FIRST COMMUNITY CORP /SC/
Form 10KSB/A
March 28, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-KSB / AMENDMENT NO. 1

(Mark One)

ý	Annual Report under Section 13 or 15(d) of the Securities Exchange Act of 1934 For the fiscal year ended December 31, 2004
or	
o	Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from to

Commission file number: **000-28344**

First Community Corporation

(Name of Small Business Issuer in Its Charter)

South Carolina (State or other jurisdiction of incorporation or organization)	**571010751** (I.R.S. Employer Identification No.)
5455 Sunset Blvd., **Lexington, South Carolina** (Address of principal executive offices)	**29072** (Zip Code)

803-951-2265

Issuer s Telephone Number, Including Area Code

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: Common Stock.

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for past 90 days.
Yes ý No o

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B in this form, and no disclosure will be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ý

The issuer s revenue for its most recent fiscal year was $14,818,945.

The aggregate market value of the voting stock as of March 15, 2005, held by non-affiliates of the registrant based on the closing price as of March 15, 2005, was $49,977,519.

2,830,962 shares of the issuer s common stock were issued and outstanding as of March 15, 2005.

Documents Incorporated by Reference

The issuer s proxy statement for the annual meeting of shareholders to be held on May 18, 2005 is incorporated by reference in this Form 10-KSB in Part III, Items 9 through 12 and 14.

Transitional Small Business Disclosure Format. (Check one): Yes o No ý

EXPLANATORY NOTE

This 10-KSB/A is being filed to amend Part II, Item 7. Financial Statements, which was filed on March 25, 2005. The company inadvertently failed to include the disclosure requirements as outlined in the paragraphs 21 and 22 of the Emerging Issues Task Force consensus number 03-1 The Meaning of Other-Than-Temporary Impairment and Its application to Certain Investments (EITF No. 03-1). The disclosure required by EITF No. 03-1 has been added to Note 4 of the financial statements. No other changes have been made to the original 10-KSB for the period ended December 31, 2004.

Part II.

Item 7. Financial Statements

REPORT OF INDEPENDENT AUDITOR

The Board of Directors

First Community Corporation

Lexington, South Carolina

I have audited the accompanying consolidated balance sheets of First Community Corporation as of December 31, 2004 and 2003, and the related consolidated statements of operations, changes in shareholders equity and comprehensive income, and cash flows for the three years ended December 31, 2004. These consolidated financial statements are the responsibility of management. My responsibility is to express an opinion on these consolidated financial statements based on my audits.

I conducted the audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of First Community Corporation at December 31, 2004 and 2003 and the results of its operations and its cash flows for the three years ended December 31, 2004, in conformity with generally accepted accounting principles in the United States of America.

/s/ Clifton D. Bodiford
Certified Public Accountant
Columbia, SC
March 11, 2005

FIRST COMMUNITY CORPORATION

Consolidated Balance Sheets

	December 31, 2004	December 31, 2003
ASSETS		
Cash and due from banks	$ 9,391,494	$ 6,926,341
Interest-bearing bank balances	803,426	2,221,397
Federal funds sold and securities purchased under agreements to resell	9,130,725	17,335,461
Investment securities - available for sale	190,010,307	53,958,799
Investment securities - held to maturity (market value of $6,147,698 and $5,169,282 at December 31, 2004 and 2003, respectively)	6,015,745	4,994,896
Loans	186,771,344	121,008,673
Less, allowance for loan losses	2,763,988	1,705,082
Net loans	184,007,356	119,303,591
Property, furniture and equipment - net	14,313,090	7,981,611
Goodwill	24,256,020	35,834
Core deposit intangible	3,361,815	727,751
Other assets	14,416,034	1,543,008
Total assets	$ 455,706,012	$ 215,028,689
LIABILITIES		
Deposits:		
Non-interest bearing demand	$ 49,519,816	$ 37,043,600
NOW and money market accounts	98,846,828	57,015,473
Savings	35,370,267	11,222,761
Time deposits less than $100,000	100,629,304	45,125,843
Time deposits $100,000 and over	52,698,069	34,850,195
Total deposits	337,064,284	185,257,872
Securities sold under agreements to repurchase	7,549,900	3,941,000
Federal Home Loan Bank Advances	42,452,122	5,000,000
Long term debt	15,464,000	
Other borrowed money	184,593	160,076
Other liabilities	2,528,424	1,160,927
Total liabilities	405,243,323	195,519,875
SHAREHOLDERS EQUITY		
Preferred stock, par value $1.00 per share; 10,000,000 shares authorized; none issued and outstanding		
Common stock, par value $1.00 per share; 10,000,000 shares authorized; issued and outstanding 2,788,902 in 2004 and 1,597,224 in 2003	2,788,902	1,597,224
Additional paid in capital	41,832,090	12,862,715
Retained earnings	6,712,849	4,909,742
Accumulated other comprehensive income (loss)	(871,152)	139,133
Total shareholders equity	50,462,689	19,508,814
Total liabilities and shareholders equity	$ 455,706,012	$ 215,028,689

