



Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited

Nine Months Ended September 30, 2006

UNAUDITED



Message from the Chairman

Dear Shareholders,

We are pleased to report the results of Colina Holdings Bahamas Limited (the Company) for the period ended September 30th, 2006.

On a consolidated basis, net income attributable to the Company's ordinary shareholders for the 9-months ended September 30, 2006 was \$3.89 million or \$0.16 per share, compared to net income of \$1.4 million or \$0.06 per share for the same period in the prior year. Net income attributable to the Company's ordinary shareholders for the third quarter of 2006 was \$1.2 million representing \$0.05 per share compared to the prior year's profit of \$0.4 million or \$0.02 per share.

Third quarter premium growth was slightly lower than in the second quarter, however on a year-to-date basis, net premium revenues to September 30, 2006 have increased over the prior year by 3.6% to \$98.7 million. Net investment income rose to \$20.3 million compared to \$18.3 million in the prior year representing a return on invested assets of approximately 6%. Net policyholders' benefits year-to-date have decreased to \$67.8 million representing 68.7% of net premium revenues, compared to 74.5% of net premium revenues for the same period in 2005.

The Company has improved its expense ratio as general and administrative expenses for the 9 months ended September 30, 2006 has decreased to 19.7% of gross premium revenues to \$21.2 million from 23.1% or \$23.1 million for the same period in the prior year.

The Company continues to maintain and improve its financial strength, as total assets at September 30, 2006 were in excess of \$451 million, an increase of 7.5% as compared to December 31, 2005. Invested assets total \$348 million, representing 77.2% of total assets as at September 30, 2006. Our solvency ratio, using Canadian reserving methodologies and solvency standards as measured by the Minimum Continuing Capital and Surplus Requirement (MCCSR) stands at 170.9% at September 30, 2006, an increase from 169.3% at June 30, 2006 and 161.1% at December 31, 2005. Canadian standards recommend a minimum MCCSR of 150%.

Total ordinary shareholders' equity has increased to \$47.9 million at September 30, 2006 compared to \$42.6 million at December 31, 2005. The increase in equity is partially attributable to a decrease in treasury shares which the Company has sold to its employees as part of an employee share option plan.

We are pleased with the results as they highlight a positive trend towards reaching the Company's financial goals for 2006.

A handwritten signature in black ink, appearing to read "Terence Hilts", is positioned above the printed name.

Terence Hilts
Chairman

A complete copy of this report can be obtained by contacting our Corporate Offices at Bayview House, 2nd Floor 308 Bay St., Nassau, The Bahamas.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Balance Sheet

As of September 30, 2006

with comparative figures as of December 31, 2005
(Expressed in Bahamian dollars)

	2006	2005
ASSETS		
Term deposits	\$ 10,371,133	\$ 42,038,804
Investment securities	158,278,006	123,717,719
Mortgages and commercial loans	70,937,406	68,571,156
Policy loans	73,915,790	73,517,016
Investment property	<u>34,688,508</u>	<u>34,843,103</u>
Total invested assets	348,190,843	342,687,798
Cash and demand balances	24,926,815	10,695,672
Receivables and other assets	44,649,136	34,932,965
Property and equipment	20,820,458	18,697,893
Goodwill	11,831,636	12,169,263
Other intangible assets	<u>676,842</u>	<u>472,689</u>
Total assets	<u>\$ 451,095,730</u>	<u>\$ 419,656,280</u>
LIABILITIES		
Provision for future policy benefits	\$ 268,584,496	\$ 255,089,770
Policy dividends on deposit	<u>34,048,953</u>	<u>33,389,086</u>
Total policy liabilities	302,633,449	288,478,856
Bank loan	10,393,608	10,961,051
Other liabilities	<u>64,552,117</u>	<u>51,673,106</u>
Total liabilities	<u>377,579,174</u>	<u>351,113,013</u>
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	-	(2,340,079)
Share premium	5,960,299	5,960,299
Revaluation reserve	1,750,784	1,522,637
Retained earnings	<u>15,432,358</u>	<u>12,701,323</u>
Total ordinary shareholders' equity	47,873,054	42,573,793
Preference shares	<u>20,000,000</u>	<u>20,000,000</u>
Total shareholders' equity	67,873,054	62,573,793
Minority interest	<u>5,643,502</u>	<u>5,969,474</u>
Total equity	<u>73,516,556</u>	<u>68,543,267</u>
Total liabilities and equity	<u>\$ 451,095,730</u>	<u>\$ 419,656,280</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

