

**Condensed Unaudited Consolidated Interim Financial Statements of  
Colina Holdings Bahamas Limited  
Three Months Ended March 31, 2014  
UNAUDITED**

## Message from the Chairman

Dear Shareholders,

I am pleased to report solid results for the first quarter ended March 31, 2014.

Total net income for the three months ended March 31, 2014 totalled \$4.3 million, compared with \$3.6 million during the same period in the prior year. Similarly, net income attributable to the Company's ordinary shareholders increased by \$0.7 million to \$3.5 million or \$0.14 per ordinary share, compared to \$2.8 million or \$0.11 per ordinary share for the same period in the prior year.

Total equity remains strong at \$147.6 million at March 31, 2014 and is net of a \$3.9 million ordinary dividend issued in the first quarter in respect of fiscal 2013.

Total gross premium revenues during the first quarter of 2014 totalled \$34.4 million compared to \$33.4 million for the three months ended March 31, 2013. Gross policyholder benefits remained consistent with prior year experience, however, the impact of such claims on expenses were reduced as a result of our reinsurance arrangements.

Total assets have increased to \$620.3 million as at March 31, 2014 compared to \$605.5 million as at December 31, 2013. Invested assets remain a significant proportion of the asset base, comprising 85.8% of total assets.

Colina remains committed to continue our growth in our core businesses while pursuing sound investment and operational efficiency initiatives to increase value for our customers and shareholders.



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Terence Hilts  
Chairman

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

As at March 31, 2014 with comparative figures as at December 31, 2013  
(Expressed in Bahamian dollars)

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>ASSETS</b>		
Term deposits	\$ 50,756,249	\$ 31,784,777
Investment securities	295,156,763	289,400,060
Mortgages and commercial loans	53,162,927	54,771,731
Policy loans	68,168,365	67,145,774
Investment properties	54,999,161	54,998,301
Investment in associates	<u>10,021,372</u>	<u>9,782,328</u>
Total invested assets	532,264,837	507,882,971
Cash and demand balances	15,509,950	29,933,030
Receivables and other assets	34,210,827	28,959,718
Property and equipment	19,608,247	19,871,616
Goodwill	18,391,916	18,391,916
Other intangible assets	<u>311,145</u>	<u>422,514</u>
<b>Total assets</b>	<b><u>\$ 620,296,922</u></b>	<b><u>\$ 605,461,765</u></b>
<b>LIABILITIES</b>		
Provision for future policy benefits	\$ 357,520,620	\$ 352,911,498
Policy dividends on deposit	<u>27,966,923</u>	<u>28,209,136</u>
Total policy liabilities	385,487,543	381,120,634
Other liabilities	<u>87,242,643</u>	<u>75,286,788</u>
<b>Total liabilities</b>	<u>472,730,186</u>	<u>456,407,422</u>
<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	8,854,207	9,287,941
Retained earnings	<u>51,147,640</u>	<u>51,619,384</u>
Total ordinary shareholders' equity	90,641,210	91,546,688
Preference shares	<u>40,500,000</u>	<u>40,500,000</u>
Total shareholders' equity	131,141,210	132,046,688
Non-controlling interests	<u>16,425,526</u>	<u>17,007,655</u>
<b>Total equity</b>	<u>147,566,736</u>	<u>149,054,343</u>
<b>Total liabilities and equity</b>	<b><u>\$ 620,296,922</u></b>	<b><u>\$ 605,461,765</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, 2014  
with comparative figures for the three months ended March 31, 2013  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2014</b>	<b>3 Months Ended March 31, 2013</b>
<b>Revenues:</b>		
Premium revenue	\$ 34,393,949	\$ 33,351,440
Less: Reinsurance premiums	<u>2,865,731</u>	<u>2,926,529</u>
Net premium revenue	31,528,218	30,424,911
Net investment income	6,421,874	7,986,780
Share of net gain/(loss) of associates	239,044	(119,982)
Net commission income	795,169	699,642
Investment management and other fees	2,616,359	1,429,653
Other income/(expense)	<u>348,828</u>	<u>(96,051)</u>
Total revenues	<u>41,949,492</u>	<u>40,324,953</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	23,676,540	23,879,460
Less: Reinsurance recoveries	<u>3,588,871</u>	<u>2,085,000</u>
Net policyholders' benefits	20,087,669	21,794,460
Changes in provision for future policy benefits	4,609,122	2,645,573
General and administrative expenses	8,967,374	8,253,777
Commissions	2,623,428	2,737,765
Premium and other tax expense	896,533	884,193
Finance costs	117,768	146,382
Other expenses	<u>301,228</u>	<u>298,369</u>
Total benefits and expenses	<u>37,603,122</u>	<u>36,760,519</u>
<b>Net income for the period:</b>	<b><u>\$ 4,346,370</u></b>	<b><u>\$ 3,564,434</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 4,114,610	\$ 3,233,847
Non-controlling interests	<u>231,760</u>	<u>330,587</u>
<b>Net income for the period</b>	<b><u>\$ 4,346,370</u></b>	<b><u>\$ 3,564,434</u></b>
<b>Basic earnings per ordinary share (Note 4)</b>	<b><u>\$ 0.14</u></b>	<b><u>\$ 0.11</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, 2014  
with comparative figures for the three months ended March 31, 2013  
(Expressed in Bahamian dollars)

