

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	(40,090)	40,090	-
Net income for the period	-	-	-	-	3,912,326	3,912,326
Dividends declared and paid - preference shares	-	-	-	-	(375,000)	(375,000)
Dividends declared and paid - ordinary shares	-	-	-	-	(1,552,500)	(1,552,500)
Balance as of 30 September 2005	10,000,000	1,725,000	2,891,694	5,149,435	16,022,153	35,788,282
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	-	-	-	(40,090)	40,090	-
Net income for the period	-	-	-	-	4,604,608	4,604,608
Dividends declared and paid - preference shares	-	-	-	-	(350,000)	(350,000)
Dividends declared and paid - ordinary shares	-	-	-	-	(1,200,000)	(1,200,000)
Balance as of 30 September 2006	10,000,000	2,000,000	10,801,080	5,095,982	19,203,580	47,100,642

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 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

	9 months to 30 Sept. 2006	9 months to 30 Sept. 2005
Weighted average number of ordinary shares outstanding	10,000,000	8,625,000
Consolidated net income	4,604,608	3,912,326
Earnings per share	\$ 0.46	\$ 0.45

3. COMMITMENTS

Outstanding commitments to extend credit under mortgage loan agreements amounted to approximately \$3,188,665 at 30 September 2006 (31 December 2005: \$2,150,056).



FAMGUARD CORPORATION LIMITED

CORPORATE CENTRE

East Bay Street
Nassau, Bahamas
242-396-4000

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
242-396-4040

CARMICHAEL SALES OFFICE

Blue Hill Road
Nassau, Bahamas
242-341-4429

YELLOW ELDER SALES OFFICE

Harrold Road
Nassau, Bahamas
242-341-5669

FREEPORT SALES OFFICE

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

ABACO SALES OFFICE

Memorial Plaza
Marsh Harbour, Abaco
242-367-3264

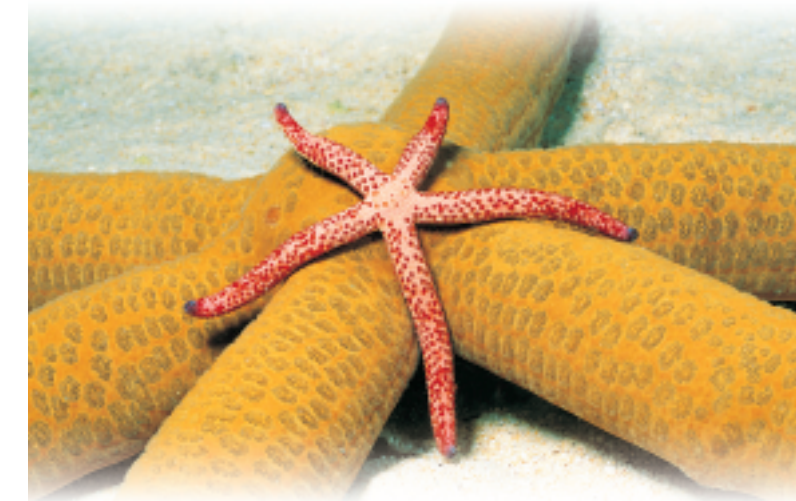
ELEUTHERA SALES OFFICE

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 nine months ended
30 September, 2006

MESSAGE FROM THE CHAIRMAN

Dear Shareholder:

INTERIM REPORT — NINE MONTHS ENDING 30 SEPTEMBER, 2006

We are very pleased to present our financial report for the third quarter 2006.

For the nine months ended 30 September, 2006 we recorded a net profit of \$4.6 million which represents an increase of \$694K or 17.7% over prior year-to-date. While our issued capital increased by 1,375,000 shares to 10,000,000 shares at the beginning of 2006, we recorded an increase in earnings per share from 45 cents as at 30 September 2005 to 46 cents at the end of the third quarter 2006.

During the period, premium revenues in our life and health insurance product lines continued to show strong growth recording a 12.2% increase overall compared to prior year-to-date. The rate of growth of our annuity deposits continued to improve in the third quarter but is \$400K below the deposit levels recorded through 30 September, 2005.

During the third quarter, our health claims experience improved. Net policyholders' benefits for the three months ended September 30, 2006 grew by 10.9% compared to third quarter 2005, but represented an improvement over the growth rate recorded at the end of June 2006 of 16.7% over prior year-to-date.

At the end of September 2006, our solvency ratio or Minimum Continuing Capital and Surplus Requirement (MCCSR) stood at 213% and is notably higher than the minimum ratio recommended by regulators of at least 150%.

The Board of Directors declared a dividend of 6 cents per share which was paid to Shareholders on November 17, 2006.

