

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	(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
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	-	-	-	(27,545)	27,545	-
Transfer from revaluation surplus on sale of asset	-	-	-	(470,234)	-	(470,234)
Adjustment to appraised value of land and buildings	-	-	-	2,777,119	-	2,777,119
Net income for the period	-	-	-	-	6,526,996	6,526,996
Dividends declared and paid - preference shares	-	-	-	-	(350,000)	(350,000)
Dividends declared and paid - ordinary shares	-	-	-	-	(1,800,000)	(1,800,000)
Balance as of 30 September 2007	10,000,000	2,000,000	10,801,080	7,361,959	23,982,790	54,145,829

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2007

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 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

	9 months to 30 Sept 2007	9 months to 30 Sept 2006
Weighted average number of ordinary shares outstanding	10,000,000	10,000,000
Consolidated net income	6,526,996	4,604,608
Earnings per share	\$ 0.65	\$ 0.46

3. COMMITMENTS

Outstanding commitments to extend credit under mortgage loan agreements amounted to approximately \$5,147,632 at 30 September 2007 (31 December 2006: \$4,947,187).

4. SALE OF COLLINS AVENUE BUILDING

During the first quarter the company finalized the sale of the Collins Avenue Building in a partial cash and partial 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

East Bay & Church Streets
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

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

Freeport: Regent Centre
242-352-3670



FAMGUARD CORPORATION LIMITED



INTERIM REPORT

Unaudited Results for
the nine months ended
30 September, 2007

MESSAGE FROM THE CHAIRMAN

Dear Shareholder:

INTERIM REPORT FOR THE NINE MONTHS ENDING 30 SEPTEMBER, 2007

We are very pleased to report that for the nine months ended September 30, 2007 we recorded net income of \$6.53 million. This represents an increase of 42% or \$1.92 million over prior year-to-date, and exceeds the level of net income achieved for the full year 2006 by \$611K.

Earnings per share increased to 65 cents from 46 cents at the end of September 2006.

Continued strong growth in premium revenue particularly from our ordinary life and BahamaHealth product lines coupled with sustained improvements in our life and health claims experience have been important factors impacting these results. The buoyancy of the equities market has also had an impact on our income with unrealized gains in equities improving by \$590K over prior year-to-date.

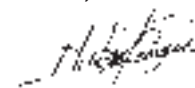
Total Assets grew by 10.7% over prior year end to \$159.9 million and total equity increased to \$54.1 million over the same period.

The renovation of our office complex on East Bay and Church Streets continues on schedule and we expect to fully relocate BahamaHealth and our client services division to that new site during January 2008.

We received the required regulatory approvals for the launch of FG Financial and FG Capital Markets at the end of October 2007. As previously advised, these new subsidiaries will facilitate our entry into the pension, mutual funds and advisory services markets and allow us to broaden the range of financial services products we offer to the public.

The Board of Directors declared a dividend of 6 cents per share, which was paid to common shareholders on November 13, 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 30 SEPTEMBER 2007

(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	2007 \$	31 December 2006 \$
ASSETS		
Bank term deposits	11,159,358	11,428,178
Government bonds	35,204,892	30,264,373
Corporate bonds	2,051,370	2,020,205
Preferred shares	907,442	1,125,040
Investments in equities	7,621,850	6,843,481
Policy loans	9,731,757	9,602,325
Commercial loans	1,796,306	-
Mortgage loans, net	54,657,162	51,725,629
Total investment assets	123,130,137	113,009,231
Cash and bank balances	2,911,373	1,658,798
Receivables and other assets	4,726,459	2,340,067
Premiums receivable	2,037,977	2,714,962
Construction in progress	4,535,283	-
Property, plant and equipment, net	22,625,625	24,749,093
	159,966,854	144,472,151
LIABILITIES		
Reserves for future policyholders' benefits	92,529,061	84,891,696
Other policyholders' funds	5,740,198	5,919,613
Policy liabilities	98,269,259	90,811,309
Payables and accruals	7,551,766	6,198,894
	105,821,025	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	7,361,959	5,082,619
Retained earnings	23,982,790	19,578,249
	54,145,829	47,461,948
	159,966,854	144,472,151

See accompanying notes to unaudited interim consolidated financial statements.

