

Condensed Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Nine Months Ended September 30, 2009
UNAUDITED

Message from the Chairman

Dear Shareholders,

Despite the global economic recession and a challenging competitive environment, ColinaImperial has achieved very satisfactory results and continues to see improvements in profitability.

For the nine months ended September 30, 2009, the Company achieved total net income of \$8.6 million compared to \$3.8 million for the same period in 2008. Net income attributable to the Company's ordinary shareholders for the nine months ended September 30, 2009 grew to \$7.1 million or \$0.29 per ordinary share, compared to net income of \$2.3 million or \$0.09 per ordinary share for the same period in the prior year.

The successful turnaround of our health division has contributed significantly to the Company's overall results. The Company's new Stellar Care Series of group employee benefit products has been well received by the market. The structure of the plans has given our clients more options to better manage their medical claims, which has resulted in slightly lower medical claims compared to prior year.

In line with the Company's commitment to excellence in customer service, we have increased our staffing levels to accommodate our changing business needs. Notwithstanding, administrative costs have reduced to \$18.2 million for the nine months ended September 30, 2009 compared to \$21.9 million for the same period in the prior year due to management's continued focus on realizing efficiencies in other operating activities.

As we had anticipated, the recessionary economic environment has been difficult for our policyholders as the Company experienced an increase in surrender benefits, increased mortgage delinquency and lower than expected new business sales. We are pleased, however, to report that although surrender benefits year-to-date are higher than prior year, policy surrenders have been trending downward. The Company is also pleased to report that increased profitability year-to-date was achieved notwithstanding conservative provisioning policies on our mortgage portfolio and the challenges in the capital markets which has resulted in lower returns on our equity investments.

The outlook for the remainder of 2009 will be strongly influenced by the progress of the local economy. Our balance sheet continues to reflect high quality investments and invested assets at their fair values. Invested assets remain a significant proportion of the asset base, comprising 83.3% of total assets. Total equity has increased at September 30, 2009 to \$94.4 million compared to \$90.6 million as at September 30, 2008.

With our diverse and competitive products and financial strength, we are solidifying our lead position in the marketplace as we provide essential financial solutions to our customers. At the same time, we are striving to deliver value to our shareholders by making prudent investment decisions with a long-term view as we sustain our commitments to the communities in which we operate.

We thank our shareholders, and our team of administrative and sales professionals for their continued support.



Terence Hilts - Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Balance Sheet

As at September 30, 2009 with comparative figures as at December 31, 2008
(Expressed in Bahamian dollars)

	September 30, 2009	December 31, 2008
ASSETS		
Term deposits	\$ 13,979,338	\$ 15,607,664
Investment securities	185,090,520	183,204,745
Mortgages and commercial loans	78,758,127	73,858,868
Policy loans	70,311,907	73,168,649
Investment properties	40,167,442	40,130,000
Investments in associates	11,890,269	3,708,442
Total invested assets	400,197,603	389,678,368
Cash and demand balances	8,454,391	12,332,780
Receivables and other assets	39,251,681	29,834,820
Property and equipment	21,053,636	21,392,326
Goodwill	11,034,383	11,034,383
Other intangible assets	302,702	498,826
Total assets	\$ 480,294,396	\$ 464,771,503
LIABILITIES		
Provision for future policy benefits	\$ 301,196,769	\$ 292,204,944
Policy dividends on deposit	32,542,738	33,783,922
Total policy liabilities	333,739,507	325,988,866
Bank loan	-	678,923
Third party pension liabilities	23,954,653	22,855,793
Other liabilities	28,241,751	24,636,138
Total liabilities	385,935,911	374,159,720
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	4,717,406	7,462,729
Retained earnings	30,183,818	24,274,927
Total ordinary shareholders' equity	65,509,521	62,345,953
Preference shares	20,000,000	20,000,000
Total shareholders' equity	85,509,521	82,345,953
Minority interest	8,848,964	8,265,830
Total equity	94,358,485	90,611,783
Total liabilities and equity	\$ 480,294,396	\$ 464,771,503

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Operations

For the nine months ended September 30, 2009
with comparative figures for the nine months ended September 30, 2008
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2009	9 Months Ended September 30, 2008
Revenues:		
Premium revenue	\$ 112,050,860	\$ 108,797,553
Less: Reinsurance premiums	<u>11,956,207</u>	<u>10,105,180</u>
Net premium revenue	100,094,653	98,692,373
Net investment income	16,758,888	19,036,477
Other income	<u>3,955,638</u>	<u>2,437,295</u>
Total revenues	<u>120,809,179</u>	<u>120,166,145</u>
Benefits and expenses:		
Policyholders' benefits	77,279,144	77,035,701
Less: Reinsurance recoveries	<u>6,293,001</u>	<u>5,522,719</u>
Net policyholders' benefits	70,986,143	71,512,982
Changes in provision for future policy benefits	8,991,824	9,539,902
General and administrative expenses	18,132,102	21,908,916
Commissions	9,723,372	9,000,981
Premium and other tax expense	3,115,124	2,819,768
Finance costs	409,001	316,135
Other expenses	<u>861,130</u>	<u>1,273,857</u>
Total benefits and expenses	<u>112,218,696</u>	<u>116,372,541</u>
Net income for the period:	<u>\$ 8,590,483</u>	<u>\$ 3,793,604</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 8,137,614	\$ 3,490,701
Minority interest	<u>452,869</u>	<u>302,903</u>
Net income for the period	<u>\$ 8,590,483</u>	<u>\$ 3,793,604</u>
 Basic earnings per ordinary share (Note 4)	 <u>\$ 0.29</u>	 <u>\$ 0.09</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Operations

