

**Condensed Unaudited Consolidated Interim Financial Statements of  
Colina Holdings Bahamas Limited  
Three Months Ended March 31, 2013  
UNAUDITED**

## Message from the Chairman

Dear Shareholders,

I am pleased, on behalf of the Board of Directors, to report a strong start to 2013, marked by a significant increase in net income and continued growth in shareholders' equity in spite of the prevailing economic environment.

Net income attributable to the Company's ordinary shareholders for the period January 1, 2013 to March 31, 2013 increased by \$1.0 million to \$2.8 million or \$0.11 per ordinary share, compared to net income of \$1.7 million or \$0.07 per ordinary share for the same period in the prior year. Total equity stands at \$131.7 million at March 31, 2013 compared to \$127.9 million at December 31, 2012.

Total gross premium revenues during the first quarter of 2013 totalled \$33.4 million compared to \$34.1 million for the three months ended March 31, 2012. While gross premiums for the Company's core life and health business lines have increased relative to prior year, a decrease in the Company's participation in reinsurance facilities has resulted in a decrease in gross premium revenues and a decrease in the changes in provision for future policyholder benefits. Net policyholder benefits remain relatively flat against prior year, totalling \$21.8 million for the first three months of 2013.

Returns on the investment securities portfolio remain flat against prior year with net investment income totalling \$7.9 million for the three months ended March 31, 2013.

At \$8.3 million, general and administrative expenses remain within the Company's budget based on its planned operational expenditures.

Our balance sheet continues to reflect high quality investments. Total assets have increased to \$586.1 million as at March 31, 2013 compared to \$583.1 million as at December 31, 2012. Invested assets remain a significant proportion of the asset base, comprising 84.2% of total assets.

The Company's first-quarter strong financial results speak to the Company's ability to adapt to the new economic reality, and to continue our growth in core businesses while pursuing sound investment and operational efficiency initiatives which will enhance value for our customers and shareholders.



---

Terence Hilts  
Chairman

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

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

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
Term deposits	\$ 43,426,636	\$ 32,507,472
Investment securities	267,318,485	258,285,312
Mortgages and commercial loans	56,852,472	58,507,747
Policy loans	65,555,466	65,749,812
Investment properties	49,686,262	49,476,534
Investment in associates	<u>10,677,794</u>	<u>10,862,733</u>
Total invested assets	493,517,115	475,389,610
Cash and demand balances	20,243,493	23,900,097
Receivables and other assets	39,051,268	50,416,789
Property and equipment	19,984,543	19,951,616
Goodwill	12,512,749	12,512,749
Other intangible assets	<u>756,629</u>	<u>963,873</u>
<b>Total assets</b>	<b><u>\$ 586,065,797</u></b>	<b><u>\$ 583,134,734</u></b>
<b>LIABILITIES</b>		
Provision for future policy benefits	\$ 345,251,406	\$ 342,605,833
Policy dividends on deposit	<u>29,286,802</u>	<u>29,367,158</u>
Total policy liabilities	374,538,208	371,972,991
Other liabilities	<u>79,853,947</u>	<u>83,245,161</u>
<b>Total liabilities</b>	<u>454,392,155</u>	<u>455,218,152</u>
<b>EQUITY</b>		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(154,531)	(154,531)
Share premium	5,960,299	5,960,299
Revaluation reserve	8,739,546	8,736,942
Retained earnings	<u>47,176,089</u>	<u>44,410,992</u>
Total ordinary shareholders' equity	86,451,016	83,683,315
Preference shares	<u>30,000,000</u>	<u>30,000,000</u>
Total shareholders' equity	116,451,016	113,683,315
Non-controlling interests	<u>15,222,626</u>	<u>14,233,267</u>
<b>Total equity</b>	<u>131,673,642</u>	<u>127,916,582</u>
<b>Total liabilities and equity</b>	<b><u>\$ 586,065,797</u></b>	<b><u>\$ 583,134,734</u></b>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Interim Statement of Income**

