

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Nine Months Ended September 30, 2010
UNAUDITED**

Message from the Chairman

Dear Shareholders,

I am pleased to report that our strategies to improve the Company's financial strength and to enhance shareholder value in a subdued economic climate continued to generate positive results for the Company. In the nine months ended September 30, 2010, we experienced steady growth in net income and earnings per share and solid momentum in investment performance.

Net income attributable to ordinary shareholders for the nine months ended September 30, 2010 rose by \$4.4 million to \$11.4 million or \$0.46 per ordinary share, compared to \$7.1 million or \$0.29 per ordinary share for the same period in the prior year.

Gross premium revenues for the nine-month period were higher for the period save for the effects of a one-time sale of a single premium annuity contract during 2009.

Our investment assets yielded \$24.6 million in net investment income compared to \$16.8 million in the prior year due to improved returns on a larger invested asset base. General and administrative expenses, while up \$4.2 million, reflected expenditures related to improving benefits for our staff and operational expenditure to enhance policyholder services.

Our high quality investments and disciplined execution of our strategies have fortified the Company's balance sheet. Total assets exceed \$520 million with invested assets comprising over 82.0% of the total. Total equity has increased a further 10.9% from \$103.3 million as at December 31, 2009 to \$114.5 million.

As the industry leader, we are proud of our performance in what remains a challenging economic environment. Our ability to consistently produce strong financial and operational results reflects the quality and dedication of our employees and management, and the steadfast support of our shareholders. We are optimistic about the future as we implement customer service initiatives and product innovations that will enhance shareholder and policyholder value to enable us to close the year in a solid financial position and drive long-term revenue growth.



Terence Hillts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Statement of Financial Position

As at September 30, 2010 with comparative figures as at December 31, 2009
(Expressed in Bahamian dollars)

	September 30, 2010	December 31, 2009
ASSETS		
Term deposits	\$ 15,355,852	\$ 12,147,223
Investment securities	200,506,228	188,514,129
Mortgages and commercial loans	74,307,147	76,859,904
Policy loans	69,708,482	71,742,995
Investment properties	55,599,109	52,726,442
Investment in associates	<u>11,496,816</u>	<u>11,312,539</u>
Total invested assets	428,973,634	413,303,232
Cash and demand balances	15,266,446	12,821,425
Receivables and other assets	45,601,047	40,169,949
Property and equipment	20,193,143	20,937,852
Goodwill	11,034,383	11,034,383
Other intangible assets	<u>1,410,891</u>	<u>266,885</u>
Total assets	\$ 520,479,544	\$ 498,533,726
LIABILITIES		
Provision for future policy benefits	\$ 313,051,954	\$ 304,728,304
Policy dividends on deposit	<u>31,334,538</u>	<u>32,328,725</u>
Total policy liabilities	344,386,492	337,057,029
Bank loan	-	2,903,766
Third party pension liabilities	25,340,195	24,515,826
Other liabilities	<u>36,210,312</u>	<u>30,794,107</u>
Total liabilities	405,936,999	395,270,818
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(331,614)	(81,615)
Share premium	6,960,299	6,960,299
Revaluation reserve	5,722,366	5,567,530
Retained earnings	<u>41,731,168</u>	<u>34,106,176</u>
Total ordinary shareholders' equity	77,811,820	70,281,003
Preference shares	<u>26,027,000</u>	<u>20,000,000</u>
Total shareholders' equity	103,838,820	90,281,003
Non-controlling interests	<u>10,703,725</u>	<u>12,981,805</u>
Total equity	114,542,545	103,262,808
Total liabilities and equity	\$ 520,479,544	\$ 498,533,726