For the three months ended September 30, 2009
with comparative figures for the three months ended September 30, 2008
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2009	3 Months Ended September 30, 2008
Revenues:		
Premium revenue	\$ 36,037,531	\$ 36,898,490
Less: Reinsurance premiums	<u>3,943,690</u>	<u>2,945,753</u>
Net premium revenue	32,093,841	33,952,737
Net investment income	5,810,980	6,171,782
Other income	<u>1,356,144</u>	<u>2,303,806</u>
Total revenues	<u>39,260,965</u>	<u>42,428,325</u>
Benefits and expenses:		
Policyholders' benefits	21,260,767	28,488,501
Less: Reinsurance recoveries	<u>626,099</u>	<u>2,086,307</u>
Net policyholders' benefits	20,634,668	26,402,194
Changes in provision for future policy benefits	2,290,322	3,543,470
General and administrative expenses	6,226,925	7,149,471
Commissions	3,234,365	2,995,704
Premium and other tax expense	1,047,034	1,042,332
Finance costs	299,129	78,447
Other expenses	<u>238,626</u>	<u>49,363</u>
Total benefits and expenses	<u>33,971,069</u>	<u>41,260,981</u>
Net income for the period:	<u>\$ 5,289,896</u>	<u>\$ 1,167,344</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 5,105,921	\$ 1,063,664
Minority interest	<u>183,975</u>	<u>103,680</u>
Net income for the period	<u>\$ 5,289,896</u>	<u>\$ 1,167,344</u>
 Basic earnings per ordinary share (Note 4)	 <u>\$ 0.19</u>	 <u>\$ 0.03</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2009
with comparative figures for the nine months ended September 30, 2008
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Treasury Shares	Share Premium	Revaluation Reserve	Preference Share Capital	Retained Earnings	Minority Interest	Total Equity
Balance, January 1, 2008	\$ 24,729,613	\$ -	\$ 5,960,299	\$ 5,070,701	\$ 20,000,000	\$ 19,032,632	\$ 6,092,120	\$ 80,885,365
Acquisition of treasury shares	-	(81,615)	-	-	-	-	-	(81,615)
Revaluation of land and buildings	-	-	-	3,233,490	-	-	-	3,233,490
Net loss on remeasurement of available-for-sale securities to fair value	-	-	-	(701,950)	-	-	-	(701,950)
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	-	(22,752)	-	-	-	(22,752)
Net income for the period	-	-	-	-	-	3,490,701	302,903	3,793,604
Distributions by subsidiaries	-	-	-	-	-	-	(230,700)	(230,700)
Dividends paid to ordinary shareholders	-	-	-	-	-	(989,185)	-	(989,185)
Preference share dividends	-	-	-	-	-	(1,162,500)	-	(1,162,500)
Balance, September 30, 2008	<u>\$ 24,729,613</u>	<u>\$ (81,615)</u>	<u>\$ 5,960,299</u>	<u>\$ 7,579,489</u>	<u>\$ 20,000,000</u>	<u>\$ 20,371,648</u>	<u>\$ 6,164,323</u>	<u>\$ 84,723,757</u>
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	-	-	-	(1,764,773)	-	-	-	(1,764,773)
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	-	(662,996)	-	-	-	(662,996)
Net income for the period	-	-	-	-	-	8,137,614	452,869	8,590,483
Acquisition of subsidiaries	-	-	-	-	-	-	245,615	245,615
Distributions by subsidiaries	-	-	-	-	-	-	(115,350)	(115,350)
Transfers from revaluation reserve	-	-	-	(317,554)	-	317,554	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-	(1,483,777)	-	(1,483,777)
Preference share dividends	-	-	-	-	-	(1,062,500)	-	(1,062,500)
Balance, September 30, 2009	<u>\$ 24,729,613</u>	<u>\$ (81,615)</u>	<u>\$ 5,960,299</u>	<u>\$ 4,717,406</u>	<u>\$ 20,000,000</u>	<u>\$ 30,183,818</u>	<u>\$ 8,848,964</u>	<u>\$ 94,358,485</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the nine months ended September 30, 2009
with comparative figures for the nine months ended September 30, 2008
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2009	9 Months Ended September 30, 2008
Cash flows from operating activities:		
Net income	\$ 8,590,483	\$ 3,793,604
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss on fair value through income securities	1,532,801	415,228
Increase in provision for future policy benefits	8,991,825	9,539,903
Changes in loss provisions for loans and receivables	(1,268,625)	1,042,963
Depreciation and amortization charges	1,707,175	2,062,608
Loss on property revaluation	-	78,901
Net realized loss/(gain) on fair value through income securities	33,279	(196,652)
Net realized gain on sale of available-for-sale securities	(662,996)	(22,752)
Interest income	(15,117,938)	(17,785,053)
Dividend income	(776,729)	(728,046)
Fair value gains on investment properties	(37,442)	-
Finance costs	409,001	316,135
Operating cash flows before changes in operating assets and liabilities	3,400,834	(1,483,161)
Changes in operating assets and liabilities:		
(Increase)/decrease in other assets	(14,812,842)	3,374,897
Increase/(decrease) in other liabilities	3,297,855	(5,970,732)
Net cash used in operating activities	(8,114,153)	(4,078,996)

