

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH, 2008
(EXPRESSED IN BAHAMIAN DOLLARS)

	Share Capital Preference Shares \$	Share Capital Ordinary Shares \$	Share Premium \$	Revaluation Surplus \$	Retained Earnings \$	Total \$
Balance as of January 1, 2007	10,000,000	2,000,000	10,801,080	5,082,619	19,578,249	47,461,948
Transfer from revaluation surplus	-	-	-	(12,856)	12,856	-
Transfer from revaluation surplus on sale of asset	-	-	-	(470,234)	-	(470,234)
Net income for the period	-	-	-	-	2,805,819	2,805,819
Prior period adjustments	-	-	-	-	(408,568)	(408,568)
Dividends declared and paid - preference shares	-	-	-	-	-	-
ordinary shares (\$0.06 per share)	-	-	-	-	(600,000)	(600,000)
Balance as of March 31, 2007	10,000,000	2,000,000	10,801,080	4,599,529	21,388,356	48,788,965
Balance as of January 1, 2008	10,000,000	2,000,000	10,801,080	7,361,959	23,840,477	54,003,516
Net income for the period	-	-	-	-	2,936,163	2,936,163
Dividends declared and paid - preference shares	-	-	-	-	-	-
ordinary shares (\$0.06 per share)	-	-	-	-	(600,000)	(600,000)
Balance as of March 31, 2008	10,000,000	2,000,000	10,801,080	7,361,959	26,176,640	56,339,679

See notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

31 MARCH, 2008

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 2007.

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, FG Financial Fund Limited SAC, FG Capital Markets and BahamaHealth Insurance Brokers and Benefit Consultants Limited.

2. Earnings per share

	3 months to 31 March 2008	3months to 31 March 2007
Weighted average number of ordinary shares outstanding	10,000,000	10,000,000
Consolidated net income	2,936,163	2,805,819
Earnings per share	\$ 0.29	\$ 0.28

3. Commitments

Outstanding commitments to extend credit under mortgage loan agreements amounted to approximately \$3,265,062 at 31 March 2008 (31 December 2007: \$3,858,604).



FAMGUARD CORPORATION LIMITED

CORPORATE CENTRE
East Bay Street
Nassau, Bahamas
242-396-4000

FINANCIAL SERVICES
East Bay & Church Streets
Nassau, Bahamas
242-326-1040

**GROUP OPERATIONS/
BAHAMAHEALTH**
East Bay & Church Streets
Nassau, Bahamas
242-326-1300

MARATHON SALES OFFICE
Marathon Estates Road
Nassau, Bahamas
242-393-0091

CHIPPINGHAM SALES OFFICE
Thompson Boulevard
Nassau, Bahamas
242-325-1811

CARMICHAEL SALES OFFICE
Blue Hill Road
Nassau, Bahamas
242-341-4429

YELLOW ELDER SALES OFFICE
Tonique Williams-Darling Highway
Nassau, Bahamas
242-341-5669

FREEPORT SALES OFFICES
East Mall Drive
Freeport, Grand Bahama
242-352-7233

Regent Centre
Freeport, Grand Bahama
242-352-3670

ABACO SALES OFFICE
Memorial Plaza
Marsh Harbour, Abaco
242-367-3264

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

MORTGAGE DEPARTMENT

Nassau: East Bay Street
242-396-4040

Freeport: Regent Centre
242-352-3670



FAMGUARD CORPORATION LIMITED



INTERIM REPORT

Unaudited Results for
the three months ended
31 March, 2008

FAMGUARD CORPORATION LIMITED

MESSAGE FROM THE CHAIRMAN

Dear Shareholder:

INTERIM REPORT – THREE MONTHS ENDING 31 MARCH 2008

We are pleased to report a net income for the first quarter of \$2.94 million representing an increase of 4.5% over last year's \$2.81 million. Earnings per share increased to \$0.29 from last year's \$0.28 per share.

These results are especially noteworthy considering the fact that the equities market recorded a decline resulting in unrealized losses of \$441 thousand on our equities portfolio compared to unrealized gains of \$622 thousand recorded at March 2007.


Strong sales in our group medical and ordinary life product lines boosted our premium revenue growth by 16.1% over same period last year. With claims experience and operating expenses at budgeted levels the company's operating income, income before capital appreciation, is recorded at 58% over 31 March 2007.

During the first quarter of this year the company received final regulatory approvals for the launch of our pension, brokerage & advisory services and mutual fund products through the new subsidiary companies FG Financial Limited and FG Capital Markets Limited. Sales of these products began in April 2008.

Also during the first quarter 2008 renovations to our new building on Church and East Bay Streets were completed. Bahama-Health, Financial Services division and client services are now fully relocated to this office complex. The centralization of these services we believe will improve our responsiveness and overall service to our clients.

The Board of Directors declared a dividend of 6 cents per share, which was paid to shareholders on May 23, 2008, based on the performance of the company for the three months to 31 March 2008.

