

**AMERICAN SAVINGS LIFE
INSURANCE COMPANY**

STATUTORY FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Savings Life Insurance Company

We have audited the accompanying statutory statements of admitted assets, liabilities and capital and surplus of American Savings Life Insurance Company as of December 31, 2006 and 2005 and the related statutory statements of operations and changes in capital and surplus, and cash flows, for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 2 to the financial statements, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Arizona Department of Insurance, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of American Savings Life Insurance Company as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

Our audits were conducted for the purpose of forming an opinion on the basic statutory financial statements taken as a whole. Schedule 1 – Selected Financial Data on pages 15-16 is presented for purposes of additional analysis and is required by the Arizona Department of Insurance as supplementary information to the basic statutory financial statements. Such information has been subjected to the procedures applied in the audit of the basic statutory financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic statutory financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and the management of American Savings Life Insurance Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Walker & Armstrong LLP

Phoenix, Arizona
March 6, 2007

AMERICAN SAVINGS LIFE INSURANCE COMPANY
Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus
December 31, 2006 and 2005

	2006	2005
<u>ADMITTED ASSETS</u>		
CASH AND INVESTMENTS		
Bonds, mutual funds, long-term certificates of deposit	\$ 500,000	\$ 500,000
Preferred stock	6,911	6,911
Common stock	39,438	29,879
Mortgage loans	17,044,686	17,250,820
Properties occupied by the company	530,508	539,577
Properties held for sale	190,000	311,116
Cash and short-term investments	2,091,645	1,613,534
Policy contract loans	97,599	117,464
Other invested assets	-	34,181
Total cash and investments	20,500,787	20,403,482
INVESTMENT INCOME DUE AND ACCRUED	157,751	247,942
PREMIUMS DEFERRED AND UNCOLLECTED	14,889	13,042
OTHER ASSETS	255	3,825
Total assets	\$ 20,673,682	\$ 20,668,291
<u>LIABILITIES AND CAPITAL AND SURPLUS</u>		
LIABILITIES		
Reserves for life policies and contracts	\$ 2,450,312	\$ 2,402,612
Liability for deposit-type contracts	1,880,410	2,210,460
Reserves for policy and contract claims	9,050	9,050
Other policyholder funds	29,087	28,161
Interest maintenance reserve	276,756	270,893
Accounts payable, accrued expenses and other	450,668	431,144
Income tax payable	4,360	25,798
Asset valuation reserve	964,458	1,067,238
Total liabilities	6,065,101	6,445,356
CAPITAL AND SURPLUS		
Common stock - \$.10 par value: 10,000,000,000		
shares authorized, 9,149,334 issued and		
5,102,640 outstanding in 2006, 9,149,334		
issued and 5,148,760 outstanding in 2005	914,933	914,933
Paid-in capital and contributed surplus	2,197,946	2,190,559
Unassigned surplus	16,276,474	15,803,125
Treasury stock	(4,780,772)	(4,685,682)
	14,608,581	14,222,935
Total liabilities and capital and surplus	\$ 20,673,682	\$ 20,668,291

The accompanying notes are an integral part of these financial statements.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
Statutory Statements of Operations
Years Ended December 31, 2006 and 2005

	2006	2005
REVENUES AND DEPOSITS		
Premiums and annuity considerations	\$ 137,058	\$ 126,282
Net investment income	2,463,925	2,353,413
Amortization of interest maintenance reserve	81,233	127,756
Miscellaneous income	20,324	9,994
	2,702,540	2,617,445
EXPENSES		
Death benefits	26,810	25,960
Surrender benefits	41,369	46,538
Interest on policy or contract funds	87,195	85,996
Increase in life insurance reserves	47,699	18,761
Commissions on premiums	71	144
General insurance expenses	722,757	640,077
Insurance taxes licenses and fees (excluding federal income tax)	62,875	45,988
Increase (decrease) in loading	285	(213)
	989,061	863,251
Net gain from operations before dividends and federal income taxes	1,713,479	1,754,194
Dividends to policyholders	(23,411)	(21,273)
Federal income tax (excluding tax on capital gains of \$52,633 and \$51,294 in 2006 and 2005, respectively)	(229,328)	(216,490)
Net realized capital gains less capital gains tax and transfers to interest maintenance reserve	250,144	214,697
NET INCOME	\$ 1,710,884	\$ 1,731,128

