

EXHIBIT B

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

**Statement of Net Assets (Liabilities)
As of Period Ending**

	<u>December 31, 2003</u>	<u>September 30, 2003</u>
Assets		
Cash and invested assets:		
Cash and cash equivalents	\$ 991,078	\$ 931,886
Total cash and invested assets	<u>991,078</u>	<u>931,886</u>
Liabilities		
Payable to The Home Insurance Company in Liquidation - administrative expenses payable (Note 2)	2,898,000	-
Net assets (liabilities), excluding certain amounts	<u><u>\$ (1,906,922)</u></u>	<u><u>\$ 931,886</u></u>

See accompanying notes.

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

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

	<u>June 13, 2003 (inception of Receivership) to December 31, 2003</u>	<u>June 13, 2003 (inception of Receivership) to September 30, 2003</u>
Cash receipts:		
Reinsurance collections	\$288,338	\$281,758
Net investment income	130,438	72,968
All other	1,180	728
Total cash receipts	419,956	355,454
Cash operating disbursements:		
Consultant and outside service fees	14,736	9,426
Excess of receipts over operating disbursements	405,220	346,028
Beginning cash and cash equivalents, at cost	585,858	585,858
Ending cash and cash equivalents, at cost	\$991,078	\$931,886

See accompanying notes.

US International Reinsurance Company in Liquidation ("USI Re")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements

December 31, 2003

1) Basis of Accounting

These financial statements are prepared 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 Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidator are prioritized into creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies, RSA 402-C:44. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in these financial statements.

These financial statements do 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.

2) Asset Transfer Agreement

In connection with an Asset Transfer Agreement approved by The State of New Hampshire, Merrimack County Superior Court (the Court), The Home Insurance Company in Liquidation, the Liquidator's parent, paid \$7,500,000 for the right, title and interest in a number of technology assets. Included in the technology assets was an amount for an assumed reinsurance system, and the Liquidator's allocated share of this cost was \$2,898,000 and is reflected as a liability.