CONSOLIDATED HCI HOLDINGS CORPORATION

Second QUARTER REPORT

2 For The Six Months Ended March 31, 2019

Consolidated HCI Holdings Corporation

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51 – 102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Consolidated HCI Holdings Corporation (the "Company") for the six months ended March 31, 2019 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CONSOLIDATED HCI HOLDINGS CORPORATION

INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands of Canadian dollars)

	March 31 2019	September 30 2018
ASSETS		
Current assets		
Cash	**$ 128**	$ 875
Income taxes recoverable	**85**	258
Amount receivable	**58**	–
Other	**23**	23
Total assets	**$ 294**	$ 1,156
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 29**	$ 40
SHAREHOLDERS' EQUITY		
Capital stock	**35,890**	35,890
Deficit	**(35,625)**	(34,774)
Total shareholders' equity	**265**	1,116
Total liabilities and shareholders' equity	**$ 294**	$ 1,156

Contingencies and commitments (note 9)

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

CONSOLIDATED HCI HOLDINGS CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited, in thousands of Canadian dollars)

	Capital stock	Deficit	Total equity
Balance – October 1, 2018	**$ 35,890**	**$ (34,774)**	**$ 1,116**
Net loss for the period	**–**	**(234)**	**(234)**
Dividend paid (note 8)	**–**	**(617)**	**(617)**
Balance – March 31, 2019	**$ 35,890**	**$ (35,625)**	**$ 265**

	Capital stock	Deficit	Total equity
Balance – October 1, 2017	$ 35,890	$ (29,816)	$ 6,074
Net loss for the period	–	(204)	(204)
Balance – March 31, 2018	$ 35,890	$ (30,020)	$ 5,870

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

CONSOLIDATED HCI HOLDINGS CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(unaudited, in thousands of Canadian dollars, except share and per share amounts)

	Three months ended		Six months ended	
	March 31 2019	March 31 2018	**March 31 2019**	March 31 2018
Income (expenses)				
Interest and other income	**$ 2**	$ 18	**$ 5**	37
General and administrative expenses	**(192)**	(213)	**(353)**	(448)
Recovery of prior year land cost of sale	**29**	–	**29**	–
Foreign exchange gain	**–**	86	**–**	110
Loss before income taxes	**(161)**	(109)	**(319)**	(301)
Recovery of income taxes	**43**	39	**85**	97
Net loss and comprehensive loss for the period	**$ (118)**	(70)	**(234)**	(204)
Basic and diluted loss per share	**$ (0.006)**	0.003	**$ (0.011)**	(0.010)
Weighted average number of shares outstanding	**20,575,866**	20,575,866	**20,575,866**	20,575,866

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

CONSOLIDATED HCI HOLDINGS CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands of Canadian dollars)

	Six months ended **March 31 2019**	Six months ended March 31 2018
Cash provided by (used in)		
OPERATING ACTIVITIES		
Net loss for the period	**$ (234)**	$ (204)
Changes in non-cash operating balances		
Amount receivable	**(58)**	–
Accounts payable and accrued liabilities	**(11)**	(839)
Income taxes recoverable	**173**	(1,066)
Other	**–**	9
	(130)	(2,100)
FINANCING ACTIVITIES		
Dividend paid (note 8)	**(617)**	–
Decrease in cash and cash equivalents during the period	**(747)**	(2,100)
Cash and cash equivalents, beginning of the period	**875**	7,744
Cash and cash equivalents, end of the period	**$ 128**	$ 5,644
SUPPLEMENTARY INFORMATION		
Income taxes recovered (paid)	**$ 258**	$ (969)

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

1. Description of Business

Consolidated HCI Holdings Corporation (the "Company") is an Ontario-based publicly traded company which, effective September 21, 2017, commenced trading on the NEX under the trading symbol CXA.H. The NEX is a separate board of the TSX Venture Exchange ("TSX-V") for issuers previously listed on the Toronto Stock Exchange or TSX-V but which no longer maintain compliance with the ongoing financial listing standards of those markets.

Management and the Board of Directors are considering options as to the Company's future given that as of June 30, 2017, as previously reported, the Company had discontinued and divested substantially all of its operations, and had ceased to be actively engaged in any ongoing business.

The address of the Company's registered office is 40 King Street West, Suite 2100, Toronto, Ontario.

