

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Six Months Ended June 30, 2015
UNAUDITED**

Message from the Chairman

Dear Shareholders,

I am pleased to report a strong performance in core earnings for the first half of 2015, including positive growth in share value and total equity and a \$14.8 million increase in assets.

Net income attributable to the Company's ordinary shareholders increased to \$5.9 million or \$0.24 per ordinary share for the six months ended June 30, 2015, compared to \$5.8 million or \$0.23 per ordinary share for the same period in the prior year. Total net income was slightly moderated at \$7.3 million, compared with \$7.8 million during the same period in the prior year.

Total equity grew by \$3.1 million to \$160.8 million at June 30, 2015 and is net of a \$3.9 million ordinary dividend issued in the first quarter in respect of fiscal 2014. Total gross premium revenues during the first six months of 2015 totalled \$73.0 million compared to \$68.1 million for the six months ended June 30, 2014. Gross benefits paid to our policyholders increased by \$5.6 million over prior year experience at \$49.8 million for the six months ended June 30, 2015.

Total assets have increased to \$648.2 million as at June 30, 2015, compared to \$633.4 million as at December 31, 2014. Invested assets remain a significant proportion of the asset base, comprising 83.2% of total assets.

As always, I speak for the Board of Directors in thanking our shareholders for your respect and loyalty. Colina remains committed to continue our growth in our core businesses while delivering value to every stakeholder.



Terence Hilts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Financial Position

As at June 30, 2015 with comparative figures as at December 31, 2014
(Expressed in Bahamian dollars)

	June 30, 2015	December 31, 2014
ASSETS		
Term deposits	\$ 37,270,828	\$ 44,579,342
Investment securities	321,161,500	308,347,632
Mortgages and commercial loans	45,559,338	48,444,180
Policy loans	69,836,162	69,561,430
Investment properties	54,165,435	54,165,435
Investment in associates	11,608,235	10,678,574
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Total invested assets	539,601,498	535,776,593
Cash and demand balances	33,388,008	22,613,360
Receivables and other assets	37,243,239	36,193,930
Property and equipment	20,481,466	21,065,123
Goodwill	13,519,916	13,519,916
Other intangible assets	3,979,043	4,243,694
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Total assets	\$ 648,213,170	\$ 633,412,616
LIABILITIES		
Provision for future policy benefits	\$ 378,961,756	\$ 369,693,794
Policy dividends on deposit	27,901,674	27,685,794
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Total policy liabilities	406,863,430	397,379,588
Other liabilities	80,561,807	78,353,208
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Total liabilities	487,425,237	475,732,796
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(50,549)	(50,549)
Share premium	5,960,299	5,960,299
Revaluation reserve	10,794,809	10,148,509
Retained earnings	60,577,577	58,665,932
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Total ordinary shareholders' equity	102,011,749	99,453,804
Preference shares	40,500,000	40,500,000
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Total shareholders' equity	142,511,749	139,953,804
Non-controlling interests	18,276,184	17,726,016
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Total equity	160,787,933	157,679,820
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Total liabilities and equity	\$ 648,213,170	\$ 633,412,616

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, 2015
with comparative figures for the six months ended June 30, 2014
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Revenues:		
Premium revenue	\$ 72,962,032	\$ 68,103,002
Less: Reinsurance premiums	<u>6,160,935</u>	<u>6,114,028</u>
Net premium revenue	66,801,097	61,988,974
Net investment income	19,211,576	18,721,255
Share of net gain of associates	929,661	345,580
Net commission income	1,525,028	1,542,687
Investment management and other fees	3,060,537	2,842,321
Other income	<u>934,768</u>	<u>531,163</u>
Total revenues	<u>92,462,667</u>	<u>85,971,980</u>
Benefits and expenses:		
Policyholders' benefits	49,754,160	44,189,130
Less: Reinsurance recoveries	<u>4,071,838</u>	<u>4,130,718</u>
Net policyholders' benefits	45,682,322	40,058,412
Changes in provision for future policy benefits	9,267,962	11,699,796
General and administrative expenses	20,558,953	18,675,764
Commissions	5,298,964	5,053,233
Premium and other tax expense	3,447,048	1,848,588
Finance costs	591,749	609,086
Other expenses	<u>343,088</u>	<u>260,991</u>
Total benefits and expenses	<u>85,190,086</u>	<u>78,205,870</u>
Net income for the period:	<u>\$ 7,272,581</u>	<u>\$ 7,766,110</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 7,137,812	\$ 7,046,331
Non-controlling interests	<u>134,769</u>	<u>719,779</u>
Net income for the period	<u>\$ 7,272,581</u>	<u>\$ 7,766,110</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.24</u>	<u>\$ 0.23</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, 2015
with comparative figures for the six months ended June 30, 2014
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Net income for the period	\$ 7,272,581	\$ 7,766,110
Other comprehensive gains:		
Change in available-for-sale financial assets	646,300	529,126
Total comprehensive income for the period	<u>\$ 7,918,881</u>	<u>\$ 8,295,236</u>
Attributable to:		
Equity shareholders of the Company	\$ 7,784,112	\$ 7,575,457
Non-controlling interests	134,769	719,779
Total comprehensive income for the period	<u>\$ 7,918,881</u>	<u>\$ 8,295,236</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, 2015
with comparative figures for the three months ended June 30, 2014
(Expressed in Bahamian dollars)

