

Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2007
UNAUDITED

Message from the Chairman

Dear Shareholders,

We are pleased to report the results of Colina Holdings Bahamas Limited (the Company) for the three months ended March 31st, 2007.

On a consolidated basis, net income attributable to the Company's Ordinary Shareholders for the period January 1, 2007 to March 31, 2007 was \$1.8 million or \$0.07 per share, compared to net income of \$1.4 million or \$0.06 per share for the same period in the prior year.

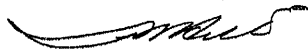
First quarter gross premium revenues have increased by 8.1% by \$2.9 million. Net investment income for the first quarter totaled \$7.5 million compared to \$5.7 million in the prior year representing an annualized gross return on invested assets of approximately 8%. Due largely to increasing health claim costs, net policyholders' benefits for the first quarter have increased to \$26.6 million representing 75.0% of net premium revenues, compared to 64.3% of net premium revenues for the same period in 2006.

For the quarter ended March 31, 2007 the Company has continued its focus on the reduction of recurring administration expenses and has improved its expense ratio. By the end of the first quarter, general and administrative expenses totalling \$6.2 million has decreased to 15.9% of gross premium revenues compared to 19.6% or \$7.1 million for the same period in the prior year.

Additionally, the Company's financial position remains strong as total assets at March 31, 2007 increased to \$462.3 million, an increase of \$7.7 million compared to December 31, 2006. Invested assets totalling \$373.2 million represent 80.7% of total assets at March 31, 2007.

Total Ordinary Shareholders' equity has increased to \$52.9 million at March 31, 2007 compared to \$50.4 million at December 31, 2006. The increase in equity is due largely to unrealized gains within the revaluation reserve on invested assets classified as available for sale securities as well as the increase in equity due to earnings retained.

These first quarter results from your Company are a positive indication of its successful movement forward towards achieving the financial goals for 2007. We thank you for your support as we continue to work diligently towards ensuring the performance that you expect from the leading insurance company in The Bahamas.



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) 396-2111 or by e-mail at financials@colinaimperial.com

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Balance Sheet

As of March 31, 2007 with comparative figures as of December 31, 2006
(Expressed in Bahamian dollars)

	2007	2006
ASSETS		
Term deposits	\$ 16,961,375	\$ 15,643,270
Investment securities	174,297,670	173,642,729
Mortgages and commercial loans	72,723,040	74,077,133
Policy loans	74,487,701	74,327,404
Investment property	34,778,003	34,778,003
Total invested assets	373,247,789	372,468,539
Cash and demand balances	14,683,841	6,509,064
Goodwill	11,254,383	11,379,559
Receivables and other assets	43,406,285	44,431,253
Property and equipment	19,190,267	19,213,132
Other intangible assets	534,490	605,666
Total assets	\$ 462,317,055	\$ 454,607,213
LIABILITIES		
Provision for future policy benefits	\$ 274,932,733	\$ 271,019,932
Policy dividends on deposit	34,506,807	34,431,407
Total policy liabilities	309,439,540	305,451,339
Bank loan	7,724,780	10,267,390
Other liabilities	66,306,796	62,756,129
Total liabilities	383,471,116	378,474,858
EQUITY		
Ordinary shares	24,729,613	24,729,613
Share premium	5,960,299	5,960,299
Revaluation reserve	3,102,588	1,913,806
Retained earnings	19,178,917	17,764,425
Total ordinary shareholders' equity	52,971,417	50,368,143
Preference shares	20,000,000	20,000,000
Total shareholders' equity	72,971,417	70,368,143
Minority interest	5,874,522	5,764,212
Total equity	78,845,939	76,132,355
Total liabilities and equity	\$ 462,317,055	\$ 454,607,213

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

For the three months ended March 31, 2007
with comparative figures for the three months ended March 31, 2006
(Expressed in Bahamian dollars)

	2007	2006
Revenues:		
Premium revenue	\$ 38,826,731	\$ 35,900,890
Less: Reinsurance premiums	<u>3,337,652</u>	<u>2,561,945</u>
Net premium revenue	35,489,079	33,338,945
Net investment income	7,505,899	5,663,627
Other income / expense	<u>241,400</u>	<u>(48,236)</u>
Total revenues	<u>43,236,378</u>	<u>38,954,336</u>
Benefits and expenses:		
Policyholders' benefits	29,117,510	23,196,821
Less: Reinsurance recoveries	<u>2,499,085</u>	<u>1,772,604</u>
Net policyholders' benefits	26,618,425	21,424,217
Changes in provision for future policy benefits	3,912,801	4,124,943
General and administrative expenses	6,185,907	7,054,399
Interest expense	176,087	202,594
Commissions	2,971,520	2,843,774
Premium and other tax expense	1,032,933	893,355
Impairment of goodwill	125,176	-
Other expenses	<u>301,227</u>	<u>936,890</u>
Total benefits and expenses	<u>41,324,076</u>	<u>37,480,172</u>
Net income for the year	<u>\$ 1,912,302</u>	<u>\$ 1,474,164</u>
Net income attributable to:		
Ordinary shareholders of the Company	\$ 1,801,992	\$ 1,395,324
Minority interest	<u>110,310</u>	<u>78,840</u>
Net income for the year	<u>\$ 1,912,302</u>	<u>\$ 1,474,164</u>
Basic earnings per share	<u>\$ 0.07</u>	<u>\$ 0.06</u>

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

For the three months ended March 31, 2007
with comparative figures for the three months ended March 31, 2006
(Expressed in Bahamian dollars)

	Ordinary				Preference			
	Share	Treasury	Share	Revaluation	Share	Retained	Minority	Total
	Capital	Shares	Premium	Reserve	Capital	Earnings	Interest	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 loss on remeasurement of available-for-sale securities to fair value	-	-	-	(5,185)	-	-	-	(5,185)
Net income for the year	-	-	-	-	-	1,395,324	78,840	1,474,164
Acquisitions of subsidiaries	-	-	-	-	-	-	125,013	125,013
Change in treasury shares	-	1,024,528	-	-	-	-	-	1,024,528
Preference share dividends	-	-	-	-	-	(382,192)	-	(382,192)
Balance, March 31, 2006	<u>\$ 24,729,613</u>	<u>\$ (1,315,551)</u>	<u>\$ 5,960,299</u>	<u>\$ 1,517,452</u>	<u>\$ 20,000,000</u>	<u>\$ 13,714,455</u>	<u>\$ 6,173,327</u>	<u>\$ 70,779,595</u>
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	-	-	-	1,261,385	-	-	-	1,261,385
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	-	(72,603)	-	-	-	(72,603)
Net income for the year	-	-	-	-	-	1,801,992	110,310	1,912,302
Preference share dividends	-	-	-	-	-	(387,500)	-	(387,500)
Balance, March 31, 2007	<u>\$ 24,729,613</u>	<u>\$ -</u>	<u>\$ 5,960,299</u>	<u>\$ 3,102,588</u>	<u>\$ 20,000,000</u>	<u>\$ 19,178,917</u>	<u>\$ 5,874,522</u>	<u>\$ 78,845,939</u>

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

For the period ended March 31, 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”), formerly Colina Insurance Company Limited, 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 United States of America. ColinaImperial adopted its present name on June 9, 2005.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At March 31, 2007, approximately 63.1% of the Company's issued ordinary shares were owned by A.F. Holdings Ltd. and 36.9% 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, 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.