

Company WESTERN FINANCIAL GROUP
 Prepared By M Higgs
 Where Traded Toronto
 Main product/service _____

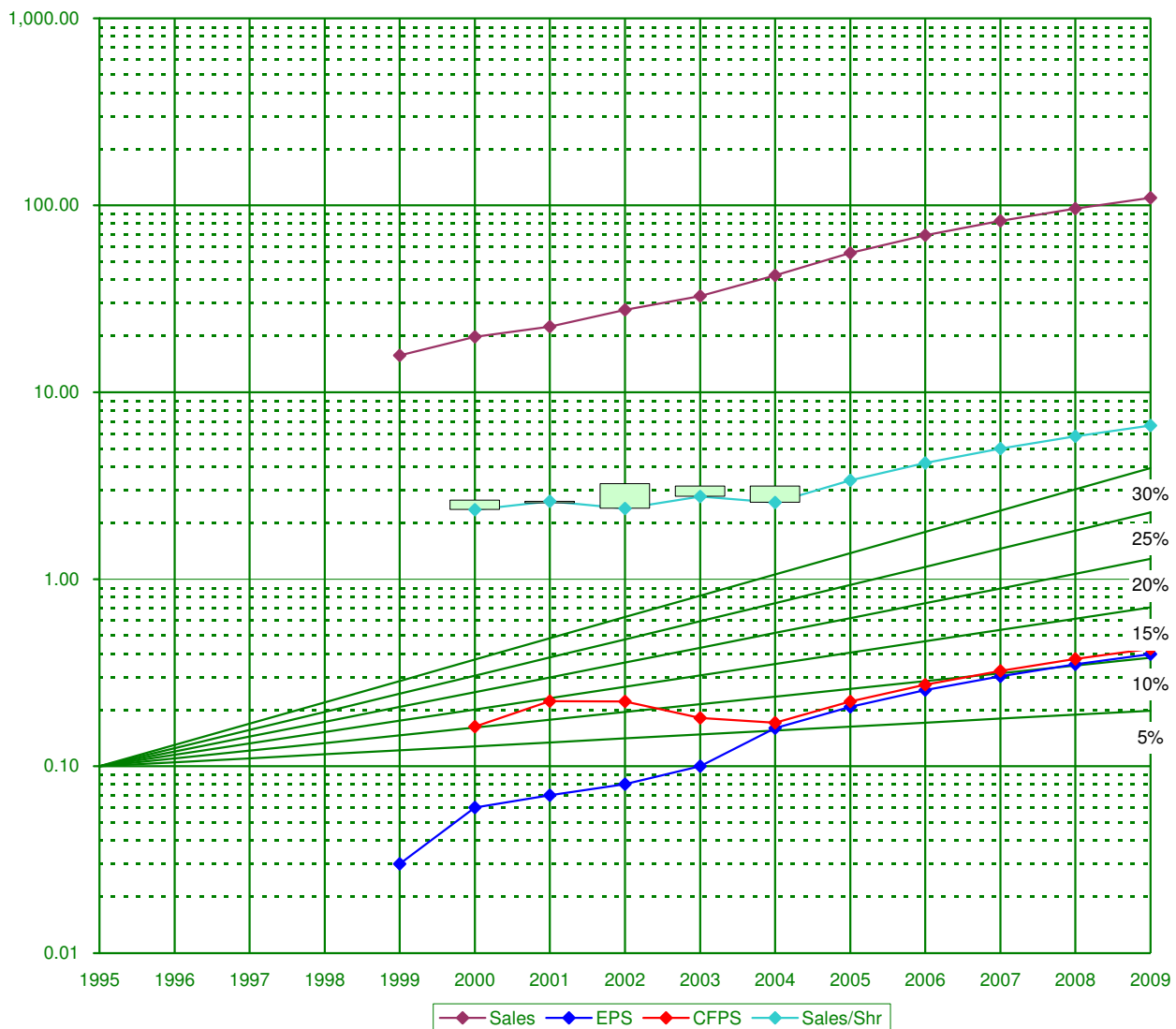
Date July 8, 2005
 Data taken from S&P
 Symbol WES
 Financials - Insurance Brokers _____

RECENT QUARTERLY FIGURES			
March-05	EARNINGS	SALES	EPS
Latest Quarter	1.06	12.26	0.04
Year Ago Quarter	0.59	8.13	0.03
Percentage Change	80.6%	50.9%	33.3%
Expected EPS	NA	Difference	NA

CAPITALIZATION	Authorized	Outstanding
	Preferred	N/A
Common	17.486	20
Debt	21	
Potential Dilution	5.528	

Operates a network of rural insurance brokerages in Western Canada. The company provides a variety of property and casualty insurance, life and health insurance, and investment products and services. It also provides premium financing as well as loans and mortgages.

