

	SHARE CAPITAL		SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
	PREFERENCE SHARES	ORDINARY SHARES				
Balance as of December 31, 2010	\$ 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)
Balance as of December 31, 2011	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)
Balance as of September 30, 2012	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 10,267,495	\$ 31,345,044	\$ 64,413,618

FAMGUARD CORPORATION LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements

As at 30 September, 2012

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 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
Earnings per share	\$ 0.31	\$ 0.31

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).

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FAMGUARD
CORPORATION LIMITED

Incorporated under the laws of the Commonwealth of The Bahamas



FAMGUARD
CORPORATION LIMITED

2012 THIRD QUARTER INTERIM REPORT

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

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 \$
ASSETS		
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
Financial Investment Assets:		
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	183,570,840	165,622,262
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
TOTAL ASSETS	234,766,937	222,803,636
LIABILITIES AND EQUITY		
Liabilities		
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
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	10,267,495	10,580,443
Retained earnings	31,345,044	30,364,568
Total equity	64,413,618	63,746,091
TOTAL LIABILITIES AND EQUITY	234,766,937	222,803,636

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

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 \$
INCOME		
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
Total income	78,756,414	83,442,415
BENEFITS AND EXPENSES		
Benefits		
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
Expenses		
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
Total benefits and expenses	75,663,438	80,385,081
NET INCOME	\$3,092,975	\$3,057,334
Earnings per share	\$ 0.31	\$ 0.31

	3 MONTHS to 30 SEP, 2012 \$	3 MONTHS to 30 SEP, 2011 \$
INCOME		
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
Total income	25,830,795	27,492,448

	3 MONTHS to 30 SEP, 2012 \$	3 MONTHS to 30 SEP, 2011 \$
BENEFITS AND EXPENSES		
Benefits		
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
Expenses		
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
Total benefits and expenses	25,205,001	26,839,632
NET INCOME	\$625,793	\$652,816
Earnings per share	\$ 0.06	\$ 0.07

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 \$
Cash flows from operating activities		
Net income	3,092,975	3,057,334
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)
Operating profit before working capital changes	6,707,552	5,961,154
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
Net cash from operating activities	12,982,412	(3,775,156)
Cash flows from investing activities		
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	7,891,274	7,428,820
Dividends received	296,606	291,848
Net cash from investing activities	(10,284,174)	7,397,493
Cash flows from financing activities		
Dividends paid – preference shares	(312,500)	(350,000)
Dividends paid – ordinary shares	(1,800,000)	(1,800,000)
Net cash used in financing activities	(2,112,500)	(2,150,000)
Net (decrease) increase in cash and cash equivalents	585,738	1,472,337
Cash and cash equivalents at beginning of the period	5,980,436	4,832,187
Cash and cash equivalents at end of the period	6,566,174	6,304,524
Cash and cash equivalents is comprised of:		
Cash and bank balances	6,218,634	5,958,938
Short term bank deposits	347,540	345,586
	6,566,174	6,304,524

See accompanying notes to unaudited consolidated financial statements.