalization

During the quarter, SGI received a capital injection of \$25 million from its parent, Crown Investments Corporation of Saskatchewan (CIC). The capital injection increases SGI's equity advances from CIC from \$55 million to \$80 million. SGI provided the additional capital to its subsidiary, SCISL. The additional capital will be utilized as follows: \$21 million will remain in SCISL to enable it to enter the Alberta insurance market; and \$4 million will be invested in Coachman to enable it to continue to grow in Ontario.

The previous level of capital was not adequate to meet the Corporation's growth targets for its out-of-province operations. This created two challenges for the Corporation. First, it is imperative that SGI CANADA spread its risk geographically, however, without the additional capital injection, growth in out-of-province operations was limited. Second, SGI CANADA would have been disadvantaged compared to its competitors who are much more appropriately capitalized in a fiercely competitive marketplace. The \$25 million capital injection will allow SGI to meet its growth targets for its out-of-province operations and spread its risk geographically.

For the nine months ended September 30, 2005

Overview of Operations

SGI CANADA has recorded a consolidated net profit of \$25.2 million year to date, \$10.4 million lower than the same period last year. This decrease is due to a third quarter net profit of \$20.1 million from Saskatchewan operations, which is \$14.1 million lower than the same period last year. The lower profits for Saskatchewan operations are due to claim costs that are \$23.2 million or 27 per cent higher to the end of September in 2005 than the same period last year. Operations from outside of Saskatchewan continue to contribute strong profits, \$5.1 million for the first nine months of 2005 versus \$1.4 million for the same period in 2004.

Premium Revenue

Net premiums earned to the end of September increased by \$11.2 million or six per cent compared to the same period in 2004. This increase is due to premiums from Saskatchewan operations that are \$12.1 million higher in 2005 than last year to the end of September.

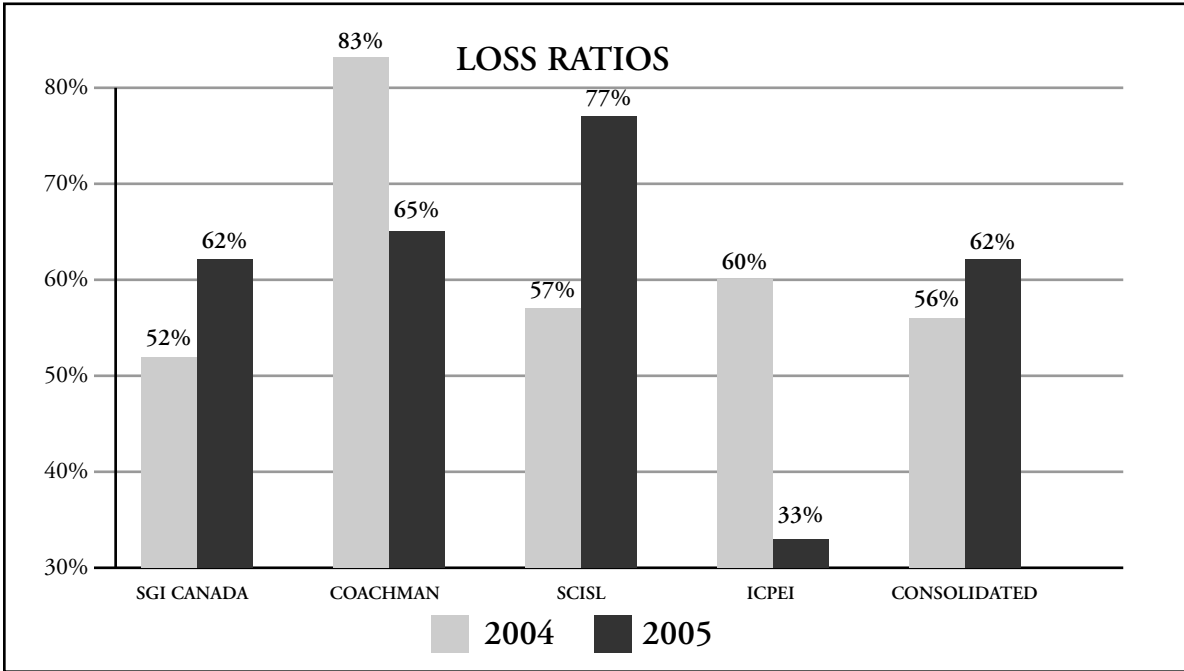
Year-to-date net premiums earned for out-of-province operations decreased \$869,000 compared to premiums for the same period last year. Ontario and PEI auto premiums both decreased for the first nine months of 2005 compared to the same period in 2004. The decline in auto premiums is offset by 20 per cent higher personal lines premiums for operations outside of Saskatchewan to the end of September, compared to the same period last year.