See Notes to Consolidated Financial Statements

FIRST COMMUNITY CORPORATION

Consolidated Statements of Income

	Year Ended December 31, 2004	2003	2002
Interest income:			
Loans, including fees	$ 9,063,092	$ 7,581,751	$ 7,025,363
Investment securities - available-for-sale	3,440,033	2,069,345	2,427,970
Investment securities - held-to-maturity	206,681	198,234	186,206
Other short term investments	334,518	179,030	207,577
Total interest income	13,044,324	10,028,360	9,847,116
Interest expense:			
Deposits	2,729,459	2,307,974	2,759,818
Securities sold under agreement to repurchase	40,934	29,704	41,601
Other borrowed money	677,830	42,934	1,380
Total interest expense	3,448,223	2,380,612	2,802,799
Net interest income	9,596,101	7,647,748	7,044,317
Provision for loan losses	245,000	167,000	677,000
Net interest income after provision for loan losses	9,351,101	7,480,748	6,367,317
Non-interest income:			
Deposit service charges	879,585	700,359	586,918
Mortgage origination fees	267,972	343,472	300,363
Gain on sale of securities	11,381		60,616
Other	614,783	395,973	284,359
Total non-interest income	1,773,721	1,439,804	1,232,256
Non-interest expense:			
Salaries and employee benefits	4,263,383	3,306,714	2,740,255
Occupancy	489,261	395,380	340,269
Equipment	991,793	803,482	629,119
Marketing and public relations	325,395	273,257	244,334
Amortization of intangibles	279,685	178,710	185,280
Other	1,627,470	1,200,638	1,238,255
Total non-interest expense	7,976,987	6,158,181	5,377,512
Net income before tax	3,147,835	2,762,371	2,222,061
Income taxes	962,850	964,890	757,701
Net income	$ 2,184,985	$ 1,797,481	$ 1,464,360
Basic earnings per common share	$ 1.15	$ 1.13	$ 0.92
Diluted earnings per common share	$ 1.09	$ 1.08	$ 0.90

See Notes to Consolidated Financial Statements

FIRST COMMUNITY CORPORATION

Consolidated Statement of Changes in Shareholders Equity and Comprehensive Income

	Shares Issued	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
Balance December 31, 2001	1,270,609	$ 1,270,609	$ 13,088,744	$ 2,144,611	$ 272,238	$ 16,776,202
Comprehensive income:						
Net income				1,464,360		1,464,360
Accumulated other comprehensive income, net of income tax of $217,860					392,898	392,898
Total comprehensive income						1,857,258
5-for-4 stock split	317,361	317,361	(317,361)	(4,181)		(4,181)
Cash dividend ($0.12 per share)				(190,556)		(190,556)
Balance December 31, 2002	1,587,970	1,587,970	12,771,383	3,414,234	665,136	18,438,723
Comprehensive income:						
Net income				1,797,481		1,797,481
Accumulated other comprehensive income, net of income tax of $299,069					(526,003)	(526,003)
Total comprehensive income						1,271,478
Cash dividend ($0.19 per share)				(301,973)		(301,973)
Exercise of stock options	6,923	6,923	45,909			52,832
Dividend reinvestment plan	2,331	2,331	45,423			47,754
Balance December 31, 2003	1,597,224	1,597,224	12,862,715	4,909,742	139,133	19,508,814
Comprehensive income:						
Net income				2,184,985		2,184,985
Accumulated other comprehensive loss, net of income tax benefit of $544,002					(1,010,285)	(1,010,285)
Total comprehensive income						1,174,700
Cash dividend ($0.20 per share)				(381,878)		(381,878)
Stock issued in acquisition	1,169,898	1,169,898	28,675,725			29,845,623
Exercise of stock options	15,409	15,409	205,365			220,774
Dividend reinvestment plan	6,371	6,371	88,285			94,656
Balance December 31, 2004	2,788,902	$ 2,788,902	$ 41,832,090	$ 6,712,849	$ (871,152)	$ 50,462,689

