

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Six Months Ended June 30, 2013
UNAUDITED**

Message from the Chairman

Dear Shareholders,

I am pleased, on behalf of the Board of Directors, to report that the Company has delivered another profitable quarter in 2013. Our operational performance has yielded a 3.6% period-over-period increase in net income attributable to equity shareholders with a \$7.6 million growth in the Company's asset base.

Net income attributable to ordinary shareholders for the period January 1, 2013 to June 30, 2013 increased to \$5.8 million or \$0.23 per ordinary share, compared to net income of \$5.5 million or \$0.22 per ordinary share for the same period in the prior year. Total equity stands at \$129.6 million at June 30, 2013 compared to \$127.9 million at December 31, 2012.

Total gross premium revenues increased to \$68.8 million compared to \$66.2 million for the six months ended June 30, 2012. Net policyholder benefits have increased against prior year, totalling \$42.6 million for the first six months of 2013 compared to \$36.2 million in the prior year. While general and administrative expenses have increased to \$17.6 million through June 30, 2013 from \$16.9 million in the prior year, costs remain consistent with the Company's budget.

Total assets have increased to \$590.8 million as at June 30, 2013 compared to \$583.1 million as at December 31, 2012. Invested assets remain a significant proportion of the asset base, comprising 82.9% of total assets.

Our results over the first half of the year have us well positioned to deliver on our financial and operational targets for 2013. We remain focused on sustainable growth and the delivery of consistent returns to our shareholders. We would like to thank our clients, and the Colina team for their continued support.



Terence Hilts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Financial Position

As at June 30, 2013 with comparative figures as at December 31, 2012
(Expressed in Bahamian dollars)

	June 30, 2013	December 31, 2012
ASSETS		
Term deposits	\$ 36,947,870	\$ 32,507,472
Investment securities	270,332,458	258,285,312
Mortgages and commercial loans	56,028,501	58,507,747
Policy loans	65,842,760	65,749,812
Investment properties	49,711,718	49,476,534
Investment in associates	10,685,539	10,862,733
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Total invested assets	489,548,846	475,389,610
Cash and demand balances	22,313,882	23,900,097
Receivables and other assets	46,152,455	50,416,789
Property and equipment	19,587,029	19,951,616
Goodwill	12,512,749	12,512,749
Other intangible assets	645,257	963,873
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Total assets	\$ 590,760,218	\$ 583,134,734
LIABILITIES		
Provision for future policy benefits	\$ 346,112,482	\$ 342,605,833
Policy dividends on deposit	29,194,702	29,367,158
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Total policy liabilities	375,307,184	371,972,991
Other liabilities	85,812,375	83,245,161
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Total liabilities	461,119,559	455,218,152
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(50,549)	(154,531)
Share premium	5,960,299	5,960,299
Revaluation reserve	8,461,563	8,736,942
Retained earnings	46,712,668	44,410,992
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Total ordinary shareholders' equity	85,813,594	83,683,315
Preference shares	30,000,000	30,000,000
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Total shareholders' equity	115,813,594	113,683,315
Non-controlling interests	13,827,065	14,233,267
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Total equity	129,640,659	127,916,582
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Total liabilities and equity	\$ 590,760,218	\$ 583,134,734

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Income

For the six months ended June 30, 2013
with comparative figures for the six months ended June 30, 2012
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2013	6 Months Ended June 30, 2012
Revenues:		
Premium revenue	\$ 68,848,834	\$ 66,189,533
Less: Reinsurance premiums	<u>6,364,586</u>	<u>7,157,005</u>
Net premium revenue	62,484,248	59,032,528
Net investment income	12,823,875	14,190,554
Other income	<u>4,426,532</u>	<u>4,871,422</u>
Total revenues	<u>79,734,655</u>	<u>78,094,504</u>
Benefits and expenses:		
Policyholders' benefits	48,011,098	43,565,927
Less: Reinsurance recoveries	<u>5,426,974</u>	<u>7,333,408</u>
Net policyholders' benefits	42,584,124	36,232,519
Changes in provision for future policy benefits	3,506,649	10,366,238
General and administrative expenses	17,608,209	16,909,285
Commissions	6,235,208	5,141,409
Premium and other tax expense	1,877,417	1,802,014
Finance costs	601,618	574,317
Other expenses	<u>313,165</u>	<u>111,184</u>
Total benefits and expenses	<u>72,726,390</u>	<u>71,136,966</u>
Net income for the period:	<u>\$ 7,008,265</u>	<u>\$ 6,957,538</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 6,701,322	\$ 6,467,790
Non-controlling interests	<u>306,943</u>	<u>489,748</u>
Net income for the period	<u>\$ 7,008,265</u>	<u>\$ 6,957,538</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.23</u>	<u>\$ 0.22</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Comprehensive Income