Claims Incurred

Claim costs of \$129.3 million are \$19.0 million higher than last year, due to the higher claim costs for Saskatchewan operations. Saskatchewan operations claim costs of \$108.3 million in 2005 are \$23.2 million more than the same period last year, primarily due to severe storm activity during the summer of 2005 that has resulted in \$23.1 million of losses to the end of September. In 2004, Saskatchewan summer storm costs to the end of September were \$2.5 million.

Year-to-date claim costs in 2005 from outside of Saskatchewan were \$4.2 million or 17 per cent lower than the same period in 2004.

The following table highlights the ratio of claim costs in relation to premiums (loss ratio) for each company:



SGI CANADA

While SGI CANADA and SCISL's loss ratios have increased due to the severe storms experience in Saskatchewan and parts of Manitoba, Coachman and ICPEI are experiencing improved loss ratios year-to-date. Overall, due to our significant market presence in Saskatchewan, the consolidated year-to-date loss ratio has increased from 56 per cent in 2004 to 62 per cent in 2005.

Expenses Excluding Claims Incurred

Expenses excluding claims incurred are \$75.3 million to the end of September 2005, \$4.1 million more than expenses for the same period in 2004. The increase is primarily due to higher commissions and premium taxes, which is a direct result of the growth in premiums. Overall, the 2005 expenses in relation to premiums earned have increased slightly to 36.4 per cent compared to 36.2 per cent in 2004.

Investments

Investment earnings for the first three quarters of 2005 are \$22.2 million, \$1.5 million more than the same period in 2004, primarily due to realized gains on the sale of investments. The annualized return on the investment portfolio for the first nine months of 2005 is 7.0 per cent compared to 7.3 per cent for 2004. Unrealized gains at September 30, 2005 are \$21.8 million (September 30, 2004 - \$13.2 million).

Outlook

Strong results in the earlier part of the year combined with solid profits from out-of-province operations have offset losses that have occurred due to significant summer storms in Saskatchewan and parts of Manitoba. Our priority continues to be rate adequacy in all jurisdictions in which we sell insurance and to focus on out-of-province expansion to spread our concentration of risk, grow revenue and profits, and create jobs.

In June 2005, the Alberta government passed legislation that allows government insurers to operate in that province. During the third quarter, SGI CANADA received a \$25 million capital injection from CIC to enable it to have adequate capital in order to meet its out-of-province growth targets and spread its concentration of risk. Through its 100 per cent owned subsidiary, SCISL, SGI CANADA is applying for an Alberta insurer's licence with the intent of beginning operations in that market in the spring of 2006.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at September 30, 2005 and December 31, 2004