See Notes to Consolidated Financial Statements

FIRST COMMUNITY CORPORATION

Consolidated Statements of Cash Flows

	Year Ended December 31, 2004	2003	2002
Cash flows from operating activities:			
Net income	$ 2,184,985	$ 1,797,481	$ 1,464,360
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation	761,277	631,356	502,666
Premium amortization (Discount accretion)	(93,782)	225,564	146,623
Provision for loan losses	245,000	167,000	677,000
Amortization of intangibles	279,685	178,710	185,280
Gain on sale of equipment	(21,707)		
Gain on sale of securities	(11,381)		(60,616)
(Increase) decrease in other assets	(425,079)	109,035	(382,533)
Tax benefit from exercise of stock options	51,621		
Increase (decrease) in accounts payable	14,681	(68,241)	64,884
Net cash provided in operating activities	2,985,300	3,040,905	2,597,664
Cash flows form investing activities:			
Proceeds from sale of securities available-for-sale	56,586,668		
Purchase of investment securities available-for-sale	(108,265,814)	(39,509,065)	(55,130,066)
Maturity/call of investment securities available-for-sale	36,424,205	49,297,109	33,207,257
Purchase of investment securities held-to-maturity	(1,052,057)	(767,685)	(951,762)
Maturity/call of investment securities held-to-maturity		760,000	
Increase in loans	(14,813,202)	(21,004,651)	(12,624,773)
Net cash disbursed in business combination	(11,131,142)		
Proceeds from sale of equipment	23,800		
Purchase of property and equipment	(2,427,322)	(1,801,427)	(817,231)
Net cash used in investing activities	(44,654,864)	(13,025,719)	(36,316,575)
Cash flows from financing activities:			
Increase in deposit accounts	16,996,662	17,195,399	33,660,817
Proceeds from issuance of long term debt	15,000,000		
Advances from the Federal Home Loan Bank		5,000,000	
Repayment of advances from the Federal Home Loan Bank	(1,000,000)		
Increase (decrease) in securities sold under agreements to repurchase	3,608,900	(3,365,064)	3,255,364
Increase (decrease) in other borrowings	24,517	(4,211)	1,938
Proceeds from exercise of stock options	169,153	52,832	
Dividend reinvestment plan	94,656	47,754	
Cash in lieu of fractional shares			(4,181)
Cash dividends paid	(381,878)	(301,973)	(190,556)
Net cash provided from financing activities	34,512,010	18,624,737	36,723,382
Net increase in cash and cash equivalents	(7,157,554)	8,639,923	3,004,471
Cash and cash equivalents at beginning of period	26,483,199	17,843,276	14,838,805
Cash and cash equivalents at end of period	$ 19,325,645	$ 26,483,199	$ 17,843,276

Supplemental disclosure:						
Cash paid during the period for:						
Interest	$	3,139,817	$	2,431,318	$	2,754,208
Taxes	$	907,268	$	1,000,000	$	818,000
Non-cash investing and financing activities:						
Unrealized (loss) gain on securities available-for-sale	$	(1,554,287)	$	(825,072)	$	629,930
Transfer of loans to foreclosed property	$	119,916	$	25,701	$	
Common stock issued in acquisition	$	29,845,623	$		$	

See Notes to Consolidated Financial Statements

FIRST COMMUNITY CORPORATION

Notes to Consolidated Financial Statements

Note 1 - ORGANIZATION AND BASIS OF PRESENTATION

The consolidated financial statements include the accounts of First Community Corporation (the company) and its wholly owned subsidiary First Community Bank, N.A (the bank). All material intercompany transactions are eliminated in consolidation. The Company was organized on November 2, 1994, as a South Carolina corporation, and was formed to become a bank holding company. The bank opened for business on August 17, 1995.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the reserve for loan losses. The estimation process includes management s judgment as to future losses on existing loans based on an internal review of the loan portfolio, including an analysis of the borrowers current financial position, the consideration of current and anticipated economic conditions and the effect on specific borrowers. In determining the collectibility of loans management also considers the fair value of underlying collateral. Various regulatory agencies, as an integral part of their examination process, review the Company s allowance for loan losses. Such agencies may require the company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination. Because of these factors it is possible that the allowance for loan losses could change materially.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, due from banks, federal funds sold and securities purchased under agreements to resell. Generally federal funds are sold for a one-day period and securities purchased under agreements to resell mature in less than 90 days.

Investment Securities

Investment securities are classified as either held-to-maturity or available-for-sale. In determining such classification, securities that the company has the positive intent and ability to hold to maturity are classified as held-to maturity and are carried at amortized cost. All other securities are classified as available-for-sale and carried at estimated fair values with unrealized gains and losses included in shareholders equity on an after tax basis.

Gains and losses on the sale of available-for-sale securities are determined using the specific identification method. Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are judged to be other than temporary are written down to fair value and charged to income in the Consolidated Statement of Income.

