

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2012
UNAUDITED**

Message from the Chairman

Dear Shareholders,

Colina's first quarter results are an impressive start to the year. The Company was able to meet the unique challenges of 2011 from a position of considerable financial strength and continue this momentum through the first three months of 2012 to achieve positive growth in key financial indicators including net income, investment earnings and gross premium revenue.

Net income attributable to the Company's ordinary shareholders for the period January 1, 2012 to March 31, 2012 rose to \$1.7 million or \$0.07 per ordinary share, compared to net income of \$1.6 million or \$0.07 per ordinary share for the same period in the prior year. Similarly, gross premium revenues during the first quarter of 2012 have grown by 6.1% or \$1.9 million relative to the same period in 2011.

Income growth was boosted by an increase in the values of a number of Colina's investment securities compared to the prior year. Net investment income for the quarter stood at \$7.8 million compared to \$7.2 million for the same period in 2011.

General and administrative expenses have increased by \$1.2 million relative to the same period in the prior year but remain at 20.2% of total revenues, this percentage being only slightly higher than the previous year's ratio of 19.1%. Net policyholder benefits have increased by \$0.6 million to \$21.8 million compared to the same period in the prior year.

Our solid capital position, high quality investments and disciplined operational capabilities remain a source of competitive advantage. Invested assets remain a significant proportion of the asset base, comprising 81.9% of total assets. Total equity stands at \$118.7 million at March 31, 2012 compared to \$119.7 million at December 31, 2011, decreasing primarily as a result of dividend payments to ordinary and preference shareholders net of contributions from net income.

The environment in which we operate remains challenging but we have a proven ability to adapt and grow our business in the face of external change. Colina continues to commit both human and capital resources to achieving its strategic financial and operational targets, and will proceed cautiously to maximize efforts to deliver on our return targets.

We thank our shareholders, employees and other stakeholders for their continued support.



Terence Hilts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Financial Position

As at March 31, 2012 with comparative figures as at December 31, 2011
(Expressed in Bahamian dollars)

	March 31, 2012	December 31, 2011
ASSETS		
Term deposits	\$ 32,351,058	\$ 32,641,513
Investment securities	236,776,570	233,713,661
Mortgages and commercial loans	64,582,512	67,662,693
Policy loans	64,041,975	64,263,516
Investment properties	49,396,230	49,207,360
Investment in associates	<u>10,280,053</u>	<u>10,193,720</u>
Total invested assets	457,428,398	457,682,463
Cash and demand balances	19,407,122	13,143,815
Receivables and other assets	47,568,477	44,740,763
Property and equipment	20,235,986	20,102,630
Goodwill	12,921,910	12,921,910
Other intangible assets	<u>1,206,209</u>	<u>1,369,011</u>
Total assets	<u>\$ 558,768,102</u>	<u>\$ 549,960,592</u>
LIABILITIES		
Provision for future policy benefits	\$ 330,311,128	\$ 326,094,058
Policy dividends on deposit	<u>30,449,053</u>	<u>30,695,059</u>
Total policy liabilities	360,760,181	356,789,117
Other liabilities	<u>79,310,170</u>	<u>73,507,148</u>
Total liabilities	<u>440,070,351</u>	<u>430,296,265</u>
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(162,254)	(162,254)
Share premium	5,960,299	5,960,299
Revaluation reserve	7,707,431	7,815,781
Retained earnings	<u>37,740,928</u>	<u>38,983,366</u>
Total ordinary shareholders' equity	75,976,017	77,326,805
Preference shares	<u>30,000,000</u>	<u>30,000,000</u>
Total shareholders' equity	105,976,017	107,326,805
Non-controlling interests	<u>12,721,734</u>	<u>12,337,522</u>
Total equity	<u>118,697,751</u>	<u>119,664,327</u>
Total liabilities and equity	<u>\$ 558,768,102</u>	<u>\$ 549,960,592</u>

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, 2012
with comparative figures for the three months ended March 31, 2011
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2012	3 Months Ended March 31, 2011
Revenues:		
Premium revenue	\$ 34,149,469	\$ 32,190,700
Less: Reinsurance premiums	<u>2,991,330</u>	<u>3,473,189</u>
Net premium revenue	31,158,139	28,717,511
Net investment income	7,824,107	7,200,323
Other income	<u>2,197,305</u>	<u>1,516,140</u>
Total revenues	<u>41,179,551</u>	<u>37,433,974</u>
Benefits and expenses:		
Policyholders' benefits	24,602,998	22,273,164
Less: Reinsurance recoveries	<u>2,800,578</u>	<u>1,166,168</u>
Net policyholders' benefits	21,802,420	21,106,996
Changes in provision for future policy benefits	4,217,073	3,059,506
General and administrative expenses	8,314,567	7,157,969
Commissions	3,056,102	2,441,716
Premium and other tax expense	887,427	945,713
Finance costs	52,495	21,636
Other expenses	<u>251,051</u>	<u>358,385</u>
Total benefits and expenses	<u>38,581,135</u>	<u>35,091,921</u>
Net income for the period:	<u>\$ 2,598,416</u>	<u>\$ 2,342,053</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 2,206,847	\$ 2,105,238
Non-controlling interests	<u>391,569</u>	<u>236,815</u>
Net income for the period	<u>\$ 2,598,416</u>	<u>\$ 2,342,053</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.07</u>	<u>\$ 0.07</u>