	Sept. 30 2005 <u>(unaudited)</u>	Dec. 31 2004 <u>(audited)</u>
	(thousands of \$)	
Assets		
Cash and treasury bills	\$ 25,598	\$ 24,135
Accounts receivable	77,120	74,070
Deferred policy acquisition costs	36,467	35,371
Future income taxes	71	71
Reinsurers' share of unearned premiums	10,123	8,596
Investments (note 2)	396,223	346,267
Net investment in capital lease	2,194	2,700
Goodwill	481	481
Unpaid claims recoverable from reinsurers	28,006	27,914
Property, plant and equipment	<u>11,522</u>	<u>9,312</u>
	<u>\$587,805</u>	<u>\$528,917</u>
Liabilities		
Accounts payable and accrued charges	\$ 13,524	\$ 15,609
Dividends payable	5,204	5,932
Premium taxes payable	9,450	12,432
Amounts due to reinsurers	6,463	5,109
Unearned reinsurance commissions	1,478	1,564
Unearned premiums	152,554	148,431
Provision for unpaid claims	<u>257,122</u>	<u>232,560</u>
	<u>445,795</u>	<u>421,637</u>
Non-controlling interest	<u>1,412</u>	<u>1,236</u>
Province of Saskatchewan's Equity		
Equity advances	80,000	55,000
Retained earnings	<u>60,598</u>	<u>51,044</u>
	<u>140,598</u>	<u>106,044</u>
	<u>\$587,805</u>	<u>\$528,917</u>

SGI CANADA

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the periods ended Sept. 30, 2005 and 2004
(unaudited)

	three months to Sept. 30		nine months to Sept. 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	(thousands of \$)		(thousands of \$)	
Gross premiums written	\$ 80,353	\$ 78,589	\$ 229,923	\$ 224,524
Net premiums written	<u>\$ 72,992</u>	<u>\$ 72,045</u>	<u>\$ 211,617</u>	<u>\$ 204,685</u>
Net premiums earned	<u>\$ 70,740</u>	<u>\$ 68,242</u>	<u>\$ 208,937</u>	<u>\$ 197,699</u>
Claims incurred	46,679	42,566	129,325	110,351
Commissions	14,617	14,311	42,724	40,109
Administrative expenses	8,258	7,483	23,128	21,931
Premium taxes	3,430	3,306	10,110	9,569
Facility Association participation (note 4)	<u>(177)</u>	<u>(338)</u>	<u>(668)</u>	<u>(390)</u>
Total claims and expenses	<u>72,807</u>	<u>67,328</u>	<u>204,619</u>	<u>181,570</u>
Underwriting profit (loss)	(2,067)	914	4,318	16,129
Investment earnings	<u>7,131</u>	<u>6,422</u>	<u>22,201</u>	<u>20,666</u>
Income before income taxes and non-controlling interest	5,064	7,336	26,519	36,795
Income taxes (recovery)	<u>(64)</u>	<u>38</u>	<u>928</u>	<u>962</u>
Income after income taxes and before non-controlling interest	5,128	7,298	25,591	35,833
Non-controlling interest	<u>139</u>	<u>106</u>	<u>426</u>	<u>266</u>
Net income	4,989	7,192	25,165	35,567
Retained earnings, beginning of period	60,813	57,009	51,044	37,504
Dividend	(5,204)	(13,341)	(15,611)	(21,162)
Related party transaction	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,049)</u>
Retained earnings, end of period	<u>\$ 60,598</u>	<u>\$ 50,860</u>	<u>\$ 60,598</u>	<u>\$ 50,860</u>

(see accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the periods ended Sept. 30, 2005 and 2004
(unaudited)

