

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2010
UNAUDITED**

Message from the Chairman

Dear Shareholders,

On the heels of an impressive finish in 2009, the Company's strongest financial performance to date, Colina continues to meet many of its strategic financial and operational targets despite a struggling local economy.

The Company continues to enhance shareholder equity. Net income attributable to the Company's ordinary shareholders for the period January 1, 2010 to March 31, 2010 was \$2.2 million or \$0.09 per ordinary share, compared to net income of \$1.5 million or \$0.06 per ordinary share for the same period in the prior year. Notwithstanding, gross premium revenues during the first quarter of 2010 have decreased by 3.6% or \$1.4 million relative to the comparable period in 2009.

Returns on the investment portfolio are higher than in the prior year due to an improvement in the local equity market with net investment income for the quarter at \$8.4 million compared to \$5.3 million for the same period in 2009.

General and administrative expenses in the first quarter have shown an increase in total costs for the quarter to \$7.7 million, compared to \$6.1 million for the same period in the prior year. Encouragingly, reduced maturities and surrenders have led to a decrease in gross policyholder benefits by \$2.1 million to \$26.8 million compared to the same period in the prior year.

Our high quality investments and disciplined operational capabilities have strengthened the Company's balance sheet. Invested assets remain a significant proportion of the asset base, comprising 83.1% of total assets. Total equity stands at \$104.5 million at March 31, 2010 compared to \$103.3 million at December 31, 2009. We shall continue to strive to maximize opportunities for growth and deliver sound returns to our shareholders.



Terence Hilts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Balance Sheet

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

	March 31, 2010	December 31, 2009
ASSETS		
Term deposits	\$ 18,359,286	\$ 12,147,223
Investment securities	191,070,860	188,514,129
Mortgages and commercial loans	75,902,484	76,859,904
Policy loans	71,588,887	71,742,995
Investment properties	52,726,442	52,726,442
Investment in associates	10,903,814	11,312,539
Total invested assets	420,551,773	413,303,232
Cash and demand balances	11,653,516	12,821,425
Receivables and other assets	41,679,666	40,169,949
Property and equipment	20,729,986	20,937,852
Goodwill	11,034,383	11,034,383
Other intangible assets	<u>206,345</u>	<u>266,885</u>
Total assets	<u>\$ 505,855,669</u>	<u>\$ 498,533,726</u>
LIABILITIES		
Provision for future policy benefits	\$ 307,995,305	\$ 304,728,304
Policy dividends on deposit	32,442,228	32,328,725
Total policy liabilities	340,437,533	337,057,029
Bank loan	-	2,903,756
Third party pension liabilities	25,408,033	24,515,926
Other liabilities	<u>35,529,744</u>	<u>30,794,107</u>
Total liabilities	401,375,310	395,270,818
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(81,615)	(81,615)
Share premium	5,960,299	5,960,299
Revaluation reserve	5,547,537	5,567,530
Retained earnings	<u>36,266,522</u>	<u>34,105,176</u>
Total ordinary shareholders' equity	72,422,356	70,281,003
Preference shares	21,130,000	20,000,000
Total shareholders' equity	93,552,356	90,281,003
Non-controlling interest	<u>10,928,003</u>	<u>12,981,905</u>
Total equity	<u>104,480,359</u>	<u>103,262,908</u>
Total liabilities and equity	<u>\$ 505,855,669</u>	<u>\$ 498,533,726</u>

