

Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Six Months Ended June 30, 2007
UNAUDITED

Message from the Chairman

Dear Shareholders,

Colina Holdings Bahamas Limited, (the Company) reports consolidated net income for the 6-months ended June 30, 2007 totalling \$1.2 million, a decrease of \$1.6 million over the same period in the prior year.

Net income attributable to the Company's ordinary shareholders for the 6-months ended June 30, 2007 was \$1.0 million or \$0.04 per share, compared to net income of \$2.7 million or \$0.11 per share for the same period in the prior year. During the quarter ended June 30, 2007, the Company experienced a loss totalling (\$0.8) million or (\$0.03) per share compared to net income of \$1.3 million or \$0.05 per share for the quarter ended June 30, 2006. The loss in the second quarter was caused primarily by unusually high medical claims experience in the group medical and individual medical portfolios as medical claims expenses for the 6-month period ended June 30, 2007 were over \$5.5 million greater than the same period in the prior year. This increased medical claims expense is reflected in net policyholder benefits which at June 30, 2007 total \$52.2 million representing 75.9% of net premium revenues, compared to 68.6% of net premium revenues for the same period in 2006.

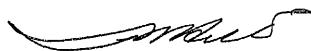
Company management and the Board of Directors continue to monitor carefully the medical claims experience and have implemented several strategies to address the unfavourable loss ratios experienced in this line of business so as to minimize the impact of continued increased medical claims experience over the remainder of the fiscal year.

We continue to see positive growth in premium revenue as net premium revenues have increased by 4.2% to \$68.7 million for the 6-months ended June 30, 2007 over the prior year revenues of \$65.9 million. Net investment income for the 6-month period ended June 30, 2007 has increased by \$1.4 million to \$14.4 million compared to \$13.1 million for the same period in the prior year. The increase in net investment income in conjunction with unrealized gains of \$2.1 million included in the revaluation reserve in ordinary shareholder's equity during the 6-months ended June 30, 2007 reflects the results of a carefully managed and high-performing investment portfolio.

General and administrative costs for the 6-months ended June 30, 2007 were 19.3% of gross premium revenues compared to 18.8% in the prior year. Increased administrative expenses for the period are a result of consulting fees and other expenses related to the Company's ongoing strategy to consolidate its underlying platforms from those used by predecessor companies acquired.

The Company continues to maintain and improve its financial strength, as total assets at June 30, 2007 were in excess of \$457.5 million, representing an increase of \$2.9 million as compared to December 31, 2006. Invested assets at June 30, 2007 were 81.1% of total assets compared to invested assets totalling 81.9% of total assets at December 31, 2006. The slight decrease in invested assets from December 31, 2006 was due to the maturing of term deposits that at period end were recorded as cash and demand balances awaiting reinvestment. Our solvency ratio, using Canadian reserving methodologies and solvency standards as measured by the Minimum Continuing Capital and Surplus Requirement (MCCSR) stands at 177.7% at June 30, 2007, an increase from 175.8% at December 31, 2006. Canadian standards recommend a minimum MCCSR of 150%.

As always, we remain committed to ensuring that our policy holders receive the level of care which will lead to the best outcome for them and their families. Our plans will continue to reflect this principle as will our management and investment practices which, as always, will be focused on protecting our financial strength and achieving further growth in the interests of our shareholders and policy holders.



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

	2007	2006
ASSETS		
Term deposits	\$ 9,420,473	\$ 15,643,270
Investment securities	179,472,282	173,642,729
Mortgages and commercial loans	72,818,267	74,077,133
Policy loans	74,381,551	74,327,404
Investment property	<u>34,778,003</u>	<u>34,778,003</u>
Total invested assets	370,870,576	372,468,539
Cash and demand balances	12,697,828	6,509,064
Goodwill	11,144,383	11,379,559
Receivables and other assets	43,448,259	44,431,253
Property and equipment	18,842,460	19,213,132
Other intangible assets	<u>463,287</u>	<u>605,666</u>
Total assets	<u>\$ 457,466,793</u>	<u>\$ 454,607,213</u>
LIABILITIES		
Provision for future policy benefits	\$ 277,192,098	\$ 271,019,932
Policy dividends on deposit	<u>33,949,474</u>	<u>34,431,407</u>
Total policy liabilities	311,141,572	305,451,339
Bank loan	7,019,453	10,267,390
Other liabilities	61,826,042	62,756,129
Total liabilities	<u>379,987,067</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	3,939,168	1,913,806
Retained earnings	<u>17,003,008</u>	<u>17,764,425</u>
Total ordinary shareholders' equity	51,632,088	50,368,143
Preference shares	<u>20,000,000</u>	<u>20,000,000</u>
Total shareholders' equity	71,632,088	70,368,143
Minority interest	<u>5,847,638</u>	<u>5,764,212</u>
Total equity	<u>77,479,726</u>	<u>76,132,355</u>
Total liabilities and equity	<u>\$ 457,466,793</u>	<u>\$ 454,607,213</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

