

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2009

(Amounts expressed in Bahamian dollars)

	Preference Shares \$	Ordinary Shares \$	Share Premium \$	Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance as of December 31, 2007	\$ 10,000,000	\$ 20,000,000	\$ 10,801,000	\$ 7,361,959	\$ 23,840,477	\$ 54,003,516
Transfer from revaluation surplus	-	-	-	-	-	-
Adjustment to fair value of investment in equities	-	-	-	(496,893)	-	(496,893)
Adjustment to appraised value of land and buildings	-	-	-	3,512,550	-	3,512,550
Net income for 2008	-	-	-	-	4,899,043	4,899,043
Dividends declared and paid - preference shares	-	-	-	-	(700,000)	(700,000)
ordinary shares (\$0.24 per share)	-	-	-	-	(2,400,000)	(2,400,000)
Balance as of December 31, 2008	10,000,000	20,000,000	10,801,000	10,377,616	25,639,520	58,818,216
Adjustment to fair value of investment in equities	-	-	-	(455,314)	-	(455,314)
Adjustment to appraised value of land and buildings	-	-	-	-	-	-
Net income for the period	-	-	-	-	1,570,838	1,570,838
Dividends declared and paid - preference shares	-	-	-	-	-	-
ordinary shares (\$0.06 per share)	-	-	-	-	(600,000)	(600,000)
Balance as of March 31, 2009	\$ 10,000,000	\$ 20,000,000	\$ 10,801,000	\$ 9,922,302	\$ 26,610,358	\$ 59,333,740

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2009

1. ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting. The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2008.

These unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Family Guardian Insurance Company, FG General Insurance Agency Limited, FG Financial Limited, FG Capital Markets Limited and BahamaHealth Insurance Brokers and Benefit Consultants Limited.

2. EARNINGS PER SHARE

	3 months to March 31, 2009	3 months to March 31, 2008
Earnings per share:		
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 1,570,838	\$ 2,747,405
Earnings per share	\$ 0.16	\$ 0.27

3. COMMITMENTS

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$3,675,003 as at March 31, 2009 (December 31, 2008: \$2,820,390).



FAMGUARD
CORPORATION LIMITED

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INTERIM REPORT

Unaudited Results
for the three months ended
March 31, 2009



FAMGUARD
CORPORATION LIMITED

FAMGUARD CORPORATION LIMITED

INTERIM REPORT - THREE MONTHS ENDING MARCH 31, 2009

MESSAGE FROM THE CHAIRMAN

Dear Shareholder:

The strong growth in premium income experienced in 2008 continued in 2009 and we recorded at the end of the first quarter an increase in premium income of \$2.7 million or 15.7% over prior year-to-date.

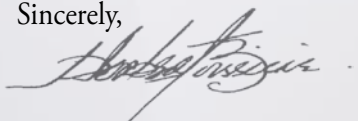
Our Group Life and Health Division recorded the strongest gains in premium income as a result of the sustained growth in new business. At the end of March 2009, new sales outstripped the prior year-to-date by 82%.

Our decision to change our accounting method for equities during 2008 from fair value through profit and loss (FVTPL) to available for sale (AFS) assisted in minimizing fluctuations in investment income caused by changes in the price of shares held in our equities portfolio. We recorded investment income of \$2.4 million for the first quarter of 2009 compared to \$1.9 million for the same period last year. Prior year was impacted significantly by unrealized losses on equities of \$441 thousand.

During the quarter policyholder benefits trended higher than prior year-to-date by 30% reflecting an increase in health claims. This increase in policyholder benefits negatively impacted net income, which ended the quarter at \$1.6 million.

The Board of Directors declared a dividend of 6 cents per share, which was paid to shareholders on May 18, 2009 based on the performance of the company for the three months to March 31, 2009.

