

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2009

(Amounts expressed in Bahamian dollars)

	Share Capital		Share Premium	Revaluation Reserve	Retained Earnings	Total
	Preference Shares	Ordinary Shares				
	\$	\$	\$	\$	\$	\$
Balance as of January 1, 2008	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 7,361,959	\$ 23,840,477	\$ 54,003,516
Transfer from revaluation surplus	-	-	-	-	-	-
Adjustment to fair value of investment in equities	-	-	-	(496,893)	-	(496,893)
Adjustment to appraised value of land and buildings	-	-	-	3,512,550	-	3,512,550
Net income for 2008	-	-	-	-	4,899,043	4,899,043
Dividends declared and paid - preference shares	-	-	-	-	(700,000)	(700,000)
ordinary shares (\$0.24 per share)	-	-	-	-	(2,400,000)	(2,400,000)
Balance as of December 31, 2008	10,000,000	2,000,000	10,801,080	10,377,616	25,639,520	58,818,216
Adjustment to fair value of investment in equities	-	-	-	(735,801)	-	(735,801)
Adjustment to appraised value of land and buildings	-	-	-	-	(8,584)	(8,584)
Net income for the period	-	-	-	-	629,733	629,733
Dividends declared and paid - preference shares	-	-	-	-	(350,000)	(350,000)
ordinary shares (\$0.12 per share)	-	-	-	-	(1,200,000)	(1,200,000)
Balance as of June 30, 2009	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 9,641,815	\$ 24,710,669	\$ 57,153,564

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2009

1. ACCOUNTING POLICIES

These 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 December 31, 2008.

These unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Family Guardian Insurance Company, FG General Insurance Agency Limited, FG Financial Limited, FG Capital Markets Limited and BahamaHealth Insurance Brokers and Benefit Consultants Limited.

2. EARNINGS PER SHARE

	6 months to June 30, 2009	6 months to June 30, 2008
Earnings per share:		
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 629,733	\$ 2,220,613
Earnings per share	\$ 0.06	\$ 0.22

3. COMMITMENTS

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$3,016,404 as at June 30, 2009 (December 31, 2008: \$2,820,390).



FAMGUARD
CORPORATION LIMITED

CORPORATE OFFICE

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FINANCIAL SERVICES NASSAU

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BAHAMAHEALTH/ GROUP OPERATIONS

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MARATHON SALES OFFICE

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CHIPPINGHAM SALES OFFICE

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CARMICHAEL SALES OFFICE

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YELLOW ELDER SALES OFFICE

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FREEPORT FINANCIAL SERVICES

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ABACO SALES OFFICE

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EXUMA SALES OFFICE

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MORTGAGE DEPARTMENT NASSAU

East Bay Street & Village Road
+ 242 396 4000

FREEPORT

Regent Centre
+ 242 352 3670



INTERIM REPORT

Unaudited Results
for the six months ended

June 30, 2009



FAMGUARD
CORPORATION LIMITED

FAMGUARD CORPORATION LIMITED

INTERIM REPORT - SIX MONTHS ENDING JUNE 30, 2009

MESSAGE FROM THE CHAIRMAN

Dear Shareholder:

Premium revenue continued to reflect strong growth through the first six months of the year increasing by 19% or \$6.6 million to \$41.9 million as at June 30, 2009, over prior year-to-date.

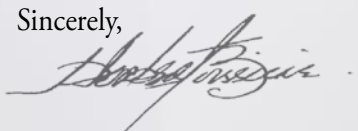
As a result of a sustained increase in the sale of new group accounts, our Group Life and Health Division continues to lead in premium growth. Our Financial Services Division also recorded a very positive increase in new sales of life and annuity products through June 30, 2009, compared to prior year-to-date with increases in life sales of 9% and in annuity sales of 111% over prior year-to-date.

In the area of policyholder benefits, we have seen a marked improvement in our death claims experience over prior year-to-date. However we have seen further deterioration in our health claims experience through June 30, 2009, which has resulted in policyholder benefits payments increasing by 34% over prior year-to-date. This has negatively impacted our net income for the period which stood at \$630 thousand through June 30, 2009.

We are reviewing our group health portfolio and are implementing enhancements to our product in that division which we expect will bring about incremental improvements as we move forward.

The Board of Directors declared a dividend of 6 cents per share which was paid to shareholders on August 19, 2009.

