



FAMGUARD CORPORATION LIMITED  
**CONSOLIDATED BALANCE SHEET** (Unaudited)  
 at 31 March 2005  
*(Expressed in Bahamian dollars)*

FAMGUARD CORPORATION LIMITED  
**CONSOLIDATED STATEMENT OF INCOME** (Unaudited)  
 For the three months ended 31 March 2005  
*(Expressed in Bahamian dollars)*

**MESSAGE FROM THE CHAIRMAN**

Dear Shareholder:

INTERIM REPORT  
 FIRST QUARTER ENDING MARCH 31, 2005

We are pleased to present our financial report for the first quarter of 2005.

As at March 31, 2005, we recorded a net income of \$1.7 million. This compares favorably to net income of \$1.6 million earned for the corresponding period in 2003 and represents an increase of 7% over prior year to date. Earnings per share increased to 19 cents over the same period.

During the quarter, direct premium income increased by 5%, to \$12.1 million, over prior year to date. Increases in new sales from both our Ordinary life and Group product lines provided the impetus for this growth during the quarter.

Strong market liquidity spurred significant increases in annuity deposits this quarter end. As a result, Annuity deposits increased by more than 235% over prior year to date.

Investment income recorded gains in all categories this quarter. Total investment income grew by 16% over prior year to date. A strong equities market brought significant increases in unrealized gains on equities and, in spite of a reduction in the prime rate at the beginning of this quarter, we were successful in recording a 5% increase in interest income for the period.

The Board of Directors declared a dividend of 6 cents per share, which was paid on May 13, 2005.

Sincerely

Norbert F. Boissiere  
 Chairman

	2005 \$	31 December, 2004 \$
<b>ASSETS</b>		
Bank deposits	10,018,229	8,948,089
Government bonds	18,226,600	18,226,600
Financial assets at fair value through profit or loss	5,964,500	5,776,325
Preferred shares	1,633,334	1,633,334
Policy loans	8,364,595	8,468,108
Mortgage loans, net	<u>46,457,419</u>	<u>46,040,470</u>
<b>Total investment assets</b>	<b>90,664,677</b>	<b>89,092,926</b>
Cash and bank balances	4,427,094	2,154,845
Receivables and other assets	3,506,368	2,771,321
Premiums in arrears	1,363,156	1,370,872
Fixed assets, net	<u>16,804,670</u>	<u>16,898,683</u>
	<u><b>116,765,965</b></u>	<u><b>112,288,647</b></u>
<b>LIABILITIES</b>		
Reserves for future policyholder benefits	72,073,408	67,542,055
Other policyholder funds	<u>4,966,488</u>	<u>6,243,698</u>
Policy liabilities	77,039,896	73,785,753
Payables and accruals	<u>4,769,632</u>	<u>4,699,438</u>
	<u><b>81,809,528</b></u>	<u><b>78,485,191</b></u>
<b>SHAREHOLDERS' EQUITY</b>		
Preference shares	10,000,000	10,000,000
Ordinary shares	1,725,000	1,725,000
Share premium	2,891,694	2,891,694
Revaluation surplus	5,176,162	5,189,525
Retained earnings	<u>15,163,581</u>	<u>13,997,237</u>
	<u><b>34,956,437</b></u>	<u><b>33,803,456</b></u>
	<u><b>116,765,965</b></u>	<u><b>112,288,647</b></u>

	3 months to 31-03-05 \$	3 months to 31-03-04 \$
<b>DIRECT PREMIUMS</b>		
Ordinary life	2,162,458	1,991,311
Home Service life	2,870,450	3,061,307
Accident and Health	2,863,255	2,711,412
Group health and life	<u>4,289,557</u>	<u>3,830,269</u>
<b>Total direct premiums</b>	<b>12,185,720</b>	<b>11,594,299</b>
Premiums ceded	<u>(732,473)</u>	<u>(607,566)</u>
Net premiums	11,453,247	10,986,733
Annuity Deposits	<u>1,982,216</u>	<u>589,837</u>
<b>Net premium income and deposits</b>	<b>13,435,463</b>	<b>11,576,570</b>
Interest income	1,605,726	1,537,623
Dividend income	96,029	92,152
Change in unrealized gain on financial assets through profit or loss	322,290	226,429
Other operating income	<u>101,385</u>	<u>89,760</u>
<b>Total income</b>	<b>15,560,893</b>	<b>13,522,534</b>
<b>BENEFITS</b>		
Policyholder benefits	5,892,715	5,747,182
Reinsurance recoveries	<u>(476,759)</u>	<u>(620,240)</u>
Net policyholder benefits	5,415,956	5,126,942
Increase in reserves for future policyholder benefits	<u>3,217,409</u>	<u>1,707,230</u>
	<u><b>8,633,365</b></u>	<u><b>6,834,172</b></u>
<b>EXPENSES</b>		
Commissions	2,063,621	1,851,075
Operating expenses	3,055,463	3,077,917
Depreciation and amortisation expense	143,319	171,738
Bad debt expense	<u>(1,946)</u>	<u>12,199</u>
Realized (gain) loss on financial assets through profit or loss	<u>(3,410)</u>	<u>9,200</u>
	<u><b>5,257,047</b></u>	<u><b>5,122,129</b></u>
<b>Total benefits and expenses</b>	<b>13,890,412</b>	<b>11,956,301</b>
<b>Net income</b>	<b>1,670,481</b>	<b>1,566,233</b>
<b>Earnings per share</b>	<b>0.19</b>	<b>0.18</b>

FAMGUARD CORPORATION LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY** (Unaudited)  
 For the three months ended 31 March 2005  
*(Amounts expressed in Bahamian dollars)*

	Share Capital Preference Shares \$	Share Capital Ordinary Shares \$	Share Premium \$	Revaluation Surplus \$	Retained Earnings \$	Total \$
<b>Balance as of 1 January 2004</b>	10,000,000	1,725,000	2,891,694	5,242,979	12,699,870	32,559,543
Transfer from revaluation surplus	-	-	-	(10,055)	10,055	-
Net income for the period	-	-	-	-	1,566,233	1,566,233
<b>Balance as of 31 March 2004</b>	<u>10,000,000</u>	<u>1,725,000</u>	<u>2,891,694</u>	<u>5,232,924</u>	<u>14,276,158</u>	<u>34,125,776</u>
<b>Balance as of 1 January 2005</b>	10,000,000	1,725,000	2,891,694	5,189,525	13,997,237	33,803,456
Transfer from revaluation surplus	-	-	-	(13,365)	13,363	-
Net income for the period	-	-	-	-	1,670,481	1,670,481
Dividends declared and paid - ordinary shares	-	-	-	-	(517,500)	(517,500)
<b>Balance as of 31 March 2005</b>	<u>10,000,000</u>	<u>1,725,000</u>	<u>2,891,694</u>	<u>5,176,162</u>	<u>15,163,581</u>	<u>34,956,437</u>