	3 Months Ended June 30, 2015	3 Months Ended June 30, 2014
Revenues:		
Premium revenue	\$ 34,920,237	\$ 33,709,053
Less: Reinsurance premiums	3,144,218	3,248,297
Net premium revenue	<u>31,776,019</u>	<u>30,460,756</u>
Net investment income	10,439,014	12,299,381
Share of net gain of associates	500,867	106,536
Net commission income	655,114	747,518
Investment management and other fees	284,048	225,962
Other income	544,026	182,335
Total revenues	<u>44,199,088</u>	<u>44,022,488</u>
Benefits and expenses:		
Policyholders' benefits	23,621,420	20,512,590
Less: Reinsurance recoveries	1,965,811	541,847
Net policyholders' benefits	<u>21,655,609</u>	<u>19,970,743</u>
Changes in provision for future policy benefits	4,094,502	7,090,674
General and administrative expenses	10,979,793	9,708,390
Commissions	2,706,146	2,429,805
Premium and other tax expense	2,127,336	952,055
Finance costs	405,509	491,318
Other expenses/(income)	38,810	(40,237)
Total benefits and expenses	<u>42,007,705</u>	<u>40,602,748</u>
Net income for the period:	<u>\$ 2,191,383</u>	<u>\$ 3,419,740</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 2,161,942	\$ 2,931,721
Non-controlling interests	<u>29,441</u>	<u>488,019</u>
Net income for the period	<u>\$ 2,191,383</u>	<u>\$ 3,419,740</u>
Basic earnings per share (Note 4)	<u>\$ 0.06</u>	<u>\$ 0.09</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, 2015
with comparative figures for the three months ended June 30, 2014
(Expressed in Bahamian dollars)

	3 Months Ended June 30, 2015	3 Months Ended June 30, 2014
Net income for the period	\$ 2,191,383	\$ 3,419,740
Other comprehensive gains:		
Change in available-for-sale financial assets	357,164	880,860
Total comprehensive income for the period	<u>\$ 2,548,547</u>	<u>\$ 4,300,600</u>
Attributable to:		
Equity shareholders of the Company	\$ 2,519,106	\$ 3,580,821
Non-controlling interests	29,441	719,779
Total comprehensive income for the period	<u>\$ 2,548,547</u>	<u>\$ 4,300,600</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, 2015
with comparative figures for the six months ended June 30, 2014
(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, 2014	\$ 24,729,613	\$ (50,549)	\$ 5,960,299	\$ 9,287,941	\$ 40,500,000	\$ 51,619,384	\$ 17,007,655	\$ 149,054,343
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	529,126	-	-	-	529,126
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	(246,000)	-	-	-	(246,000)
Net income for the period	-	-	-	-	-	7,046,331	719,779	7,766,110
Changes in non-controlling interests	-	-	-	-	-	-	(793,446)	(793,446)
Ordinary share dividend	-	-	-	-	-	(3,953,541)	-	(3,953,541)
Preference share dividends	-	-	-	-	-	(1,265,626)	-	(1,265,626)
Balance, June 30, 2014	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 9,571,067</u>	<u>\$ 40,500,000</u>	<u>\$ 53,446,548</u>	<u>\$ 16,933,988</u>	<u>\$ 151,090,966</u>
Balance, January 1, 2015	\$ 24,729,613	\$ (50,549)	\$ 5,960,299	\$ 10,148,509	\$ 40,500,000	\$ 58,665,932	\$ 17,726,016	\$ 157,679,820
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	646,300	-	-	-	646,300
Net income for the period	-	-	-	-	-	7,137,812	134,769	7,272,581
Changes in non-controlling interests	-	-	-	-	-	-	415,399	415,399
Ordinary share dividend	-	-	-	-	-	(3,953,541)	-	(3,953,541)
Distributions by subsidiary	-	-	-	-	-	(7,000)	-	(7,000)
Preference share dividends	-	-	-	-	-	(1,265,626)	-	(1,265,626)
Balance, June 30, 2015	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 10,794,809</u>	<u>\$ 40,500,000</u>	<u>\$ 60,577,577</u>	<u>\$ 18,276,184</u>	<u>\$ 160,787,933</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, 2015
with comparative figures for the six months ended June 30, 2014
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Cash flows from operating activities:		
Net income	\$ 7,272,581	\$ 7,766,110
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized gain on fair value through income securities	(1,286,752)	(1,089,777)
Increase in provision for future policy benefits	9,267,962	11,699,796
Changes in loss provisions for loans and receivables	644,922	923,575
Depreciation and amortization charges	1,246,570	648,649
Net realized loss on fair value through income securities	-	18,114
Net realized (gain)/loss on sale of available-for-sale securities	(1,545)	246,000
Interest income	(15,397,534)	(15,154,548)
Dividend income	(983,193)	(1,003,590)
Operating cash flows before changes in operating assets and liabilities	763,011	4,054,329
Changes in operating assets and liabilities:		
(Increase)/decrease in other assets	(1,935,203)	675,179
(Decrease)/increase in other liabilities	(2,764,515)	216,447
Net cash (used in)/provided by operating activities	(3,936,707)	4,945,955

