

Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited

Nine Months Ended September 30, 2007

UNAUDITED

Message from the Chairman

Dear Shareholders,

The results of Colina Holdings Bahamas Limited, (the Company) report a consolidated net loss for the 9-months ended September 30, 2007 totalling \$1.5 million, compared to net income of \$4.0 million for the same period in the prior year.

As reported to you in the prior quarter, the Company's consolidated results have been challenged by unusually high medical claims experience in the group medical and individual medical portfolios. Medical claims expenses for the 9-month period ended September 30, 2007 were over \$8.2 million greater than the same period in the prior year. The net loss attributable to the Company's ordinary shareholders for the 9-months ended September 30, 2007 was \$1.8 million or \$0.07 per share, compared to net income of \$3.9 million or \$0.16 per share for the same period in the prior year. During the quarter ended September 30, 2007, the Company experienced a loss totalling \$2.8 million or \$0.11 per share compared to a profit of \$1.3 million or \$0.05 per share for the quarter ended September 30, 2006. Medical claims expenses are included in net policyholder benefits which at September 30, 2007 totalled \$77.2 million or 75.7% of net premium revenues compared to 68.7% for the same period in 2006.

Company management and the Board of Directors continue to monitor carefully the medical claims experience and action plans that have been implemented to address the unfavourable loss ratios experienced in this line of business. The losses due to high medical claims have been significant but have been somewhat offset by the impact of the strategies that are being employed. Notwithstanding the loss on a consolidated basis, we can report that the Company's other lines of business are following a positive trend.

Premium growth continues to be steady as gross premium revenues have increased by \$3.5 million or 3.2% for the 9-months ended September 30, 2007 compared to the same period in the prior year. Net investment income for the 9-month period ended September 30, 2007 has increased by 8.9% to \$22.1 million compared to \$20.3 million for the same period in the prior year.

Although consulting fees and other expenses related to the conversion and administrative systems are ongoing, management has been able to contain general and administrative expenses to a ratio of 20.0% of gross premium revenues compared to 19.7% in the prior year.

The Company continues to maintain and improve its financial strength, as total assets at September 30, 2007 were in excess of \$458.7 million, representing an increase of \$4.1 million as compared to December 31, 2006. Invested assets remain a significant proportion of the Company's total assets representing 82.1% of total assets at September 30, 2007. Our solvency ratio, using Canadian reserving methodologies and solvency standards as measured by the Minimum Continuing Capital and Surplus Requirement (MCCSR) stands at 173.4% at September 30, 2007 reducing slightly from 175.8% at December 31, 2006 due largely to the reduction in profitability. The Company's MCCSR, however, is still well in excess of the minimum recommended by Canadian standards of 150%.

Management is satisfied that appropriate action has been taken to address the losses from the health block of business, and is confident that this proactive approach will have a positive impact on the Company's results going forward.



Terence Hilts
Chairman

A complete copy of this report can be obtained by contacting our Corporate Communications Officer at our Corporate Offices at 308 Bay St. 2nd Floor, Nassau, The Bahamas by phone (242) 396-2190 or by e-mail at financials@colinainperial.com.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Balance Sheet

As at September 30, 2007 with comparative figures as at December 31, 2006
 (Expressed in Bahamian dollars)

	September 30, 2007	December 31, 2006
ASSETS		
Term deposits	\$ 6,861,601	\$ 15,643,270
Investment securities	187,458,585	173,642,729
Mortgages and commercial loans	72,646,824	74,077,133
Policy loans	74,940,522	74,327,404
Investment property	<u>34,778,003</u>	<u>34,778,003</u>
Total invested assets	376,685,535	372,468,539
Cash and demand balances	9,089,910	6,509,064
Goodwill	11,034,383	11,379,559
Receivables and other assets	42,495,643	44,431,253
Property and equipment	19,017,959	19,213,132
Other intangible assets	<u>392,138</u>	<u>605,666</u>
Total assets	<u>\$ 458,715,568</u>	<u>\$ 454,607,213</u>
LIABILITIES		
Provision for future policy benefits	\$ 283,370,014	\$ 271,019,932
Policy dividends on deposit	<u>34,090,059</u>	<u>34,431,407</u>
Total policy liabilities	317,460,073	305,451,339
Bank loan	6,645,677	10,267,390
Other liabilities	<u>59,271,492</u>	<u>62,756,129</u>
Total liabilities	<u>383,377,242</u>	<u>378,474,858</u>
EQUITY		
Ordinary shares	24,729,613	24,729,613
Share premium	5,960,299	5,960,299
Revaluation reserve	4,891,209	1,913,806
Retained earnings	<u>13,839,320</u>	<u>17,764,425</u>
Total ordinary shareholders' equity	49,420,441	50,368,143
Preference shares	<u>20,000,000</u>	<u>20,000,000</u>
Total shareholders' equity	69,420,441	70,368,143
Minority interest	<u>5,917,885</u>	<u>5,764,212</u>
Total equity	<u>75,338,326</u>	<u>76,132,355</u>
Total liabilities and equity	<u>\$ 458,715,568</u>	<u>\$ 454,607,213</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

For the nine months ended September 30, 2007 with comparative figures for the nine months ended September 30, 2006
(Expressed in Bahamian dollars)