Nine months ended September 30, 2006

with comparative figures for the nine months ended September 30, 2005
(Expressed in Bahamian dollars)

	2006	2005
Revenues:		
Premium revenue	\$ 107,515,078	\$ 100,001,830
Less: Reinsurance premiums	<u>8,825,864</u>	<u>4,785,973</u>
Net premium revenue	98,689,214	95,215,857
Net investment income	20,328,452	18,340,356
Other income	<u>955,822</u>	<u>3,274,997</u>
Total revenues	<u>119,973,488</u>	<u>116,831,210</u>
Benefits and expenses:		
Policyholders' benefits	72,963,199	73,073,001
Less: Reinsurance recoveries	<u>5,194,540</u>	<u>2,098,876</u>
Net policyholders' benefits	67,768,659	70,974,125
Changes in provision for future policy benefits	13,494,726	9,407,547
General and administrative expenses	21,228,345	23,057,771
Interest expense	617,714	629,591
Commissions	8,555,997	7,808,771
Premium and other tax expense	2,835,286	2,686,764
Impairment of goodwill	337,627	-
Other expenses	<u>1,124,531</u>	<u>432,256</u>
Total benefits and expenses	<u>115,962,885</u>	<u>114,996,825</u>
Net income for the period	<u>\$ 4,010,603</u>	<u>\$ 1,834,385</u>
Net income attributable to:		
Ordinary shareholders of the Company	\$ 3,890,349	\$ 1,394,345
Minority interest	<u>120,254</u>	<u>440,040</u>
Net income for the period	<u>\$ 4,010,603</u>	<u>\$ 1,834,385</u>
Basic earnings per share	<u>\$ 0.16</u>	<u>\$ 0.06</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

Three months ended September 30, 2006

with comparative figures for the three months ended September 30, 2005

(Expressed in Bahamian dollars)

	2006	2005
Revenues:		
Premium revenue	\$ 35,486,182	\$ 33,603,425
Less: Reinsurance premiums	<u>2,751,401</u>	<u>1,346,512</u>
Net premium revenue	32,734,781	32,256,913
Net investment income	7,247,621	5,243,045
Other income	<u>283,751</u>	<u>1,177,653</u>
Total revenues	<u>40,266,153</u>	<u>38,677,611</u>
Benefits and expenses:		
Policyholders' benefits	23,333,464	24,646,398
Less: Reinsurance recoveries	<u>832,953</u>	<u>587,310</u>
Net policyholders' benefits	22,500,511	24,059,088
Changes in provision for future policy benefits	4,990,896	3,279,291
General and administrative expenses	7,654,519	8,005,638
Interest expense	213,437	204,686
Commissions	2,784,424	2,112,443
Premium and other tax expense	1,037,853	910,491
Other income/expense	<u>(104,281)</u>	<u>(445,447)</u>
Total benefits and expenses	<u>39,077,359</u>	<u>38,126,190</u>
Net income for the period	<u>\$ 1,188,794</u>	<u>\$ 551,421</u>
Net income (loss) attributable to:		
Ordinary shareholders of the Company	\$ 1,192,896	\$ 400,978
Minority interest	<u>(4,102)</u>	<u>150,443</u>
Net income for the period	<u>\$ 1,188,794</u>	<u>\$ 551,421</u>
 Basic earnings per share	 <u>\$ 0.05</u>	 <u>\$ 0.02</u>

COLINA HOLDINGS BAHAMAS LIMITED
Selected Explanatory Notes

For the period ended September 30, 2006
(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"), formerly Colina Insurance Company Limited, a wholly-owned life and health insurer incorporated and registered in The Bahamas. ColinaImperial adopted its present name on June 9, 2005.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At September 30, 2006, approximately 63% of the Company's issued ordinary shares are owned by A.F. Holdings Ltd. and 37% 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, 2005. 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. Corresponding Figures

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