(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, 2015
with comparative figures for the six months ended June 30, 2014
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Cash flows from investing activities:		
Changes in non-controlling interests	415,399	(793,446)
Increase in term deposits with original maturities greater than 90 days	(20,296,356)	(10,732,167)
Fair value through income securities purchased	(13,027,215)	(6,875,931)
Proceeds on disposal of fair value through income securities	7,568,322	2,869,062
Available-for-sale securities purchased	(8,242,550)	(6,331,262)
Proceeds on disposal of available-for-sale securities	2,822,172	2,378,457
Decrease in loans to policyholders	(192,789)	(1,386,093)
Additions to investment property	-	(860)
Net change in mortgage and commercial loans	2,545,467	3,220,194
Interest received	14,966,276	14,262,314
Dividends received	983,193	1,003,590
Additions to property and equipment	(398,262)	(184,890)
Net cash used in investing activities	<u>(12,856,343)</u>	<u>(2,571,032)</u>
Cash flows used in financing activities:		
Distributions by subsidiaries	(7,000)	-
Dividends to ordinary shareholders	(3,953,541)	(3,953,541)
Dividends to preference shareholders	(1,265,626)	(1,265,626)
Net cash used in financing activities	<u>(5,226,167)</u>	<u>(5,219,167)</u>
Net decrease in cash and cash equivalents	(22,019,217)	(2,844,244)
Cash and cash equivalents, beginning of period	<u>48,823,947</u>	<u>39,808,922</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 26,804,730</u>	<u>\$ 36,964,678</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, 2015
(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 a holding company of its principal subsidiaries, Colina Insurance Limited (“Colina”), a wholly-owned life and health insurer incorporated in The Bahamas; Colina General Insurance Agency & Brokers Limited (“CGIA”), a wholly-owned general insurance agent and broker; and Colina Financial Advisors Ltd. (“CFAL”), a wholly-owned financial services company.

Colina is registered to operate as a life and health insurer in The Bahamas, The Cayman Islands, and The Turks and Caicos Islands. CGIA holds a dual registration as a general insurance broker and agent for operations in The Bahamas. CFAL is licensed as a broker dealer in The Bahamas.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At June 30, 2015 approximately 58.1% (2014: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2014: 41.9%) by the Bahamian public.

The registered office of the Company is located at Trinity Place Annex, Frederick and Shirley Streets, 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, 2015
(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, 2015	June 30, 2014
Term deposits	\$ 37,270,828	\$ 49,629,242
Less: Deposits with original maturities of greater than 90 days	<u>(36,999,259)</u>	<u>(31,828,776)</u>
Short-term deposits	271,569	17,800,466
Cash and demand balances	33,388,008	21,716,617
Less: Bank overdraft	<u>(6,854,847)</u>	<u>(2,552,405)</u>
Total cash and cash equivalents	<u>\$ 26,804,730</u>	<u>\$ 36,964,678</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, 2015	6 Months Ended June 30, 2014
Net income attributable to equity shareholders	\$ 7,137,812	\$ 7,046,331
Net income attributable to ordinary shareholders	<u>\$ 5,872,186</u>	<u>\$ 5,780,705</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.24</u>	<u>\$ 0.23</u>

	3 Months Ended June 30, 2015	3 Months Ended June 30, 2014
Net income attributable to equity shareholders	\$ 2,161,942	\$ 2,931,721
Net income attributable to ordinary shareholders	<u>\$ 1,529,129</u>	<u>\$ 2,298,908</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.06</u>	<u>\$ 0.09</u>