

	SHARE CAPITAL						TOTAL
	PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS		
<b>Balance as of December 31, 2010</b>	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 9,651,739	\$ 28,208,682	\$ 60,661,501	
Net income for 2011	–	–	–	–	5,218,386	5,218,386	
Adjustment to fair value of investment in equities	–	–	–	(312,986)	–	(312,986)	
Adjustment to appraised value of land and buildings	–	–	–	1,241,690	–	1,241,690	
Dividends declared and paid – preference shares	–	–	–	–	(662,500)	(662,500)	
ordinary shares (\$0.24 per share)	–	–	–	–	(2,400,000)	(2,400,000)	
<b>Balance as of December 31, 2011</b>	10,000,000	2,000,000	10,801,080	10,580,443	30,364,568	63,746,091	
Net income for the period	–	–	–	–	3,092,975	3,092,975	
Adjustment to fair value of investment in equities	–	–	–	(312,948)	–	(312,948)	
Adjustment to appraised value of land and buildings	–	–	–	–	–	–	
Dividends declared and paid – preference shares	–	–	–	–	(312,500)	(312,500)	
ordinary shares (\$0.18 per share)	–	–	–	–	(1,800,000)	(1,800,000)	
<b>Balance as of September 30, 2012</b>	<b>\$ 10,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 10,801,080</b>	<b>\$ 10,267,495</b>	<b>\$ 31,345,044</b>	<b>\$ 64,413,618</b>	

## FAMGUARD CORPORATION LIMITED

## Notes to the Unaudited Interim Consolidated Financial Statements

As at 30 September, 2012

## I. 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 31 December 2011.

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

## 2. Earnings per share

	9 MONTHS TO 30 SEP, 2012	9 MONTHS TO 30 SEP, 2011
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$3,092,975	\$3,057,334
<b>Earnings per share</b>	<b>\$ 0.31</b>	<b>\$ 0.31</b>

## 3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$2,261,768 as at 30 September, 2012 (31 December 2011: \$2,018,022).

## Company Addresses

## FamGuard Corporate Office

East Bay Street & Village Road  
P O Box SS6232, Nassau, Bahamas  
T +242 396-4000  
F +242 393-1100

## Marathon District

Marathon Road  
P O Box SS6232  
Nassau, Bahamas  
T +242 393-0091

## Chippingham District

Thompson Boulevard  
P O Box SS6232  
Nassau, Bahamas  
T +242 325-1811

## Investments Department Mortgages

T +242 396-4000

## FG Capital Markets Brokerage and Advisory Services

T +242 396-4076  
www.fgcapitalmarkets.com

## FG Financial Pensions and Mutual Funds

Regent Centre  
P O Box F42479  
Freeport, Grand Bahama  
T +242 352-3670

## Family Guardian Financial Centre

East Bay & Church Streets  
P O Box SS6232, Nassau, Bahamas

## Financial Services Ordinary Life and Annuities

T +242 396-1400

## BahamaHealth Group Operations

P O Box SS19079  
T +242 396-1300

## Operations

T +242 396-1385

## FG Insurance Agents &amp; Brokers

Property and Casualty Insurance  
T +242 396-1400

## Eleuthera Office

Bay Front Plaza  
P O Box EL89  
Governor's Harbour, Eleuthera  
T +242 332-2258

## Exuma Office

Turnquest Plaza

P O Box EX29346

George Town, Exuma

T +242 336-3418



**FAMGUARD**  
CORPORATION LIMITED

Incorporated under the laws of the Commonwealth of The Bahamas

2012  
THIRD  
QUARTER  
INTERIM  
REPORT

Unaudited Results for  
the nine months ended  
September 30th, 2012



**FAMGUARD**  
CORPORATION LIMITED

**MESSAGE FROM THE CHAIRMAN**
**Dear Shareholders:**

We are pleased to report that FamGuard continues to record stable earnings trends with net income at the end of the third quarter of \$3.09 million. This represents a marginal increase of \$35 thousand over prior year-to-date. Earnings per share remained unchanged at \$0.31 per share compared to the results recorded at the end of the third quarter 2011.

