

	SHARE CAPITAL					TOTAL
	PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	
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	-	-	-	-	1,274,345	1,274,345
Adjustment to fair value of investment in equities	-	-	-	(333,491)	-	(333,491)
Adjustment to appraised value of land and buildings	-	-	-	-	-	-
Dividends declared and paid – preference shares	-	-	-	-	-	-
ordinary shares (\$0.06 per share)	-	-	-	-	(600,000)	(600,000)
Balance as of March 31, 2012	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 10,246,952	\$ 31,038,913	\$ 64,086,945

FAMGUARD CORPORATION LIMITED
Notes to the Unaudited Interim Consolidated Financial Statements
As at March 31st, 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 December 31st, 2011.

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 MAR 31, 2012	3 MONTHS TO MAR 31, 2011
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	1,274,345	825,215
Earnings per share	\$ 0.13	\$ 0.08

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$1,638,103 as at March 31st, 2012 (December 31st, 2011: \$2,018,022).

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

Fiona McLean
Corporate Secretary
fmclean@familyguardian.com

- **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**
T +242 396-4076
www.fgfinancialbahamas.com

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 & Brokers**
Property and Casualty Insurance
T +242 396-1400

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

Carmichael District
Blue Hill Road South
P O Box SS6232
Nassau, Bahamas
T +242 341-4429

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

Home Service District Office
East Mall Drive
P O Box F42479
Freeport, Grand Bahama
T +242 352-7233

Abaco Office
Memorial Plaza
P O Box AB20901
Marsh Harbour, Abaco
T +242 367-3264

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

Visit our website at www.famguardbahamas.com



Incorporated under the laws of the Commonwealth of The Bahamas



**2012
FIRST
QUARTER
INTERIM
REPORT**

Unaudited Results for the three months ended March 31st, 2012



FAMGUARD CORPORATION LIMITED
Consolidated Statement of Financial Position (Unaudited)
 As at March 31st, 2012 / (Expressed In BSD)

	2012 \$	2011 \$
ASSETS		
Cash and bank balances	14,231,929	5,634,365
Short term bank deposits	346,562	346,071
Other Bank term deposits	16,887,579	13,935,452
Financial Investment Assets:		
Held-to-maturity	67,228,960	65,707,822
Available for sale	6,328,576	6,660,917
Loans	73,093,377	73,337,635
Total investment assets	178,116,982	165,622,262
Reinsurance assets and recoveries	9,029,916	13,126,974
Receivables and other assets	2,843,935	4,508,638
Premiums receivable	5,453,792	6,420,955
Property, plant and equipment, net	32,982,079	33,124,807
TOTAL ASSETS	228,426,703	222,803,636
LIABILITIES AND EQUITY		
Liabilities		
Reserves for future policyholders' benefits	139,681,503	137,118,184
Other policyholders' funds	15,278,664	15,152,093
Policy liabilities	154,960,167	152,270,277
Payables and accruals	9,379,591	6,787,267
Total liabilities	164,339,758	159,057,544
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	10,246,952	10,580,443
Retained earnings	31,038,913	30,364,569
Total equity	64,086,945	63,746,092
TOTAL LIABILITIES AND EQUITY	228,426,703	222,803,636

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

FamGuard's performance for the first quarter of 2012 exceeded the first quarter of 2011 by 54%. Net income for the three month period ending March 31, 2012 stood at \$1.274 million compared to \$825,215 recorded at March 31, 2011. As a result earning per share increased to \$0.13 compared to \$0.08 recorded prior year-to-date.

The results were driven by continued growth in premium income which increased by 3.8% or \$925 thousand over prior year-to-date and by a 7.9% or \$1.5 million reduction in net policyholder benefits. Improvements in our health portfolio significantly impacted these results reflecting the sustained improvements in our medical loss ratios.

During March 2012, we entered into an alliance with Aetna International. This company has one of the largest provider networks in the United States and internationally. Under Aetna our customers will have the facility to access more than 1 million providers as well as the ability to electronically track their claims incurred abroad. We believe this alliance will be very beneficial to our growing customer base in the months and years ahead.

Locally we expect to conclude software upgrades to our BahamaHealth system later this year. We anticipate that with the completion of this system, we will be better positioned to enhance our service delivery across the board.

In other areas of our operations we continue to see improvements in the area of receivables with premium and other receivables declining by 24% or \$2.6 million and reinsurance receivables declining by \$4.1 million or 31% compared to prior year-to-date.

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, 2012 payable on June 5th, 2012.