For the six months ended June 30, 2013
with comparative figures for the six months ended June 30, 2012
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2013	6 Months Ended June 30, 2012
Net income for the period	\$ 7,008,265	\$ 6,957,538
Other comprehensive losses:		
Change in available-for-sale financial assets	(291,307)	(116,553)
Total comprehensive income for the period	<u><u>\$ 6,716,958</u></u>	<u><u>\$ 6,840,985</u></u>
Attributable to:		
Equity shareholders of the Company	\$ 6,410,015	\$ 6,351,237
Non-controlling interests	306,943	489,748
Total comprehensive income for the period	<u><u>\$ 6,716,958</u></u>	<u><u>\$ 6,840,985</u></u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Income

For the three months ended June 30, 2013
with comparative figures for the three months ended June 30, 2012
(Expressed in Bahamian dollars)

	3 Months Ended June 30, 2013	3 Months Ended June 30, 2012
Revenues:		
Premium revenue	\$ 35,497,394	\$ 32,040,064
Less: Reinsurance premiums	3,438,057	4,165,675
Net premium revenue	<u>32,059,337</u>	<u>27,874,389</u>
Net investment income	4,957,377	6,366,447
Other income	2,392,988	2,674,117
Total revenues	<u>39,409,702</u>	<u>36,914,953</u>
Benefits and expenses:		
Policyholders' benefits	24,131,638	18,962,929
Less: Reinsurance recoveries	3,341,974	4,532,830
Net policyholders' benefits	<u>20,789,664</u>	<u>14,430,099</u>
Changes in provision for future policy benefits	861,076	6,149,165
General and administrative expenses	9,354,432	8,594,718
Commissions	3,497,443	2,085,307
Premium and other tax expense	993,224	914,587
Finance costs	303,249	323,266
Other expenses	166,783	58,689
Total benefits and expenses	<u>35,965,871</u>	<u>32,555,831</u>
Net income for the period:	<u>\$ 3,443,831</u>	<u>\$ 4,359,122</u>
Net income/(loss) attributable to:		
Equity shareholders of the Company	\$ 3,467,475	\$ 4,260,943
Non-controlling interests	<u>(23,644)</u>	<u>98,179</u>
Net income for the period	<u>\$ 3,443,831</u>	<u>\$ 4,359,122</u>
Basic earnings per share (Note 4)	<u>\$ 0.12</u>	<u>\$ 0.15</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Comprehensive Income

For the three months ended June 30, 2013
with comparative figures for the three months ended June 30, 2012
(Expressed in Bahamian dollars)

	3 Months Ended June 30, 2013	3 Months Ended June 30, 2012
Net income for the period	\$ 3,443,831	\$ 4,359,122
Other comprehensive losses:		
Change in available-for-sale financial assets	(291,307)	(8,203)
Total comprehensive income for the period	<u>\$ 3,152,524</u>	<u>\$ 4,350,919</u>
Attributable to:		
Equity shareholders of the Company	\$ 3,176,168	\$ 4,252,740
Non-controlling interests	(23,644)	98,179
Total comprehensive income for the period	<u>\$ 3,152,524</u>	<u>\$ 4,350,919</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Changes in Equity