	three months to Sept. 30		nine months to Sept. 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	(thousands of \$)		(thousands of \$)	
Cash provided by (used for):				
Operating activities				
Net income	\$ 4,989	\$ 7,192	\$ 25,165	\$ 35,567
Non-cash items:				
Amortization	646	701	2,005	2,520
Realized gain on disposal of investments	(2,951)	(2,760)	(10,195)	(9,520)
Future income taxes	–	147	–	1,022
Investment write downs	–	450	349	450
Income (loss) attributable to non-controlling interest	139	106	426	266
Income from investments accounted for on the equity basis	(30)	(34)	(121)	(142)
Change in non-cash operating items (note 3)	<u>10,012</u>	<u>18,094</u>	<u>19,121</u>	<u>5,985</u>
	<u>12,805</u>	<u>23,896</u>	<u>36,750</u>	<u>36,148</u>
Investing activities				
Purchases of investments	(252,746)	(223,907)	(650,978)	(453,624)
Proceeds on sale of investments	222,636	200,845	609,669	417,381
Repayment of capital lease	345	76	505	220
Purchases of property, plant and equipment	<u>(1,109)</u>	<u>(23)</u>	<u>(2,895)</u>	<u>(270)</u>
	<u>(30,874)</u>	<u>(23,009)</u>	<u>(43,699)</u>	<u>(36,293)</u>
Financing activities				
Equity advances	25,000	–	25,000	–
Dividends paid	<u>(5,203)</u>	<u>(4,961)</u>	<u>(16,588)</u>	<u>(14,535)</u>
	<u>19,797</u>	<u>(4,961)</u>	<u>8,412</u>	<u>(14,535)</u>
Increase (decrease) in cash and cash equivalents	1,728	(4,074)	1,463	(14,680)
Cash and cash equivalents, beginning of period	<u>23,870</u>	<u>18,484</u>	<u>24,135</u>	<u>29,090</u>
Cash and cash equivalents, end of period	<u>\$ 25,598</u>	<u>\$ 14,410</u>	<u>\$ 25,598</u>	<u>\$ 14,410</u>

(see accompanying notes)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

September 30, 2005

1. SIGNIFICANT ACCOUNTING POLICIES

These unaudited consolidated financial statements do not include all of the disclosures included in the Corporation's annual audited consolidated financial statements. The accounting policies used in the preparation of these interim financial statements are in accordance with Canadian generally accepted accounting principles and are consistent with those described in the Corporation's 2004 annual audited consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Corporation's 2004 Annual Report.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation process is related to the actuarial determination of the provision for unpaid claims.

2. INVESTMENTS

The components of the Corporation's investments are as follows:

	(thousands of \$)			
	Sept. 30, 2005		Dec. 31, 2004	
	<u>Carrying Value</u>	<u>Estimated Fair Value</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
Short-term investments	\$ 17,600	\$ 17,600	\$ 6,932	\$ 6,932
Bonds and debentures	315,126	318,608	271,518	275,744
Pooled equity fund	10,193	11,224	10,193	10,459
Canadian common shares	22,850	36,969	28,386	41,827
U.S. common shares	11,248	13,858	10,323	12,824
Preferred shares	–	–	290	297
Mortgages	<u>15,193</u>	<u>15,721</u>	<u>14,607</u>	<u>15,289</u>
	392,210	413,980	342,249	363,372
Investments accounted for on the equity basis	<u>4,013</u>	<u>4,013</u>	<u>4,018</u>	<u>4,018</u>
Total investments	<u>\$396,223</u>	<u>\$417,993</u>	<u>\$346,267</u>	<u>\$367,390</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. CHANGE IN NON-CASH OPERATING ITEMS

	(thousands of \$)			
	three months to Sept. 30		nine months to Sept. 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Accounts receivable	\$ (4,486)	\$ 9,860	\$ (3,050)	\$ (6,338)
Deferred policy acquisition costs	(739)	(1,062)	(1,096)	(2,068)
Unpaid claims recoverable from reinsurers	1,180	(804)	(92)	(2,720)
Reinsurers' share of				
unearned premiums	(565)	(2,466)	(1,527)	(5,806)
Accounts payable and accrued charges	1,506	(6,620)	(2,085)	(2,817)
Premium taxes payable	3,263	3,269	(2,982)	(2,301)
Amounts due to reinsurers	151	1,426	1,354	4,701
Provision for unpaid claims	7,086	8,391	24,562	10,958
Unearned reinsurance commissions	(122)	(52)	(86)	56
Unearned premiums	<u>2,738</u>	<u>6,152</u>	<u>4,123</u>	<u>12,320</u>
	<u>\$ 10,012</u>	<u>\$ 18,094</u>	<u>\$ 19,121</u>	<u>\$ 5,985</u>

4. FACILITY ASSOCIATION

Through its subsidiaries, the Corporation is a participant in various risk sharing pools whereby most companies in the industry share resources to provide insurance for high risks.