Sincerely,



Norbert F. Boissiere
Chairman

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT JUNE 30, 2009

(Amounts expressed in Bahamian dollars)

	2009 \$	December 31 2008 \$
ASSETS		
Cash and bank balances	2,010,171	1,954,114
Short term bank deposits	341,237	339,737
Other bank term deposits	4,257,193	13,789,621
Financial Investment Assets		
Held-to-maturity	57,289,890	44,255,404
Available for sale	6,507,365	7,243,165
Loans	70,462,313	69,292,456
Total investment assets	140,868,169	136,874,497
Receivables and other assets	3,580,678	2,784,130
Premiums receivable	3,343,357	2,749,750
Property, plant and equipment, net	34,523,767	34,062,774
TOTAL	182,315,971	176,471,151
LIABILITIES & EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	108,874,836	102,902,989
Other policyholders' funds	11,082,597	7,756,601
Policy liabilities	119,957,433	110,659,590
Payables and accruals	5,204,974	6,993,345
Total liabilities	125,162,407	117,652,935
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 reserve	9,641,815	10,377,616
Retained earnings	24,710,669	25,639,520
Total equity	57,153,564	58,818,216
TOTAL	182,315,971	176,471,151

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2009

(Amounts expressed in Bahamian dollars)

	6 months to June 30, 2009 \$	Restated 6 months to June 30, 2008 \$
INCOME		
Gross premium income	41,891,459	35,326,515
Premium ceded to reinsurers	(4,776,669)	(2,599,664)
Net premium income	37,114,790	32,726,851
Annuity deposits	3,423,391	1,956,167
Net premium income and annuity deposits	40,538,181	34,683,018
Interest income	4,660,889	4,397,559
Dividend income	204,810	189,884
Change in unrealized loss on investments	-	(817,693)
Realized gain (loss) from sale of assets	(3,694)	501
Other operating income	511,561	320,696
Total income	45,911,747	38,773,965
BENEFITS & EXPENSES		
BENEFITS:		
Policyholders' benefits	26,383,125	19,646,711
Reinsurance recoveries	(1,968,549)	(1,211,894)
Net policyholders' benefits	24,414,576	18,434,817
Increase in reserves for future policyholders' benefits	6,068,386	4,074,808
Total benefits	30,482,962	22,509,625
EXPENSES:		
Commissions	5,849,985	5,378,901
Operating expenses	7,015,739	7,514,572
Premium tax	1,252,264	1,024,297
Depreciation and amortization expense	648,060	422,700
Bad debt expense	33,004	(296,743)
Total expenses	14,799,052	14,043,727
Total benefits and expenses	45,282,014	36,553,352
NET INCOME	629,733	2,220,613
Earnings per share	0.06	0.22

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2009

(Amounts expressed in Bahamian dollars)

	6 months to June 30, 2009 \$	Restated 6 months to June 30, 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	629,733	2,220,613
Adjustments for:		
Depreciation	648,060	422,700
Change in appreciation on investments in equities	-	817,693
Loans written off net of recoveries	(8,584)	(25)
Change in mortgage provision	33,004	(296,743)
Reserve for policyholder benefits	6,068,386	4,074,809
Interest income	(4,660,889)	(4,397,046)
Dividend income	(204,810)	(189,884)
Operating profit before working capital changes	2,504,900	2,652,117
Decrease (increase) in receivables and other assets	(827,690)	(738,626)
(Increase) decrease in premiums in arrears	(593,607)	1,195,973
(Decrease) in payables and accruals	(1,788,371)	101,352
Increase (decrease) in other policyholder funds	3,229,457	182,200
Net cash from operating activities	2,524,689	3,393,016
CASH FLOWS FROM INVESTING ACTIVITIES:		
Policy loans	(132,243)	(471,706)
Purchase of fixed assets	(1,109,053)	(1,842,535)
Construction in progress	-	-
Other loans repaid	194,355	183,061
Net mortgage loans issued	(1,301,981)	(956,649)
Purchase of Government bonds	(11,250,000)	-
Purchase of corporate bonds	(1,000,000)	-
Purchase of preference shares	(500,000)	(650,000)
Interest received	4,444,552	4,412,464
Dividends received	204,810	189,884
Net cash from investing activities	(10,449,560)	864,519
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid - preference shares	(350,000)	(350,000)
Dividends paid - ordinary shares	(1,200,000)	(1,200,000)
Net cash used in financing activities	(1,550,000)	(1,550,000)
Net (decrease) increase in cash and cash equivalents	(9,474,871)	2,707,535
Cash and cash equivalents at beginning of the period	16,083,472	13,912,100
Cash and cash equivalents at end of the period	6,608,601	16,619,635
CASH & CASH EQUIVALENTS IS COMPRISED OF:		
Cash and bank balances	2,010,171	3,537,804
Short-term deposits	341,237	333,527
Other bank term deposits	4,257,193	12,748,304
6,608,601	16,619,635	

See accompanying notes to unaudited consolidated financial statements.