(Continued)

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the nine months ended September 30, 2009
with comparative figures for the nine months ended September 30, 2008
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2009	9 Months Ended September 30, 2008
Cash flows from investing activities:		
Decrease/(increase) in term deposits with original maturities greater than 90 days	3,038,815	(1,327,494)
Increase in restricted cash	(1,285)	(11,685)
Fair value through income securities purchased	(9,284,445)	(1,762,486)
Proceeds on disposal of fair value through income securities	4,659,351	1,423,009
Available-for-sale securities purchased	(23,445,247)	(17,725,089)
Proceeds on disposal of available-for-sale securities	22,853,713	14,606,930
Acquisition of treasury shares	-	(81,615)
Decrease in loans to policyholders	3,164,507	2,130,133
Additions to investment property	-	(4,258,000)
Net (increase)/decrease in mortgage and commercial loans	(6,149,972)	1,646,460
Interest received	14,543,664	16,198,967
Dividends received	776,729	728,046
Proceeds on disposal of property and equipment, net	400	-
Additions to property and equipment	<u>(1,172,761)</u>	<u>(1,220,561)</u>
Net cash provided by investing activities	<u>8,983,469</u>	<u>10,346,615</u>
Cash flows used in financing activities:		
Distributions by subsidiaries	(115,350)	(230,700)
Interest paid on guaranteed investment & other contracts	(14,010)	(26,345)
Payment of bank loan interest	(394,991)	(139,790)
Dividends paid to ordinary shareholders	(1,483,777)	(989,185)
Dividends paid to preference shareholders	(1,062,500)	(1,162,500)
Repayment of bank loan principal	<u>(678,923)</u>	<u>(4,760,827)</u>
Net cash used in financing activities	<u>(3,749,551)</u>	<u>(7,309,347)</u>
Net decrease in cash and cash equivalents	(2,880,235)	(1,041,728)
Cash and cash equivalents, beginning of period	<u>19,904,768</u>	<u>5,833,578</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 17,024,533</u>	<u>\$ 4,791,850</u>

(Concluded)

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

For the period ended September 30, 2009
(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 ColinaImperial Insurance Ltd. (“ColinaImperial”), 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 September 30, 2009, 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 significant accounting policies and methods of computation followed in the preparation of these interim consolidated financial statements are the same as those followed in the preparation of the annual consolidated financial statements of the Company for the year ended December 31, 2008. The annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and investment property that are required to be remeasured at estimated fair value.

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, 2009	September 30, 2008
Term deposits	\$ 13,979,338	\$ 8,792,852
Less: Deposits with original maturities of greater than 90 days	<u>(3,341,479)</u>	<u>(8,282,523)</u>
Short-term deposits	10,637,859	510,329
Cash and demand balances	8,454,391	5,859,713
Less: Restricted cash balances	(745,265)	(741,576)
Less: Bank overdraft	<u>(1,322,452)</u>	<u>(836,616)</u>
Total cash and cash equivalents	<u>\$ 17,024,533</u>	<u>\$ 4,791,850</u>

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

For the period ended September 30, 2009
(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 ColinaImperial held as treasury shares.

	9 months ended September 30, 2009	9 months ended September 30, 2008
Net income attributable to equity shareholders	<u>\$ 8,137,614</u>	<u>\$ 3,490,701</u>
Net income attributable to ordinary shareholders	<u>\$ 7,075,114</u>	<u>\$ 2,328,201</u>
Weighted average number of ordinary shares outstanding	24,701,070	24,726,442
Basic earnings per ordinary share	<u>\$ 0.29</u>	<u>\$ 0.09</u>

	3 months ended September 30, 2009	3 months ended September 30, 2008
Net income attributable to equity shareholders	<u>\$ 5,105,921</u>	<u>\$ 1,063,664</u>
Net income attributable to ordinary shareholders	<u>\$ 4,755,921</u>	<u>\$ 676,164</u>
Weighted average number of ordinary shares outstanding	24,701,070	24,720,099
Basic earnings per ordinary share	<u>\$ 0.19</u>	<u>\$ 0.03</u>