Premiums and discounts are recognized in interest income using the interest method over the period to maturity.

Loans and Allowance for Loan Losses

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balance adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest is recognized over the term of the loan based on the loan balance outstanding. Fees charged for originating loans, if any, are deferred and offset by the deferral of certain direct expenses associated with loans originated. The net deferred fees are recognized as yield adjustments by applying the interest method.

The allowance for loan losses is maintained at a level believed to be adequate by management to absorb potential losses in the loan portfolio. Management s determination of the adequacy of the allowance is based on an evaluation of the portfolio, past loss experience, economic conditions and volume, growth and composition of the portfolio.

The company considers a loan to be impaired when, based upon current information and events, it is believed that the company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans that are considered impaired are accounted for at fair value. The accrual of interest on impaired loans is discontinued when, in management s opinion , the borrower may be unable to meet payments as they become due, generally when a loan becomes 90 days past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received first to principal and then to interest income.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the asset s estimated useful life. Estimated lives range up to 39 years for buildings and up to 10 years for furniture, fixtures and equipment.

Goodwill and Other Intangible Assets

Goodwill represents the cost in excess of fair value of net assets acquired (including identifiable intangibles) in purchase transactions. Other intangible assets represent premiums paid for acquisitions of core deposits (core deposit intangibles). Core deposit intangibles are being amortized on a straight-line basis over seven years. Goodwill is not amortized but is tested annually for impairment.

Comprehensive Income

The Company reports comprehensive income in accordance with SFAS 130, Reporting Comprehensive Income. SFAS 130 requires that all items that are required to be reported under accounting standards as comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The disclosures requirements have been included in the Company s consolidated statements of shareholders equity and comprehensive income.

Marketing and Public Relations Expense

The company expenses marketing and public relations expense as incurred

Income Taxes

A deferred income tax liability or asset is recognized for the estimated future effects attributable to differences in the tax bases of assets or liabilities and their reported amounts in the financial statements as well as operating loss and tax credit carryforwards. The deferred tax asset or liability is measured using the enacted tax rate expected to apply to taxable income in the period in which the deferred tax asset or liability is expected to be realized.

Stock Based Compensation Cost

The Company applies Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees . Accordingly, compensation cost for stock options is measured as the excess, if any, of the market price of the Company s stock at the date of the grant over the amount an employee must pay to acquire the stock. Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123) was issued in October 1995, and encourages but does not require, adoption of a fair value method of accounting for employee stock based compensation plans. The company has adopted the disclosure-only provisions of SFAS 123 and has disclosed in the footnotes pro-forma net income and earnings per share information as if the fair value method had been applied.

Earnings Per Share

Basic earnings per share (EPS) excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed by dividing net income by the weighted number of average shares of common stock and common stock equivalents. Common stock equivalents consist of stock options and are computed using the treasury stock method.

Segment Information

Statement of Financial Accounting Standards (SFAS) No. 131 Disclosures about Segments of an Enterprise and Related Information requires selected segment information of operating segments based on a management approach. The company operates as one business segment.

Note 3 - Business Combination

On October 1, 2004, First Community completed its acquisition of DutchFork Bancshares the holding company for Newberry Federal Savings Bank located in Newberry, South Carolina. The merger enabled First Community to increase its market share in the Midlands of South Carolina. The total purchase price was $49,273,493, including $18,342,357 in cash, 1,169,898 shares of our common stock valued at $27,258,623, stock options valued at $2,587,000 and direct acqusition cost of $1,085,513. The value of the common stock issued was determined based on the average closing price over the six day period beginning two days before and ending three days after the terms of the acquisition were agreed to and announced. The intangible assets acquired in conjunction with the purchase are core deposit intangible and goodwill. The core deposit intangible is being written off over a period of seven years using the straight-line method. The transaction was a tax-free reorganization for federal income tax purposes and intangible assets are not deductible for tax purposes.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at October 1, 2004, the date of acquisition including subsequent adjustments to the allocation of the purchase price.

