

## Consolidated Statement of Changes in Equity (Unaudited)

For the 3 months ended March 31, 2011

(Expressed in BSD)

	SHARE CAPITAL					
	PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
	\$	\$	\$	\$	\$	\$
<b>Balance as of December 31, 2009</b>	10,000,000	2,000,000	10,801,080	9,790,713	26,145,063	58,736,856
Net income for 2010	-	-	-	-	5,163,619	5,163,619
Adjustment to fair value of investment in equities	-	-	-	(138,974)	-	(138,974)
Dividends declared and paid –						
preference shares	-	-	-	-	(700,000)	(700,000)
ordinary shares (\$0.24 per share)	-	-	-	-	(2,400,000)	(2,400,000)
<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 the period	-	-	-	-	825,215	825,215
Adjustment to fair value of investment in equities	-	-	-	(61,159)	-	(61,159)
Dividends declared and paid –						
preference shares	-	-	-	-	-	-
ordinary shares (\$0.06 per share)	-	-	-	-	(600,000)	(600,000)
<b>Balance as of March 31, 2011</b>	10,000,000	2,000,000	10,801,080	9,590,580	28,433,897	60,825,557

See accompanying notes to unaudited consolidated financial statements.

## Notes to the Unaudited Interim Financial Statements

As at March 31, 2011

### 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 2010.

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

### 2. Earnings Per Share

	3 MONTHS TO MARCH 31, 2011	3 MONTHS TO MARCH 31, 2010
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 825,215	\$ 303,855
<b>Earnings per share</b>	<b>\$ 0.08</b>	<b>\$ 0.03</b>

### 3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$ 1,593,811 as at 31 March 2011 (31 December 2010: \$1,552,570).

## Company Addresses

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**FAMGUARD**  
CORPORATION LIMITED

Incorporated under the laws of the Commonwealth of The Bahamas



**FAMGUARD**  
CORPORATION LIMITED

INTERIM REPORT

Unaudited results for the  
3 months ended  
**MARCH 31, 2011**

**Message From The Chairman**
**INTERIM REPORT — THREE MONTHS ENDING MARCH 31, 2011**

At the end of the first quarter we recorded net income of \$825 thousand, which is 172% higher than the levels recorded during the first quarter of 2010. Total assets increased by \$2.0 million over the past three months to \$212 million as at March 31, 2011.

The increase in net income was driven a 14% growth in total income over the first quarter prior year and by improving results generated from our group health product line. Gross premium income increased by \$1.3 million or 5.8% and our annuity deposits grew by \$3.7 million or 88% over prior year-to-date.

In our group health business we have recorded improving trends in medical loss ratios, as premium rates continue to be adjusted to more adequately reflect actual claims experience. Efforts to improve our group life and health operations are continuing with the implementation of software to enhance our client service delivery.

In other areas of our Company our mortgage delinquency ratio stood at 6.63% at the end of March 2011 and continues to perform well against the industry average of 10.8%.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share payable to shareholders on June 17, 2011.

Sincerely,



Norbert F. Boissiere  
Chairman

	2011	DEC 31 2010
	\$	\$
<b>ASSETS</b>		
Cash and bank balances	4,978,474	4,488,057
Short-term bank deposits	344,613	344,130
Other bank term deposits	9,451,638	11,379,922
Financial Investment Assets:		
Held-to-maturity	60,075,835	60,490,124
Available for sale	6,412,945	6,474,103
Loans	74,849,189	74,785,118
Total investment assets	156,112,694	157,961,454
Reinsurance assets and recoveries	10,768,969	9,814,759
Receivables and other assets	3,503,139	2,689,053
Premiums receivable	9,360,586	6,498,329
Property, plant and equipment	32,467,421	32,830,991
<b>TOTAL</b>	<b>212,212,809</b>	<b>209,794,586</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>LIABILITIES:</b>		
Reserves for future policyholders' benefits	133,053,351	131,560,862
Other policyholders' funds	9,745,167	8,862,146
Policy liabilities	142,798,518	140,423,008
Payables and accruals	8,588,733	8,710,077
Total liabilities	151,387,251	149,133,085
<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	9,590,580	9,651,739
Retained earnings	28,433,898	28,208,682
Total equity	60,825,558	60,661,501
<b>TOTAL</b>	<b>212,212,809</b>	<b>209,794,586</b>