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, 2012
with comparative figures for the three months ended March 31, 2011
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2012	3 Months Ended March 31, 2011
Net income for the period	\$ 2,598,416	\$ 2,342,053
Other comprehensive income:		
Change in available-for-sale financial assets	<u>(108,350)</u>	<u>(20,896)</u>
Total comprehensive income for the period	<u>\$ 2,490,066</u>	<u>\$ 2,321,157</u>
Attributable to:		
Equity shareholders of the Company	\$ 2,098,497	\$ 2,084,342
Non-controlling interests	<u>391,569</u>	<u>236,815</u>
Total comprehensive income for the period	<u>\$ 2,490,066</u>	<u>\$ 2,321,157</u>

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, 2012
with comparative figures for the three months ended March 31, 2011
(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, 2011	\$ 24,729,613	\$ (331,614)	\$ 5,960,299	\$ 6,985,968	\$ 26,027,000	\$ 39,655,010	\$ 12,472,319	\$ 115,498,595
Net loss on remeasurement of available-for-sale securities to fair value	-	-	-	(20,896)	-	-	-	(20,896)
Net income for the period	-	-	-	-	-	2,105,238	236,815	2,342,053
Changes in non-controlling interests	-	-	-	-	-	-	(41,581)	(41,581)
Unrealized gain on purchase of shares in subsidiary	-	-	-	23,681	-	-	-	23,681
Issuance of preference shares	-	-	-	-	260,000	-	-	260,000
Preference share dividends	-	-	-	-	-	(460,042)	-	(460,042)
Balance, March 31, 2011	<u>\$ 24,729,613</u>	<u>\$ (331,614)</u>	<u>\$ 5,960,299</u>	<u>\$ 6,988,753</u>	<u>\$ 26,287,000</u>	<u>\$ 41,300,206</u>	<u>\$ 12,667,553</u>	<u>\$ 117,601,810</u>
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 (Note 5)	-	-	-	-	-	(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>

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, 2012
with comparative figures for the three months ended March 31, 2011
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2012	3 Months Ended March 31, 2011
Cash flows from operating activities:		
Net income	\$ 2,598,416	\$ 2,342,053
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized (gain)/loss on fair value through income securities	(351,461)	151,055
Increase in provision for future policy benefits	4,217,070	3,059,506
Changes in loss provisions for loans and receivables	89,370	59,410
Depreciation and amortization charges	588,774	461,219
Net realized (gain)/loss on fair value through income securities	(3,056)	2,875
Interest income	(6,046,631)	(5,848,310)
Dividend income	<u>(476,582)</u>	<u>(516,046)</u>
Operating cash flows before changes in operating assets and liabilities	615,900	(288,238)
Changes in operating assets and liabilities:		
(Increase)/decrease in other assets	(2,942,720)	4,634,150
Increase in other liabilities	<u>6,820,805</u>	<u>3,715,564</u>
Net cash provided by operating activities	<u>4,493,985</u>	<u>8,061,476</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, 2012
with comparative figures for the three months ended March 31, 2011
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2012	3 Months Ended March 31, 2011
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	(7,357)	23,681
Decrease in term deposits with original maturities greater than 90 days	9,516,612	3,236,327
Increase in restricted cash	(350)	(218)
Fair value through income securities purchased	(398,181)	(6,859,052)
Proceeds on disposal of fair value through income securities	280,941	326,107
Available-for-sale securities purchased	(2,792,536)	(1,366,950)
Proceeds on disposal of available-for-sale securities	93,034	1,750,963
Decrease in loans to policyholders	369,136	478,264
Additions to investment property	(188,870)	(194,363)
Net change in mortgage and commercial loans	2,881,044	(430,932)
Interest received	6,037,476	6,003,704
Dividends received	476,582	516,046
Proceeds on disposal of property and equipment, net	-	(400)
Additions to property and equipment	<u>(559,328)</u>	<u>(342,671)</u>
Net cash provided by investing activities	<u>15,708,203</u>	<u>3,140,506</u>
Cash flows used in financing activities:		
Proceeds from issuance of preference shares	-	260,000
Dividends to ordinary shareholders	(2,959,985)	-
Dividends to preference shareholders	<u>(489,300)</u>	<u>(460,042)</u>
Net cash used in financing activities	<u>(3,449,285)</u>	<u>(200,042)</u>
Net increase in cash and cash equivalents	16,752,903	11,001,940
Cash and cash equivalents, beginning of period	<u>32,921,872</u>	<u>29,383,586</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 49,674,775</u>	<u>\$ 40,385,526</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, 2012
(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”), 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 March 31, 2012, 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.

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, 2012	March 31, 2011
Term deposits	\$ 32,351,058	\$ 20,520,591
Less: Deposits with original maturities of greater than 90 days	<u>(1,056,490)</u>	<u>(1,104,370)</u>
Short-term deposits	31,294,568	19,416,221
Cash and demand balances	19,407,122	25,052,182
Less: Restricted cash balances	(1,005,597)	(1,002,906)
Less: Bank overdraft	<u>(21,318)</u>	<u>(3,079,971)</u>
Total cash and cash equivalents	<u>\$ 49,674,775</u>	<u>\$ 40,385,526</u>

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

For the period ended March 31, 2012
(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.

	3 Months Ended March 31, 2012	3 Months Ended March 31, 2011
Net income attributable to equity shareholders	\$ 2,206,847	\$ 2,105,238
Net income attributable to ordinary shareholders	\$ 1,717,547	\$ 1,645,196
Weighted average number of ordinary shares outstanding	24,666,545	24,601,070
Basic earnings per ordinary share	\$ 0.07	\$ 0.07

5. Ordinary Dividend

The Board of Directors, by resolution dated March 27, 2012, approved an ordinary shareholder dividend of 12 cents (consisting of an ordinary dividend of 8 cents and an extra-ordinary dividend of 4 cents) to be paid to ordinary shareholders of record on April 30, 2012.