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

GOLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

For the nine months ended September 30, 2010 with comparative figures for the nine months ended September 30, 2009
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2010	9 Months Ended September 30, 2009
Revenues:		
Premium revenue	\$ 93,529,765	\$ 96,171,518
Less: Reinsurance premiums	<u>9,468,276</u>	<u>11,956,207</u>
Net premium revenue	84,061,489	84,215,311
Net investment income	24,589,841	16,758,888
Other Income	<u>3,838,371</u>	<u>3,955,638</u>
Total revenues	<u>112,489,701</u>	<u>104,929,837</u>
Benefits and expenses:		
Policyholders' benefits	64,427,507	63,465,253
Less: Reinsurance recoveries	<u>8,879,324</u>	<u>6,293,001</u>
Net policyholders' benefits	55,548,183	57,172,252
Changes in provision for future policy benefits	7,458,986	6,926,373
General and administrative expenses	22,373,781	18,132,102
Commissions	8,626,697	9,723,372
Premium and other tax expense	3,479,155	3,115,124
Finance costs	40,759	409,001
Other expenses	<u>1,524,249</u>	<u>861,130</u>
Total benefits and expenses	<u>99,051,810</u>	<u>96,339,354</u>
Net income for the period:	\$ 13,437,891	\$ 8,590,483
Net income attributable to:		
Equity shareholders of the Company	\$ 12,597,916	\$ 8,137,614
Non-controlling interests	<u>839,975</u>	<u>452,869</u>
Net income for the period	\$ 13,437,891	\$ 8,590,483
Basic earnings per ordinary share (Note 4)	\$ 0.46	\$ 0.29

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

For the three months ended September 30, 2010 with comparative figures for the three months ended September 30, 2009
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2010	3 Months Ended September 30, 2009
Revenues:		
Premium revenue	\$ 31,326,092	\$ 30,704,221
Less: Reinsurance premiums	<u>3,093,188</u>	<u>3,943,690</u>
Net premium revenue	28,232,904	26,760,531
Net Investment Income	8,236,887	5,810,980
Other Income	<u>1,164,938</u>	<u>1,356,144</u>
Total revenues	<u>37,634,729</u>	<u>33,927,655</u>
Benefits and expenses:		
Policyholders' benefits	23,321,340	16,156,063
Less: Reinsurance recoveries	<u>3,806,966</u>	<u>626,099</u>
Net policyholders' benefits	19,514,374	15,529,964
Changes in provision for future policy benefits	3,470,090	2,061,716
General and administrative expenses	7,923,589	6,226,925
Commissions	2,657,405	3,234,365
Premium and other tax expense	992,079	1,047,034
Finance costs	4,487	299,129
Other expenses	<u>516,874</u>	<u>238,626</u>
Total benefits and expenses	<u>35,078,898</u>	<u>28,637,759</u>
Net income for the period:	\$ 2,555,831	\$ 5,289,896
Net income attributable to:		
Equity shareholders of the Company	\$ 2,231,303	\$ 5,105,921
Non-controlling Interests	<u>324,528</u>	<u>183,975</u>
Net Income for the period	\$ 2,555,831	\$ 5,289,896
Basic earnings per ordinary share (Note 4)	\$ 0.07	\$ 0.19