Cash and cash equivalents	$	8,296,728
Securities		122,438,367
Loans, net of allowance		50,194,807
Premises and equipment		4,667,527
Other assets		11,439,945
Core deposit intangible		2,916,325
Goodwill		24,220,185
Total assets acquired		224,173,884
Deposits		134,937,575
Advances from the Federal Home Loan Bank		38,610,000
Other liabilities		1,352,816
Total liabilities assumed		174,900,391
Net assets acquired	$	49,273,493

The following unaudited presentation reflects selected information from the Consolidated Income Statements on a Pro Forma basis as if the purchase transaction had been completed as of the beginning of the years presented:

	For Fiscal Year Ending			
		2004		**2003**
Total revenues	$	22,754,043	$	25,742,579
Income before cummulative effect of change in accounting principle	$	2,367,732	$	5,823,778
Net Income	$	2,367,732	$	5,823,778
Basic EPS	$	0.85	$	2.11
Diluted EPS	$	0.80	$	1.99

During the year ending December 31, 2003 and for the nine months ended September 30, 2004 DutchFork Bancshares had gains on the sale of securities in the amount of $2.1 million and $750,000, respectively as a result of restructuring their available-for-sale investment portfolio. Future restructurings may not result in the positive gains experienced in these prior periods.Prior to the consummation of the merger DutchFork Bancshares had significant direct merger related expenses as well as expenses to terminate various benefit plans. These expenses of approximately $2,870,000 have been excluded in the pro-forma results for the fiscal year ending in 2004.

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Note 4 - INVESTMENT SECURITIES

The amortized cost and estimated fair values of investment securities are summarized below:

HELD-TO-MATURITY:

		Amortized Cost		Gross Unrealized Gain		Gross Unrealized Loss		Fair Value
December 31, 2004:								
State and local government	$	6,005,745	$	144,919	$	12,966	$	6,137,698
Other		10,000						10,000
	$	6,015,745	$	144,919	$	12,966		6,147,698
December 31, 2003:								
State and local government	$	4,984,896	$	193,254	$	18,868		5,159,282
Other		10,000						10,000
	$	4,994,896	$	193,254	$	18,868	$	5,169,282

AVAILABLE-FOR-SALE:

		Amortized Cost		Gross Unrealized Gain		Gross Unrealized Loss		Fair Value
December 31, 2004:								
US Treasury securities	$	999,546	$		$	1,734	$	997,812
US Government agency securities		64,106,098		47,693		398,390		63,755,401
Mortgage-backed securities		71,096,802		155,312		196,538		71,055,576
Equity and other securities		55,148,097		189,631		1,136,210		54,201,518
	$	191,350,543	$	392,636	$	1,732,872		190,010,307
December 31, 2003:								
US Treasury securities	$	3,004,510	$	22,389	$			3,026,899
US Government agency securities		35,519,237		197,131		120,055		35,596,313
Mortgage-backed securities		14,280,293		140,250		25,663		14,394,880
Other		940,707						940,707
	$	53,744,747	$	359,770	$	145,718	$	53,958,799

For the year ended December 31, 2004, proceeds from the sale of securities available-for-sale amounted to $56,586,668. Gross realized gain amounted to $16,119 and gross realized losses amounted to $4,738 in 2004. For the year ended December 31, 2002, proceeds from the sales of securities available-for-sale amounted to $2,590,782. Gross realized gains amounted to $60,616 in 2002. There were no gross realized losses. The tax provision applicable to the realized net gains was approximately $3,400 and $20,700 for 2004 and 2002, respectively. There were no sales of securities in 2003.

The amortized cost and fair value of investment securities at December 31, 2004, by contractual maturity, follow. Expected maturities differ from contractual maturities because borrowers may have the right to call or prepay the obligations with or without prepayment penalties.

	Held-to-maturity		Available-for-sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 326,683	$ 328,175	$ 43,736,357	$ 43,631,746
Due after one year through five years	3,496,635	3,573,859	71,111,401	$ 70,927,416
Due after five years through ten years	1,784,145	1,834,098	22,732,876	$ 22,655,917
Due after ten years	408,282	411,566	53,769,909	$ 52,795,228
	$ 6,015,745	$ 6,147,698	$ 191,350,543	$ 190,010,307

Securities with an amortized cost of $39,534,000 and fair value of $39,480,000 at December 31, 2004, were pledged to secure FHLB Advances, public deposits, demand notes due the U.S. Treasury and securities sold under agreements to repurchase.

The following table shows gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous loss position at December 31, 2004.

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale securities:						
US Treasury securities	$ 997,812	$ 1,734	$	$	$ 997,812	$ 1,734
US Government agency securities	52,274,164	358,525	959,238	39,865	53,233,402	398,390
Mortgage-backed securities	32,467,779	183,844	1,308,068	12,694	33,775,847	196,538
Equity and other securities	39,778,987	1,136,210			39,778,987	1,136,210
	125,518,742	1,680,313	2,267,306	52,559	127,786,048	1,732,872
Held-to-maturity securities:						
State and local government	893,104	12,966			893,104	12,966
Total	$ 126,411,846	$ 1,693,279	$ 2,267,306	$ 52,559	$ 128,679,152	$ 1,745,838

On December 31, 2004, the company held certain investments having continuous unrealized loss positions for more than 12 months totaling $2,267,306. These include one government agency bond and three mortgage-backed securities. The company has not recognized any other than temporary impairment in connection with these investments. The decline in market value is related to fluctuations in interest rates and it is expected that the securities will be settled at a price no less than their amortized cost.