Sincerely,



Norbert F. Boissiere
Chairman

FAMGUARD CORPORATION LIMITED
(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS OF 31 MARCH, 2008
(EXPRESSED IN BAHAMIAN DOLLARS)

	2008 \$	31 December 2007 \$
ASSETS		
Bank term deposits	10,295,173	11,102,604
Financial Investment Assets:		
Held-to-maturity	38,948,460	39,063,136
Fair value through profit and loss	8,120,431	8,561,549
Loans	67,626,839	66,445,062
	<u>124,990,903</u>	<u>125,172,351</u>
Total investment assets	124,990,903	125,172,351
Cash and bank balances	4,445,601	2,809,496
Receivables and other assets	3,822,290	1,886,966
Premiums receivable	1,876,462	2,365,386
Property, plant and equipment, net	29,788,847	28,900,750
	<u>164,924,103</u>	<u>161,134,949</u>
TOTAL	<u>164,924,103</u>	<u>161,134,949</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	96,444,875	94,481,860
Other policyholders' funds	5,685,344	5,833,961
Policy liabilities	102,130,219	100,315,821
Payables and accruals	6,454,205	6,815,612
Total liabilities	<u>108,584,424</u>	<u>107,131,433</u>
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	7,361,959	7,361,959
Retained earnings	26,176,640	23,840,477
Total equity	<u>56,339,679</u>	<u>54,003,516</u>
TOTAL	<u>164,924,103</u>	<u>161,134,949</u>

See notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH, 2008
(EXPRESSED IN BAHAMIAN DOLLARS)

	3 months to 31 March 2008 \$	3 months to 31 March 2007 \$
INCOME:		
Gross premium income	17,920,697	15,476,905
Premium ceded to reinsurers	(1,253,150)	(1,123,829)
Net premium income	<u>16,667,547</u>	<u>14,353,076</u>
Annuity deposits	1,154,892	1,550,002
Net premium income and annuity deposits	<u>17,822,439</u>	<u>15,903,078</u>
Interest income	2,291,856	1,856,580
Dividend income	83,450	119,924
Change in unrealized appreciation on investments in equities	(441,118)	621,847
Realized gain from sale of assets	-	46,946
Other operating income	153,661	135,389
Total income	<u>19,910,288</u>	<u>18,683,764</u>
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	9,192,728	6,842,706
Reinsurance recoveries	(846,444)	(258,418)
Net policyholders' benefits	<u>8,346,284</u>	<u>6,584,288</u>
Increase in reserves for future policyholders' benefits	1,963,014	2,326,946
Total benefits	<u>10,309,298</u>	<u>8,911,234</u>
Expenses:		
Commissions	2,648,135	2,656,060
Operating expenses	4,093,448	3,907,784
Depreciation and amortization expense	215,445	210,317
Bad debt expense	(292,201)	192,550
Total expenses	<u>6,664,827</u>	<u>6,966,711</u>
Total benefits and expenses	<u>16,974,125</u>	<u>15,877,945</u>
NET INCOME	<u>2,936,163</u>	<u>2,805,819</u>
Earnings per share	\$ 0.29	\$ 0.28

See notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH, 2008
(EXPRESSED IN BAHAMIAN DOLLARS)

	3 months to 31 March 2008 \$	3 months to 31 March 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	2,936,163	2,805,819
Adjustments for:		
Depreciation and amortisation	215,445	210,317
Change in appreciation on investments in equities	441,118	(621,847)
Realised on sale of property, plant & equipment	-	(46,946)
Loans written-off net of recoveries	-	169,469
Change in mortgage provision	(292,226)	23,080
Reserve for policyholder benefits	1,963,015	2,359,751
Interest income	(2,291,856)	(1,856,580)
Dividend income	(83,450)	(119,924)
Operating profit before working capital changes	2,888,209	2,923,139
(Increase) decrease in operating assets		
Receivables and other assets	(2,059,784)	(237,388)
Premiums in arrears	488,924	792,968
(Decrease) increase in operating liabilities		
Payables and accruals	(361,407)	(140,199)
Other policyholder funds	(148,617)	108,929
Net cash from operating activities	807,325	3,447,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Policy loans	(318,573)	(120,669)
Proceeds from sale of property, plant & equipment	-	1,957,089
Purchase of fixed assets	(1,103,542)	(41,492)
Construction in progress	-	(967,168)
Other loans repaid	60,410	28,666
Net mortgage loans issued	(597,078)	(918,530)
Purchase of Government bonds	-	(619,300)
Interest received	2,496,682	1,892,823
Dividends received	83,450	119,924
Net cash from investing activities	621,349	1,331,343
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(600,000)	(600,000)
Net cash used in financing activities	(600,000)	(600,000)
Net increase in cash and cash equivalents	828,674	4,178,792
Cash and cash equivalents at beginning of period	13,912,100	13,086,976
Cash and cash equivalents at end of period	14,740,774	17,265,768

See notes to unaudited interim consolidated financial statements.