

## Company Addresses

SHARE CAPITAL						
PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL	
\$	\$	\$	\$	\$	\$	
<b>Balance as of December 31, 2011</b>	<b>\$10,000,000</b>	<b>\$2,000,000</b>	<b>\$10,801,080</b>	<b>\$10,580,443</b>	<b>\$30,364,568</b>	<b>\$63,746,091</b>
Net income for 2012	-	-	-	5,440,804	5,440,804	5,440,804
Impairment loss transfer to profit & loss	-	-	594,020	-	594,020	594,020
Adjustment to fair value of investment in equities	-	-	(40,117)	-	(40,117)	(40,117)
Dividends declared and paid - preference shares	-	-	-	(625,000)	(625,000)	(625,000)
ordinary shares (\$0.24 per share)	-	-	-	(2,400,000)	(2,400,000)	(2,400,000)
<b>Balance as of December 31, 2012</b>	<b>10,000,000</b>	<b>2,000,000</b>	<b>10,801,080</b>	<b>11,134,346</b>	<b>32,780,372</b>	<b>66,715,798</b>
Net income for the period	-	-	-	1,668,137	1,668,137	1,668,137
Adjustment to fair value of investment in equities	-	-	157,954	-	157,954	157,954
Dividends declared and paid - preference shares	-	-	-	-	-	-
ordinary shares (\$0.6 per share)	-	-	-	(600,000)	(600,000)	(600,000)
<b>Balance as of March 31, 2013</b>	<b>\$10,000,000</b>	<b>\$2,000,000</b>	<b>\$10,801,080</b>	<b>\$11,292,300</b>	<b>\$33,848,509</b>	<b>\$67,941,889</b>

### FamGuard Corporate Office

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Bryinda Carroll, VP Legal & Compliance  
 bcarroll@familyguardian.com

- Investments Department  
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- FG Capital Markets**  
Brokerage and Advisory Services  
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- FG Financial**  
Pensions and Mutual Funds  
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### Family Guardian Financial Centre

East Bay & Church Streets  
 PO Box SS6232, Nassau, Bahamas

- Financial Services  
Ordinary Life and Annuities**  
T +242 396-1400
- BahamaHealth  
Group Operations**  
PO Box SS19079  
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- Operations**  
T +242 396-1385
- FG Insurance Agents & Brokers**  
Property and Casualty Insurance  
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### Marathon District

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 Nassau, Bahamas  
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### Chippingham District

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 Nassau, Bahamas  
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### Carmichael District

Blue Hill Road South, PO Box SS6232  
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 T +242 341-4429

### Freeport

**Financial Services and Mortgages**  
 Regent Centre, PO Box F42479  
 Freeport, Grand Bahama  
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### Home Service District Office

East Mall Drive, PO Box F42479  
 Freeport, Grand Bahama  
 T +242 352-7233

### Abaco Office

Memorial Plaza, PO Box AB20901  
 Marsh Harbour, Abaco  
 T +242 367-3264

### Eleuthera Office

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

### Exuma Office

Turnquest Plaza, PO Box EX29346  
 George Town, Exuma  
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## 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 2012.

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

	3 MONTHS TO 31 MARCH 2013	3 MONTHS TO 31 MARCH 2012
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 1,668,137	1,274,345
<b>Earnings per share</b>	<b>\$ 0.17</b>	<b>0.13</b>

## 3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$ 1,511,887 as at 31 March 2013 (31 December 2012: \$1,111,720).

visit our website at [www.famguardbahamas.com](http://www.famguardbahamas.com)



Incorporated under the laws of the Commonwealth of The Bahamas

## FIRST QUARTER INTERIM REPORT

Unaudited results for the three months  
 ended MARCH 31, 2013





INTERIM REPORT  
Unaudited Results For Three Months Ended  
March 31, 2013

**MESSAGE FROM THE CHAIRMAN**

**Dear Shareholders:**

At the end of the first quarter ending March 31, 2013 we recorded net income of \$1.7 million which was \$394 thousand or 31% higher than prior year-to-date. Earnings per share increased by 4 cents from 13 cents to 17 cents per share over the same period.