For the six months ended June 30, 2013
with comparative figures for the six months ended June 30, 2012
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Treasury Shares	Share Premium	Revaluation Reserve	Preference Share Capital	Retained Earnings	Non-controlling Interests	Total Equity
Balance, January 1, 2012	\$ 24,729,613	\$ (162,254)	\$ 5,960,299	\$ 7,815,781	\$ 30,000,000	\$ 38,983,366	\$ 12,337,522	\$ 119,664,327
Net loss on remeasurement of available-for-sale securities to fair value	-	-	-	(116,553)	-	-	-	(116,553)
Net income for the period	-	-	-	-	-	6,467,790	489,748	6,957,538
Changes in non-controlling interests	-	-	-	-	-	-	44,260	44,260
Unrealized gain on purchase of shares in subsidiary	-	-	-	23,335	-	-	-	23,335
Decrease in treasury shares	-	7,923	-	-	-	-	-	7,923
Ordinary share dividend	-	-	-	-	-	(2,959,985)	-	(2,959,985)
Preference share dividends	-	-	-	-	-	(958,052)	-	(958,052)
Balance, June 30, 2012	<u>\$ 24,729,613</u>	<u>\$ (154,331)</u>	<u>\$ 5,960,299</u>	<u>\$ 7,722,563</u>	<u>\$ 30,000,000</u>	<u>\$ 41,533,119</u>	<u>\$ 12,871,530</u>	<u>\$ 122,662,793</u>
Balance, January 1, 2013	\$ 24,729,613	\$ (154,531)	\$ 5,960,299	\$ 8,736,942	\$ 30,000,000	\$ 44,410,992	\$ 14,233,267	\$ 127,916,582
Net loss on remeasurement of available-for-sale securities to fair value	-	-	-	(291,307)	-	-	-	(291,307)
Net income for the period	-	-	-	-	-	6,701,322	306,943	7,008,265
Changes in non-controlling interests	-	-	-	-	-	-	(713,145)	(713,145)
Unrealized gain on purchase of shares in subsidiary	-	-	-	15,928	-	-	-	15,928
Decrease in treasury shares	-	103,982	-	-	-	-	-	103,982
Ordinary share dividend	-	-	-	-	-	(3,462,146)	-	(3,462,146)
Preference share dividends	-	-	-	-	-	(937,500)	-	(937,500)
Balance, June 30, 2013	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 8,461,563</u>	<u>\$ 30,000,000</u>	<u>\$ 46,712,668</u>	<u>\$ 13,827,065</u>	<u>\$ 129,640,659</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the six months ended June 30, 2013
with comparative figures for the six months ended June 30, 2012
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2013	6 Months Ended June 30, 2012
Cash flows from operating activities:		
Net income	\$ 7,008,265	\$ 6,957,538
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss on fair value through income securities	993,899	(648,041)
Increase in provision for future policy benefits	3,506,649	10,366,238
Changes in loss provisions for loans and receivables	792,267	1,012,870
Depreciation and amortization charges	1,081,465	1,227,275
Net realized gain on fair value through income securities	(71,308)	(8,174)
Interest income	(11,681,571)	(10,918,205)
Dividend income	(722,280)	(684,266)
Operating cash flows before changes in operating assets and liabilities	<u>907,386</u>	<u>7,305,235</u>
Changes in operating assets and liabilities:		
Decrease/(increase) in other assets	4,761,460	(10,781,144)
Increase in other liabilities	<u>2,259,963</u>	<u>3,564,063</u>
Net cash provided by operating activities	<u>7,928,809</u>	<u>88,154</u>

(Continued)

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the six months ended June 30, 2013
with comparative figures for the six months ended June 30, 2012
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2013	6 Months Ended June 30, 2012
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	(697,218)	23,335
Decrease/(increase) in term deposits with original maturities greater than 90 days	957,440	(1,699,929)
Decrease/(increase) in restricted cash	6,625	(962)
Fair value through income securities purchased	(3,420,132)	(5,576,203)
Proceeds on disposal of fair value through income securities	418,902	483,863
Available-for-sale securities purchased	(11,036,678)	(3,031,587)
Proceeds on disposal of available-for-sale securities	776,865	106,834
Decrease in loans to policyholders	(87,256)	(606,952)
Additions to investment property	(235,184)	(188,726)
Net change in mortgage and commercial loans	1,716,205	4,219,306
Interest received	11,326,721	10,730,523
Dividends received	722,280	684,266
Additions to property and equipment	(398,262)	(688,003)
Additions to other intangible assets	-	(573,100)
	<u>50,308</u>	<u>3,882,665</u>
Net cash provided by investing activities		
Cash flows used in financing activities:		
Sale of treasury shares	103,982	7,923
Dividends to ordinary shareholders	(3,462,146)	(2,959,985)
Dividends to preference shareholders	(937,500)	(958,052)
	<u>(4,295,664)</u>	<u>(3,910,114)</u>
Net cash used in financing activities		
Net increase in cash and cash equivalents	3,683,453	60,705
Cash and cash equivalents, beginning of period	<u>45,331,638</u>	<u>32,921,872</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 49,015,091</u>	<u>\$ 32,982,577</u>

