

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Nine Months Ended September 30, 2012
UNAUDITED**

Message from the Chairman

Dear Shareholders,

We are pleased to record another profitable quarter for Colina, and to mark the period with continued positive growth in key financial indicators including net income, shareholders' equity and asset growth.

Net income attributable to the Company's ordinary shareholders for the period January 1, 2012 to September 30, 2012 rose to \$7.1 million or \$0.29 per ordinary share, compared to \$1.3 million or \$0.05 per ordinary share for the same period in the prior year.

Total assets have increased by \$18.7 million to \$568.6 million from \$549.9 million at December 31, 2011. Invested assets remain a significant proportion of the asset base, comprising 79.8% of total assets. Investment earnings for the period January 1, 2012 to September 30, 2012 continue to be impacted by the reduction in the Bahamian \$ Prime Rate in mid-2011 with net investment income to September 30, 2012 totalling \$22.3 million, compared to \$22.5 million for the same period in 2011.

General and administrative expenses for the nine months ended September 30, 2012 are 21.1% of total revenues, compared to the prior period ratio of 19.2%. The consolidated general and administrative expenses for the nine months ended September 30, 2012 include the expenses of the Company's subsidiary, Colina General Insurance Agency Limited whose administrative expenses were not consolidated with the Company's until it was acquired in December 2011.

Despite a challenging economic environment, our solid capital position, high quality investments and disciplined operational capabilities remain a source of competitive advantage and we continue to see sustained growth. The Company's total equity continues on an upward trend, rising to \$123.9 million at September 30, 2012 compared to \$119.7 million at December 31, 2011.

We will continue to invest strategically in our business and to leverage our competitive advantages in service and convenience to benefit our clients.

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 September 30, 2012 with comparative figures as at December 31, 2011
(Expressed in Bahamian dollars)

	September 30, 2012	December 31, 2011
ASSETS		
Term deposits	\$ 20,631,077	\$ 32,641,513
Investment securities	247,688,802	233,713,661
Mortgages and commercial loans	60,119,531	67,662,693
Policy loans	65,738,395	64,263,516
Investment properties	49,445,438	49,207,360
Investment in associates	<u>10,357,652</u>	<u>10,193,720</u>
Total invested assets	453,980,895	457,682,463
Cash and demand balances	31,813,117	13,143,815
Receivables and other assets	48,465,528	44,740,763
Property and equipment	20,171,818	20,102,630
Goodwill	12,921,910	12,921,910
Other intangible assets	<u>1,220,070</u>	<u>1,369,011</u>
Total assets	<u>\$ 568,573,338</u>	<u>\$ 549,960,592</u>
LIABILITIES		
Provision for future policy benefits	\$ 337,691,723	\$ 326,094,058
Policy dividends on deposit	<u>29,847,653</u>	<u>30,695,059</u>
Total policy liabilities	367,539,376	356,789,117
Other liabilities	<u>77,168,100</u>	<u>73,507,148</u>
Total liabilities	<u>444,707,476</u>	<u>430,296,265</u>
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(154,450)	(162,254)
Share premium	5,960,299	5,960,299
Revaluation reserve	7,903,390	7,815,781
Retained earnings	<u>42,173,857</u>	<u>38,983,366</u>
Total ordinary shareholders' equity	80,612,709	77,326,805
Preference shares	<u>30,000,000</u>	<u>30,000,000</u>
Total shareholders' equity	110,612,709	107,326,805
Non-controlling interests	<u>13,253,153</u>	<u>12,337,522</u>
Total equity	<u>123,865,862</u>	<u>119,664,327</u>
Total liabilities and equity	<u>\$ 568,573,338</u>	<u>\$ 549,960,592</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Income

For the nine months ended September 30, 2012
with comparative figures for the nine months ended September 30, 2011
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2012	9 Months Ended September 30, 2011
Revenues:		
Premium revenue	\$ 100,543,307	\$ 99,230,264
Less: Reinsurance premiums	<u>10,940,203</u>	<u>10,814,478</u>
Net premium revenue	89,603,104	88,415,786
Net investment income	22,293,259	22,513,461
Other income	<u>5,850,430</u>	<u>4,363,245</u>
Total revenues	<u>117,746,793</u>	<u>115,292,492</u>
Benefits and expenses:		
Policyholders' benefits	70,459,681	70,940,283
Less: Reinsurance recoveries	<u>10,104,966</u>	<u>6,087,308</u>
Net policyholders' benefits	60,354,715	64,852,975
Changes in provision for future policy benefits	11,597,668	14,045,883
General and administrative expenses	24,844,730	22,096,056
Commissions	7,806,063	7,675,823
Premium and other tax expense	2,683,546	2,576,333
Finance costs	177,173	76,878
Other expenses	<u>866,638</u>	<u>1,076,894</u>
Total benefits and expenses	<u>108,330,533</u>	<u>112,400,842</u>
Net income for the period:	<u>\$ 9,416,260</u>	<u>\$ 2,891,650</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 8,574,391	\$ 2,568,695
Non-controlling interests	<u>841,869</u>	<u>322,955</u>
Net income for the period	<u>\$ 9,416,260</u>	<u>\$ 2,891,650</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.29</u>	<u>\$ 0.05</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Comprehensive Income