Facility Association transactions recorded in the Corporation's financial results are as follows:

	(thousands of \$)			
	three months to Sept. 30		nine months to Sept. 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net premiums written	<u>\$ 367</u>	<u>\$ 654</u>	<u>\$ 1,074</u>	<u>\$ 1,817</u>
Net premiums earned	<u>\$ 446</u>	<u>\$ 769</u>	<u>\$ 1,159</u>	<u>\$ 2,288</u>
Claims incurred	193	334	272	1,585
Commissions	55	6	127	95
Premium taxes	15	25	40	75
Administrative expenses	<u>47</u>	<u>100</u>	<u>146</u>	<u>287</u>
Total claims and expenses	<u>310</u>	<u>465</u>	<u>585</u>	<u>2,042</u>
Underwriting profit	136	304	574	246
Investment earnings	<u>41</u>	<u>34</u>	<u>94</u>	<u>144</u>
Net profit	<u>\$ 177</u>	<u>\$ 338</u>	<u>\$ 668</u>	<u>\$ 390</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. SEGMENTED INFORMATION

The Corporation's operating segments are managed as separate legal entities, with the performance of each entity reported separately to the Corporation's Board.

The Corporation's operating segments sell property and casualty insurance in various jurisdictions as follows:

- (i) SGI CANADA in Saskatchewan;
- (ii) SGI CANADA Insurance Services Ltd. (SCISL) in Manitoba;
- (iii) Coachman Insurance Company (Coachman) in Ontario; and,
- (iv) The Insurance Company of Prince Edward Island (ICPEI) in Prince Edward Island, New Brunswick and Nova Scotia.

three months to Sept. 30	(thousands of \$)					Consolidation	
<u>2005</u>	<u>SGI CANADA</u>	<u>SCISL</u>	<u>Coachman</u>	<u>ICPEI</u>	<u>Adjustments</u>	<u>Total</u>	
Net premiums written	\$ 62,250	\$ 3,683	\$ 4,803	\$ 2,256	\$ –	\$ 72,992	
Net premiums earned	\$ 59,666	\$ 2,872	\$ 6,105	\$ 2,097	\$ –	\$ 70,740	
Claims incurred	39,363	3,131	3,702	483	–	46,679	
Other expenses	22,335	1,132	1,759	902	–	26,128	
Underwriting profit (loss)	(2,032)	(1,391)	644	712	–	(2,067)	
Investment earnings	5,689	326	929	187	–	7,131	
Income (loss) before income taxes and non-controlling interest	3,657	(1,065)	1,573	899	–	5,064	
Income taxes (recovery)	–	(407)	–	343	–	(64)	
Non-controlling interest	–	–	–	–	139	139	
Net income (loss)	<u>\$ 3,657</u>	<u>\$ (658)</u>	<u>\$ 1,573</u>	<u>\$ 556</u>	<u>\$ (139)</u>	<u>\$ 4,989</u>	
Total assets	<u>\$406,691</u>	<u>\$ 68,201</u>	<u>\$107,153</u>	<u>\$ 27,503</u>	<u>\$ (21,743)</u>	<u>\$587,805</u>	
Shareholder's equity	<u>\$ 85,873</u>	<u>\$ 33,008</u>	<u>\$ 16,059</u>	<u>\$ 7,070</u>	<u>\$ (1,412)</u>	<u>\$140,598</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

three months to Sept. 30

(thousands of \$)