For the nine months ended September 30, 2012, net premium income grew by \$2.2 million or 3.5% over third quarter 2011 reflecting gains in all product lines. We continue to record a lower level of growth in annuity deposits reflecting the interest rate sensitivity of our annuitants. Year-to-date annuity deposits are \$6.7 million or 57.6% below the level achieved as at September 30, 2011.

Through the past three quarters we have seen steady improvements in our policyholders' benefits payments reflecting the impact of the enhancements made in our BahamaHealth portfolio. As at September 30, 2012, we recorded a reduction in net policyholder benefits incurred of \$4.5 million or 8.1% over the nine months ended September 2011.

Total assets grew steadily during the year increasing by \$12 million or 5.4% over year end 2011. Mortgages currently represent 35% of our investment assets with non-performing loans well below industry levels.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share for shareholders of record as at November 14th, 2012, which was paid on November 19th, 2012.

Sincerely,



Norbert F. Boissiere  
Chairman

**FAMGUARD CORPORATION LIMITED**  
**Consolidated Statement of Financial Position** (Unaudited)  
As at 30 September, 2012 / (Expressed In Bahamian dollars)

	2012	31 DEC 2011
	\$	\$
<b>ASSETS</b>		
Cash and bank balances	6,218,634	5,634,365
Short term bank deposits	347,540	346,071
Other Bank term deposits	21,637,935	13,935,452
<b>Financial Investment Assets:</b>		
Held-to-maturity	76,445,659	65,707,822
Available for sale	6,349,119	6,660,917
Loans	72,571,953	73,337,635
Total investment assets	<u>183,570,840</u>	<u>165,622,262</u>
Reinsurance assets and recoveries	7,888,406	13,126,974
Receivables and other assets	6,537,559	4,508,638
Premiums receivable	4,581,650	6,420,955
Property, plant and equipment, net	32,188,483	33,124,807
<b>TOTAL ASSETS</b>	<b><u>234,766,937</u></b>	<b><u>222,803,636</u></b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Reserves for future policyholders' benefits	147,188,051	137,118,184
Other policyholders' funds	16,046,981	15,152,093
Policy liabilities	163,235,033	152,270,277
Payables and accruals	7,118,287	6,787,268
Total liabilities	170,353,319	159,057,545
<b>Equity</b>		
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	10,267,495	10,580,443
Retained earnings	31,345,044	30,364,568
Total equity	64,413,618	63,746,091
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>234,766,937</u></b>	<b><u>222,803,636</u></b>

**FAMGUARD CORPORATION LIMITED**  
**Consolidated Statement of Comprehensive Income** (Unaudited)  
For the NINE months ended 30 September, 2012 / (Expressed In Bahamian dollars)

	9 MONTHS to 30 SEP, 2012	9 MONTHS to 30 SEP, 2011
	\$	\$
<b>NET INCOME</b>		
	<b>\$ 3,092,975</b>	<b>\$ 3,057,334</b>
<b>Other Comprehensive Income</b>		
Net value loss on available-for-sale financial assets	(312,948)	(286,519)
Total Other Comprehensive Income	<b>(312,948)</b>	<b>(286,519)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 2,780,027</b>	<b>\$ 2,770,815</b>
<b>Comprehensive Income Attributable to:</b>		
Ordinary Shareholders	2,467,527	2,420,815
Preferred Shareholders	312,500	350,000
	<b>\$ 2,780,027</b>	<b>\$ 2,770,815</b>

**FAMGUARD CORPORATION LIMITED**  
**Consolidated Statement of Income** (Unaudited)  
For the NINE months ended 30 September, 2012 / (Expressed In Bahamian dollars)

	9 MONTHS to 30 SEP, 2012	9 MONTHS to 30 SEP, 2011
	\$	\$
<b>INCOME</b>		
Net premium income	65,455,514	63,255,298
Annuity deposits	4,916,564	11,598,141
Investment income	7,943,011	7,720,668
Realized loss from sale of assets	(668,475)	(58,818)
Other operating income	1,109,801	927,127
<b>Total income</b>	<b>78,756,414</b>	<b>83,442,415</b>