(Concluded)

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

COLINA HOLDINGS BAHAMAS LIMITED
Selected Explanatory Notes to the Unaudited Consolidated Financial Statements

For the period ended June 30, 2013
(Expressed in Bahamian dollars)

1. General Information

Colina Holdings Bahamas Limited (“the Company”) was incorporated under the laws of the Commonwealth of The Bahamas on July 6, 1993.

The Company acts principally as the holding company of Colina Insurance Limited (“Colina”) and Colina General Insurance Agency & Brokers Limited (“CGIA”), both of which are wholly-owned. Colina is a life and health insurer incorporated and registered to operate as a life and health insurer in The Bahamas, The Cayman Islands and The Turks and Caicos Islands. CGIA is a general insurance agent and broker, incorporated and registered to operate in The Bahamas.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At June 30, 2013, approximately 58.1% of the Company's issued ordinary shares were owned by A.F. Holdings Ltd. and 41.9% by the Bahamian public.

The registered office of the Company is located at St. Andrew’s Court, Frederick Street Steps, P.O. Box N-4805, Nassau, The Bahamas and its principal place of business is located at 308 East Bay Street, P.O. Box N-4728, Nassau, The Bahamas.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by IFRS for complete financial statements. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company’s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. The preparation of unaudited condensed consolidated financial statements in conformity with IFRS 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.

COLINA HOLDINGS BAHAMAS LIMITED
Selected Explanatory Notes to the Unaudited Consolidated Financial Statements

For the period ended June 30, 2013
(Expressed in Bahamian dollars)

3. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	June 30, 2013	June 30, 2012
Term deposits	\$ 36,947,870	\$ 37,246,690
Less: Deposits with original maturities of greater than 90 days	<u>(8,819,481)</u>	<u>(12,273,031)</u>
Short-term deposits	28,128,389	24,973,659
Cash and demand balances	22,313,882	12,816,293
Less: Restricted cash balances	-	(1,006,209)
Less: Bank overdraft	<u>(1,427,180)</u>	<u>(3,801,166)</u>
Total cash and cash equivalents	<u>\$ 49,015,091</u>	<u>\$ 32,982,577</u>

4. Basic Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing net income attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued and outstanding during the period, excluding ordinary shares of the Company acquired by Colina held as treasury shares.

	6 Months Ended June 30, 2013	6 Months Ended June 30, 2012
Net income attributable to equity shareholders	<u>\$ 6,701,322</u>	<u>\$ 6,467,790</u>
Net income attributable to ordinary shareholders	<u>\$ 5,763,822</u>	<u>\$ 5,509,738</u>
Weighted average number of ordinary shares outstanding	<u>24,682,964</u>	<u>24,667,349</u>
Basic earnings per ordinary share	<u>\$ 0.23</u>	<u>\$ 0.22</u>

	3 Months Ended June 30, 2013	3 Months Ended June 30, 2012
Net income attributable to equity shareholders	<u>\$ 3,467,475</u>	<u>\$ 4,260,943</u>
Net income attributable to ordinary shareholders	<u>\$ 2,998,725</u>	<u>\$ 3,792,195</u>
Weighted average number of ordinary shares outstanding	<u>24,696,298</u>	<u>24,668,153</u>
Basic earnings per ordinary share	<u>\$ 0.12</u>	<u>\$ 0.15</u>