The accompanying notes are an integral part of these financial statements.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
Statutory Statements of Changes in Capital and Surplus
For the Years ended December 31, 2006 and 2005

	Capital Stock	Capital in Excess of Par	Stockholder and Employee Receivables Not Admitted	Unrealized Net Gain on Marketable Securities	Unassigned Surplus	Treasury Stock	Total
BALANCES, December 31, 2004	\$ 914,933	\$ 2,205,412	\$ (23,490)	\$ 13,599	\$ 15,274,865	\$ (4,622,514)	\$ 13,762,805
Net income	-	-	-	-	1,731,127	-	1,731,127
Dividends declared and paid	-	-	-	-	(928,639)	-	(928,639)
Repurchase capital stock	-	-	-	-	-	(63,168)	(63,168)
Change in unrealized net gain on marketable securities	-	-	-	10,418	-	-	10,418
Change in nonadmitted assets	-	-	8,637	-	(92,885)	-	(84,248)
Change in asset valuation reserve	-	-	-	-	(205,360)	-	(205,360)
BALANCES, December 31, 2005	914,933	2,205,412	(14,853)	24,017	15,779,108	(4,685,682)	14,222,935
Net income	-	-	-	-	1,710,884	-	1,710,884
Dividends declared and paid	-	-	-	-	(1,024,399)	-	(1,024,399)
Repurchase capital stock	-	-	-	-	-	(95,090)	(95,090)
Change in unrealized net gain on marketable securities	-	-	-	9,558	-	-	9,558
Change in nonadmitted assets	-	-	7,387	-	(325,474)	-	(318,087)
Change in asset valuation reserve	-	-	-	-	102,780	-	102,780
BALANCES, December 31, 2006	<u>\$ 914,933</u>	<u>\$ 2,205,412</u>	<u>\$ (7,466)</u>	<u>\$ 33,575</u>	<u>\$ 16,242,899</u>	<u>\$ (4,780,772)</u>	<u>\$ 14,608,581</u>

The accompanying notes are an integral part of these financial statements.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CASH FLOWS
Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
OPERATING ACTIVITIES:		
Premiums received	\$ 134,076	\$ 127,121
Investment and other income received (excluding net realized gains and net of investment expenses)	2,717,203	2,468,007
Total funds provided by operations	<u>2,851,279</u>	<u>2,595,128</u>
Benefit and loss related payments	(153,930)	(167,060)
Commissions, other expenses and taxes paid	(807,360)	(680,194)
Dividends paid to policyholders	(21,635)	(20,150)
Federal income taxes paid (excluding capital gains tax of \$52,633 and \$51,294 in 2006 & 2005, respectively)	<u>(250,766)</u>	<u>(213,442)</u>
Total cash used for operations	<u>(1,233,691)</u>	<u>(1,080,846)</u>
Net cash provided by operating activities	1,617,588	1,514,282
INVESTING ACTIVITIES:		
Proceeds from investments sold, matured or repaid:		
Class one mutual funds & long-term certificates of deposit	-	859,637
Stocks	-	1,757
Mortgage loans	6,144,825	4,742,679
Real estate	99,094	309,530
Other invested assets	<u>45,138</u>	<u>46,475</u>
Total investment proceeds	6,289,057	5,960,078
Cost of long-term investments acquired:		
Class one mutual funds & long-term certificates of deposit	-	(11,720)
Mortgage loans	(5,601,453)	(7,678,040)
Real estate	(310,211)	(398,221)
Other invested assets	<u>-</u>	<u>(5,419)</u>
Total investments acquired	(5,911,664)	(8,093,400)
Decrease in policy loans	<u>19,865</u>	<u>1,429</u>
Net cash provided by (used for) investing activities	397,258	(2,131,893)
FINANCING ACTIVITIES (OTHER CASH PROVIDED OR APPLIED):		
Net deposits on deposit type contract funds	(417,246)	183,630
Cash dividends paid	(1,024,399)	(928,639)
Treasury stock purchased	<u>(95,090)</u>	<u>(63,169)</u>
Net cash used for financing activities	<u>(1,536,735)</u>	<u>(808,178)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	478,111	(1,425,789)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,613,534</u>	<u>3,039,323</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,091,645</u>	<u>\$ 1,613,534</u>