	3 MONTHS TO MAR 31, 2011	3 MONTHS TO MAR 31, 2010
	\$	\$
<b>INCOME</b>		
Gross premium income	23,814,068	22,506,384
Premium ceded to reinsurers	(2,870,399)	(2,937,430)
Net premium income	20,943,669	19,568,954
Annuity deposits	3,678,826	1,954,136
Net premium income and annuity deposits	24,622,495	21,523,090
Interest income	2,534,077	2,395,448
Dividend income	124,336	107,571
Change in unrealized loss on investments	-	-
Realized gain from sale of assets	1,956	(10,736)
Other operating income	294,046	180,786
Total income	27,576,910	24,196,159
<b>BENEFITS &amp; EXPENSES</b>		
<b>BENEFITS:</b>		
Policyholders' benefits	19,056,676	14,868,067
Reinsurance recoveries	(1,921,373)	(3,325,173)
Net policyholders' benefits	17,135,303	11,542,894
Increase in reserves for future policyholders' benefits	1,492,489	4,460,782
Total benefits	18,627,792	16,003,676
<b>EXPENSES:</b>		
Commissions	3,285,997	3,020,924
Operating expenses	3,585,910	3,632,079
Depreciation and amortization expense	489,317	532,558
Premium tax	723,110	676,018
Bad debt expense	39,569	27,049
Total expenses	8,123,903	7,888,628
Total benefits and expenses	26,751,695	23,892,304
<b>NET INCOME</b>	<b>825,215</b>	<b>303,855</b>
Earnings per share	0.08	0.03

**Consolidated Statement of Comprehensive Income (Unaudited)**

	3 MONTHS TO MAR 31, 2011	3 MONTHS TO MAR 31, 2010
	\$	\$
NET INCOME	825,215	303,855
<b>OTHER COMPREHENSIVE INCOME:</b>		
Net value loss on available-for-sale financial assets	(61,158)	9,730
Total other comprehensive income	(61,158)	9,730
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>764,057</b>	<b>313,585</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Ordinary shareholders	764,057	313,585

	3 MONTHS TO MAR 31, 2011	3 MONTHS TO MAR 31, 2010
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	825,215	303,855
Adjustment for:		
Depreciation	489,317	532,558
Change in mortgage provision	-	27,049
Reserve for policyholder benefits	1,492,489	4,460,782
Interest income	(2,534,077)	(2,395,448)
Dividend income	(124,336)	(107,571)
Operating profit before working capital changes	148,608	2,821,225
(Increase) in reinsurance assets and recoveries	(954,210)	-
(Increase) in receivables and other assets	(814,086)	(3,077,713)
(Increase) decrease in premiums in arrears	(2,862,257)	(1,432,848)
(Decrease) in payables and accruals	(121,344)	2,531,792
Increase (decrease) in other policyholder funds	883,021	1,779,629
Net cash from operating activities	(3,720,268)	2,622,085
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturity of bank term deposits	3,668,878	(78,766)
Placement of bank term deposits	(1,739,670)	-
Net mortgage loans issued	(138,702)	1,443
Policy loans	(91)	(180,322)
Other loans repaid	108,715	102,382
Purchase of fixed assets	(125,747)	(31,028)
Interest received	2,913,449	2,797,825
Dividends received	124,336	107,571
Net cash from investing activities	4,811,168	2,719,105
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid – ordinary shares	(600,000)	(600,000)
Net cash used in financing activities	(600,000)	(600,000)
Net (decrease) increase in cash and cash equivalents	490,900	4,741,190
Cash and cash equivalents at beginning of period	4,832,187	4,335,492
Cash and cash equivalents at end of period	5,323,087	9,076,682
<b>CASH AND CASH EQUIVALENTS COMPRISED OF:</b>		
Cash and bank balances	4,978,474	8,734,002
Short term bank deposits	344,613	342,680
	5,323,087	9,076,682

See accompanying notes to unaudited consolidated financial statements.