

**Condensed Unaudited Consolidated Interim Financial Statements of  
Colina Holdings Bahamas Limited  
Six Months Ended June 30, 2016  
UNAUDITED**

## Message from the Chairman

Dear Shareholders,

I am pleased to report that the Company has continued with its strong performance through the second quarter of 2016, with growth in earnings per share and an \$18.5 million increase in total assets.

Net income attributable to the Company's ordinary shareholders increased to \$8.1 million or \$0.33 per ordinary share for the six months ended June 30, 2016, compared to \$5.9 million or \$0.24 per ordinary share for the same period in the prior year.

Total gross premium revenues totalled \$65.4 million compared to \$72.9 million for the six months ended June 30, 2016, with \$5.9 million or 80% of the decrease attributed primarily to a fluctuations in premium revenues in respect of the Company's participation in reinsurance facilities. Gross policyholder benefits were lower than the prior year experience totalling \$42.1 million for the six months ended June 30, 2016. Fluctuations in mark to market adjustments have resulted in net investment income decreasing to \$14.6 million through the second quarter of 2016 compared to \$19.2 million for the same period in the prior year.

Total equity grew by \$6.0 million to \$175.8 million at June 30, 2016 and is net of distributions to ordinary shareholders of \$3.9 million and to preference shareholders of \$1.3 million.

Total assets have increased to \$729.4 million as at June 30, 2016, compared to \$710.9 million as at December 31, 2015. Invested assets remain a significant proportion of the asset base, comprising 80.3% of total assets.

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



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Terence Hilts  
Chairman

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Interim Statement of Financial Position**

As at June 30, 2016 with comparative figures as at December 31, 2015  
(Expressed in Bahamian dollars)

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Term deposits	\$ 44,172,090	\$ 44,905,119
Investment securities and other financial assets	362,196,532	363,193,466
Mortgages and commercial loans	40,599,374	42,504,002
Policy loans	69,980,198	70,138,729
Investment properties	55,155,357	55,155,393
Investment in associates	13,274,251	12,067,214
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Total invested assets	585,377,802	587,963,923
Cash and demand balances	33,185,440	29,309,126
Receivables and other assets	74,725,831	56,609,050
Property and equipment	19,158,803	19,787,836
Goodwill	13,469,916	13,469,916
Other intangible assets	3,503,958	3,735,805
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<b>Total assets</b>	<b>\$ 729,421,750</b>	<b>\$ 710,875,656</b>
<b>LIABILITIES</b>		
Provision for future policy benefits	\$ 395,389,530	\$ 387,181,176
Policy dividends on deposit	27,839,275	27,783,495
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Total policy liabilities	423,228,805	414,964,671
Repurchase agreement	35,000,000	35,000,000
Other liabilities	95,366,978	91,117,762
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<b>Total liabilities</b>	<b>553,595,783</b>	<b>541,082,433</b>
<b>EQUITY</b>		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(50,549)	(50,549)
Share premium	5,960,299	5,960,299
Revaluation reserve	12,081,434	10,753,156
Retained earnings	70,911,806	66,760,641
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Total ordinary shareholders' equity	113,632,603	108,153,160
Preference shares	42,500,000	42,500,000
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Total shareholders' equity	156,132,603	150,653,160
Non-controlling interests	19,693,364	19,140,063
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<b>Total equity</b>	<b>175,825,967</b>	<b>169,793,223</b>
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<b>Total liabilities and equity</b>	<b>\$ 729,421,750</b>	<b>\$ 710,875,656</b>

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, 2016  
with comparative figures for the six months ended June 30, 2015  
(Expressed in Bahamian dollars)

	<b>6 Months Ended June 30, 2016</b>	<b>6 Months Ended June 30, 2015</b>
<b>Revenues:</b>		
Premium revenue	\$ 65,447,866	\$ 72,962,032
Less: Reinsurance premiums	<u>5,692,756</u>	<u>6,160,935</u>
Net premium revenue	59,755,110	66,801,097
Net investment income	14,580,252	19,211,576
Share of net gain of associates	1,207,037	929,661
Net commission income	1,624,086	1,525,028
Investment management and other fees	4,794,893	3,060,537
Other income	<u>1,597,657</u>	<u>934,768</u>
Total revenues	<u>83,559,035</u>	<u>92,462,667</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	42,125,294	49,754,160
Less: Reinsurance recoveries	<u>3,518,811</u>	<u>4,071,838</u>
Net policyholders' benefits	38,606,483	45,682,322
Changes in provision for future policy benefits	8,208,354	9,267,962
General and administrative expenses	18,926,918	22,017,539
Commissions	4,964,815	5,298,964
Premium and other tax expense	1,752,845	1,988,462
Finance costs	591,461	591,749
Other expenses	<u>708,826</u>	<u>343,088</u>
Total benefits and expenses	<u>73,759,702</u>	<u>85,190,086</u>
<b>Net income for the period:</b>	<b><u>\$ 9,799,333</u></b>	<b><u>\$ 7,272,581</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 9,436,029	\$ 7,137,812
Non-controlling interests	<u>363,304</u>	<u>134,769</u>
<b>Net income for the period</b>	<b><u>\$ 9,799,333</u></b>	<b><u>\$ 7,272,581</u></b>
<b>Basic earnings per ordinary share (Note 4)</b>	<b><u>\$ 0.33</u></b>	<b><u>\$ 0.24</u></b>