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 March 31, 2010
with comparative figures for the three months ended March 31, 2009
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2010	3 Months Ended March 31, 2009
Revenues:		
Premium revenue	\$ 36,411,984	\$ 37,783,629
Less: Reinsurance premiums	<u>2,877,933</u>	<u>4,142,066</u>
Net premium revenue	33,534,051	33,641,563
Net investment income	8,419,198	5,300,576
Other income	<u>1,128,190</u>	<u>1,294,915</u>
Total revenues	<u>43,081,439</u>	<u>40,237,054</u>
Benefits and expenses:		
Policyholders' benefits	26,759,530	28,871,104
Less: Reinsurance recoveries	<u>1,928,794</u>	<u>1,714,728</u>
Net policyholders' benefits	24,830,736	27,156,376
Changes in provision for future policy benefits	3,267,001	518,014
General and administrative expenses	7,678,634	6,070,909
Commissions	3,130,195	3,201,251
Premium and other tax expense	869,981	1,004,793
Finance costs	50,117	18,507
Other expenses	<u>493,444</u>	<u>314,517</u>
Total benefits and expenses	<u>40,320,108</u>	<u>38,284,367</u>
Net income for the period:	<u>\$ 2,761,331</u>	<u>\$ 1,952,687</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 2,524,529	\$ 1,886,895
Non-controlling interest	236,802	65,792
Net income for the period	\$ 2,761,331	\$ 1,952,687
Basic earnings per ordinary share (Note 4)	\$ 0.09	\$ 0.06

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 March 31, 2010
with comparative figures for the three months ended March 31, 2009
(Expressed in Bahamian dollars)

	2010	2009
Net income for the year	\$ 2,761,331	\$ 1,952,687
Other comprehensive income:		
Change in available-for-sale financial assets	<u>(19,993)</u>	<u>(1,018,183)</u>
Other comprehensive (expense) for the year	<u>(19,993)</u>	<u>(1,018,183)</u>
Total comprehensive income for the year	<u>\$ 2,741,338</u>	<u>\$ 934,504</u>
Attributable to:		
Equity shareholders of the Company	2,500,754	865,068
Non-controlling interests	240,584	69,436
Total comprehensive income for the year	\$ 2,741,338	\$ 934,504

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COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Changes in Equity

For the three months ended March 31, 2010
with comparative figures for the three months ended March 31, 2009
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Treasury Shares	Share Premium	Revaluation Reserve	Preference Share Capital	Retained Earnings	Non-controlling Interest	Total Equity
Balance, January 1, 2009	\$ 24,729,613	\$ (81,615)	\$ 5,960,299	\$ 7,462,729	\$ 20,000,000	\$ 24,274,927	\$ 8,265,830	\$ 90,611,783
Net loss on remeasurement of available-for-sale securities to fair value	-	-	-	(1,018,183)	-	-	-	(1,018,183)
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	(27,229)	-	-	-	(27,229)
Changes in non-controlling interests	-	-	-	-	-	-	245,615	245,615
Net income for the period	-	-	-	-	-	1,886,885	65,792	1,952,687
Preference share dividends	-	-	-	-	-	(362,500)	-	(362,500)
Balance, March 31, 2009	<u>\$ 24,729,613</u>	<u>\$ (81,615)</u>	<u>\$ 5,960,299</u>	<u>\$ 6,417,317</u>	<u>\$ 20,000,000</u>	<u>\$ 25,799,322</u>	<u>\$ 8,577,237</u>	<u>\$ 91,412,173</u>
Balance, January 1, 2010	\$ 24,729,613	\$ (81,615)	\$ 5,960,299	\$ 5,567,530	\$ 20,000,000	\$ 34,105,176	\$ 12,981,905	\$ 103,262,908
Net loss on remeasurement of available-for-sale securities to fair value	-	-	-	(19,993)	-	-	-	(19,993)
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	(2,175,354)	(2,175,354)
Net income for the period	-	-	-	-	-	2,524,529	236,802	2,761,331
Sale of preference shares	-	-	-	-	1,130,000	-	-	1,130,000
Distributions by subsidiaries	-	-	-	-	-	-	(115,350)	(115,350)
Preference share dividends	-	-	-	-	-	(363,183)	-	(363,183)
Balance, March 31, 2010	<u>\$ 24,729,613</u>	<u>\$ (81,615)</u>	<u>\$ 5,960,299</u>	<u>\$ 5,547,537</u>	<u>\$ 21,130,000</u>	<u>\$ 36,266,522</u>	<u>\$ 10,928,003</u>	<u>\$ 104,481,359</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 three months ended March 31, 2010
with comparative figures for the three months ended March 31, 2009
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2010	3 Months Ended March 31, 2009
Cash flows from operating activities:		
Net income	\$ 2,761,331	\$ 1,952,687
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss/(gain) on fair value through income securities	(778,382)	712,746
Increase in provision for future policy benefits	3,267,001	518,014
Changes in loss provisions for loans and receivables	175,457	150,074
Depreciation and amortization charges	439,734	641,285
Net realized loss on fair value through income securities	46,448	52,834
Net realized (loss)/gain on sale of available-for-sale securities	1,500	(27,229)
Interest income	(6,037,350)	(5,116,280)
Dividend income	(442,568)	(314,922)
Finance costs	47,879	18,507
Operating cash flows before changes in operating assets and liabilities	(518,950)	(1,412,284)
Changes in operating assets and liabilities:		
(Increase)/decrease in other assets	(1,505,433)	3,150,644
Increase/(decrease) in other liabilities	1,950,984	(2,154,217)
Net cash used in operating activities	(73,399)	(415,857)