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	<b>3 Months Ended March 31, 2014</b>	<b>3 Months Ended March 31, 2013</b>
<b>Net income for the period</b>	\$ 4,346,370	\$ 3,564,434
<b>Other comprehensive income:</b>		
Change in available-for-sale financial assets	(351,734)	2,604
<b>Total comprehensive income for the period</b>	<b><u>\$ 3,994,636</u></b>	<b><u>\$ 3,567,038</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	\$ 3,762,876	\$ 3,236,451
Non-controlling interests	231,760	330,587
<b>Total comprehensive income for the period</b>	<b><u>\$ 3,994,636</u></b>	<b><u>\$ 3,567,038</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, 2014  
with comparative figures for the three months ended March 31, 2013  
(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, 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 dividend	-	-	-	-	-	(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>
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 loss on remeasurement of available-for-sale securities to fair value	-	-	-	(351,734)	-	-	-	(351,734)
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	(82,000)	-	-	-	(82,000)
Net income for the period	-	-	-	-	-	4,114,610	231,760	4,346,370
Changes in non-controlling interests	-	-	-	-	-	-	(813,889)	(813,889)
Ordinary share dividend (Note 5)	-	-	-	-	-	(3,953,541)	-	(3,953,541)
Preference share dividend	-	-	-	-	-	(632,813)	-	(632,813)
Balance, March 31, 2014	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 8,854,207</u>	<u>\$ 40,500,000</u>	<u>\$ 51,147,640</u>	<u>\$ 16,425,526</u>	<u>\$ 147,566,736</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, 2014  
with comparative figures for the three months ended March 31, 2013  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2014</b>	<b>3 Months Ended March 31, 2013</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 4,346,370	\$ 3,564,434
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss/(gain) on fair value through income securities	1,167,594	(658,864)
Change in provision for future policy benefits	4,609,122	2,645,573
Changes in loss provisions for loans and receivables	222,762	(339,116)
Depreciation and amortization charges	773,000	572,579
Net realized gain on fair value through income securities	(151,039)	-
Net realized loss on sale of available-for-sale securities	50,164	-
Interest income	(7,434,832)	(5,973,166)
Dividend income	(676,127)	(424,088)
Operating cash flows before changes in operating assets and liabilities	<u>2,907,014</u>	<u>(612,648)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in other assets	(5,368,559)	11,572,072
Decrease/(increase) in other liabilities	<u>9,787,907</u>	<u>(6,766,841)</u>
Net cash provided by operating activities	<u>7,326,362</u>	<u>4,192,583</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, 2014  
with comparative figures for the three months ended March 31, 2013  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2014</b>	<b>3 Months Ended March 31, 2013</b>
<b>Cash flows from investing activities:</b>		
Changes in non-controlling interests	(813,889)	660,750
Increase in term deposits with original maturities greater than 90 days	(11,748,131)	(5,560,493)
Increase in restricted cash	-	(61,342)
Fair value through income securities purchased	(4,948,435)	(1,846,742)
Proceeds on disposal of fair value through income securities	1,099,602	28,928
Available-for-sale securities purchased	(4,636,061)	(6,571,733)
Proceeds on disposal of available-for-sale securities	1,227,739	15,864
(Increase)/decrease in loans to policyholders	(928,791)	346,857
Additions to investment property	(860)	(209,728)
Net change in mortgage and commercial loans	1,507,062	1,439,203
Interest received	7,098,417	6,354,231
Dividends received	676,127	424,088
Additions to property and equipment	(398,262)	(398,262)
Net cash used in investing activities	<u>(11,865,482)</u>	<u>(5,378,379)</u>
<b>Cash flows used in financing activities:</b>		
Dividend to ordinary shareholders	(3,953,541)	-
Dividend to preference shareholders	(632,813)	(468,750)
Net cash used in financing activities	<u>(4,586,354)</u>	<u>(468,750)</u>
Net decrease in cash and cash equivalents	(9,125,474)	(1,654,546)
Cash and cash equivalents, beginning of period	<u>39,808,922</u>	<u>45,331,638</u>
Cash and cash equivalents, end of period (Note 3)	<u><b>\$ 30,683,448</b></u>	<u><b>\$ 43,677,092</b></u>