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Comprehensive Income

For the nine months ended September 30, 2010 with comparative figures for the nine months ended September 30, 2009
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2010	9 Months Ended September 30, 2009
Net income for the period	\$ 13,437,891	\$ 8,590,483
Other comprehensive income:		
Change in available-for-sale financial assets	154,995	(1,764,773)
Total comprehensive income for the period	<u>\$ 13,592,886</u>	<u>\$ 6,825,710</u>
Attributable to:		
Equity shareholders of the Company	12,750,104	6,368,261
Non-controlling interests	842,782	457,449
Total comprehensive income for the period	<u>\$ 13,592,886</u>	<u>\$ 6,825,710</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 nine months ended September 30, 2010 with comparative figures for the nine months ended September 30, 2009
 (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, 2009	\$ 24,729,613	\$ -	\$ 5,960,299	\$ 7,462,729	\$ 20,000,000	\$ 24,274,927	\$ 8,265,830	\$ 90,611,783
Transfers from revaluation reserve available-for-sale securities to fair value	-	-	-	(317,564)	-	317,564	-	-
Net loss on remeasurement of available-for-sale securities	-	-	-	(1,764,773)	-	-	-	(1,764,773)
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	-	(662,996)	-	-	-	(662,996)
Changes in non-controlling interests	-	-	-	-	-	2,451,615	-	2,451,615
Net income for the period	-	-	-	-	-	8,137,614	452,869	8,590,483
Distributions by subsidiaries	-	-	-	-	-	(115,350)	-	(115,350)
Ordinary share dividends	-	-	-	-	-	(1,483,777)	-	(1,483,777)
Preference share dividends	-	-	-	-	-	(1,062,500)	-	(1,062,500)
Balance, September 30, 2009	\$ 24,729,613	\$ (81,615)	\$ 5,960,299	\$ 4,717,406	\$ 20,000,000	\$ 30,183,818	\$ 8,848,964	\$ 94,338,485
Balance, January 1, 2010	\$ 24,729,613	\$ -	\$ 5,960,299	\$ 5,667,630	\$ 20,000,000	\$ 34,105,176	\$ 12,981,905	\$ 103,282,908
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	154,995	-	-	-	154,995
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	-	(159)	-	-	-	(159)
Changes in non-controlling interests	-	-	-	-	-	(2,917,455)	839,975	(2,917,455)
Net income for the period	-	-	-	-	-	12,587,916	-	13,437,291
Increase in treasury shares	-	-	(249,969)	-	-	(105,000)	-	(249,969)
Issuance of preference share capital	-	-	-	-	6,027,000	-	-	6,027,000
Distributions by subsidiaries	-	-	-	-	-	(3,709,442)	(200,700)	(3,909,142)
Ordinary share dividends	-	-	-	-	-	(1,157,494)	-	(1,157,494)
Preference share dividends	-	-	-	-	-	-	-	-
Balance, September 30, 2010	\$ 24,729,613	\$ (631,614)	\$ 5,960,299	\$ 5,722,365	\$ 26,027,000	\$ 41,731,156	\$ 10,703,725	\$ 114,542,545

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the nine months ended September 30, 2010 with comparative figures for the nine months ended September 30, 2009
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2010	9 Months Ended September 30, 2009
Cash flows from operating activities:		
Net Income	\$ 13,437,891	\$ 8,590,483
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized (gain)/loss on fair value through income securities	(737,955)	1,532,801
Increase in provision for future policy benefits	8,323,650	8,991,825
Changes in loss provisions for loans and receivables	(1,142,587)	(1,268,625)
Depreciation and amortization charges	1,718,168	1,707,175
Net realized loss on fair value through income securities	78,486	33,279
Net realized loss/(gain) on sale of available-for-sale securities	1,341	(662,996)
Interest income	(18,872,032)	(15,117,938)
Dividend income	(1,010,960)	(776,729)
Fair value gains on investment properties	(1,029,407)	(37,442)
Finance costs	40,759	409,001
Operating cash flows before changes in operating assets and liabilities	<u>807,354</u>	<u>3,400,834</u>
Changes in operating assets and liabilities:		
Increase in other assets	(8,095,610)	(14,812,842)
(Decrease)/increase in other liabilities	<u>(378,227)</u>	<u>3,297,855</u>
Net cash used in operating activities	<u>(7,666,483)</u>	<u>(8,114,153)</u>