Note 5 - LOANS

Loans summarized by category are as follows:

	December 31, 2004		December 31, 2003	
Commercial, financial and agricultural	$	19,001,033	$	11,517,891
Real estate - construction		8,065,516		7,781,620
Real estate - mortgage				
Commercial		96,811,130		72,668,233
Residential		35,438,373		11,803,875
Consumer		27,455,292		17,237,054
	$	186,771,344	$	121,008,673

Activity in the allowance for loan losses was as follows:

	December 31, 2004		2003		2002	
Balance at the beginning of year	$	1,705,082	$	1,525,308	$	1,000,412
Allowance purchased in acquisition	$	994,878				
Provision for loan losses		245,000		167,000		677,000
Charged off loans		(293,479)		(235,183)		(171,735)
Recoveries		112,507		247,957		19,631
Balance at end of year	$	2,763,988	$	1,705,082	$	1,525,308

At December 31, 2004 , the Bank had no loans in a non accrual status. Loans classified impaired at December 31, 2004 and 2003 totaled $0.00 and $80,292. These loans were recorded at or below fair value. The average recorded investment in loans classifed as impaired for the years ended December 31, 2004 and 2003 amounted to $149,084 and $170,178, respectively.

Loans outstanding to Bank directors, executive officers and their related business interests amounted to $2,318,853 and $2,419,324 at December 31, 2004 and 2003, respectively. Repayments on these loans during the year ended December 31, 2004 were $606,538 and loans made amounted to $220,000. Loans acquired in the DutchFork acquisition amounted to $286,067. Related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and generally do not involve more than the normal risk of collectibility.

Note 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2004		December 31, 2003	
Land	$	4,906,222	$	2,806,306
Premises		7,174,008		3,859,107
Equipment		4,245,711		3,034,271
Construction in progress		1,050,855		801,694
		17,376,796		10,501,378
Accumulated depreciation		3,063,706		2,519,767
	$	14,313,090	$	7,981,611

Provision for depreciation included in operating expenses for the years ended December 31, 2004, 2003 and 2002 amounted to $761,277, $631,356 and $502,665, respectively.

Note 7 - INTANGIBLE AND OTHER ASSETS

Intangible assets (excluding goodwill) consisted of the following:

	December 31, 2004		December 31, 2003	
Core deposit premiums, gross carrying amount	$	4,148,273	$	1,231,948
Accumulated amortization		(786,458)		(504,197)
Net	$	3,361,815	$	727,751

With the acquisition of DutchFork Bancshares the company acquired certain bank-owned life insurance policies that provide benefits to various employees and officers. The carrying value of these these policies at December 31, 2004 were $5,560,208 and are included in other assets. The company did not have any bank-owned life insurance policies at December 31, 2003.

Note 8 - DEPOSITS

At December 31, 2004, the scheduled maturities of Certificates of Deposits are as follows:

2005	$	108,512,823

2006		12,823,386
2007		12,177,201
2008		4,020,245
2009		15,792,718
	$	153,327,373

Note 9 - SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND OTHER BORROWED MONEY

Securities sold under agreements to repurchase generally mature within one to four days from the transaction date. The weighted average interest rate at December 31, 2004 and 2003, was 0.71% and 0.51%, respectively. The maximum month-end balance during 2004 and 2003 was $7,564,700 and $8,155,100 respectively.

Other borrowed money at December 31, 2004 and 2003 consisted of $184,593 and $160,076, repectively which was due under the treasury tax and loan note program.

Note 10 - ADVANCES FROM FEDERAL HOME LOAN BANK AND LONG-TERM DEBT

Advances from the Federal Home Loan Bank of Atlanta at December 31, 2004 consisted of the following:

	2004			2003		
Maturing	**Weighted Average Rate**		**Amount**	**Weighted Average Rate**		**Amount**
2004		$		1.60%	$	1,000,000
2005	2.08%		2,500,000	2.08%		2,500,000
2006	2.83%		1,500,000	2.83%		1,500,000
2008	3.42%		10,709,697			
2010	3.64%		27,742,425			
	3.46%	$	42,452,122	2.24%	$	5,000,000

As collateral for its advances, the Company has pledged in the form of blanket liens, eligible single family loans,home equity lines of credit, second mortgage loans commercial real estate loans and multi family loans in the amount of $69,531,000 at December 31, 2004. In addition, securities with a fair value of $18,393,735 have been pledged as collateral for advances as of December 31, 2004. At December 31, 2003 securities with a fair value of $5,314,730 were pledged as collateral for advances. In addition, the company s investment in Federal Home Loan Bank stock is pledged for advances. Advances are subject to prepayment penalties. The average advances during 2004 and 2003 were $14,314,420 and $1,904,000, respectively. The average interest rate for 2004 and 2003 was 3.23% and 2.24%, respectively. The maximum outstanding amount at any month end was $42,556,961 and $5,000,000 for 2004 and 2003.