1 VISUAL ANALYSIS of Sales, Earnings and Price



Historical Sales Growth	NA	Estimated Future Sales Growth	21.0%
Historical EPS Growth	NA	Estimated Future EPS Growth	20.0%
Historical CFPS Growth	NA	Estimated Future CFPS Growth	20.0%
Historical CFPS Growth R ²	0.02	Historical EPS Growth R ²	0.89

Company Name: WESTERN FINANCIAL GROUP

As of: 7/8/2005

Symbol: WES

1. Is the stock on sale?

Recent P/E Ratio=	Recent Price= \$ 2.45	=	6.2
	EPS Estimate= \$ 0.40		
Recent P/E Ratio=	Recent Price= \$ 2.45	=	17.5
	TTM EPS= \$ 0.14		
Graham P/E=	47.1	Graham Intrinsic Value= \$	18.76
Price/Book	0.79		

2. Dividend Yields

Div. Yield=	Div = \$ -	0.0%	0%
	Recent Price= \$ 2.45		
30-Yr Treasury Yield		4.53%	

	Share Price		Revenue (Mil)	EPS	P/E Ratios		Div / Shr	Best	Worst	Payout Ratio
	High	Low			High	Low				
2004	\$ 3.90	\$ 2.35	\$ 42	\$ 0.16	24.4	14.7	\$ -	0.0%	0.0%	0%
2003	\$ 3.15	\$ 2.40	\$ 33	\$ 0.10	31.5	24.0	\$ -	0.0%	0.0%	0%
2002	\$ 3.25	\$ 2.30	\$ 28	\$ 0.08	40.6	28.8	\$ -	0.0%	0.0%	0%
2001	\$ 2.55	\$ 1.90	\$ 22	\$ 0.07	36.4	27.1	\$ -	0.0%	0.0%	0%
2000	\$ 2.65	\$ 2.00	\$ 20	\$ 0.06	44.2	33.3	\$ -	0.0%	0.0%	0%
1999	\$ 2.30	\$ 1.60	\$ 16	\$ 0.03	76.7	53.3	\$ -	0.0%	0.0%	0%
1998	\$ 3.50	\$ 0.60	\$ -	\$ -	NA	NA	\$ -	0.0%	0.0%	NA
1997	\$ -	\$ -	\$ -	\$ -	NA	NA	\$ -	NA	NA	NA
1996	\$ -	\$ -	\$ -	\$ -	NA	NA	\$ -	NA	NA	NA
1995	\$ -	\$ -	\$ -	\$ -	NA	NA	\$ -	NA	NA	NA
Avg					42.3	30.2		0.0%	0.0%	0%
10-Yr Growth Rate			NA	NA			NA			
5-Yr Growth Rate			20.9%	27.8%			NA			
TTM EPS/Last Year's EPS				-12.5%						
Implied/Sustainable Growth Rate				3.2%						
User Specified Growth Rate - Yr 1			21.0%	20.0%						
User Specified Growth Rate - Yr 2			21.0%	20.0%						
User Specified Growth Rate - Yr 3			21.0%	20.0%						
User Specified Growth Rate - Yr 4			21.0%	20.0%						
User Specified Growth Rate - Yr 5			21.0%	20.0%						
User Specified Vs Implied Growth				16.8%						
10-Yr Growth Rate					36.3			0.0%		
5-Yr Growth Rate										
TTM EPS/Last Year's EPS										
Implied/Sustainable Growth Rate										
User Specified Growth Rate - Yr 1										
User Specified Growth Rate - Yr 2										
User Specified Growth Rate - Yr 3										
User Specified Growth Rate - Yr 4										
User Specified Growth Rate - Yr 5										
User Specified Vs Implied Growth										
Average										
Current Price										
5-Yr Est. Price										

User Specified Yield 1.5%

Growth Rate	
Average	20.0%
Current Price	\$ 0.40
5-Yr Est. Price	\$ 2.45
	\$ 5.18

Relative P/E Ratio =	Recent P/E Ratio = 6.2	=	0.47
	Average P/E Ratio 13.0		

3. Evaluating Management

	10 Year Avg	Trend	5 Year Avg	Trend
Pre-Tax Profit/Sales	8.94	UP	9.36	UP
Return on Equity	2.86	UP	3.19	UP

4. How Much is the Upside Reward?

Upside EPS	\$ 0.40
x Upside P/E	42.3 13.0
= Upside PRICE	\$ 5.18
- Recent Price	\$ 2.45
= Reward	\$ 2.73