(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 three months ended March 31, 2010
with comparative figures for the three months ended March 31, 2009
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2010	3 Months Ended March 31, 2009
Cash flows from investing activities:		
Increase in term deposits with original maturities greater than 90 days	(3,718,364)	(4,884,232)
Decrease/(increase) in restricted cash	395,154	(514)
Fair value through income securities purchased	(4,171,224)	(3,998,785)
Proceeds on disposal of fair value through income securities	1,769,266	1,400,966
Available-for-sale securities purchased	(421,417)	(11,281,760)
Proceeds on disposal of available-for-sale securities	977,085	11,860,937
Decrease in loans to policyholders	225,329	3,241,708
Net decrease in mortgage and commercial loans	1,160,152	958,883
Interest received	5,992,382	5,569,339
Dividends received	442,568	314,922
Additions to property and equipment	<u>(171,328)</u>	<u>(615,416)</u>
Net cash provided by investing activities	<u>2,479,603</u>	<u>2,566,048</u>
Cash flows used in financing activities:		
Sale of preference shares	1,130,000	-
Distributions by subsidiaries	(115,350)	-
Interest paid on guaranteed investment & other contracts	(2,238)	(5,847)
Payment of bank loan interest	(45,641)	(12,660)
Dividends paid to preference shareholders	(363,183)	(362,500)
Repayment of bank loan principal	<u>(2,903,756)</u>	<u>(347,193)</u>
Net cash used in financing activities	(2,300,168)	(728,200)
Net increase in cash and cash equivalents	106,036	1,421,991
Cash and cash equivalents, beginning of period	<u>20,510,737</u>	<u>19,904,768</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 20,616,773</u>	<u>\$ 21,326,759</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 March 31, 2010
(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, The Turks and Caicos Islands, and the United States of America.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At March 31, 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:

	March 31, 2010	March 31, 2009
Term deposits	\$ 18,359,286	\$ 20,030,325
Less: Deposits with original maturities of greater than 90 days	(7,239,156)	(11,264,526)
Short-term deposits	11,120,130	8,765,799
Cash and demand balances	11,653,516	14,441,954
Less: Restricted cash balances	(350,472)	(744,494)
Less: Bank overdraft	(1,806,401)	(1,136,500)
Total cash and cash equivalents	\$ 20,616,773	\$ 21,326,759

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

For the period ended March 31, 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.

	3 Months Ended March 31, 2010	3 Months Ended March 31, 2009
Net income attributable to equity shareholders	\$ 2,524,529	\$ 1,886,895
Net income attributable to ordinary shareholders	<u>\$ 2,161,346</u>	<u>\$ 1,524,395</u>
Weighted average number of ordinary shares outstanding	<u>24,701,070</u>	<u>24,701,070</u>
Basic earnings per ordinary share	\$ 0.09	\$ 0.06