Purchase premiums included in advances acquired in the acquisition of DutchFork reflected in the advances maturing in 2008 and 2010 amount to $709,697 and $2,742,425, respectively at December 31, 2004. The coupon rate on these advances are 5.67% and 5.76%, respectively.

On September 16, 2004, FCC Capital Trust I (Trust I), a wholly owned subsidiary of the Company, issued and sold floating rate securities having an aggregate liquidation amount of $15,000,000. The Trust I securities accrue and pay distributions quarterly at a rate per annum equal to LIBOR plus 257 basis points. The distributions are cummulative and payable in arrears. The company has the right, subject to events of default, to defer payments of interest on the Trust I securities for a period not to exceed 20 consecutive quarters, provided no extension can extend beyond the maturity date of September 16, 2034. The Trust I securities are mandatorily redeemable upon maturity of September 16, 2034. If the Trust I securities are redeemed on or after September 16, 2009, the redemption price will be 100% of the principal amount plus accrued and unpaid interest. The Trust I securities may be redeemed in whole but not in part, at any time prior to September 16, 2009 following the occurrence of a tax event, a capital treatment event or an investment company event. Currently these securities qualify under risk-based capital guidelines as Tier 1 capital, subject to certain limitations. The company has no current intention to exercise its right to defer payments of interest on the Trust I securities.

Note 11 - INCOME TAXES

Income tax expense for the years ended December 31, 2004, 2003 and 2002 consists of the following:

	Year ended December 31					
		2004		2003		2002
Current						
Federal	$	651,304	$	869,508	$	917,475
State		104,072		97,727		91,064
		755,376		967,235		1,008,539
Deferred						
Federal		197,474		6,749		(229,816)
State		10,000		(9,094)		(21,022)
		207,474		(2,345)		(250,838)
Change in valuation allowance						
Income tax expense	$	962,850	$	964,890	$	757,701

A reconciliation from expected federal tax expense to effective income tax expense for the periods indicated are as follows:

	Year ended December 31					
		2004		2003		2002
Expected federal income tax expense	$	1,101,742	$	939,206	$	755,500
State income tax net of federal benefit		37,584		64,600		60,100
Tax exempt interest		(64,126)		(61,300)		(58,700)
Nontaxable dividends		(101,821)				
Other		(10,529)		22,384		801
	$	962,850	$	964,890	$	757,701

The following is a summary of the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities:

	December 31, 2004	December 31, 2003
Assets:		
Provision for bad debts	$ 994,777	$ 613,671
Excess tax basis of deductible intangible assets	131,376	98,005
Premium on purchased FHLB Advances	1,242,441	
Net operating loss carryforward	5,161,156	
Excess tax basis of assets acquired	488,534	
Unrealized loss on available-for sale-securities	482,359	
Compensation expense deferred for tax purposes	453,385	
Other	859,779	
Deferred tax asset	9,813,807	711,676
Liabilities:		
Tax depreciation in excess of book depreciation	266,919	157,672
Excess tax basis of non-deductible intangible assets	1,012,121	
Excess financial reporting basis of assets acquired	1,022,207	
Income tax bad debt reserve recapture adjustment	1,653,746	
Unrealized gain on securities available-for-sale		77,038
Other	66,943	
Total deferred tax liabilities	4,021,936	234,710
Net deferred tax asset recognized	$ 5,791,871	$ 476,966

At December 31, 2004, the company has net operating loss carryforwards for state and federal income tax purposes of $14,340,000 available to offset future taxable income through 2023. There was no valuation allowance for deferred tax assets at either December 31, 2004 or 2003. No valuation allowance has been established as it is management s belief that realization of the deferred tax asset is more likely than not. The ultimate realizatiion of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. The amount of these deferred tax assets considered to be realizable could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. The net deferred asset is included in other assets on the consolidated balance sheets.

A portion of the change in the net deferred tax asset relates to unrealized gains and losses on securities available-for-sale. The related tax benefit of $559,397 has been recorded directly to shareholders equity. The balance of the change in the net deferred tax asset results from acquired net deferred tax assets of $4,962,982 less current period deferred taxes of $207,474.