For the three months ended March 31, 2013  
with comparative figures for the three months ended March 31, 2012  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2013</b>	<b>3 Months Ended March 31, 2012</b>
<b>Revenues:</b>		
Premium revenue	\$ 33,351,440	\$ 34,149,469
Less: Reinsurance premiums	<u>2,926,529</u>	<u>2,991,330</u>
Net premium revenue	30,424,911	31,158,139
Net investment income	7,866,498	7,824,107
Other income	<u>2,033,544</u>	<u>2,197,305</u>
Total revenues	<u>40,324,953</u>	<u>41,179,551</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	23,879,460	24,602,998
Less: Reinsurance recoveries	<u>2,085,000</u>	<u>2,800,578</u>
Net policyholders' benefits	21,794,460	21,802,420
Changes in provision for future policy benefits	2,645,573	4,217,070
General and administrative expenses	8,253,777	8,314,567
Commissions	2,737,765	3,056,102
Premium and other tax expense	884,193	887,427
Finance costs	146,382	52,495
Other expenses	<u>298,369</u>	<u>251,054</u>
Total benefits and expenses	<u>36,760,519</u>	<u>38,581,135</u>
<b>Net income for the period:</b>	<b><u>\$ 3,564,434</u></b>	<b><u>\$ 2,598,416</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 3,233,847	\$ 2,206,847
Non-controlling interests	<u>330,587</u>	<u>391,569</u>
<b>Net income for the period</b>	<b><u>\$ 3,564,434</u></b>	<b><u>\$ 2,598,416</u></b>
<b>Basic earnings per ordinary share (Note 4)</b>	<b><u>\$ 0.11</u></b>	<b><u>\$ 0.07</u></b>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Interim Statement of Comprehensive Income**

For the three months ended March 31, 2013  
with comparative figures for the three months ended March 31, 2012  
(Expressed in Bahamian dollars)

---

	<b>3 Months Ended March 31, 2013</b>	<b>3 Months Ended March 31, 2012</b>
<b>Net income for the period</b>	\$ 3,564,434	\$ 2,598,416
<b>Other comprehensive income:</b>		
Change in available-for-sale financial assets	<u>2,604</u>	<u>(108,350)</u>
<b>Total comprehensive income for the period</b>	<b><u>\$ 3,567,038</u></b>	<b><u>\$ 2,490,066</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	\$ 3,236,451	\$ 2,098,497
Non-controlling interests	<u>330,587</u>	<u>391,569</u>
<b>Total comprehensive income for the period</b>	<b><u>\$ 3,567,038</u></b>	<b><u>\$ 2,490,066</u></b>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Statement of Changes in Equity**

For the three months ended March 31, 2013  
with comparative figures for the three months ended March 31, 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	-	-	-	(108,350)	-	-	-	(108,350)
Net income for the period	-	-	-	-	-	2,206,847	391,569	2,598,416
Changes in non-controlling interests	-	-	-	-	-	-	(7,357)	(7,357)
Ordinary share dividend	-	-	-	-	-	(2,959,985)	-	(2,959,985)
Preference share dividends	-	-	-	-	-	(489,300)	-	(489,300)
Balance, March 31, 2012	<u>\$ 24,729,613</u>	<u>\$ (162,254)</u>	<u>\$ 5,960,299</u>	<u>\$ 7,707,431</u>	<u>\$ 30,000,000</u>	<u>\$ 37,740,928</u>	<u>\$ 12,721,734</u>	<u>\$ 118,697,751</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 gain on remeasurement of available-for-sale securities to fair value	-	-	-	2,604	-	-	-	2,604
Net income for the period	-	-	-	-	-	3,233,847	330,587	3,564,434
Changes in non-controlling interests	-	-	-	-	-	-	658,772	658,772
Preference share dividends	-	-	-	-	-	(468,750)	-	(468,750)
Balance, March 31, 2013	<u>\$ 24,729,613</u>	<u>\$ (154,531)</u>	<u>\$ 5,960,299</u>	<u>\$ 8,739,546</u>	<u>\$ 30,000,000</u>	<u>\$ 47,176,089</u>	<u>\$ 15,222,626</u>	<u>\$ 131,673,642</u>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Statement of Cash Flows**