The accompanying notes are an integral part of these financial statements.

**AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

Note 1 – Organization

American Savings Life Insurance Company (the Company) is a registered capital stock life, health and accident insurance company authorized to conduct business in the states of Arizona and Utah. The Company is currently engaged in life and disability insurance business. While it is customary in the insurance industry for a significant portion of income to be derived from investments in mortgage loans, securities and bank deposits, a majority of the Company's income is derived from such sources.

Company reorganization

On February 15, 2007, American Savings Life Insurance Company purchased 325,000 shares as 100% ownership of the newly formed ASL Financial Group, Inc. for \$325,000 in cash and real estate mortgage loans. ASL Financial Group then purchased 300,000 shares as 100% ownership in the newly formed American Life Financial Corporation for \$300,000 in cash and real estate mortgage loans. American Life Financial Corporation has been formed to increase the Company's mortgage investing opportunities and ASL Financial Group is a holding company, which at some future date could serve as a holding company for both American Saving Life Insurance Company as well as American Life Financial Corporation

Note 2 -Summary of Significant Accounting Policies

The significant accounting policies applicable to the Company's financial statements are summarized below:

Basis of Presentation

The accompanying statutory financial statements have been prepared in conformity with the accounting and valuation practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and/or the Arizona Department of Insurance. The principal differences between statutory basis financial statements and those prepared on a generally accepted accounting principles (GAAP) basis as they affect the Company, are that for statutory purposes:

- Acquisition costs incurred in connection with acquiring new business are charged to current operations rather than being deferred and amortized over the premium paying period of the policy;
- Policy reserves are based on statutory mortality and interest requirements and without consideration of withdrawals, whereas GAAP reserves are based on Company experience for mortality, interest and withdrawals;

NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED

Note 2 -Summary of Significant Accounting Policies - Continued

- The asset valuation reserve and interest maintenance reserve are reported as a liability rather than included as a portion of unassigned surplus;
- Certain assets designated as "nonadmitted assets" (principally the accepted valuation of certain property, furniture and equipment) are charged directly to unassigned surplus;
- No provision is made for deferred federal income taxes resulting in using methods of accounting for income tax purposes which differ from methods used in preparing the accompanying statutory financial statements.

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of one year or less at the time of purchase to be cash equivalents.

Investments

Bonds, which management generally intends to hold until maturity (unless market conditions warrant the realization of capital appreciation to maximize overall yields), and preferred stock are carried at amortized cost. Common stock is generally required to be reported at the market value as published by the National Association of Insurance Commissioner's (NAIC) Valuation of Securities Task Force. Mortgage loans are carried at the aggregate unpaid balance less any deferred gain under installment sale transactions. Real estate, which consists of land, is carried at lower of cost or market.

Basis of Premium Revenue Recognition

Premiums on life contracts are recognized as revenue when due on an annualized premium basis. Premiums on annuities are recognized as revenue when collected.

Policy Claims Pending

The liability for policy claims is based on estimates of the costs on individual claims reported plus estimated claims incurred but unreported prior to December 31, 2006.

NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED

Note 2 - Summary of Significant Accounting Policies - Continued

Reinsurance

The Company had no agreements with nonaffiliated reinsurers or reinsured policies during the period covered by this report.

Estimates

The preparation of these financial statements in conformity with the accounting and valuation practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and/or the Arizona Department of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 those estimates.

Note 3 – Cash and Investments

Cash and short-term investments consist of the following:

	December 31	
	2006	2005
Certificates of deposit	\$ 396,000	\$ 397,000
Money market funds	1,168,093	158,762
Demand deposits	527,552	1,057,772
Total cash and short-term investments	<u>\$ 2,091,645</u>	<u>\$ 1,613,534</u>

The Company maintains certificates of deposit at several banks with amounts not exceeding \$100,000. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. The money market funds utilized by the Company invest in short-term U.S. government and commercial paper securities. Cash in demand deposits exceeding FDIC insurance amounted to \$241,897 and \$820,782 at December 31, 2006 and 2005, respectively.

Restricted Securities

In accordance with the State of Arizona Insurance Regulations, long-term certificates of deposit with an aggregate value of \$500,000 in both 2006 and 2005 were assigned as a security deposit for the benefit of the Arizona State Treasurer.

NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED

Note 3 – Cash and Investments - Continued

Mortgage loans

Mortgage loans consist of commercial and consumer loans collateralized by real estate. The Company's lending policies are to loan up to 65% of appraised values at interest rates ranging from 9.9% to 13.5% and terms ranging from 1 to 15 years with interest income recognized over the life of the loan. The Company has a concentration of mortgage loans in central Arizona.

The Company's management and board review the aging of the mortgage loan receivables on a monthly basis to determine those in which foreclosure is necessary and upon foreclosure, interest stops accruing. The Company's proceeds from the sale of foreclosed property have historically exceeded the carrying value of the loan. The following is the composition of the mortgage receivable aging at year-end:

	December 31	
	2006	2005
In good standing with interest accruing	\$ 19,668,016	\$ 18,980,906
Over 90 days with interest accruing	-	659,592
In foreclosure, interest accruing	-	67,254
Mortgages receivable	19,668,016	19,707,752
Deferred gain on installment sales	(2,623,330)	(2,456,932)
Total mortgage loans	<u>\$ 17,044,686</u>	<u>\$ 17,250,820</u>

During 2004, the Company sold undeveloped land for \$2,850,000 with a 10% down payment and a mortgage receivable for the balance due. Additional undeveloped land was sold in 2006. The sales are being recognized under the installment method whereby the gain is recognized as payments are received by the Company. Total deferred gain on installment gain on installment sales transactions were \$2,623,330 and \$2,456,932 as of December 31, 2006 and 2005, respectively.

Real Estate

In May 2006, the Company entered into a real estate investment joint venture with Boa Sorte, LLC (The Cardon Group) for the purchase of approximately 4,700 acres near Holbrook, Arizona. The Company invested \$250,000 in 2006 and an additional \$750,000 in February 2007. This investment is a nonadmitted asset and therefore, not included with the Company's admitted assets in the accompanying financial statements.

NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED

Note 3 – Cash and Investments - Continued

Properties

Properties occupied by the Company consist of a portion of the building located at 935 East Main Street, Mesa, Arizona. The cost of the building and improvements is depreciated over the estimated useful life of the building (39 years). Depreciation is computed on the straight-line method for statutory purposes. In accordance with *Statements of Statutory Accounting Principles No. 40*, properties 50% occupied by the reporting entity, including common areas, will be reported as property occupied by the company. The following is a summary of properties occupied by the Company:

	December 31	
	2006	2005
Building	\$ 434,605	\$ 434,605
Improvements	102,445	100,745
	537,050	535,350
Accumulated depreciation	(82,176)	(71,407)
	454,874	463,943
Land	75,634	75,634
	\$ 530,508	\$ 539,577

The following summarizes the components of net investment income for the years ended December 31, 2006 and 2005:

	December 31	
	2006	2005
Bonds, mutual funds & long-term certificates of deposit	\$ 24,061	\$ 36,460
Common stock	1,029	2,730
Preferred stock	1,000	1,000
Cash and short-term investments	125,793	98,306
Mortgage loans	2,305,593	2,265,304
Receivables secured by real estate	241,581	156,923
Policy loans	5,092	5,703
Other invested assets	1,545	5,418
	2,705,694	2,571,844
Gross investment income	2,705,694	2,571,844
Investment expenses	(225,719)	(201,108)
	(16,050)	(17,323)
Investment taxes (excluding federal income tax)	(16,050)	(17,323)
Net investment income	\$ 2,463,925	\$ 2,353,413

NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED

Note 4 - Reserve for Life Policies and Contracts

The Company accrues liabilities for unpaid claims on its life insurance policies, estimated incurred but unrecorded claims and estimated cost for future claims. The reserve reflects the liability for aggregate reserve amounts which, with additions from premiums to be received and with interest compounded annually at an interest assumption between 2.75% and 5.5%, are calculated to be sufficient to meet policy obligations as they mature. The following is the reserves activity during 2006 and 2005, respectively:

	Life Policies and Contracts	Policy and Contract Claims
Reserves, January 1, 2005	\$ 2,383,851	\$ 19,050
Prior year claims paid in current year	-	(10,000)
Incurred claims	-	25,960
Increase in life reserve	18,761	-
Current year claims paid	-	(25,960)
	2,402,612	9,050
Reserves, December 31, 2005	2,402,612	9,050
Prior year claims paid in current year	-	-
Incurred claims	-	26,810
Increase in life reserve	47,700	-
Current year claims paid	-	(26,810)
	\$ 2,450,312	\$ 9,050
Reserves, December 31, 2006	\$ 2,450,312	\$ 9,050

Note 5 - Guaranteed Investment Contracts

Guaranteed Investment Contracts are amounts held on behalf of outside parties. Interest is paid yearly at a rate equal to Federal Reserve 6-month CD and is updated each month with a guaranteed minimum rate of 4.00%. Guaranteed investment contracts are held primarily by stockholders of the Company and represent 76% and 85% of all contracts at December 31, 2006 and 2005, respectively.

NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED

Note 6 - Capital and Surplus

State of Arizona insurance regulations require the Company to keep a minimum capital of \$400,000 and a minimum free surplus of \$100,000. At December 31, 2006 and 2005, the Company had capital amounts of \$914,933 and free surplus of \$13,693,648 and \$13,308,002, respectively. Free surplus has been reduced by the \$4,780,773 and \$4,685,682 for the cost of treasury stock in 2006 and 2005, respectively. In March 2001, the Board of Directors authorized an open-ended offer to purchase shares of American Savings Life Insurance stock for 67% of the most recent equity value. The equity value is prepared monthly using U.S. generally accepted accounting principles and adjusted for any accrued dividends payable. During 2006, treasury stock increased by the purchase of 46,120 shares of capital stock at prices ranging from \$2.03 to \$2.12 per share. During 2005, treasury stock increased by the purchase of 32,538 shares of capital stock at prices ranging from \$1.91 to \$2.01 per share. The equity value per share of outstanding common stock was \$2.86 per share at December 31, 2006 and \$2.76 per share at December 31, 2005.