For the nine months ended September 30, 2012
with comparative figures for the nine months ended September 30, 2011
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2012	9 Months Ended September 30, 2011
Net income for the period	\$ 9,416,260	\$ 2,891,650
Other comprehensive income:		
Change in available-for-sale financial assets	<u>64,273</u>	<u>682,194</u>
Total comprehensive income for the period	<u>\$ 9,480,533</u>	<u>\$ 3,573,844</u>
Attributable to:		
Equity shareholders of the Company	\$ 8,638,664	\$ 3,250,889
Non-controlling interests	<u>841,869</u>	<u>322,955</u>
Total comprehensive income for the period	<u>\$ 9,480,533</u>	<u>\$ 3,573,844</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Income

For the three months ended September 30, 2012
with comparative figures for the three months ended September 30, 2011
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2012	3 Months Ended September 30, 2011
Revenues:		
Premium revenue	\$ 34,353,774	\$ 32,640,600
Less: Reinsurance premiums	<u>3,783,198</u>	<u>3,655,549</u>
Net premium revenue	30,570,576	28,985,051
Net investment income	8,102,705	7,738,086
Other income	<u>979,008</u>	<u>1,422,868</u>
Total revenues	<u>39,652,289</u>	<u>38,146,005</u>
Benefits and expenses:		
Policyholders' benefits	26,893,754	27,058,980
Less: Reinsurance recoveries	<u>2,771,558</u>	<u>3,596,290</u>
Net policyholders' benefits	24,122,196	23,462,690
Changes in provision for future policy benefits	1,231,430	2,637,290
General and administrative expenses	7,935,445	6,330,170
Commissions	2,664,654	3,145,693
Premium and other tax expense	881,532	929,308
Finance costs	65,989	28,094
Other expenses	<u>292,321</u>	<u>353,591</u>
Total benefits and expenses	<u>37,193,567</u>	<u>36,886,836</u>
Net income for the period:	<u>\$ 2,458,722</u>	<u>\$ 1,259,169</u>
Net income (loss) attributable to:		
Equity shareholders of the Company	\$ 2,106,601	\$ 1,324,910
Non-controlling interests	<u>352,121</u>	<u>(65,741)</u>
Net income for the period	<u>\$ 2,458,722</u>	<u>\$ 1,259,169</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.05</u>	<u>\$ 0.02</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Comprehensive Income

For the three months ended September 30, 2012
with comparative figures for the three months ended September 30, 2011
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2012	3 Months Ended September 30, 2011
Net income (loss) for the period	\$ 2,458,722	\$ 1,259,169
Change in available-for-sale financial assets	<u>180,826</u>	<u>(109,150)</u>
Total comprehensive income for the period	<u>\$ 2,639,548</u>	<u>\$ 1,150,019</u>
Attributable to:		
Equity shareholders of the Company	\$ 2,287,427	\$ 1,213,760
Non-controlling interests	<u>352,121</u>	<u>(63,741)</u>
Total comprehensive income for the period	<u>\$ 2,639,548</u>	<u>\$ 1,150,019</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, 2012
with comparative figures for the nine months ended September 30, 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 gain on remeasurement of available-for-sale securities to fair value	-	-	-	682,194	-	-	-	682,194
Net income for the period	-	-	-	-	-	2,568,695	322,955	2,891,650
Changes in non-controlling interests	-	-	-	-	-	-	(2,666,620)	(2,666,620)
Unrealized gain on purchase of shares in subsidiary	-	-	-	7,906	-	-	-	7,906
Decrease in treasury shares	-	120,379	-	-	-	-	-	120,379
Issuance of preference shares	-	-	-	-	973,000	(7,129)	-	965,871
Ordinary Share dividends	-	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference Share dividends	-	-	-	-	-	(1,287,701)	-	(1,287,701)
Balance, September 30, 2011	<u>\$ 24,729,613</u>	<u>\$ (211,235)</u>	<u>\$ 5,960,299</u>	<u>\$ 7,676,068</u>	<u>\$ 27,000,000</u>	<u>\$ 36,972,137</u>	<u>\$ 10,128,654</u>	<u>\$ 112,255,536</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 gain on remeasurement of available-for-sale securities to fair value	-	-	-	64,274	-	-	-	64,274
Net income for the period	-	-	-	-	-	8,574,391	841,869	9,416,260
Changes in non-controlling interests	-	-	-	-	-	-	73,762	73,762
Unrealized gain on purchase of shares in subsidiary	-	-	-	23,335	-	-	-	23,335
Decrease in treasury shares	-	7,804	-	-	-	-	-	7,804
Ordinary Share dividends	-	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference Share dividends	-	-	-	-	-	(1,427,162)	-	(1,427,162)
Balance, September 30, 2012	<u>\$ 24,729,613</u>	<u>\$ (154,450)</u>	<u>\$ 5,960,299</u>	<u>\$ 7,903,390</u>	<u>\$ 30,000,000</u>	<u>\$ 42,173,857</u>	<u>\$ 13,253,153</u>	<u>\$ 123,865,862</u>