(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, 2014  
(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 March 31, 2014 approximately 58.1% (2013: 58.2%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2012: 41.8%) 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 March 31, 2014  
(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>March 31, 2014</b>	<b>March 31, 2013</b>
Term deposits	\$ 50,756,249	\$ 43,426,636
Less: Deposits with original maturities of greater than 90 days	<u>(32,844,740)</u>	<u>(15,337,414)</u>
Short-term deposits	17,911,509	28,089,222
Cash and demand balances	15,509,950	20,243,493
Less: Restricted cash balances	-	(67,967)
Less: Bank overdraft	<u>(2,738,011)</u>	<u>(4,587,656)</u>
Total cash and cash equivalents	<u>\$ 30,683,448</u>	<u>\$ 43,677,092</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>3 Months Ended March 31, 2014</b>	<b>3 Months Ended March 31, 2013</b>
Net income attributable to equity shareholders	<u>\$ 4,114,610</u>	<u>\$ 3,233,847</u>
Net income attributable to ordinary shareholders	<u>\$ 3,481,797</u>	<u>\$ 2,765,097</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,669,631</u>
Basic earnings per ordinary share	<u>\$ 0.14</u>	<u>\$ 0.11</u>

**5. Other Subsequent Events**

*Dividend declared for Ordinary Shareholders*

The Board of Directors, by resolution dated February 25, 2014, approved a dividend to ordinary shareholders of \$0.16 per share on all issued and outstanding ordinary shares of record on April 4, 2014.

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

For the period ended March 31, 2014  
(Expressed in Bahamian dollars)

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**6. Corresponding Figures**

The following corresponding figures have been reclassified to facilitate a more comparative basis of the financial statements based on current year presentation:

*Share of net gain of associates*

Loss from investment in associates totaling (\$119,982) was reclassified from net investment income to share of net gain/(loss) of associate on the consolidated statement of operations.

*Net commission income*

Net commission income totaling \$699,642 was reclassified from other income and fees to net commission income on the consolidated statement of operations.

*Other income and fees*

Other income and fees totaling \$1,429,653 was reclassified from other income and fees to investment management and other fees.