Sincerely,



Norbert F. Boissiere
Chairman

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT MARCH 31, 2009

(Amounts expressed in Bahamian dollars)

	2009 \$	December 31 2008 \$
ASSETS		
Cash and bank balances	1,833,305	1,954,114
Short term bank deposits	340,635	339,737
Other bank term deposits	4,233,591	13,789,621
Financial Investment Assets		
Held-to-maturity	56,390,833	44,255,404
Available for sale	6,787,851	7,243,165
Loans	69,567,290	69,292,456
Total investment assets	139,153,505	136,874,497
Receivables and other assets	2,208,520	2,784,130
Premiums receivable	3,086,519	2,749,750
Property, plant and equipment, net	34,442,304	34,062,774
TOTAL	178,890,848	176,471,151
LIABILITY & EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	104,806,556	102,902,989
Other policyholders' funds	9,898,793	7,756,601
Policy liabilities	114,705,349	110,659,590
Payables and accruals	4,851,759	6,993,345
Total liabilities	119,557,108	117,652,935
EQUITY:		
Preference shares	10,000,000	10,000,000
Ordinary shares	2,000,000	2,000,000
Share premium	10,801,080	10,801,080
Revaluation surplus	9,922,302	10,377,616
Retained earnings	26,610,358	25,639,520
Total equity	59,333,740	58,818,216
TOTAL	178,890,848	176,471,151

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2009

(Amounts expressed in Bahamian dollars)

	3 months to March 31, 2009 \$	Restated 3 months to March 31, 2008 \$
INCOME		
Gross premium income	20,484,476	17,768,174
Premium ceded to reinsurers	(2,283,130)	(1,253,150)
Net premium income	18,201,346	16,515,024
Annuity deposits	1,604,804	1,154,892
Net premium income and annuity deposits	19,806,150	17,669,916
Interest income	2,303,409	2,292,048
Dividend income	112,932	83,450
Change in unrealized loss on investments	-	(441,118)
Realized gain from sale of assets	100	-
Other operating income	156,348	153,661
Total income	22,378,939	19,757,957
BENEFITS & EXPENSES		
BENEFITS:		
Policyholders' benefits	11,997,201	9,229,155
Reinsurance recoveries	(624,133)	(846,444)
Net policyholders' benefits	11,373,068	8,382,711
Increase in reserves for future policyholders' benefits	1,921,295	1,963,014
Total benefits	13,294,363	10,345,725
EXPENSES:		
Commissions	2,908,194	2,648,135
Operating expenses	3,670,388	3,555,827
Premium tax	617,957	537,621
Depreciation and amortization expense	323,841	215,445
Bad debt expense	(6,642)	(292,201)
Total expenses	7,513,738	6,664,827
Total benefits and expenses	20,808,101	17,010,552
NET INCOME	1,570,838	2,747,405
Earnings per share	0.16	0.27

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2009

(Amounts expressed in Bahamian dollars)

	3 months to March 31, 2009 \$	3 months to March 31, 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	1,570,838	2,747,405
Adjustments for:		
Depreciation	323,841	215,445
Change in appreciation on investments in equities	-	441,118
Change in mortgage provision	(6,642)	(292,226)
Reserve for policyholder benefits	1,921,295	1,963,015
Interest income	(2,303,409)	(2,292,048)
Dividend income	(112,932)	(83,450)
Operating profit before working capital changes	1,392,991	2,699,259
(Increase) decrease in operating assets		
Receivables and other assets	575,610	(2,059,784)
Premium in arrears	(336,769)	488,924
(Decrease) increase in operating liabilities		
Payables and accruals	(2,141,586)	(172,457)
Other policyholder funds	2,142,192	(148,617)
Net cash from operating activities	1,632,438	807,325
CASH FLOWS FROM INVESTING ACTIVITIES:		
Policy loans	44,996	(318,573)
Purchase of fixed assets	(618,423)	(1,103,542)
Construction in progress	84,948	-
Other loans repaid	96,451	60,410
Net mortgage loans issued	(367,843)	(597,078)
Purchase of Government bonds	(11,250,000)	-
Interest received	1,188,560	2,496,682
Dividends received	112,932	83,450
Net cash from investing activities	(10,708,379)	621,349
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(600,000)	(600,000)
Net cash used in financing activities	(600,000)	(600,000)
Net (decrease) increase in cash and cash equivalents	(9,675,941)	828,674
Cash and cash equivalents at beginning of the period	16,083,472	13,912,100
Cash and cash equivalents at end of the period	6,407,531	14,740,774
CASH & CASH EQUIVALENTS IS COMPRISED OF:		
Cash and bank balances	1,833,305	4,445,601
Short-term deposits	340,635	329,659
Other bank term deposits	4,233,591	9,965,514
6,407,531	14,740,774	

See accompanying notes to unaudited consolidated financial statements.