FAMGUARD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	9 months to 30 Sept 2007 \$	9 months to 30 Sept 2006 \$
Net premium revenue and deposits	47,721,272	45,232,840
Investment income	6,596,722	6,140,498
Change in unrealised appreciation on investments in equities	1,367,509	776,981
Realised gain from investments in equities	296,410	228,525
TOTAL INCOME	55,981,913	52,378,844
Benefits	28,704,307	28,995,873
Operating expenses	11,748,545	10,389,271
Commissions	8,226,752	7,817,210
Depreciation and amortisation expenses	560,636	564,825
Bad debt expense	214,677	7,057
TOTAL BENEFITS AND EXPENSES	49,454,917	47,774,236
Net income	6,526,996	4,604,608
Earnings per share	0.65	0.46
	3 months to 30 Sept 2007	3 months to 30 Sept 2006
Net premium revenue and deposits	15,912,533	15,460,457
Investment income	2,194,133	2,127,985
Change in unrealised appreciation on investments in equities	293,342	277,578
Realised gain from investments in equities	249,464	-
TOTAL INCOME	18,649,472	17,866,020
Benefits	10,274,523	9,018,633
Operating expenses	3,880,677	3,450,404
Commissions	2,780,417	2,707,770
Depreciation and amortisation expenses	153,436	194,345
Bad debt expense	(7,366)	23,756
TOTAL BENEFITS AND EXPENSES	17,081,687	15,394,908
Net income	1,567,785	2,471,112
Earnings per share	0.16	0.25

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 2007

(AMOUNTS EXPRESSED IN BAHAMIAN DOLLARS)

	9 months to 30 Sept 2007 \$	9 months to 30 Sept 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	6,526,996	4,604,608
Adjustments for:		
Depreciation and amortisation	560,636	564,825
Change in appreciation on investments in equities	(1,367,509)	(776,981)
Realised gain on sale of assets	(296,410)	(228,525)
Loans written-off net of recoveries	151,787	(70,000)
Change in mortgage provision	62,890	7,365
Reserve for policyholder benefits	7,637,365	7,254,940
Interest income	(6,015,893)	(5,484,694)
Dividend income	(252,325)	(275,305)
Operating profit before working capital changes	7,007,537	5,596,233
(Increase) decrease in operating assets		
Receivables and other assets	(2,328,093)	1,117,326
Premiums in arrears	676,985	(391,999)
(Decrease) increase in operating liabilities		
Payables and accruals	1,352,872	(748,660)
Other policyholder funds	(179,415)	1,009,167
Net cash from operating activities	6,529,886	6,582,067
CASH FLOWS FROM INVESTING ACTIVITIES		
Policy loans	(80,136)	(255,373)
Purchase of government bonds	(5,606,600)	(8,061,300)
Purchase of fixed assets	(209,659)	(6,131,514)
Net mortgage loans (issued)/repaid	(3,078,973)	1,811,159
Purchase of preferred shares	-	(200,000)
Purchase of equities	-	(212,940)
Construction in progress	(4,535,283)	-
Other loans repaid	203,694	-
Proceeds from sale of property, plant & equipment	1,984,394	-
Proceeds from sale of equities	811,300	873,400
Proceeds from partial redemption or preferred shares	230,000	230,000
Proceeds from maturity of government bonds	600,000	43,100
Interest received	6,032,807	5,315,252
Dividends received	252,325	275,305
Net cash from(used in) investing activities	(3,396,131)	(6,312,911)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid - preference shares	(350,000)	(350,000)
Dividends paid - ordinary shares	(1,800,000)	(1,200,000)
Net cash used in financing activities	(2,150,000)	(1,550,000)
Net increase (decrease) in cash and cash equivalents	983,755	(1,280,844)
Cash and cash equivalents at beginning of period	13,086,976	16,593,759
Cash and cash equivalents at end of period	14,070,731	15,312,915

See accompanying notes to unaudited interim consolidated financial statements.