	September 30, 2007	September 30, 2006
	(9 months)	(9 months)
Revenues:		
Premium revenue	\$ 111,005,019	\$ 107,515,078
Less: Reinsurance premiums	<u>9,058,651</u>	<u>8,825,864</u>
Net premium revenue	101,946,368	98,689,214
Net investment income	22,149,015	20,328,452
Other income	<u>1,032,663</u>	<u>955,822</u>
Total revenues	<u>125,128,046</u>	<u>119,973,488</u>
Benefits and expenses:		
Policyholders' benefits	83,445,720	72,963,199
Less: Reinsurance recoveries	<u>6,253,544</u>	<u>5,194,540</u>
Net policyholders' benefits	77,192,176	67,768,659
Changes in provision for future policy benefits	12,350,082	13,494,726
General and administrative expenses	22,260,182	21,228,345
Interest expense	464,322	617,714
Commissions	9,121,367	8,555,997
Premium and other tax expense	2,993,991	2,835,286
Impairment of goodwill	345,176	337,627
Other expenses	<u>1,904,874</u>	<u>1,124,531</u>
Total benefits and expenses	<u>126,632,170</u>	<u>115,962,885</u>
Net income (loss) for the period	\$ (1,504,124)	\$ 4,010,603
Net income (loss) attributable to:		
Ordinary shareholders of the Company	\$ (1,773,148)	\$ 3,890,349
Minority interest	<u>269,024</u>	<u>120,254</u>
Net income (loss) for the period	\$ (1,504,124)	\$ 4,010,603
Earnings (loss) per share	\$ (0.07)	\$ 0.16

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

For the three months ended September 30, 2007 with comparative figures for the three months ended September 30, 2006
 (Expressed in Bahamian dollars)

	September 30, 2007	September 30, 2006
	(3 months)	(3 months)
Revenues:		
Premium revenue	\$ 36,478,524	\$ 36,128,006
Less: Reinsurance premiums	<u>3,253,725</u>	<u>3,512,518</u>
Net premium revenue	33,224,799	32,615,488
Net investment income	7,708,870	7,417,204
Other income	<u>283,264</u>	<u>720,307</u>
Total revenues	<u>41,216,933</u>	<u>40,752,999</u>
Benefits and expenses:		
Policyholders' benefits	26,275,463	26,432,914
Less: Reinsurance recoveries	<u>1,304,652</u>	<u>2,588,983</u>
Net policyholders' benefits	24,970,811	23,843,931
Changes in provision for future policy benefits	6,177,916	4,378,886
General and administrative expenses	7,854,165	6,519,428
Interest expense	129,563	201,683
Commissions	2,908,126	2,927,799
Premium and other tax expense	994,553	904,078
Impairment of goodwill	110,000	337,627
Other expenses	<u>777,740</u>	<u>291,922</u>
Total benefits and expenses	<u>43,922,874</u>	<u>39,405,354</u>
Net income (loss) for the period	\$ <u>(2,705,941)</u>	\$ <u>1,347,645</u>
Net income (loss) attributable to:		
Ordinary shareholders of the Company	\$ (2,776,188)	\$ 1,302,129
Minority interest	<u>70,247</u>	<u>45,516</u>
Net income (loss) for the period	\$ <u>(2,705,941)</u>	\$ <u>1,347,645</u>
Earnings (loss) per share	\$ <u>(0.11)</u>	\$ <u>0.05</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Changes in Shareholders' Equity

For the nine months ended September 30, 2007 with comparative figures for the nine months ended September 30, 2006
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Treasury Shares	Share Premium	Revaluation Reserve	Preference Shares	Retained Earnings	Minority Interest	Total Equity
Balance, January 1, 2006	\$ 24,729,613	\$ (2,340,079)	\$ 5,960,299	\$ 1,522,637	\$ 20,000,000	\$ 12,701,323	\$ 5,969,474	\$ 68,543,267
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	911,170	-	-	-	911,170
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	(683,023)	-	3,890,349	-	(683,023)
Net income for the period	-	-	-	-	-	120,254	-	4,010,603
Disposal of subsidiary	-	-	-	-	-	(330,876)	-	(330,876)
Distributions by subsidiaries	-	-	-	-	-	(115,350)	-	(115,350)
Change in treasury shares	-	2,340,079	-	-	-	-	-	2,340,079
Preference share dividends	-	-	-	-	-	(1,159,314)	-	(1,159,314)
Balance, September 30, 2006	\$ 24,729,613	\$ -	\$ 5,960,299	\$ 1,750,784	\$ 20,000,000	\$ 15,432,358	\$ 5,643,502	\$ 73,516,556
Balance, January 1, 2007	\$ 24,729,613	\$ -	\$ 5,960,299	\$ 1,913,806	\$ 20,000,000	\$ 17,764,425	\$ 5,764,212	\$ 76,132,355
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	3,124,018	-	-	-	3,124,018
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	(146,615)	-	-	-	(146,615)
Net income (loss) for the period	-	-	-	-	-	(1,773,148)	269,024	(1,504,124)
Distributions by subsidiaries	-	-	-	-	-	(115,351)	-	(115,351)
Dividends paid to ordinary shareholders	-	-	-	-	-	(989,457)	-	(989,457)
Preference share dividends	-	-	-	-	-	(1,162,500)	-	(1,162,500)
Balance, September 30, 2007	\$ 24,729,613	\$ -	\$ 5,960,299	\$ 4,891,209	\$ 20,000,000	\$ 13,839,320	\$ 5,917,885	\$ 75,338,326

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

For the period ended September 30, 2007
(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, 2007, 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. Earning Per Share

	September 30,	September 30,
	2007	2006
	(Nine months)	(Nine months)
Weighted average number of ordinary shares outstanding	\$ 24,729,613	\$ 24,148,091
Consolidated net income (loss)	<u>(1,773,148)</u>	<u>3,890,349</u>
Earnings (loss) per share	<u>\$ (0.07)</u>	<u>\$ 0.16</u>

3. 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, 2006. 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.