



FAMGUARD CORPORATION LIMITED

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

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

(Amounts expressed in Bahamian dollars)

	SHARE CAPITAL					
	PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2008	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 10,377,616	\$ 25,639,520	\$ 58,818,216
Net income for 2009	–	–	–	–	3,605,543	3,605,543
Adjustment to fair value of investment in equities	–	–	–	(586,903)	–	(586,903)
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, 2009	10,000,000	2,000,000	10,801,080	9,790,713	26,145,063	58,736,856
Net income for the period	–	–	–	–	1,655,109	1,655,109
Adjustment to fair value of investment in equities	–	–	–	(233,158)	–	(233,158)
Dividends declared and paid						
Preference shares	–	–	–	–	(350,000)	(350,000)
Ordinary shares (\$0.18 per share)	–	–	–	–	(1,800,000)	(1,800,000)
Balance as of September 30, 2010	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 9,557,554	\$ 25,650,172	\$ 58,008,807

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED

Notes to the Unaudited Interim Financial Statements

AS AT SEPTEMBER 30, 2010

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, 2009.

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

2. Earnings Per Share

	9 MONTHS TO SEPT. 30, 2010	9 MONTHS TO SEPT. 30, 2009
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 1,655,109	\$ 990,439
Earnings per share	\$ 0.17	\$ 0.10

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$2,670,379 as at September 30, 2010 (December 31, 2009: \$1,742,378).



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Contact

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Ordinary Life/Annuities

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BahamaHealth Group Operations
Family Guardian Financial Centre

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Investments Department
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INTERIM REPORT

UNAUDITED RESULTS FOR
THE NINE MONTHS ENDED
**SEPTEMBER 30
2010**

FAMGUARD
CORPORATION LIMITED

Message From The Chairman

INTERIM REPORT — NINE MONTHS ENDING SEPT. 30, 2010

Dear Shareholder:

We are pleased to report net income of \$1.7 million for the nine months ended September 30, 2010. This represents an increase of \$665 thousand or 67% over the same period last year. Continued growth in our ordinary life and group life & health premiums as well as annuity deposits has positively impacted these results; net premium income and annuity deposits increased by \$4.3 million or 6.5% over prior year-to-date.

We continue to monitor and make adjustments to the pricing of our health products to adequately reflect our health claims experience. We have also seen a stabilizing trend in our health benefits payments and for the nine months ended September 30, 2010 the dollar value of health benefits paid more closely reflects our current expectations from this product line.

During the third quarter we launched our newest subsidiary FG Insurance Agents and Brokers Limited in order to facilitate the sale of property and casualty insurance by our agency force. This addition broadens the ability of our agents to fully service all of the insurance needs of our growing client base which we believe will enhance our opportunity for growth into the future.

The Board of directors declared a dividend of \$0.06 per share which was paid to shareholders on November 17, 2010.

Sincerely,



 Norbert F. Boissiere
 Chairman

FAMGUARD CORPORATION LIMITED
 (Incorporated under the laws of the Commonwealth of The Bahamas)

**Consolidated Statement of Financial Position
(Unaudited)**
 AS AT SEPTEMBER 30, 2010
(Amounts expressed in Bahamian dollars)

	2010	DEC. 31 2009
	\$	\$
ASSETS		
Cash and bank balances	6,549,329	3,993,292
Short-term bank deposits	343,648	342,200
Other bank term deposits	5,095,318	3,078,323
Financial Investment Assets:		
Held-to-maturity	57,984,256	58,590,479
Available for sale	6,379,918	6,613,077
Loans	74,474,495	73,316,316
Total investment assets	150,826,964	145,933,687
Receivables and other assets	7,836,222	4,929,409
Premiums receivable	5,647,521	4,442,366
Property, plant and equipment, net	33,095,817	33,846,731
TOTAL	197,406,524	189,152,193
LIABILITIES & EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	124,610,648	115,575,718
Other policyholders' funds	9,540,124	8,282,762
Policy liabilities	134,150,772	123,858,480
Payables and accruals	5,246,945	6,556,857
Total liabilities	139,397,717	130,415,337
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	9,557,554	9,790,713
Retained earnings	25,650,172	26,145,063
Total equity	58,008,807	58,736,856
TOTAL	197,406,524	189,152,193