Our performance was positively impacted by strong reductions in our death claims experience and continued improvements in our health product line. At the end of March death claims fell by \$763 thousand or by 35% compared to prior year. Also, since March 2012, the alliance forged with Aetna, one of the largest health provider networks in the United States, and the completion of the Genelco software implementation have enhanced efficiencies in our overall claims experience which continues to positively impact the financial performance of BahamaHealth.

At the end of March, net premium revenue and annuity deposits declined by 2.5% reflecting the net impact of adjustments to our health product line and an increase in annuity deposits. Investment income showed marginal increases over prior year due to increases of 4.7% and 6.1% respectively in interest and dividend income.

Our solvency position remains very strong with our Minimum Continuing Capital and Surplus Requirements Ratio (MCCSR) increasing from 231.3% as at 31 December 2012 to 244.3% as at the 31 March 2013.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share for shareholders of record as of May 30th, 2013, which was paid on June 6th, 2013.

Sincerely,

Norbert F. Boissiere  
Chairman

FamGuard Corporation Limited  
**Consolidated Statement of Financial Position**  
As at 31 March 2013  
(Expressed in BSD)

Unaudited

	2013	DEC 31 2012
	\$	\$
<b>ASSETS</b>		
Cash and bank balances	9,792,121	5,946,175
Short-term bank deposits	348,516	2,106,607
Other bank term deposits	21,866,439	20,226,365
Financial Investment Assets:		
Held-to-maturity	78,555,805	78,001,978
Available for sale	6,597,310	6,439,356
Loans	72,767,187	73,381,797
Total investment assets	189,927,377	186,102,278
Reinsurance assets and recoveries	10,749,369	11,147,023
Intangible Assets	943,333	953,333
Receivables and other assets	2,656,473	1,913,131
Premiums receivable	4,414,622	5,268,489
Property, plant and equipment, net	31,523,185	32,018,731
<b>TOTAL ASSETS</b>	<b>240,214,358</b>	<b>237,402,986</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>LIABILITIES</b>		
Reserves for future policyholders' benefits	150,919,970	148,549,600
Other policyholders' funds	12,457,018	12,442,312
Policy liabilities	163,376,988	160,991,912
Payables and accruals	8,895,482	9,695,276
Total liabilities	172,272,470	170,687,188
<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	11,292,300	11,134,346
Retained earnings	33,848,509	32,780,372
Total equity	67,941,889	66,715,798
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>240,214,358</b>	<b>237,402,986</b>

FamGuard Corporation Limited  
**Consolidated Statement of Income**  
For the three months ended 31 March 2013  
(Expressed in BSD)

Unaudited

	3 MONTHS TO 31 MARCH 2013	3 MONTHS TO 31 MARCH 2012
	\$	\$
<b>INCOME</b>		
Gross premium income	22,820,205	24,738,839
Premium ceded to reinsurers	(2,289,763)	(2,714,681)
Net premium income	20,530,442	22,024,158
Annuity deposits	2,867,794	1,963,968
Net premium income and annuity deposits	23,398,235	23,988,126
Interest income	2,596,716	2,480,887
Dividend income	118,834	112,017
Realized loss from sale of assets	(65,017)	(28,345)
Other operating income	381,656	382,672
Total income	26,430,423	26,935,357
<b>BENEFITS &amp; EXPENSES</b>		
<b>BENEFITS</b>		
Policyholders' benefits	15,369,509	15,508,371
Reinsurance recoveries	(682,293)	(909,033)
Net policyholders' benefits	14,687,216	14,599,338
Increase in reserves for policyholders' benefits	2,370,370	2,563,319
Total benefits	17,057,586	17,162,656
<b>EXPENSES</b>		
Commissions	2,550,148	3,149,178
Operating expenses	3,865,966	4,010,564
Depreciation and amortization expense	537,479	506,840
Premium tax	682,534	744,647
Bad debt expense	68,573	87,127
Total expenses	7,704,700	8,498,356
<b>Total benefits and expenses</b>	<b>24,762,286</b>	<b>25,661,012</b>
<b>NET INCOME</b>	<b>\$ 1,668,137</b>	<b>\$ 1,274,345</b>
Earnings per share	\$ 0.17	\$ 0.13