The Board of Directors approved the consolidated financial statements on April 30, 2019.

2. Basis of Preparation and Statement Compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim consolidated financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The policies applied in these interim consolidated financial statements are based on IFRS policies effective as of March 31, 2019.

These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2018.

3. Accounting Standards

Accounting Standards Effective in the Current Year

The Company's adoption of the following new standards and amendments to existing standards, which were effective in the current year, had no material impact on its consolidated financial statements.

IFRS 7 – Financial Instruments: Disclosures

This standard has been amended to enhance disclosures relating to the transition from IAS 39 to IFRS 9, Financial Instruments ("IFRS 9").

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 specifies how and when revenue should be recognized, in addition to requiring more informative and relevant disclosures. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. This standard supersedes IAS 18, "Revenue," IAS 11, "Construction Contracts," and a number of revenue related interpretations.

New Accounting Standards

The following new standards and amendments to existing standards apply to annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company does not expect these changes to have a material impact on its consolidated financial statements.

IFRS 16 – Leases

IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

4. Income Taxes

The income tax recovery for the six months ended March 31, 2019 is $85 (March 31, 2018 – $97). The income tax recovery was computed by applying the average statutory Canadian federal and provincial income tax rates to losses before the income tax recoveries. Such losses are available for carry-back to a prior year.

5. Capital Stock

Authorized
Unlimited Class B, voting shares, without par value

Details of issued capital stock, unchanged since October 1, 2017, are as follows:

	Number of shares	Amount
Balance, March 31, 2019 and March 31, 2018	**20,575,866**	**$ 35,890**

6. Financial Instruments

Fair Values

The fair values of cash, amount receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities.

Foreign Currency Risk

Foreign currency risk is the financial exposure to unanticipated changes in the exchange rate between two currencies. The Company was exposed to foreign currency risk with respect to US $5,246 included in cash at March 31, 2018. At March 31, 2019, the Company is not exposed to any foreign currency risk.

Liquidity Risk

Liquidity risk is managed by maintaining cash in excess of projected needs. At March 31, 2019, the Company is not subject to any material liquidity risk.

The Company's contractual obligations, which are its accounts payable and accrued liabilities, are expected to be repaid within twelve months.

Capital Risk Management

The Company's capital consists of its shareholders' equity. It is not subject to any externally imposed capital requirements.

While management and the Board of Directors consider options as to the Company's future, the Company's objective is to preserve capital and retain adequate liquidity to provide cash for the Company's needs.

7. Related Party Transactions

The following is a summary of the Company's related party relationships:

- certain shareholders, and certain shareholders who are officers and directors or parties related to them, were also participants in all of the house building co-tenancies until their wind up on June 30, 2018;
- the Company is managed by two shareholders who are also officers and directors under a management agreement, and;
- a shareholder who is also a director is associated with a law firm that provides legal services to the Company and, until their wind up on June 30, 2018, its house building co-tenancies.

Related party transactions are recorded at the amount of consideration agreed to by the parties.

Transactions with related parties during the period were as follows:

	Six months ended **March 31 2019**	Six months ended March 31 2018
Management fee expense	**$ 125**	$ 125

8. Dividend Paid

On February 11, 2019, the Company declared a special dividend of $0.03 per Class B share payable to shareholders of record at the close of business on February 25, 2019. The dividend totalling $617 was paid on March 5, 2019.

9. Contingencies and Commitments

The Company, from time to time, may be subject to legal proceedings being brought against it and its subsidiaries which could have a material adverse effect on the Company's consolidated financial position or financial performance. Management is not aware of any such proceedings against the Company.

MANAGEMENT'S DISCUSSION and ANALYSIS

As at April 30, 2019

OVERVIEW

Consolidated HCI Holdings Corporation (the "Company") is an Ontario-based publicly traded company which, effective September 21, 2017, commenced trading on the NEX under the trading symbol CXA.H. The NEX is a separate board of the TSX Venture Exchange ("TSX-V") for issuers previously listed on the Toronto Stock Exchange or TSX-V but which no longer maintain compliance with the ongoing financial listing standards of those markets.

The following management's discussion and analysis ("MD&A") of the financial condition of the Company and its financial performance for the six-month periods ended March 31, 2019 and 2018 are the views of management and should be read in conjunction with the consolidated financial statements including the related notes in the 2018 and 2017 audited consolidated financial statements. Amounts presented in this MD&A, except per share amounts, are in thousands of Canadian dollars.