Note 7 - Cash Flow Reconciliation

A reconciliation of net income to cash flows from operating activities is as follows:

	December 31	
	2006	2005
Net income	\$ 1,710,884	\$ 1,731,128
Adjustments to reconcile net income to net cash provided from operations		
Depreciation	15,829	16,137
Amortization of interest maintenance reserve	(81,233)	(127,756)
(Increase) decrease in investment income due and accrued	90,191	(23,288)
(Increase) decrease in premiums deferred and uncollected	(1,847)	638
(Increase) decrease in reserves for policy and contract claims	-	(10,000)
(Increase) decrease in accounts payable, accrued expenses and other	19,524	33,204
Increase (decrease) in policyholder funds	926	1,110
Increase (decrease) in income tax payable	(21,438)	3,048
Increase (decrease) in life insurance reserve	47,700	18,761
Increase (decrease) in deposit type accounts	(330,050)	269,627
(Increase) decrease in net deposits to deposit type accounts	417,246	(183,630)
Net realized capital gains	(250,144)	(214,697)
Net cash provided from operations	\$ 1,617,588	\$ 1,514,282

NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED

Note 8 - Participating Insurance Policies

The allocation of dividends to participating policy owners is based on actuarial mortality rates with consideration for investment yields (which are subject to periodic review), issue ages, policy durations and premium charges. The mortality rates correspond with rates assumed in the calculation of the premium charges. Participating business comprised approximately 21% of total life insurance in force at December 31, 2006, and 20% at December 31, 2005.

Note 9 - Related Parties

There is a significant inter-relationship between policyholders who are also stockholders and members of Company management. Related party transactions involving this group during the years ended December 31, 2006 and 2005, have consisted only of ordinary compensation, expense reimbursement and similar items incurred in the ordinary course of business, except as follows:

- a) A management education loan described in the second paragraph of Note 10 below.
- b) Insurance premiums paid by officers and directors totaled 23.4% and 17.7% of total premiums paid and owned 11.5% and 10.2% of total policy face value in 2006 and 2005, respectively.
- c) A director of American Savings Life Insurance Company is also a principal in Boa Sorte, LLC, which has entered into an investment joint venture with American Savings Life Insurance Company as detailed in Note 3 under Real Estate.

Note 10 - Employee Welfare Plan

In 1993, the Company began to sponsor a qualified profit sharing plan available to full-time employees who meet the plan's eligibility requirements. The terms of the plan call for annual discretionary contributions by the Company as determined by the board. The plan contribution was \$52,703 and \$47,439 for 2006 and 2005, respectively.

A loan for employee educational expenses of \$29,132 was authorized by the board in 2001. An educational fringe benefit amount of \$5,244 was applied as payments on this loan during 2006 and 2005. The loan balance at December 31, 2006 is \$5,826. Under statutory accounting guidelines, loans secured by personal security are non-admitted assets and thus not included with the Company's admitted assets.

NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED

Note 11 - Claims and Contingencies

The Company has various legal proceedings and claims pending that are common to its operations. While it is not possible to determine the ultimate outcome of these matters, it is the opinion of management that they will not result in monetary damages that in the aggregate would be material to the business or operations of the Company.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
ANNUAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
Schedule 1 - Selected Financial Data

	December 31	
	2006	2005
INVESTMENT INCOME EARNED		
Other bonds, mutual funds, long-term CDs	\$ 24,061	\$ 36,460
Preferred stocks (unaffiliated)	1,000	1,000
Common stocks (unaffiliated)	1,029	2,730
Mortgage loans	2,307,563	2,263,335
Real estate	241,581	156,923
Premium notes, policy loans and liens	5,092	5,703
Cash on hand and on deposit	31,273	58,780
Short-term investments	94,520	39,526
Other invested assets	1,545	5,418
Gross investment income	<u>\$ 2,707,664</u>	<u>\$ 2,569,875</u>
Real estate owned - book value	<u>\$ 1,272,483</u>	<u>\$ 1,077,194</u>
MORTGAGE LOANS - BOOK VALUE		
Residential	\$ 3,870,800	\$ 3,245,688
Commercial	13,173,886	14,005,132
Total mortgages	<u>\$ 17,044,686</u>	<u>\$ 17,250,820</u>
MORTGAGE LOANS BY STANDING - BOOK VALUE		
Good standing	\$ 17,044,686	\$ 16,523,983
Interest overdue more than three months, no foreclosure	-	659,592
Foreclosure in process	-	67,245
Total mortgages	<u>\$ 17,044,686</u>	<u>\$ 17,250,820</u>
Other long-term assets - statement value	<u>\$ -</u>	<u>\$ 34,181</u>
BONDS AND SHORT-TERM INVESTMENTS BY CLASS AND MATURITY		
Bonds by maturity-statement value		
One year or less	\$ 400,000	\$ -
Over one year through five years	100,000	500,000
Total by maturity	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Bonds by class-statement value		
Class one	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Total bonds publicly traded	<u>\$ 500,000</u>	<u>\$ 500,000</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY
ANNUAL STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
Schedule 1 - Selected Financial Data (Continued)