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

	2007	2006
Revenues:		
Premium revenue	\$ 74,526,495	\$ 72,028,896
Less: Reinsurance premiums	<u>5,804,926</u>	<u>6,074,463</u>
Net premium revenue	68,721,569	65,954,433
Net investment income	14,440,145	13,080,831
Other income	<u>749,398</u>	<u>672,071</u>
Total revenues	<u>83,911,112</u>	<u>79,707,335</u>
Benefits and expenses:		
Policyholders' benefits	57,170,257	49,629,735
Less: Reinsurance recoveries	<u>4,948,892</u>	<u>4,361,587</u>
Net policyholders' benefits	52,221,365	45,268,148
Changes in provision for future policy benefits	6,172,166	8,503,830
General and administrative expenses	14,406,017	13,573,826
Interest expense	334,759	404,277
Commissions	6,213,240	5,771,573
Premium and other tax expense	1,999,438	1,797,433
Impairment of goodwill	235,176	337,627
Other expenses	<u>1,127,134</u>	<u>1,228,812</u>
Total benefits and expenses	<u>82,709,295</u>	<u>76,885,526</u>
Net income for the period	<u>\$ 1,201,817</u>	<u>\$ 2,821,809</u>
Net income attributable to:		
Ordinary shareholders of the Company	\$ 1,003,040	\$ 2,697,453
Minority interest	<u>198,777</u>	<u>124,356</u>
Net income for the period	<u>\$ 1,201,817</u>	<u>\$ 2,821,809</u>
Basic earnings per share	<u>\$ 0.04</u>	<u>\$ 0.11</u>

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Income Statement

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

	2007	2006
Revenues:		
Premium revenue	\$ 35,699,764	\$ 36,128,006
Less: Reinsurance premiums	<u>2,467,274</u>	<u>3,512,518</u>
Net premium revenue	33,232,490	32,615,488
Net investment income	6,934,246	7,417,204
Other income	<u>507,998</u>	<u>720,307</u>
Total revenues	<u>40,674,734</u>	<u>40,752,999</u>
Benefits and expenses:		
Policyholders' benefits	28,052,747	26,432,914
Less: Reinsurance recoveries	<u>2,449,807</u>	<u>2,588,983</u>
Net policyholders' benefits	25,602,940	23,843,931
Changes in provision for future policy benefits	2,259,365	4,378,886
General and administrative expenses	8,220,110	6,519,428
Interest expense	158,672	201,683
Commissions	3,241,720	2,927,799
Premium and other tax expense	966,505	904,078
Impairment of goodwill	110,000	337,627
Other expenses	<u>825,907</u>	<u>291,922</u>
Total benefits and expenses	<u>41,385,219</u>	<u>39,405,354</u>
Net income (loss) for the period	<u>\$ (710,485)</u>	<u>\$ 1,347,645</u>
Net income (loss) attributable to:		
Ordinary shareholders of the Company	\$ (798,952)	\$ 1,302,129
Minority interest	<u>88,467</u>	<u>45,516</u>
Net income (loss) for the period	<u>\$ (710,485)</u>	<u>\$ 1,347,645</u>
Basic earnings (loss) per share	<u>\$ (0.03)</u>	<u>\$ 0.05</u>

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

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

	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	-	-	-	968,361	-	-	-	968,361
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	43,103	-	-	-	43,103
Net income for the period	-	-	-	-	-	2,697,453	124,356	2,821,809
Disposal of subsidiary	-	-	-	-	-	-	(330,876)	(330,876)
Change in treasury shares	-	1,532,356	-	-	-	-	-	1,532,356
Preference share dividends	-	-	-	-	-	(768,629)	-	(768,629)
Balance, June 30, 2006	<u>\$ 24,729,613</u>	<u>\$ (807,723)</u>	<u>\$ 5,960,299</u>	<u>\$ 2,534,101</u>	<u>\$ 20,000,000</u>	<u>\$ 14,630,147</u>	<u>\$ 5,762,954</u>	<u>\$ 72,809,391</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	-	-	-	2,113,777	-	-	-	2,113,777
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	-	(88,415)	-	-	-	(88,415)
Net income for the period	-	-	-	-	-	1,003,040	198,777	1,201,817
Distributions by subsidiaries	-	-	-	-	-	-	(115,351)	(115,351)
Dividends paid to ordinary shareholders	-	-	-	-	-	(989,457)	-	(989,457)
Preference share dividends	-	-	-	-	-	(775,000)	-	(775,000)
Balance, June 30, 2007	<u>\$ 24,729,613</u>	<u>\$ -</u>	<u>\$ 5,960,299</u>	<u>\$ 3,939,168</u>	<u>\$ 20,000,000</u>	<u>\$ 17,003,008</u>	<u>\$ 5,847,638</u>	<u>\$ 77,479,726</u>

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

For the period ended June 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”), 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 June 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. 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.