5. How Much is the Downside Risk?

Provision for a 20% decline in the Recent Price to:	\$ 1.96
Recent Price	\$ 2.45
Downside Price	\$ 1.96
= Risk	\$ 0.49

Total Price Return	111.3%
CAR	16.1%
Dividend Return	1.5%
Total Upside CAR	17.6% Exceeds required 15%

6. Reward vs. Risk

Reward	=	\$ 2.73	=	5.56
Risk	=	\$ 0.49	=	

7. What is the buy zone?

Upside price: \$ 5.18 Downside Price: \$ 1.96 Zone size: \$ 1.07

Buy Zone	Maybe Zone	Sell Zone	Graham Overvalued/ Undervalued by	
\$1.96 - \$3.03	\$3.03 - \$4.10	\$4.10 - \$5.18		87%
52-Wk High:	\$2.92		52-Wk Low:	\$1.94
Change from High:	-16%		Change from Low:	26%

The stock's recent market price of **\$2.45** is in the **buy** zone based on an expected growth rate of **20.0%** and a PE of **13.0**.

WESTERN FINANCIAL GROUP

COMPANY INFO	PRICE & DIVIDEND INFO	KEY RATIOS
Data Source: S&P Symbol: WES Exchange: Toronto Industry: Financials - Insurance Brokers SIC Code: 6411 Company Size: <i>Small</i> Beta: N/A S & P Stock Rank: N/A Fiscal Year Ended: December 2004	Report Date: 07/08/05 Current Price: \$2.45 52-Wk Low Price: \$1.94 52-Wk High Price: \$2.92 Trailing P/E: 17.5 Indicated Dividend: \$0.00 Current Yield: 0.0%	Price/Earnings (TTM): 17.5 Price/Book (FY): 0.8 Price/Cash Flow (FY): 14.3 Price/Sales (TTM): 1.2 Trailing PE/EPS Growth Rate: 0.3 Forward PE/EPS Growth Rate: NA Current Ratio: 1.5 Quick Ratio: 1.5 Implied Growth Rate: 3.2%

Italicized figures are calculated from the original source data.

FY: Most Recent Fiscal Year

TTM: Trailing Twelve Months

CAPITAL STRUCTURE	CURRENT POSITION	Current	Year Ago	% Chng
Comm Shares Outst (M): 20.3 Comm Shares Auth (M): 17.5 Pref Shares (M): 0 Pref Shares Auth (M): N/A Preferred Dividends: N/A Potential Dilution (M): 5.5	Long Term Debt (M): 21.2 Total Debt (M): 21.6 Total Capitalization (M): 84.7 LT Debt as % of Capital: 25.0% Total Debt as % of Capital: 25.5% Interest Coverage: 4.9	Cash: 19.0 Accts Receivable: 35 Inventories: - Assets: 57.3 Short Term Debt: 3.2 Liabilities: 37.7	24.9 26 - 52.7 2.3 33.6	-23.4% 34.7% N/A 8.8% 39.8% 12.0%