FamGuard Corporation Limited  
**Consolidated Statement of Comprehensive Income**  
For the three months ended 31 March 2013  
(Expressed in BSD)

Unaudited

	3 MONTHS TO 31 MARCH 2013	3 MONTHS TO 31 MARCH 2012
	\$	\$
NET INCOME	\$ 1,668,137	\$ 1,274,345
<b>Other Comprehensive Income:</b>		
Net value gain (loss) on available-for-sale financial assets	157,954	(333,491)
Total other comprehensive income	157,954	(333,491)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 1,826,091</b>	<b>\$ 940,854</b>
<b>Comprehensive Income Attributable To:</b>		
Ordinary shareholders	1,826,091	940,854
	\$ 1,826,091	\$ 940,854

FamGuard Corporation Limited  
**Consolidated Statement of Cash Flows**  
For the three months ended 31 March 2013  
(Expressed in BSD)

Unaudited

	3 MONTHS TO 31 MARCH 2013	3 MONTHS TO 31 MARCH 2012
	\$	\$
<b>Cash flows from operating activities</b>		
<b>Net income</b>	1,668,137	1,274,345
Adjustments for:		
Depreciation and amortization expense	527,479	506,840
Amortization of intangible asset	10,000	0
Realized loss from sale of mortgage assets	65,017	28,345
Change in bad debt provision	68,573	87,127
Change in reinsurance assets	397,654	4,097,058
Reserve for policyholders' benefits	2,370,370	2,563,319
Interest income	(2,596,716)	(2,480,887)
Dividend income	(118,834)	(112,017)
<b>Operating profit before working capital changes</b>	<b>2,391,681</b>	<b>5,964,130</b>
Decrease(Increase) in receivables and other assets	(743,342)	1,664,703
Decrease (Increase) in premiums in arrears	853,867	967,163
Increase (decrease) in payables and accruals	(799,794)	2,592,324
Increase (decrease) in other policyholder funds	14,706	126,571
<b>Net cash from operating activities</b>	<b>1,717,118</b>	<b>11,314,891</b>
<b>Cash flows from investing activities</b>		
Placement of bank term deposits	(1,640,074)	(2,952,127)
Purchase of government bonds	(995,000)	(1,842,500)
Sale (purchase) of equities	0	(1,150)
Other loans repaid	0	75,961
Policy loans repaid (issued)	(17,784)	97,434
Net mortgage loans repaid (issued)	526,126	(44,609)
Property, plant and equipment, net	(31,932)	(364,111)
Interest received	3,010,567	2,840,704
Dividends received	118,834	73,562
<b>Net cash from investing activities</b>	<b>970,737</b>	<b>(2,116,836)</b>
<b>Cash flows from financing activities</b>		
Dividends paid – ordinary shares	(600,000)	(600,000)
<b>Net cash used in financing activities</b>	<b>(600,000)</b>	<b>(600,000)</b>
Net (decrease) increase in cash and cash equivalents	2,087,855	8,598,055
Cash and cash equivalents at beginning of period	8,052,782	5,980,436
<b>Cash and cash equivalents at end of period</b>	<b>10,140,637</b>	<b>14,578,491</b>
<b>Cash and cash equivalents is comprised of:</b>		
Cash and bank balances	9,792,121	14,231,929
Short term bank deposits	348,516	346,562
	<b>10,140,637</b>	<b>14,578,491</b>

See accompanying notes to unaudited consolidated financial statements.