Sincerely,



Norbert F. Boissiere
Chairman

FAMGUARD CORPORATION LIMITED

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS OF 30 SEPTEMBER 2006
(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	2006 \$	31 December 2005 \$
ASSETS		
Bank term deposits	8,987,487	14,021,856
Government bonds	29,671,552	21,593,317
Preferred shares	1,142,320	1,150,252
Investments in equities	6,681,339	6,336,293
Policy loans	9,611,669	9,307,321
Mortgage loans, net	51,239,179	53,004,358
Total investment assets	107,333,546	105,413,397
Cash and bank balances	6,325,428	2,571,903
Receivables and other assets	2,310,139	3,372,446
Premiums in arrears	2,087,177	1,695,178
Property, plant and equipment, net	24,569,840	19,003,151
TOTAL ASSETS	142,626,130	132,056,075
LIABILITIES		
Reserves for future policyholders' benefits	83,773,718	76,518,778
Other policyholders' funds	5,992,627	4,983,460
Policy liabilities	89,766,345	81,502,238
Payables and accruals	5,759,143	6,507,803
Total Liabilities	95,525,488	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	5,095,982	5,136,072
Retained earnings	19,203,580	16,108,882
Total Equity	47,100,642	44,046,034
TOTAL LIABILITIES AND EQUITY	142,626,130	132,056,075

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006
(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	9 months to 30 Sept. 2006 \$	9 months to 30 Sept. 2005 \$
Net premium revenue and deposits	45,232,840	41,052,485
Investment income	6,140,498	5,620,040
Change in unrealised appreciation on investments in equities	776,981	756,824
Realised gain/(loss) from investments in equities	228,525	40,297
TOTAL INCOME	52,378,844	47,469,646
Benefits	28,995,873	25,253,114
Operating expenses	10,389,271	9,933,754
Commissions	7,817,210	7,706,927
Depreciation and amortisation expense	564,825	451,410
Bad debt expense	7,057	212,115
TOTAL BENEFITS AND EXPENSES	47,774,236	43,557,320
Net income	4,604,608	3,912,326
Earnings per share	0.46	0.45
	3 months to 30 Sept. 2006 \$	3 months to 30 Sept. 2005 \$
Net premium revenue and deposits	15,460,457	14,069,669
Investment income	2,127,985	1,947,031
Change in unrealised appreciation on investments in equities	277,578	156,279
Realised gain/(loss) from investments in equities	-	53,717
TOTAL INCOME	17,866,020	16,226,696
Benefits	9,018,633	8,134,163
Operating expenses	3,450,404	3,580,280
Commissions	2,707,770	3,085,842
Depreciation and amortisation expense	194,345	154,811
Bad debt expense	23,756	134,841
TOTAL BENEFITS AND EXPENSES	15,394,908	15,089,937
Net income	2,471,112	1,136,759
Earnings per share	0.25	0.13

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006
(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	9 months to 30 Sept. 2006 \$	9 months to 30 Sept. 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	4,604,608	3,912,326
Adjustments for:		
Depreciation and amortisation	564,825	451,410
Change in appreciation on investments in equities	(776,981)	(756,824)
Realised (gain)/loss from investments in equities	(228,525)	(40,297)
Realised gain on redemption of preferred shares	-	(50,000)
Loans written-off net of recoveries	(70,000)	-
Change on mortgage provision	7,365	202,667
Reserve for policyholder benefits	7,254,940	7,052,951
Interest income	(5,484,694)	(4,966,039)
Dividend income	(275,305)	(269,964)
Operating profit before working capital changes	5,596,233	5,536,230
(Increase) decrease in operating assets		
Receivables and other assets	1,117,326	(2,843,028)
Premiums in arrears	(391,999)	(107,350)
(Decrease) increase in operating liabilities		
Payables and accruals	(748,660)	2,300,505
Other policyholders' funds	1,009,167	(1,410,488)
Net cash provided by operating activities	6,582,067	3,475,869
CASH FLOWS FROM INVESTING ACTIVITIES		
Policy loans	(255,373)	(117,769)
Purchase of government bonds	(8,061,300)	(3,038,300)
Purchase of fixed assets	(6,131,514)	(598,419)
Net mortgage loans issued	1,811,159	(5,160,981)
Purchase of preferred shares	(200,000)	-
Purchase of equities	(212,940)	(79,114)
Proceeds from sale of equities	873,400	378,405
Proceeds from partial redemption of preferred shares	230,000	533,333
Proceeds from maturity of government bonds	43,100	-
Interest received	5,315,252	4,972,577
Dividends received	275,305	269,964
Net cash (used in) investing activities	(6,312,911)	(2,840,304)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid - preference shares	(350,000)	(375,000)
Dividends paid - ordinary shares	(1,200,000)	(1,552,500)
Net cash used in financing activities	(1,550,000)	(1,927,500)
Net (decrease) in cash and cash equivalents	(1,280,844)	(1,291,935)
Cash and cash equivalents at beginning of period	16,593,759	11,102,934
Cash and cash equivalents at end of period	15,312,915	9,810,999

See accompanying notes to unaudited interim consolidated financial statements.