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, 2016  
with comparative figures for the six months ended June 30, 2015  
(Expressed in Bahamian dollars)

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	<b>6 Months Ended June 30, 2016</b>	<b>6 Months Ended June 30, 2015</b>
<b>Net income for the period</b>	\$ 9,799,333	\$ 7,272,581
<b>Other comprehensive gains:</b>		
Change in available-for-sale financial assets	1,328,278	646,300
<b>Total comprehensive income for the period</b>	<b><u>\$ 11,127,611</u></b>	<b><u>\$ 7,918,881</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	\$ 10,764,307	\$ 7,784,112
Non-controlling interests	363,304	134,769
<b>Total comprehensive income for the period</b>	<b><u>\$ 11,127,611</u></b>	<b><u>\$ 7,918,881</u></b>

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, 2016  
with comparative figures for the three months ended June 30, 2015  
(Expressed in Bahamian dollars)

	<b>3 Months Ended June 30, 2016</b>	<b>3 Months Ended June 30, 2015</b>
<b>Revenues:</b>		
Premium revenue	\$ 32,395,375	\$ 34,920,237
Less: Reinsurance premiums	2,681,185	3,144,218
Net premium revenue	<u>29,714,190</u>	<u>31,776,019</u>
Net investment income	7,729,337	10,439,014
Share of net gain of associates	545,533	500,867
Net commission income	778,362	655,114
Investment management and other fees	1,988,287	284,048
Other income	1,560,399	544,026
Total revenues	<u>42,316,108</u>	<u>44,199,088</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	21,412,555	23,621,420
Less: Reinsurance recoveries	1,215,942	1,965,811
Net policyholders' benefits	<u>20,196,613</u>	<u>21,655,609</u>
Changes in provision for future policy benefits	4,421,774	4,094,502
General and administrative expenses	9,440,144	12,049,055
Commissions	2,533,948	2,706,146
Premium and other tax expense	831,416	1,058,074
Finance costs	242,696	405,509
Other expenses	407,061	38,810
Total benefits and expenses	<u>38,073,652</u>	<u>42,007,705</u>
<b>Net income for the period:</b>	<b><u>\$ 4,242,456</u></b>	<b><u>\$ 2,191,383</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 4,008,920	\$ 2,161,942
Non-controlling interests	<u>233,536</u>	<u>29,441</u>
<b>Net income for the period</b>	<b><u>\$ 4,242,456</u></b>	<b><u>\$ 2,191,383</u></b>
<b>Basic earnings per share (Note 4)</b>	<b><u>\$ 0.14</u></b>	<b><u>\$ 0.06</u></b>

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, 2016  
with comparative figures for the three months ended June 30, 2015  
(Expressed in Bahamian dollars)

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	<b>3 Months Ended June 30, 2016</b>	<b>3 Months Ended June 30, 2015</b>
<b>Net income for the period</b>	\$ 4,242,456	\$ 2,191,383
<b>Other comprehensive gains:</b>		
Change in available-for-sale financial assets	725,793	357,164
<b>Total comprehensive income for the period</b>	<b><u>\$ 4,968,249</u></b>	<b><u>\$ 2,548,547</u></b>
Attributable to:		
Equity shareholders of the Company	\$ 4,734,713	\$ 2,519,106
Non-controlling interests	233,536	29,441
<b>Total comprehensive income for the period</b>	<b><u>\$ 4,968,249</u></b>	<b><u>\$ 2,548,547</u></b>

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, 2016  
with comparative figures for the six months ended June 30, 2015  
(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, 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
Distributions by subsidiaries	-	-	-	-	-	(7,000)	-	(7,000)
Ordinary share dividend	-	-	-	-	-	(3,953,541)	-	(3,953,541)
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>
Balance, January 1, 2016	\$ 24,729,613	\$ (50,549)	\$ 5,960,299	\$ 10,753,156	\$ 42,500,000	\$ 66,760,641	\$ 19,140,063	\$ 169,793,223
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	1,328,278	-	-	-	1,328,278
Net income for the period	-	-	-	-	-	9,436,029	363,304	9,799,333
Changes in non-controlling interests	-	-	-	-	-	-	189,997	189,997
Ordinary share dividend	-	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividends	-	-	-	-	-	(1,328,126)	-	(1,328,126)
Balance, June 30, 2016	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 12,081,434</u>	<u>\$ 42,500,000</u>	<u>\$ 70,911,806</u>	<u>\$ 19,693,364</u>	<u>\$ 175,825,967</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, 2016  
with comparative figures for the six months ended June 30, 2015  
(Expressed in Bahamian dollars)