For the three months ended March 31, 2013  
with comparative figures for the three months ended March 31, 2012  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2013</b>	<b>3 Months Ended March 31, 2012</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 3,564,434	\$ 2,598,416
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized gain on fair value through income securities	(658,864)	(351,461)
Increase in provision for future policy benefits	2,645,573	4,217,070
Changes in loss provisions for loans and receivables	(339,116)	89,370
Depreciation and amortization charges	572,579	588,774
Net realized gain on fair value through income securities	-	(3,056)
Interest income	(5,973,166)	(6,046,631)
Dividend income	(424,088)	(476,582)
Operating cash flows before changes in operating assets and liabilities	(612,648)	615,900
Changes in operating assets and liabilities:		
Decrease/(increase) in other assets	11,572,072	(2,942,720)
(Increase)/decrease in other liabilities	(6,766,841)	6,820,805
Net cash provided by operating activities	<u>4,192,583</u>	<u>4,493,985</u>

(Continued)

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Statement of Cash Flows**

For the three months ended March 31, 2013  
with comparative figures for the three months ended March 31, 2012  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2013</b>	<b>3 Months Ended March 31, 2012</b>
<b>Cash flows from investing activities:</b>		
Acquisition of subsidiaries, net of cash acquired	660,750	(7,357)
(Increase)/decrease in term deposits with original maturities greater than 90 days	(5,560,493)	9,516,612
Increase in restricted cash	(61,342)	(350)
Fair value through income securities purchased	(1,846,742)	(398,181)
Proceeds on disposal of fair value through income securities	28,928	280,941
Available-for-sale securities purchased	(6,571,733)	(2,792,536)
Proceeds on disposal of available-for-sale securities	15,864	93,034
Decrease in loans to policyholders	346,857	369,136
Additions to investment property	(209,728)	(188,870)
Net change in mortgage and commercial loans	1,439,203	2,881,044
Interest received	6,354,231	6,037,476
Dividends received	424,088	476,582
Additions to property and equipment	<u>(398,262)</u>	<u>(559,328)</u>
Net cash (used in)/provided by investing activities	<u>(5,378,379)</u>	<u>15,708,203</u>
<b>Cash flows used in financing activities:</b>		
Dividends to ordinary shareholders	-	(2,959,985)
Dividends to preference shareholders	<u>(468,750)</u>	<u>(489,300)</u>
Net cash used in financing activities	<u>(468,750)</u>	<u>(3,449,285)</u>
Net (decrease)/increase in cash and cash equivalents	(1,654,546)	16,752,903
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)	<b><u>\$ 43,677,092</u></b>	<b><u>\$ 49,674,775</u></b>

(Concluded)

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



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

For the period ended March 31, 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 was acquired by the Company in December 2011 and 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 March 31, 2013, approximately 58.2% of the Company's issued ordinary shares were owned by A.F. Holdings Ltd. and 41.8% 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 March 31, 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:

	March 31, 2013	March 31, 2012
Term deposits	\$ 43,426,636	\$ 32,351,058
Less: Deposits with original maturities of greater than 90 days	<u>(15,337,414)</u>	<u>(1,056,490)</u>
Short-term deposits	28,089,222	31,294,568
Cash and demand balances	20,243,493	19,407,122
Less: Restricted cash balances	(67,967)	(1,005,597)
Less: Bank overdraft	<u>(4,587,656)</u>	<u>(21,318)</u>
Total cash and cash equivalents	<u>\$ 43,677,092</u>	<u>\$ 49,674,775</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.

	3 Months Ended March 31, 2013	3 Months Ended March 31, 2012
Net income attributable to equity shareholders	<u>\$ 3,233,847</u>	<u>\$ 2,206,847</u>
Net income attributable to ordinary shareholders	<u>\$ 2,765,097</u>	<u>\$ 1,717,547</u>
Weighted average number of ordinary shares outstanding	<u>24,669,631</u>	<u>24,666,545</u>
Basic earnings per ordinary share	<u>\$ 0.11</u>	<u>\$ 0.07</u>

**5. Other Subsequent Events**

The Board of Directors, by resolution dated February 21, 2013, authorized the payment of preference share dividends for the Class "A" Preference Shareholders of the Company for the quarter ended June 30, 2013 for all Class "A" Preference Shareholders of record on June 30, 2013.

The Board further approved a dividend to ordinary shareholders of \$0.14 per share on all issued and outstanding ordinary shares of record on April 30, 2013.