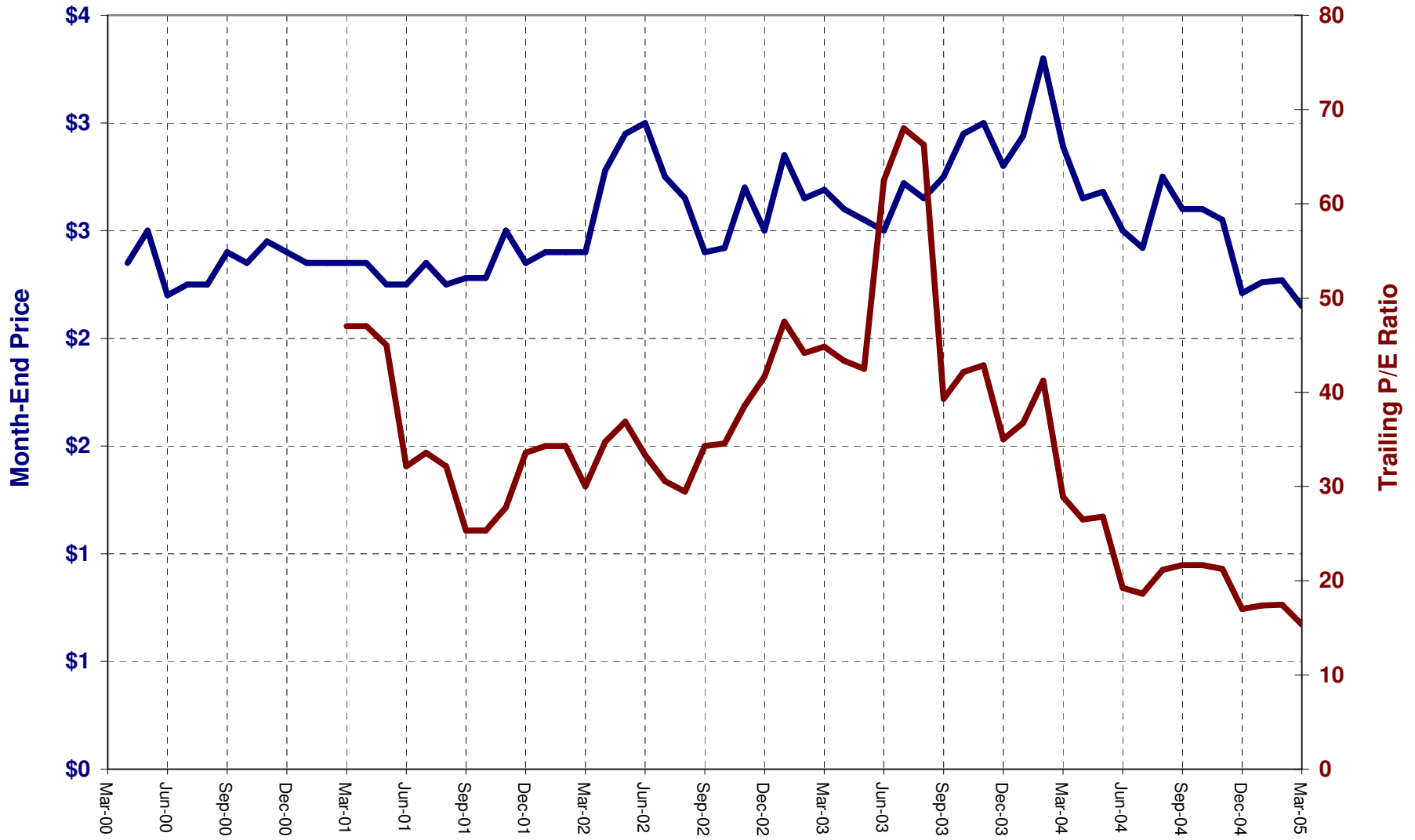
ANNUAL DATA	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Sales (M)	0.0	0.0	0.0	0.0	15.7	19.8	22.4	27.6	32.7	42.2
Pre-Tax Profit (M)	0.0	0.0	0.0	0.0	1.1	1.1	1.9	2.4	3.3	5.9
% PTP of Sales	-	-	-	-	6.8%	5.7%	8.4%	8.7%	10.0%	14.0%
Net Income (M)	0.0	0.0	0.0	0.0	0.2	0.5	1.0	1.3	2.1	4.2
Earnings/Share*	0.00	0.00	0.00	0.00	0.03	0.06	0.07	0.08	0.10	0.16
Shares Outstanding (M)	0.0	0.0	0.0	0.0	0.0	8.4	8.6	11.5	11.8	16.5
Dividends/Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Book Value/Share	0.00	0.00	0.00	0.00	2.49	2.58	2.51	3.20	3.12	3.12
Return on Equity	-	-	-	-	1.2%	2.3%	2.8%	2.5%	3.2%	5.1%
Cash Flow/Share	-	-	-	-	-	0.16	0.22	0.22	0.18	0.17
Long-Term Debt (M)	0.0	0.0	0.0	0.0	0.0	17.0	15.7	17.8	19.8	21.2
High PE	NA	NA	NA	NA	76.67	44.17	36.43	40.63	31.50	19.69
Low PE	NA	NA	NA	NA	53.3	33.3	27.1	28.8	24.0	14.7
Annual High Price	-	-	-	3.50	2.30	2.65	2.55	3.25	3.15	3.15
Annual Low Price	-	-	-	0.60	1.60	2.00	1.90	2.30	2.40	2.35
Dividend Payout Ratio	>100%	>100%	>100%	>100%	0%	0%	0%	0%	0%	0%

* NOTE: Diluted earnings (excl. extraordinary items and discontinued operations) until 1998 and diluted earnings from continuing operations thereafter.