<b>BENEFITS AND EXPENSES</b>		
<b>Benefits</b>		
Policyholders' benefits, net of recoveries	41,561,066	47,233,397
Increase in reserves for policyholders' benefits	10,069,867	8,937,456
Net policyholder benefits	51,630,933	56,170,854
<b>Expenses</b>		
Commissions	8,750,162	9,202,888
Operating expenses	11,742,314	11,264,562
Depreciation	1,487,720	1,472,679
Premium tax	2,201,761	2,082,400
Bad debt expense	(149,452)	191,698
<b>Total benefits and expenses</b>	<b>75,663,438</b>	<b>80,385,081</b>
<b>NET INCOME</b>		
Earnings per share	<b>\$ 0.31</b>	<b>\$ 0.31</b>

	3 MONTHS to 30 SEP, 2012	3 MONTHS to 30 SEP, 2011
	\$	\$
<b>INCOME</b>		
Net premium income	21,712,198	22,180,612
Annuity deposits	1,724,935	2,538,649
Investment income	2,745,256	2,478,035
Realized loss from sale of assets	(643,144)	(59,026)
Other operating income	291,551	354,180
<b>Total income</b>	<b>25,830,795</b>	<b>27,492,448</b>
<b>BENEFITS AND EXPENSES</b>		
<b>Benefits</b>		
Policyholders' benefits, net of recoveries	12,298,532	14,324,274
Increase in reserves for future policyholders' benefits	5,328,426	4,281,189
Net policyholder benefits	17,626,958	18,605,463
<b>Expenses</b>		
Commissions	2,681,992	2,885,285
Operating expenses	3,964,587	4,155,858
Premium tax	513,403	494,826
Depreciation	695,422	664,344
Bad debt expense	(277,361)	33,856
<b>Total benefits and expenses</b>	<b>25,205,001</b>	<b>26,839,632</b>
<b>NET INCOME</b>		
Earnings per share	<b>\$ 0.06</b>	<b>\$ 0.07</b>

**FAMGUARD CORPORATION LIMITED**  
**Consolidated Statement of Cash Flows** (Unaudited)  
For the NINE months ended 30 September, 2012 / (Expressed In Bahamian dollars)

	9 MONTHS to 30 SEP, 2012	9 MONTHS to 30 SEP, 2011
	\$	\$
<b>Cash flows from operating activities</b>		
<b>Net income</b>	<b>3,092,975</b>	<b>3,057,334</b>
Adjustments for:		
Depreciation	1,487,720	1,472,679
Reserve for policyholder benefits	10,069,867	9,151,809
Interest income	(7,646,404)	(7,428,820)
Dividend income	(296,606)	(291,848)
<b>Operating profit before working capital changes</b>	<b>6,707,552</b>	<b>5,961,154</b>
Decrease (increase) in reinsurance assets and recoveries	5,238,568	(3,339,093)
(Increase) in receivables and other assets	(2,028,921)	(3,620,236)
(Increase) in premiums in arrears	1,839,305	(1,781,295)
Increase (decrease) in payables and accruals	331,019	(1,839,681)
Increase in other policyholder funds	894,888	843,995
<b>Net cash from operating activities</b>	<b>12,982,412</b>	<b>(3,775,156)</b>
<b>Cash flows from investing activities</b>		
Maturity of bank term deposits	24,826,872	3,573,599
Placement of bank term deposits	(32,529,355)	(4,069,517)
Net government bonds (purchased) redeemed	(11,018,300)	(350,490)
Available for sale assets (purchased) sold	(1,150)	(499,800)
Net mortgage loans repaid (issued)	1,137,049	1,431,380
Policy loans repaid (issued)	(411,735)	39,963
Other loans repaid	75,961	331,587
Property, plant and equipment, net	(551,396)	(779,897)
Interest received		