	<b>6 Months Ended June 30, 2016</b>	<b>6 Months Ended June 30, 2015</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 9,799,333	\$ 7,272,581
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss/(gain) on fair value through income securities	1,333,969	(1,286,752)
Increase in provision for future policy benefits	8,208,354	9,267,962
Changes in loss provisions for loans and receivables	877,770	644,922
Depreciation and amortization charges	920,997	1,246,570
Net realized loss on fair value through income securities	33,370	-
Net realized gains on sale of available-for-sale securities	(16,685)	(1,545)
Interest income	(15,917,819)	(15,397,534)
Dividend income	(1,101,414)	(983,193)
Operating cash flows before changes in operating assets and liabilities	4,137,875	763,011
Changes in operating assets and liabilities:		
Increase in other assets	(19,061,300)	(1,935,203)
Decrease in other liabilities	(6,174,251)	(2,764,515)
Net cash used in operating activities	(21,097,676)	(3,936,707)

(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, 2016  
with comparative figures for the six months ended June 30, 2015  
(Expressed in Bahamian dollars)

	<b>6 Months Ended June 30, 2016</b>	<b>6 Months Ended June 30, 2015</b>
<b>Cash flows from investing activities:</b>		
Changes in non-controlling interests	189,997	415,399
Decrease/(increase) in term deposits with original maturities greater than 90 days	733,164	(20,296,356)
Fair value through income securities purchased	(8,388,703)	(13,027,215)
Proceeds on disposal of fair value through income securities	11,041,335	7,568,322
Available-for-sale securities purchased	(2,505,231)	(8,242,550)
Proceeds on disposal of available-for-sale securities	827,157	2,822,172
Increase/(decrease) in loans to policyholders	180,214	(192,789)
Additions to investment property	36	-
Net change in mortgage and commercial loans	1,817,616	2,545,467
Interest received	14,842,860	14,966,276
Dividends received	1,101,414	983,193
Additions to property and equipment	(60,117)	(398,262)
Net cash provided by/(used) in investing activities	<u>19,779,742</u>	<u>(12,856,343)</u>
<b>Cash flows used in financing activities:</b>		
Distributions by subsidiaries	-	(7,000)
Dividend to ordinary shareholders	(3,956,738)	(3,953,541)
Dividends to preference shareholders	(1,328,126)	(1,265,626)
Net cash used in financing activities	<u>(5,284,864)</u>	<u>(5,226,167)</u>
Net decrease in cash and cash equivalents	(6,602,798)	(22,019,217)
Cash and cash equivalents, beginning of period	<u>29,321,317</u>	<u>48,823,947</u>
<b>Cash and cash equivalents, end of period (Note 3)</b>	<b><u>\$ 22,718,519</u></b>	<b><u>\$ 26,804,730</u></b>

(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, 2016  
(Expressed in Bahamian dollars)

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**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, 2016 approximately 58.1% (2015: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. ("AFH") and 41.9% (2015: 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, 2016  
(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:

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Term deposits	\$ 44,172,090	\$ 37,270,828
Less: Deposits with original maturities of greater than 90 days	<u>(43,900,092)</u>	<u>(36,999,259)</u>
Short-term deposits	271,998	271,569
Cash and demand balances	33,185,440	33,388,008
Less: Bank overdraft	<u>(10,738,919)</u>	<u>(6,854,847)</u>
Total cash and cash equivalents	<u><u>\$ 22,718,519</u></u>	<u><u>\$ 26,804,730</u></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.

	<b>6 Months Ended June 30, 2016</b>	<b>6 Months Ended June 30, 2015</b>
Net income attributable to equity shareholders	\$ 9,436,029	\$ 7,137,812
Net income attributable to ordinary shareholders	<u>\$ 8,107,903</u>	<u>\$ 5,872,186</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.33</u>	<u>\$ 0.24</u>

	<b>3 Months Ended June 30, 2016</b>	<b>3 Months Ended June 30, 2015</b>
Net income attributable to equity shareholders	\$ 4,008,920	\$ 2,161,942
Net income attributable to ordinary shareholders	<u>\$ 3,344,856</u>	<u>\$ 1,529,129</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.14</u>	<u>\$ 0.06</u>

Dividends to the Company's shareholders are recognized as a liability in the period in which they are declared by the Board of Directors. Dividends paid by the Company to ordinary shareholders in the period totalled \$3,956,738 (\$0.16 per share) (2015: \$3,953,541 (\$0.16 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$1,328,126 (2015: \$1,265,626).

The Company does not have any dilutive shares.

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

For the period ended June 30, 2016  
(Expressed in Bahamian dollars)

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**5. Corresponding Figures**

General and administrative expenses totaling \$1,458,586 and \$1,022,402 were reclassified from premium and other tax expenses for corresponding figures on the 6 month and 3 month interim consolidated statement of operations respectively to facilitate a more comparative basis of the financial statements based on the current period's presentation.