2004	SGI CANADA	SCISL	Coachman	ICPEI	Consolidation Adjustments	Total
Net premiums written	\$ 61,384	\$ 3,445	\$ 4,849	\$ 2,367	\$ —	\$ 72,045
Net premiums earned	\$ 56,137	\$ 2,671	\$ 7,230	\$ 2,204	\$ —	\$ 68,242
Claims incurred	32,905	1,944	6,495	1,222	—	42,566
Other expenses	20,759	1,214	2,309	480	—	24,762
Underwriting profit (loss)	2,473	(487)	(1,574)	502	—	914
Investment earnings	4,970	226	1,037	189	—	6,422
Income (loss) before income taxes and non-controlling interest	7,443	(261)	(537)	691	—	7,336
Income taxes (recovery)	—	(98)	(128)	264	—	38
Non-controlling interest	—	—	—	—	106	106
Net income (loss)	\$ 7,443	\$ (163)	\$ (409)	\$ 427	\$ (106)	\$ 7,192
Total assets	\$383,501	\$ 23,467	\$ 93,579	\$ 24,557	\$ (6,550)	\$518,554
Shareholder's equity	\$ 82,568	\$ 8,536	\$ 10,389	\$ 5,603	\$ (1,236)	\$105,860

nine months to Sept. 30

(thousands of \$)

2005	SGI CANADA	SCISL	Coachman	ICPEI	Consolidation Adjustments	Total
Net premiums written	\$178,737	\$ 8,389	\$ 18,205	\$ 6,286	\$ —	\$211,617
Net premiums earned	\$175,056	\$ 8,341	\$ 19,274	\$ 6,266	\$ —	\$208,937
Claims incurred	108,283	6,405	12,576	2,061	—	129,325
Other expenses	64,612	3,304	5,561	1,817	—	75,294
Underwriting profit (loss)	2,161	(1,368)	1,137	2,388	—	4,318
Investment earnings	17,909	873	2,772	647	—	22,201
Income (loss) before income taxes and non-controlling interest	20,070	(495)	3,909	3,035	—	26,519
Income taxes (recovery)	—	(229)	—	1,157	—	928
Non-controlling interest	—	—	—	—	426	426
Net income (loss)	\$ 20,070	\$ (266)	\$ 3,909	\$ 1,878	\$ (426)	\$ 25,165
Total assets	\$406,691	\$ 68,201	\$107,153	\$ 27,503	\$ (21,743)	\$587,805
Shareholder's equity	\$ 85,873	\$ 33,008	\$ 16,059	\$ 7,070	\$ (1,412)	\$140,598

SGI CANADA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

nine months to Sept. 30

(thousands of \$)

2004	<u>SGI CANADA</u>	<u>SCISL</u>	<u>Coachman</u>	<u>ICPEI</u>	<u>Consolidation Adjustments</u>	<u>Total</u>
Net premiums written	\$170,069	\$ 7,823	\$ 20,372	\$ 6,421	\$ —	\$204,685
Net premiums earned	\$162,949	\$ 7,726	\$ 20,329	\$ 6,695	\$ —	\$197,699
Claims incurred	85,118	4,418	16,818	3,997	—	110,351
Other expenses	60,358	3,157	6,191	1,513	—	71,219
Underwriting profit (loss)	17,473	151	(2,680)	1,185	—	16,129
Investment earnings	16,655	1,000	2,473	538	—	20,666
Income (loss) before income taxes and non-controlling interest	34,128	1,151	(207)	1,723	—	36,795
Income taxes (recovery)	—	433	(128)	657	—	962
Non-controlling interest	—	—	—	—	266	266
Net income (loss)	<u>\$ 34,128</u>	<u>\$ 718</u>	<u>\$ (79)</u>	<u>\$ 1,066</u>	<u>\$ (266)</u>	<u>\$ 35,567</u>
Total assets	<u>\$383,501</u>	<u>\$ 23,467</u>	<u>\$ 93,579</u>	<u>\$ 24,557</u>	<u>\$ (6,550)</u>	<u>\$518,554</u>
Shareholder's equity	<u>\$ 82,568</u>	<u>\$ 8,536</u>	<u>\$ 10,389</u>	<u>\$ 5,603</u>	<u>\$ (1,236)</u>	<u>\$105,860</u>

6. COMPARATIVE FINANCIAL INFORMATION

For comparative purposes, certain 2004 balances have been reclassified to conform to 2005 financial statement presentation.