(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 nine months ended September 30, 2010 with comparative figures for the nine months ended September 30, 2009
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2010	9 Months Ended September 30, 2009
Cash flows from investing activities:		
Decrease in term deposits with original maturities greater than 90 days	1,312,293	3,038,815
Decrease/(increase) in restricted cash	394,718	(1,285)
Fair value through income securities purchased	(16,371,569)	(9,284,445)
Proceeds on disposal of fair value through income securities	9,925,838	4,659,351
Available-for-sale securities purchased	(11,620,781)	(23,445,247)
Proceeds on disposal of available-for-sale securities	6,887,377	22,853,713
Acquisition of treasury shares	(249,999)	-
Decrease in loans to policyholders	1,918,145	3,164,507
Additions to investment property	(1,843,260)	-
Net decrease/(increase) in mortgage and commercial loans	3,394,651	(6,149,972)
Interest received	21,769,328	14,543,664
Dividends received	1,010,960	776,729
Proceeds on disposal of property and equipment, net	-	400
Additions to property and equipment	(395,778)	(1,172,761)
Additions to other intangible assets	(1,721,687)	-
Net cash provided by investing activities	<u>14,410,236</u>	<u>8,983,469</u>
Cash flows used in financing activities:		
Issuance of preference share capital	5,922,000	-
Distributions by subsidiaries	(200,700)	(115,350)
Interest paid on guaranteed investment & other contracts	(2,238)	(14,010)
Payment of bank loan interest	(38,521)	(394,991)
Dividends paid to ordinary shareholders	(3,709,442)	(1,483,777)
Dividends paid to preference shareholders	(1,157,494)	(1,062,500)
Repayment of bank loan principal	(2,903,756)	(678,923)
Net cash used in financing activities	<u>(2,090,151)</u>	<u>(3,749,551)</u>
Net increase/(decrease) in cash and cash equivalents	4,653,602	(2,880,235)
Cash and cash equivalents, beginning of period	20,510,737	19,904,768
Cash and cash equivalents, end of period (Note 3)	<u>\$ 25,164,339</u>	<u>\$ 17,024,533</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 September 30, 2010
(Expressed in Bahamian dollars)

1. General Information

Collina 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 Collina Insurance Limited ("Collina"), a wholly-owned 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.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At September 30, 2010, approximately 58.1% of the Company's issued ordinary shares were owned by A.F. Holdings Ltd. and 41.9% 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-3013, 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.

3. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	September 30, 2010	September 30, 2009
Term deposits	\$ 15,355,852	\$ 13,979,338
Less: Deposits with original maturities of greater than 90 days	<u>(2,208,499)</u>	<u>(3,341,479)</u>
Short-term deposits	13,147,353	10,637,859
Cash and demand balances	15,266,446	8,454,391
Less: Restricted cash balances	(350,908)	(745,285)
Less: Bank overdraft	<u>(2,898,552)</u>	<u>(1,322,452)</u>
Total cash and cash equivalents	<u>\$ 25,164,339</u>	<u>\$ 17,024,533</u>

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

For the period ended September 30, 2010
(Expressed in Bahamian dollars)

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.

	9 Months Ended September 30, 2010	9 Months Ended September 30, 2009
Net income attributable to equity shareholders	<u>\$ 12,597,916</u>	<u>\$ 8,137,014</u>
Net income attributable to ordinary shareholders	<u>\$ 11,440,422</u>	<u>\$ 7,075,114</u>
Weighted average number of ordinary shares outstanding	<u>24,678,848</u>	<u>24,701,070</u>
Basic earnings per ordinary share	<u>\$ 0.46</u>	<u>\$ 0.29</u>

	3 Months Ended September 30, 2010	3 Months Ended September 30, 2009
Net income attributable to equity shareholders	<u>\$ 2,231,303</u>	<u>\$ 5,105,921</u>
Net income attributable to ordinary shareholders	<u>\$ 1,807,865</u>	<u>\$ 4,755,921</u>
Weighted average number of ordinary shares outstanding	<u>24,634,403</u>	<u>24,701,070</u>
Basic earnings per ordinary share	<u>\$ 0.07</u>	<u>\$ 0.19</u>

5. Corresponding Figures

Certain corresponding figures have been reclassified to conform to the financial statement presentation adopted in the current period.