	December 31	
	2006	2005
Preferred stocks - statement value	\$ 6,911	\$ 6,911
Common stocks - market value	\$ 39,438	\$ 29,879
Short-term investments - book value	\$ 1,168,093	\$ 158,762
Cash on deposit	\$ 923,552	\$ 1,454,772
Life insurance in force - ordinary	\$ 13,723,589	\$ 13,390,378
Amount of accidental death insurance in force under ordinary policies	\$ 54,974	\$ 56,974
Life insurance policies with disability provisions:		
Ordinary policies	\$ 5,488	\$ 5,488
Deposit funds and dividend accumulations:		
Deposit funds - account balance	\$ 1,863,365	\$ 2,194,548
Dividend accumulations - account balance	\$ 17,045	\$ 15,912



INDEPENDENT AUDITOR'S AWARENESS LETTER

To the Board of Directors
American Savings Life Insurance Company

We have been engaged by American Savings Life Insurance Company to perform annual audits of the Company's statutory financial statements in accordance with accounting practices prescribed by the Arizona Department of Insurance. In connection therewith, we acknowledge the following:

We are aware of the provision relating to the accounting and financial reporting matters in the Insurance Code of the State of Arizona and the related rules and regulations of the Arizona Department of Insurance that are applicable to audits of statutory financial statements of insurance enterprises. Also, after completion of our audits, we expect that we will issue our report on the statutory financial statements of American Savings Life Insurance Company as to their conformity with accounting practices prescribed or permitted by the Arizona Department of Insurance.

This letter is intended solely for the information and use of the Arizona Department of Insurance and other state insurance departments and is not intended to be and should not be used by anyone other than these specified parties.

Walker & Armstrong LLP

Phoenix, Arizona
March 6, 2007



INDEPENDENT AUDITOR'S QUALIFICATION LETTER

To the Board of Directors
American Savings Life Insurance Company

We have audited, in accordance with U.S. generally accepted auditing standards, the statutory financial statements of American Savings Life Insurance Company for the years ended December 31, 2006 and 2005, and have issued our report thereon dated March 6, 2007. In connection therewith, we advise you as follows:

- a) We are independent certified public accountants with respect to the Company and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Arizona State Board of Accountancy.
- b) The engagement partner and technical review partner, who are certified public accountants, have 30 years and 9 years, respectively, of experience in public accounting. Members of the engagement team were assigned to perform tasks commensurate with their training and experience.
- c) We understand that the Company intends to file its audited statutory financial statements and our report thereon with the Arizona Department of Insurance and other state insurance departments in states in which the Company is licensed and that the insurance commissioners of those states will be relying on that information in monitoring and regulating the statutory financial condition of the Company.

While we understand that an objective of issuing a report on the statutory financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Company and insurance commissioners should understand that the objective of an audit of statutory financial statements in accordance with U.S. generally accepted auditing standards is to form an opinion and issue a report on whether the statutory financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus, results of operations and cash flow in conformity with accounting practices prescribed or permitted by the Arizona Department of Insurance. Consequently, under U.S. generally accepted auditing standards, we have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the statutory financial statements are free of material misstatement, whether caused by error or fraud, and to exercise due professional care in the conduct of the audit.