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, 2012
with comparative figures for the nine months ended September 30, 2011
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2012	9 Months Ended September 30, 2011
Cash flows from operating activities:		
Net income	\$ 9,416,260	\$ 2,891,650
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized (gain)/loss on fair value through income securities	(1,947,759)	357,975
Increase in provision for future policy benefits	11,597,668	14,045,882
Changes in loss provisions for loans and receivables	1,614,599	(668,484)
Depreciation and amortization charges	2,007,550	1,121,281
Net realized gain on fair value through income securities	(7,142)	(55,510)
Net realized gain on sale of available-for-sale securities	-	(3,332)
Interest income	(16,565,133)	(18,523,463)
Dividend income	(1,095,041)	(1,194,631)
Operating cash flows before changes in operating assets and liabilities	5,021,002	(2,028,632)
Changes in operating assets and liabilities:		
(Increase)/decrease in other assets	(4,068,004)	3,462,966
Increase in other liabilities	91,591	7,244,789
Net cash provided by operating activities	1,044,589	8,679,123

(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, 2012
with comparative figures for the nine months ended September 30, 2011
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2012	9 Months Ended September 30, 2011
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	23,335	7,906
Decrease in term deposits with original maturities greater than 90 days	4,897,315	3,283,778
Increase in restricted cash	(1,554)	(1,299)
Fair value through income securities purchased	(5,812,946)	(20,341,886)
Proceeds on disposal of fair value through income securities	543,812	7,141,247
Available-for-sale securities purchased	(6,728,232)	(40,664,863)
Proceeds on disposal of available-for-sale securities	41,400	36,732,381
(Increase)/decrease in loans to policyholders	(1,217,846)	3,936,060
Additions to investment property	(238,078)	(14,793)
Net change in mortgage and commercial loans	6,029,109	1,971,566
Interest received	16,386,860	18,827,437
Dividends received	1,095,041	1,194,631
Proceeds on disposal of property and equipment, net	14,373	(400)
Additions to property and equipment	(1,369,070)	(763,161)
Additions to other intangible assets	(573,100)	-
Net cash provided by investing activities	<u>13,090,419</u>	<u>11,308,604</u>
Cash flows used in financing activities:		
Proceeds from issuance of preference shares	-	965,871
Sale of treasury shares	7,804	120,379
Dividends paid to ordinary shareholders	(3,956,738)	(3,956,738)
Dividends paid to preference shareholders	(1,427,162)	(1,287,701)
Net cash used in financing activities	<u>(5,376,096)</u>	<u>(4,158,189)</u>
Net increase in cash and cash equivalents	8,758,912	15,829,538
Cash and cash equivalents, beginning of period	<u>32,921,872</u>	<u>29,383,587</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 41,680,784</u>	<u>\$ 45,213,125</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, 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 September 30, 2012, 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-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 consolidated 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 consolidated financial 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 consolidated 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, 2012	September 30, 2011
Term deposits	\$ 20,631,077	\$ 25,382,748
Less: Deposits with original maturities of greater than 90 days	<u>(5,675,787)</u>	<u>(1,056,919)</u>
Short-term deposits	14,955,290	24,325,829
Cash and demand balances	31,813,117	24,562,852
Less: Restricted cash balances	(1,006,801)	(1,003,987)
Less: Bank overdrafts	<u>(4,080,822)</u>	<u>(2,671,569)</u>
Total cash and cash equivalents	<u>\$ 41,680,784</u>	<u>\$ 45,213,125</u>

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

For the period ended September 30, 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.

	9 Months Ended September 30, 2012	9 Months Ended September 30, 2011
Net income attributable to equity shareholders	\$ 8,574,391	\$ 2,568,695
Net income attributable to ordinary shareholders	<u>\$ 7,147,229</u>	<u>\$ 1,280,994</u>
Weighted average number of ordinary shares outstanding	<u>24,668,110</u>	<u>24,678,848</u>
Basic earnings per ordinary share	<u>\$ 0.29</u>	<u>\$ 0.05</u>
	3 Months Ended September 30, 2012	3 Months Ended September 30, 2011
Net income attributable to equity shareholders	\$ 2,106,601	\$ 1,324,910
Net income attributable to ordinary shareholders	<u>\$ 1,168,743</u>	<u>\$ 497,251</u>
Weighted average number of ordinary shares outstanding	<u>24,669,631</u>	<u>24,634,403</u>
Basic earnings per ordinary share	<u>\$ 0.05</u>	<u>\$ 0.02</u>