

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH 2006
(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	Share Capital Preference Shares \$	Share Capital Ordinary Shares \$	Share Premium \$	Revaluation Surplus \$	Retained Earnings \$	Total
Balance as of 1 January 2005	10,000,000	1,725,000	2,891,694	5,189,525	13,997,237	33,803,456
Transfer from revaluation surplus	-	-	-	(13,363)	13,363	-
Net income for the period	-	-	-	-	1,670,481	1,670,481
Dividends declared and paid - ordinary shares	-	-	-	-	(517,500)	(517,500)
Balance as of 31 March 2005	10,000,000	1,725,000	2,891,694	5,176,162	15,163,581	34,956,437
Balance as of 1 January 2006	10,000,000	2,000,000	10,801,080	5,136,072	16,108,882	44,046,034
Transfer from revaluation surplus	-	-	-	(13,363)	13,363	-
Net income for the period	-	-	-	-	1,080,399	1,080,399
Balance as of 31 March 2006	10,000,000	2,000,000	10,801,080	5,122,709	17,202,644	45,126,433

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2006

1. ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 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 31 December 2005.

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

2. EARNINGS PER SHARE

	3 months to 31 March 2006	3 months to 31 March 2005
Weighted average number of ordinary shares outstanding	10,000,000	8,625,000
Consolidated net income	1,080,399	1,670,481
Earnings per share	\$ 0.11	\$ 0.19

3. COMMITMENTS

Outstanding commitments to extend credit under mortgage loan agreements amounted to approximately \$3,229,801 at 31 March 2006 (31 December 2005: \$2,150,056).



FAMGUARD CORPORATION LIMITED

CORPORATE CENTRE

East Bay Street
Nassau, Bahamas
242-393-1023

FINANCIAL SERVICES

Third Terrace West, Centreville
Nassau, Bahamas
242-326-1040

GROUP OPERATIONS/BAHAMAHEALTH

Harbour Bay, Shopping Center
Nassau, Bahamas
242-396-1300

MARATHON SALES OFFICE

Marathon Estates Road
Nassau, Bahamas
242-393-0091

CHIPPINGHAM SALES OFFICE

Thompson Boulevard
Nassau, Bahamas
242-325-1811

MORTGAGE DEPARTMENT

Nassau: East Bay Street
242-393-1023

CARMICHAEL SALES OFFICE

Blue Hill Road
Nassau, Bahamas
242-341-4429

YELLOW ELDER SALES OFFICE

Harrold Road
Nassau, Bahamas
242-341-5669

FREEMPORT SALES OFFICE

East Mall Drive
Freeport, Grand Bahama
242-352-7233

ABACO SALES OFFICE

Memorial Plaza
Marsh Harbour, Abaco
242-367-3264

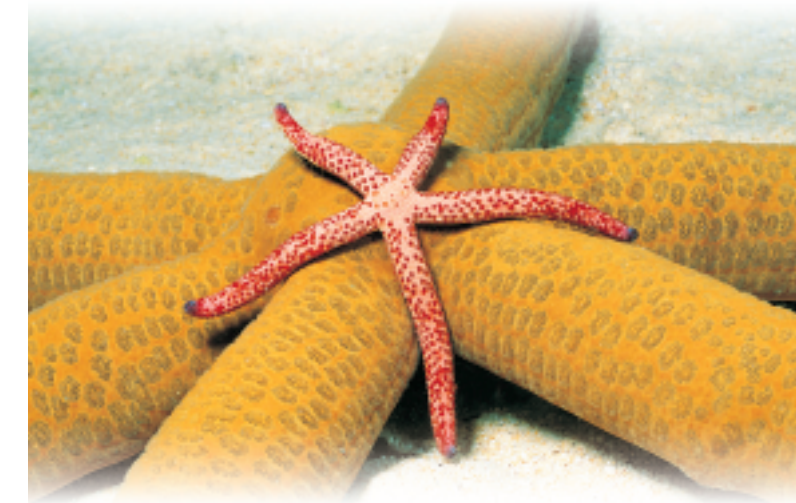
ELEUTHERA SALES OFFICE

Bay Front Plaza
Governor's Harbour, Eleuthera
242-332-2258

Freeport: East Mall Drive
242-352-7233



FAMGUARD CORPORATION LIMITED



INTERIM REPORT

Unaudited Results for
the three months ended
31 March, 2006

MESSAGE FROM THE CHAIRMAN

Dear Shareholder:

INTERIM REPORT — THREE MONTHS ENDING 31 MARCH, 2006

Propelled by strong sales in 2005, net premium income during first quarter 2006 grew by 16% or 1.8 million over prior year-to-date. Over the period we recorded a return on investment assets of 8.2% in spite of the 50 basis points reduction in the prime rate during the first quarter of 2005 and the reduction in unrealized gains emanating from a less buoyant equities market.

During the quarter we experienced a significant increase in death and health claims which caused a 32% or \$1.7 million increase in policyholder benefits payments over prior year-to-date. This impact was partially reduced by the decrease in reserves of \$516,500 due to a change in assumptions.