The information included in this MD&A, including the 2018 comparative information, has been prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise noted.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A, and has in place information systems, procedures and controls to ensure information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company, and have reviewed and approved this MD&A and the consolidated financial statements as at March 31, 2019 and 2018.

CONTROLS AND PROCEDURES

As at March 31, 2019, the Chief Executive Officer and the Chief Financial Officer ("certifying officers") of the Company have designed disclosure controls and procedures ("DC&P") to provide reasonable assurance that information required to be disclosed in its various reports is recorded, processed, summarized and reported accurately and have designed internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its consolidated financial statements for external purposes in accordance with IFRS. All internal controls over financial reporting are completed by the Chief Financial Officer and reviewed by the Chief Executive Officer or the Vice-President.

The certifying officers have evaluated the design and operating effectiveness of the Company's DC&P and ICFR for the six-month period ended March 31, 2019 and have concluded that such DC&P and ICFR were appropriately designed and were operating effectively.

The certifying officers have determined there were no changes in the Company's ICFR that occurred during the six-month period ended March 31, 2019 that have significantly affected, or are reasonably likely to significantly affect, the Company's ICFR.

FORWARD-LOOKING STATEMENTS

In various places in the MD&A, there are forward-looking statements reflecting management's current expectations regarding future economic conditions, results of operations, financial performance and other matters affecting the Company. Forward-looking statements include information regarding possible or assumed future results or transactions as well as statements preceded by, followed by, or that include the words such as "believes," "expects," "anticipates," "estimates," "intends" or similar expressions. Important factors, in addition to those discussed in this document, could affect the future results of the Company and could cause those results to differ materially from those expressed in any forward-looking statements.

REVIEW OF FINANCIAL RESULTS

Financial data presented herein is expressed in thousands of Canadian dollars and is in accordance with IFRS.

Results of Operations

Summary of operating results

(Unaudited, in thousands of Canadian dollars, except per share amounts)

	Three months ended		Six months ended	
	March 31 2019	March 31 2018	**March 31 2019**	March 31 2018
Revenue	**$ 2**	$ 18	**$ 5**	$ 37
Loss before income taxes	**$ (161)**	$ (109)	**$ (319)**	$ (301)
Recovery of income taxes	**43**	39	**85**	97
Net loss for the period	**$ (118)**	$ (70)	**$ (234)**	$ (204)
Basic and diluted loss per share	**$ (0.006)**	$ (0.003)	**$ (0.011)**	$ (0.010)

The revenue decreased in the first half of 2019 by $32 compared to the revenue recorded for the same period in 2018. All of the Company's term deposits matured in the fourth quarter of 2018 and were not reinvested. They were used to fund the dividend of $4,630 paid on September 4, 2018.

General and administrative expenses

General and administrative expenses in the first half of 2019, in aggregate, decreased by $95 over those of the corresponding period in 2018, reflective of reduced corporate activity in general.

Income taxes

The income tax recovery for the first six months of 2019 of $85 (March 31, 2018 – $97) was computed by applying the average statutory Canadian federal and provincial income tax rate of 26.5% (2018 – 26.5%) to losses before income taxes.

FINANCIAL CONDITION

	March 31 2019	September 30 2018
Cash	**$ 128**	$ 875
Income taxes recoverable	**85**	258
Amount receivable	**58**	–
Other assets	**23**	23
Total assets	**$ 294**	$ 1,156

AMOUNT RECEIVABLE

The Company recorded an amount receivable of $58, a cost-sharing recovery received in April 2019 related to a land development project completed in a prior year. The Company's 50% share of the recovery in the amount of $29 has been included in earnings for the six months ended March 31, 2019 and its co-tenants' share, in the amount of $29, has been recorded as an account payable at March 31, 2019 and was paid in April 2019.

OTHER ASSETS

The Company's remaining real estate holding consists of one serviced residential lot in Mississauga, Ontario, the last remaining lot in a subdivision developed by the Company in a previous year. This lot was previously deeded to the City of Mississauga in accordance with the subdivision agreement and would only be returned to the Company and be available to sell on the resolution of certain storm water management issues affecting the lot and non-owned adjoining lands. Management has determined that a builder has purchased the non-owned adjoining lands for development. Recent discussions with the builder regarding the builder's development plans lead management to believe that it is not possible to predict when the lot will be returned to the Company.