GROWTH RATES	9-Yrs	8-Yrs	7-Yrs	6-Yrs	5-Yrs	4-Yrs	3-Yrs	2-Yrs	1-Yr	
Sales					20.9%	20.8%	22.9%	23.6%	29.3%	Sales
Pre-Tax Profit					40.9%	47.4%	45.6%	57.0%	81.1%	Pre-Tax Profit
% PTP of Sales					16.6%	22.0%	18.4%	27.0%	40.0%	% PTP of Sales
Net Income					71.7%	64.6%	60.3%	83.1%	99.5%	Net Income
Earnings/Share					33.2%	26.1%	31.0%	41.4%	60.0%	Earnings/Share
Shares Outstanding						18.0%	21.8%	19.4%	39.7%	Shares Outstanding
Dividends/Share										Dividends/Share
Book Value/Share					5.7%	6.1%	6.5%	-1.3%	0.0%	Book Value/Share
Cash Flow/Share						-1.1%	-9.5%	-12.2%	-5.5%	Cash Flow/Share
Long-Term Debt						7.0%	10.5%	9.1%	7.1%	Long-Term Debt
Proj ACE 5-Yr EPS Growth:					0.0%	Proj ACE 5-Yr EPS:				N/A

PRICE/EARNINGS	Hi Price	Lo Price	EPS	Hi P/E	Lo P/E	Avg P/E	Div	% Payout	% Hi Yield	
1995	0.00	0.00	0.00	n/a	n/a	n/a	0.00	n/a	n/a	1995
1996	0.00	0.00	0.00	n/a	n/a	n/a	0.00	n/a	n/a	1996
1997	0.00	0.00	0.00	n/a	n/a	n/a	0.00	n/a	n/a	1997
1998	3.50	0.60	0.00	n/a	n/a	n/a	0.00	n/a	n/a	1998
1999	2.30	1.60	0.03	76.7	53.3	65.0	0.00	n/a	n/a	1999
2000	2.65	2.00	0.06	44.2	33.3	38.8	0.00	n/a	n/a	2000
2001	2.55	1.90	0.07	36.4	27.1	31.8	0.00	n/a	n/a	2001
2002	3.25	2.30	0.08	40.6	28.8	34.7	0.00	n/a	n/a	2002
2003	3.15	2.40	0.10	31.5	24.0	27.8	0.00	n/a	n/a	2003
2004	3.90	2.35	0.16	24.4	14.7	19.5	0.00	n/a	n/a	2004
10-YR AVERAGE	1.32			42.3	30.2	36.3		n/a		
5-YR AVERAGE	2.19			35.4	25.6	30.5		n/a		
WGTD 5-YR AVERAGE	2.27			32.5	22.9	27.7		n/a	Weighted w/emphasis on recent years	
REVERSE WGTD 5-YR AVERAGE	2.11			38.4	28.3	33.3		n/a	Weighted w/emphasis on earlier years	

Monthly Price and P/E Ratio History



WESTERN FINANCIAL GROUP INC.
COMPARISON TO [LM.SV-T](#) , [HBG-T](#)
ANNUAL RATIOS

Symbol: WES
Exchange(s): Toronto Stock Exchange
Industry: Financial Services (Insurance)

	WES-T Dec 31,2004 12 months, C\$	LM.SV-T Dec 31,2004 12 months, C\$	HBG-T Dec 31,2004 12 months, US\$
Per Share Indicators			
Sales per Share	2.22	29.64	11.93
Earnings per Share	0.18	-1.50	0.87
Cash Flow per Share	0.26	0.53	2.01
Book Value per Share	3.19	4.77	15.30
Dividend per Share	0.00	0.00	0.20
Dividend Yield	0.00	0.00	0.91
Market Price	2.55	2.25	22.00
Price/Earnings	14.17	N/A	19.44
Common Shares Outstanding	20,273,998	14,301,085	30,411,000
Performance Indicators			
Return on Capital	9.04	0.63	10.82
Return on Common Equity	7.28	-25.92	7.46
Return on Total Equity	7.28	-25.92	7.46
Return on Assets	5.34	0.41	7.13
Financial Indicators			
Operating Margin	17.52	5.67	16.62
Net Profit Margin	10.01	-4.90	7.27
Interest Coverage	N/A	0.10	N/A
Dividend Coverage	N/A	N/A	4.30
Debt to Equity	0.32	3.42	0.49
Quick Ratio	N/A	0.50	N/A
Current Ratio	N/A	0.78	N/A
Growth Indicators			
% Change in Profit	99.52	30.68	-33.16
% Change in Revenue	29.32	4.12	17.16
% Change in Assets	34.81	-1.65	13.88
5-Year Profit Growth	65.06	N/A	42.04
5-Year Revenue Growth	21.83	-0.88	40.65
5-Year Asset Growth	27.97	-1.99	31.08