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 NINE MONTHS ENDED SEPTEMBER 30, 2010
(Amounts expressed in Bahamian dollars)

	9 MONTHS TO SEPT. 30, 2010	9 MONTHS TO SEPT. 30, 2009
	\$	\$
Net premium income and annuity deposits		
Investment income and other income	8,244,272	7,873,388
Realized loss from sale of assets	(155,993)	(21,520)
TOTAL INCOME	74,399,279	69,885,105
Benefits	49,327,031	46,397,137
Commissions	8,956,425	9,107,292
Operating expenses	10,632,972	10,183,680
Depreciation and amortization expense	1,599,452	1,164,149
Premium tax	2,062,531	1,950,812
Bad debt expense	165,759	91,596
TOTAL BENEFITS & EXPENSES	72,744,170	68,894,666
NET INCOME	1,655,109	990,439
Earnings per share	0.17	0.10
3 MONTHS TO SEPT. 30, 2010		
	\$	\$
Net premium income and annuity deposits	22,717,636	21,495,056
Investment income and other income	2,819,799	2,496,128
Realized loss from sale of assets	(11,479)	(17,826)
TOTAL INCOME	25,525,956	23,973,358
Benefits	16,704,028	15,914,175
Commissions	3,034,808	3,257,307
Operating expenses	3,617,846	3,167,941
Premium tax	696,975	698,548
Depreciation and amortization expense	531,397	516,089
Bad debt expense	162,360	58,592
TOTAL BENEFITS & EXPENSES	24,747,414	23,612,652
NET INCOME	778,542	360,706
Earnings per share	0.08	0.04

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FAMGUARD CORPORATION LIMITED
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**Consolidated Statement of Cash Flows
(Unaudited)**
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010
(Amounts expressed in Bahamian dollars)

	9 MONTHS TO SEPT. 30, 2010	9 MONTHS TO SEPT. 30, 2009
	\$	\$
Cash flows from operating activities		
Net income	1,655,109	990,439
Adjustment for:		
Depreciation	1,599,452	1,164,149
Loans written-off net of recoveries	—	(5,998)
(Gain) Loss on disposal of financial assets	155,993	18,074
Change in mortgage provision	—	67,955
Reserve for policyholder benefits	9,034,930	9,152,931
Interest income	(7,314,559)	(7,249,618)
Dividend income	(282,155)	(297,181)
Operating profit before working capital changes	4,848,770	3,840,751
(Increase) in receivables and other assets	(2,906,813)	(1,973,913)
(Increase) decrease in premiums in arrears	(1,205,155)	(933,636)
(Decrease) in payables and accruals	(1,309,912)	(1,180,817)
Increase (decrease) in other policyholder funds	1,257,362	3,669,019
Net cash from operating activities	684,252	3,421,404
Cash flows from investing activities		
Policy loans	(463,349)	(416,305)
Purchase of fixed assets	(848,538)	(1,245,509)
Proceeds from partial redemption of preferred shares	—	230,000
Proceeds from sale of equities	—	22,524
Net mortgage loans issued	(837,213)	(1,958,192)
Purchase of Government bonds	200,000	(11,750,000)
Purchase of corporate bonds	—	(1,000,000)
Purchase of preference shares	—	(1,000,000)
Interest received	7,707,173	7,426,889
Dividends received	282,155	297,181
Net cash from investing activities	6,040,228	(9,393,412)
Cash flows from financing activities		
Dividends paid – preference shares	(350,000)	(350,000)
Dividends paid – ordinary shares	(1,800,000)	(1,800,000)
Net cash used in financing activities	(2,150,000)	(2,150,000)
Net (decrease) increase in cash and cash equivalents	4,574,480	(8,122,008)
Cash and cash equivalents at beginning of the period	7,413,815	16,083,472
Cash and cash equivalents at end of the period	11,988,295	7,961,464
Cash and cash equivalents is comprised of:		
Cash and bank balances	6,549,329	2,875,054
Other bank term deposits	5,438,966	5,086,410
Total	11,988,295	7,961,464

See accompanying notes to unaudited consolidated financial statements.