Sincerely,

Norbert F. Boissiere
Chairman

FAMGUARD CORPORATION LIMITED
Consolidated Statement of Income (Unaudited)
 For the 3 months ended March 31st, 2012 / (Expressed In BSD)

	3 MONTHS to MAR 31, 2012 \$	3 MONTHS to MAR 31, 2011 \$
INCOME		
Gross premium income	24,738,839	23,814,068
Premium ceded to reinsurers	(2,714,681)	(2,870,399)
Net premium income	22,024,158	20,943,669
Annuity deposits	1,963,968	3,678,826
Net premium income and annuity deposits	23,988,126	24,622,495
Interest income	2,480,887	2,534,077
Dividend income	112,017	124,336
Realized gain from sale of assets	(28,345)	1,956
Other operating income	382,672	294,046
Total income	26,935,357	27,576,910
BENEFITS AND EXPENSES		
Benefits		
Policyholders' benefits	15,508,370	19,056,676
Reinsurance recoveries	(909,033)	(1,921,373)
Net policyholders' benefits	14,599,337	17,135,303
Increase in reserves for policyholders' benefits	2,563,320	1,492,489
Total benefits	17,162,656	18,627,792
Expenses		
Commissions	3,149,178	3,285,997
Operating expenses	4,010,564	3,585,910
Depreciation and amortization expense	506,840	489,317
Premium tax	744,647	723,110
Bad debt expense	87,127	39,569
Total expenses	8,498,356	8,123,903
Total benefits and expenses	25,661,012	26,751,695
NET INCOME	\$ 1,274,345	\$ 825,215
Earnings per share	\$ 0.13	\$ 0.08

FAMGUARD CORPORATION LIMITED
Consolidated Statement of Comprehensive Income (Unaudited)
 For the 3 months ended March 31st, 2012 / (Expressed In BSD)

	3 MONTHS to MAR 31, 2012 \$	3 MONTHS to MAR 31, 2011 \$
NET INCOME	\$ 1,274,345	\$ 825,215
Other Comprehensive Income		
Net value loss on available-for-sale financial assets	(333,491)	(61,158)
Total Other Comprehensive Loss	(333,491)	(61,158)
TOTAL COMPREHENSIVE INCOME	\$ 940,854	\$ 764,057
Comprehensive Income Attributable To		
Ordinary Shareholders	940,854	764,057
Preferred Shareholders	-	-
	\$ 940,854	\$ 764,057

FAMGUARD CORPORATION LIMITED
Consolidated Statement of Cash Flows (Unaudited)
 For the 3 months ended March 31st, 2012 / (Expressed In BSD)

	3 MONTHS to MAR 31, 2012 \$	3 MONTHS to MAR 31, 2011 \$
Cash flows from operating activities		
Net income	1,274,345	825,215
Adjustments for:		
Depreciation	506,840	489,317
Reserve for policyholder benefits	2,563,319	1,492,489
Interest income	(2,480,887)	(2,534,077)
Dividend income	(112,017)	(124,336)
Operating profit before working capital changes	1,751,599	148,608
Decrease (increase) in reinsurance assets and recoveries	4,097,058	(954,210)
Decrease (increase) in receivables and other assets	1,664,703	(814,086)
Decrease (increase) in premiums receivable	967,163	(2,862,257)
Increase (decrease) in payables and accruals	2,592,324	(121,344)
Increase in other policyholder funds	126,571	883,021
Net cash from operating activities	11,199,419	(3,720,268)
Cash flows from investing activities		
Maturity of bank term deposits	6,673,625	3,668,878
Placement of bank term deposits	(9,625,752)	(1,739,670)
Net government bonds (purchased) redeemed	(1,842,500)	0
Purchase of equities	(1,150)	0
Net mortgage loans repaid (issued)	70,863	(138,702)
Policy loans repaid (issued)	97,434	(91)
Other loans repaid	75,961	108,715
Property, plant and equipment, net	(364,111)	(125,747)
Interest received	2,840,704	2,913,449
Dividends received	73,562	124,336
Net cash from investing activities	(2,001,364)	4,811,168
Cash flows from financing activities		
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	8,598,055	490,900
Cash and cash equivalents at beginning of the period	5,980,436	4,832,187
Cash and cash equivalents at end of the period	14,578,491	5,323,087
Cash and cash equivalents is comprised of:		
Cash and bank balances	14,231,929	4,978,474
Short term bank deposits	346,562	344,613
	14,578,491	5,323,087

See accompanying notes to unaudited consolidated financial statements.