In spite of the strong premium revenue growth through March 2006, this claims experience negatively impacted our net income for the quarter. As at 31 March, 2006 we recorded net income of \$1.1 million. This represents a reduction of \$590 thousand or 35% over prior year-to-date.

Earnings per share stood at 11 cents for the period compared to 19 cents prior year-to-date.

On 4 May, 2006 the Board of Directors declared a dividend of 6 cents per share, which was paid, to common shareholders on 19 May, 2006.

Sincerely,



Norbert F. Boissiere
Chairman

FAMGUARD CORPORATION LIMITED

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS OF 31 MARCH 2006
(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	2006 \$	31 December 2005 \$
ASSETS		
Bank term deposits	15,847,876	14,021,856
Government bonds	22,180,527	21,593,317
Preferred shares	1,172,937	1,150,252
Investments in equities	6,565,969	6,336,293
Policy loans	9,346,249	9,307,321
Mortgage loans, net	52,461,838	53,004,358
Total investment assets	107,575,396	105,413,397
Cash and bank balances	3,623,177	2,571,903
Receivables and other assets	2,121,433	3,372,446
Premiums in arrears	1,605,987	1,695,178
Property, plant and equipment, net	19,078,810	19,003,151
TOTAL ASSETS	134,004,803	132,056,075
LIABILITIES		
Reserves for future policyholders' benefits	78,733,300	76,518,778
Other policyholders' funds	5,225,101	4,983,460
Policy liabilities	83,958,401	81,502,238
Payables and accruals	4,919,969	6,507,803
Total Liabilities	88,878,370	88,010,041
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	5,122,709	5,136,072
Retained earnings	17,202,644	16,108,882
Total Equity	45,126,433	44,046,034
TOTAL LIABILITIES AND EQUITY	134,004,803	132,056,075

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH 2006
(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	3 months to 31 March 2006 \$	3 months to 31 March 2005 \$
Premium revenue	14,006,342	12,185,720
Premiums ceded to reinsurers	(737,801)	(732,473)
Net premium revenue	13,268,541	11,453,247
Annuity deposits	1,009,973	1,982,216
Net premium revenue and deposits	14,278,514	13,435,463
Interest Income	1,760,512	1,605,726
Dividend Income	99,481	96,029
Change in unrealised appreciation on investments in equities	229,675	322,290
Realised gain/(loss) from investments in equities	-	3,410
Other Operating Income	113,658	101,385
TOTAL INCOME	16,481,840	15,564,303
BENEFITS		
Policyholders' benefits	7,746,964	5,892,715
Reinsurance recoveries	(613,972)	(476,759)
Net policyholders' benefits	7,132,992	5,415,956
Increase in reserves for future policyholders' benefits	2,390,354	3,217,409
	9,523,346	8,633,365
EXPENSES		
Commissions	2,451,729	2,063,621
Operating expenses	3,246,508	3,055,463
Depreciation and amortisation expenses	186,171	143,319
Bad debt expense	(6,313)	(1,946)
	5,878,095	5,260,457
TOTAL BENEFITS AND EXPENSES	15,401,441	13,893,822
Net income	1,080,399	1,670,481
Earnings per share	0.11	0.19

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH 2006
(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	3 months to 31 March 2006 \$	3 months to 31 March 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	1,080,399	1,670,481
Adjustments for:		
Depreciation and amortisation	186,171	143,319
Change in unrealised loss on investments in equities	(229,675)	(322,290)
Realised loss on investments in equities	-	(3,410)
Loans written-off, net of recoveries	(70,000)	-
Change in mortgage provision	(6,313)	(2,594)
Reserve for policyholders' benefits	2,214,522	4,531,353
Interest income	(1,760,512)	(1,605,726)
Dividend income	(99,481)	(96,029)
Operating profit before working capital changes	1,315,111	4,315,104
(Increase) decrease in operating assets		
Receivables and other assets	1,316,999	(705,447)
Premiums in arrears	89,191	7,716
(Decrease) increase in operating liabilities		
Payables and accruals	(1,587,834)	70,194
Other policyholders' funds	241,641	(1,277,210)
Net cash provided by operating activities	1,375,108	2,410,357
CASH FLOWS FROM INVESTING ACTIVITIES		
Policy loans	(8,373)	103,513
Proceeds of government bonds	(555,700)	-
Purchase of fixed assets	(261,851)	(49,306)
Net mortgage loans issued	609,842	(414,355)
Proceeds from sale of equities	-	137,525
Interest received	1,618,787	1,576,126
Dividends received	99,481	96,029
Net cash provided by investing activities	1,502,186	1,449,532
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid - ordinary shares	-	(517,500)
Net cash used in financing activities	-	(517,500)
Net increase in cash and cash equivalents	2,877,294	3,342,389
Cash and cash equivalents at beginning of period	16,593,759	11,102,934
Cash and cash equivalents at end of period	19,471,053	14,445,323

See accompanying notes to unaudited interim consolidated financial statements.