OUTSTANDING SHARE DATA

As at March 31, 2019, the Company's authorized capital stock consists of an unlimited number of Class B, voting shares, without par value, of which 20,575,866 shares are issued and outstanding at a stated value of $35,890, unchanged since October 1, 2017.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three months ended **March 31 2019**	March 31 2018
Cash used in:		
Operating activities	**$ (130)**	$ (2,100)
Financing activities	**(617)**	–
Decrease in cash and cash equivalents during the period	**(747)**	(2,100)
Cash and cash equivalents, beginning of the period	**875**	7,744
Cash and cash equivalents, end of the period	**$ 128**	$ 5,644

Cash decreased in the first half of 2019, primarily the result of the payment of a dividend of $617 detailed below, the payment of general and administrative expenses and the September 30, 2018 accounts payable and accrued liabilities, partially offset by an income tax refund of $258. The Company's cash is expected to provide the Company with sufficient liquidity to continue as is until Management and the Board of Directors come to a decision as to the Company's future.

TRANSACTIONS WITH RELATED PARTIES

The Company has entered into transactions with other entities in which the following individuals hold management positions as noted in the following tables:

March 31, 2019	Note	Receives management fees from the Company
Marc Muzzo	(1)	**$ 63**
Stanley Goldfarb	(2)	**$ 63**

March 31, 2018	Note	Receives management fees from the Company
Marc Muzzo	(1)	$ 63
Stanley Goldfarb	(2)	$ 63

(1) Marc Muzzo is a shareholder, director and officer of the Company who holds a management position in an entity that has provided management services to the Company as noted in the tables above.

(2) Stanley Goldfarb is a shareholder, director and officer of the Company who holds a management position in an entity that has provided management services to the Company as noted in the tables above.

In the fourth quarter of 2018, the Company moved its business office to smaller premises in an office of a company in which Stanley Goldfarb is a shareholder, director and officer at an annual rental of $3.

Employment of the Chief Financial Officer was terminated on March 31, 2018. In a month to month arrangement, commencing April 1, 2018, he was paid a fee of $15 per month as the provider of accounting, reporting and office management functions for the Company.

RISK MANAGEMENT

Foreign Currency Risk

Foreign currency risk is the financial exposure to unanticipated changes in the exchange rate between two currencies. The Company was exposed to foreign currency risk with respect to US $5,246 included in cash at March 31, 2018. At March 31, 2019, the Company is not exposed to any foreign currency risk.

Liquidity Risk

Liquidity risk is managed by maintaining cash in excess of projected needs. At March 31, 2019, the Company is not subject to any material liquidity risk.

The Company's contractual obligations, which are its accounts payable and accrued liabilities, are expected to be repaid within twelve months.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

DIVIDEND PAID

On February 11, 2019, the Company declared a special dividend of $0.03 per Class B share payable to shareholders of record at the close of business on February 25, 2019. The dividend totaling $617 was paid on March 5, 2019.

OUTLOOK

Management and the Board of Directors are considering options as to the Company's future given that as of June 30, 2017, as previously reported, the Company had discontinued and divested substantially all of its operations, and had ceased to be actively engaged in any ongoing business.

Additional information relating to the Company has been filed on SEDAR and can be found at www.sedar.com.

CORPORATE DIRECTORY

DIRECTORS

Rudolph Bratty**
President
Ruland Realty Limited

John H. Craig
Solicitor and Partner
Cassels Brock & Blackwell LLP
Barristers and Solicitors

John H. Daniels*
President
The Daniels Group Inc.

Richard Gambin*
President
Ricgam Investments Ltd.

Stanley Goldfarb
President
Logpin Investments Limited

Marc Muzzo
Director
Marel Contractors

OFFICERS

Stanley Goldfarb
President, Chief Executive Officer & Treasurer

Marc Muzzo
Vice-President

John H. Craig
Secretary

Arnold J. Resnick
Chief Financial Officer

AUDITOR

PricewaterhouseCoopers LLP

TRANSFER AGENT

Computershare Investor Services Inc.

SOLICITORS

Cassels Brock & Blackwell LLP

REGISTERED OFFICES

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STOCK EXCHANGE LISTING

TSX Venture Exchange – NEX
Symbol: CXA.H

* Audit Committee
** Chairman of the Board and the Audit Committee

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