

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH 2007
(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 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
Dividends declared and paid - preference shares	-	-	-	-	-	-
Dividends declared and paid - ordinary shares	-	-	-	-	-	-
Balance as of 31 December 2006	10,000,000	2,000,000	10,801,080	5,122,709	17,202,644	45,126,433
Balance as of 1 January 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
Dividends declared and paid - preference shares	-	-	-	-	-	-
Dividends declared and paid - ordinary shares	-	-	-	-	(600,000)	(600,000)
Balance as of 31 December 2006	10,000,000	2,000,000	10,801,080	4,599,529	21,796,924	49,197,533

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2007

1. ACCOUNTING POLICIES

The 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 31 December 2006.

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 2007	3 months to 31 March 2006
Weighted average number of ordinary shares outstanding	10,000,000	10,000,000
Consolidated net income	2,805,819	1,080,399
Earnings per share	\$ 0.28	\$ 0.11

3. COMMITMENTS

Outstanding commitments to extend credit under mortgage loan agreements amounted to approximately \$5,186,912 at 31 March 2007 (31 December 2006: \$4,947,187).

4. SALE OF COLLINS AVENUE BUILDING

During the quarter the company finalized the sale of the Collins Avenue Building in a combination cash and non-cash transaction resulting in the company recording a loan asset.



FAMGUARD CORPORATION LIMITED

CORPORATE CENTRE

East Bay Street
Nassau, Bahamas
242-396-4000

FINANCIAL SERVICES

Corner of Church & East Bay Street
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: Regent Centre
242-352-3670



FAMGUARD CORPORATION LIMITED



INTERIM REPORT

Unaudited Results for
the three months ended
31 March, 2007

MESSAGE FROM THE CHAIRMAN

Dear Shareholder:

INTERIM REPORT — THREE MONTHS ENDING 31 MARCH, 2007

We are pleased to report a very strong first quarter 2007.

Net income for the quarter stood at \$2.8 million which represented an increase of \$1.7 million or 160% over prior year-to-date. Earnings per share increased to 28 cents compared to 11 cents recorded in March 2006.

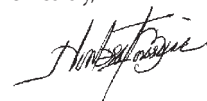
During the quarter, we recorded growth along all product lines resulting in a 10% increase in premium revenue. This, coupled with an excellent claims experience and strong capital appreciation in our equities portfolio, were the principal factors that contributed to our first quarter results.

At the end of 2006 we purchased the landmark office complex at the corner of East Bay & Church Streets to accommodate the continuing expansion of Family Guardian's financial services, group division and client service operations. During the first quarter 2007, we sold the building off Collins Avenue that previously housed these operations resulting in a reduction to property, plant and equipment of \$4.6 million.

We expect full occupancy at the new location during the fourth quarter 2007.

The Board of Directors declared a dividend of 6 cents per share on May 3, 2007 to be paid on May 18, 2007.

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 2007

(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	2007 \$	31 December 2006 \$
ASSETS		
Bank term deposits	12,866,296	11,428,178
Government bonds	30,790,360	30,264,373
Corporate bonds	2,050,685	2,020,205
Preferred shares	1,141,626	1,125,040
Investments in equities	7,465,328	6,843,481
Policy loans	9,759,786	9,602,325
Other loans	1,971,334	-
Mortgage loans, net	52,594,592	51,725,629
Total investment assets	118,640,007	113,009,231
Cash and bank balances	4,399,472	1,658,798
Receivables and other assets	2,407,685	2,340,067
Premiums in arrears	1,921,994	2,714,962
Construction in progress	967,168	-
Property, plant and equipment, net	20,199,891	24,749,093
TOTAL ASSETS	148,536,217	144,472,151
LIABILITIES		
Reserves for future policyholders' benefits	87,251,447	84,891,696
Other policyholders' funds	6,028,542	5,919,613
Policy liabilities	93,279,989	90,811,309
Payables and accruals	6,058,695	6,198,984
TOTAL LIABILITIES	99,338,684	97,010,203
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	4,599,529	5,082,619
Retained earnings	21,796,924	19,578,249
TOTAL EQUITY	49,197,533	47,461,948
TOTAL LIABILITIES AND EQUITY	148,536,217	144,472,151

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH 2007

(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	3 months to 31 March 2007 \$	3 months to 31 March 2006 \$
Premium revenue	15,476,905	14,006,342
Premiums ceded to reinsurers	(1,123,829)	(737,801)
Net premium revenue	14,353,076	13,268,541
Annuity deposits	1,550,002	1,009,973
Net premium revenue and deposits	15,903,078	14,278,514
Interest income	1,856,580	1,760,512
Dividend income	119,924	99,481
Change in unrealised appreciation on investments in equities	621,847	229,675
Realised gain on sale of property, plant & equipment	46,946	-
Other operating income	135,389	113,658
TOTAL INCOME	18,683,764	16,481,840
BENEFITS		
Policyholders' benefits	6,842,706	7,746,964
Reinsurance recoveries	(258,418)	(613,972)
Net policyholders' benefits	6,584,288	7,132,992
Increase in reserves for future policyholders' benefits	2,326,946	2,390,354
	8,911,234	9,523,346
EXPENSES		
Commissions	2,656,060	2,451,729
Operating expenses	3,907,784	3,246,508
Depreciation and amortisation expenses	210,317	186,171
Bad debt expense	192,550	(6,313)
	6,966,711	5,878,095
TOTAL BENEFITS AND EXPENSES	15,877,945	15,401,441
Net income	2,805,819	1,080,399
Earnings per share	0.28	0.11

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 2007

(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	3 months to 31 March 2007 \$	3 months to 31 March 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	2,805,819	1,080,399
Adjustments for:		
Depreciation and amortisation	210,317	186,171
Change in appreciation on investments in equities	(621,847)	(229,675)
Realised on sale of property, plant & equipment	(46,946)	-
Loans written-off, net of recoveries	169,469	(70,000)
Change in mortgage provision	23,080	(6,313)
Reserve for policyholders' benefits	2,359,751	2,214,522
Interest income	(1,856,580)	(1,760,512)
Dividend income	(119,924)	(99,481)
Operating profit before working capital changes	2,923,139	1,315,111
(Increase) decrease in operating assets		
Receivables and other assets	(237,388)	1,316,999
Premiums in arrears	792,968	89,191
(Decrease) increase in operating liabilities		
Payables and accruals	(140,199)	(1,587,834)
Other policyholder funds	108,929	241,641
Net cash from operating activities	3,447,449	1,375,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Policy loans	(120,669)	(8,373)
Proceeds from sale of property, plant & equipment	1,957,089	-
Maturity of Government bonds	-	(555,700)
Purchase of fixed assets (Note 7)	(41,492)	(261,851)
Construction in progress	(967,168)	-
Other loans repaid	28,666	-
Net mortgage loans (issued)/repaid	(918,530)	609,842
Purchase of Government bonds	(619,300)	-
Interest received	1,892,823	1,618,787
Dividends received	119,924	99,481
Net cash from (used in) investing activities	1,331,343	1,502,186
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(600,000)	-
Net cash used in financing activities	(600,000)	-
Net increase (decrease) in cash and cash equivalents	4,178,792	2,877,294
Cash and cash equivalents at beginning of period	13,086,976	16,593,759
Cash and cash equivalents at end of period	17,265,768	19,471,053

See accompanying notes to unaudited interim consolidated financial statements.