Note 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, Disclosure about Fair Value of Financial Instruments (SFAS 107), requires the Company to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below.

Cash and short term investments - The carrying amount of these financial instruments (cash and due from banks, federal funds sold and securities purchased under agreements to resell) approximate fair value. All mature within 90 days and do not present unanticipated credit concerns.

Investment Securities - Fair values are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans - The fair value of loans are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and and for the same remaining maturities. As discount rates are based on current loan rates as well as management estimates, the fair values presented may not be indicative of the value negotiated in an actual sale.

Accrued Interest Receivable - The fair value approximates the carrying value.

Deposits - The fair value of demand deposits, savings accounts, and money market accounts is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposits is estimated by discounting the future cash flows using rates currently offered for deposits of similar remaining maturities.

Federal Home Loan Bank Advances - Fair value is estimated based on discounted cash flows using current market rates for borrowings with similar terms.

Short Term Borrowings - The carrying value of short term borrowings (securities sold under agrreements to repurchase and demand notes to the U.S. Treasury) approximates fair value.

Long-term Debt - The fair values of long-term debt is estimated by using discounted cash flow analyses based on incremental borrowing rates for similar types of instruments.

Accrued Interest Payable - The fair value approximates the carrying value.

Commitments to Extend Credit - The fair value of these commitments is immaterial because their underlying interest rates approximate market.

The carrying amount and estimated fair value of the Company s financial instruments are as follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and short term investments	$ 19,325,645	$ 19,325,645	$ 26,483,199	$ 26,483,199
Held-to-maturity securities	6,015,745	6,147,698	4,994,896	5,169,282
Available-for-sale securities	190,010,307	190,010,307	53,958,799	53,958,799
Loans receivable	186,771,344	183,609,011	121,008,673	122,553,917
Allowance for loan losses	2,763,988		1,705,082	
Net loans	184,007,356		119,303,591	
Accrued interest	1,660,972	1,660,972	876,895	876,895
Financial liabilities:				
Non-interest bearing demand	$ 49,519,816	$ 49,519,816	$ 37,043,600	$ 37,043,600
NOW and money market accounts	98,846,828	98,846,828	57,015,473	57,015,473
Savings	35,370,267	35,370,267	11,222,761	11,222,761
Certificates of deposit	153,327,373	154,390,247	79,976,038	81,399,845
Total deposits	337,064,284	338,127,158	185,257,872	186,681,679
Federal Home Loan Bank Advances	42,452,122	41,422,224	5,000,000	5,020,371
Short term borrowings	7,734,493	7,734,493	4,101,076	4,101,076
Long-term debt	15,464,000	15,464,000		
Accrued interest payable	1,015,435	1,015,435	581,779	581,779

Note 13 - COMMITMENTS, CONCENTRATIONS OF CREDIT RISK AND CONTINGENCIES

The Bank is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The Bank s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of these instruments. The Bank uses the same credit policies in making commitments as for on-balance sheet instruments. At December 31, 2004 and 2003, the Bank had commitments to extend credit including unused lines of credit of $32,499,000 and $24,266,000, respectively.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require a payment of a fee. Since commitments may expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. The Bank evaluates each customer s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management s credit evaluation of the party. Collateral held varies but may include inventory, property and equipment, residential real estate and income producing commercial properties.

The primary market area served by the Bank is Lexington, Richland and Newberry Counties within the Midlands of South Carolina. Management closely monitors its credit concentrations and attempts to diversify the portfolio within its primary market area. At December 31, 2004, management does not consider there to be any significant credit concentration within the portfolio. Although, the Bank s loan portfolio as well as existing commitments reflect the diversity of its primary market area, a substantial portion of its debtors ability to honor their contracts is dependent upon the economic stability of the area.

The nature of the business of the company and bank may at times result in a certain amount of litigation. The bank is involved in certain litigation that is considered incidental to the normal conduct of business. Management believes that the liabilities, if any, resulting from the proceedings will not have a material adverse effect on the consolidated financial position, consoloidated results of operations or consolidated cash flows of the company.

Note 14 - OTHER EXPENSES

A summary of the components of other non-interest expense is as follows:

		December 31,	
	2004	**2003**	**2002**
Data processing	$ 127,031	$ 87,161	$ 85,876
Supplies	190,972	126,063	161,063
Telephone	205,908	146,940	127,670
Correspondent services	140,182	75,931	71,690
Insurance	149,482	113,064	89,491
Postage	110,798	84,512	75,341
Professional fees	189,525	194,380	175,600
Other	513,572	372,587	451,524
	$ 1,627,470	$ 1,200,638	$ 1,238,255

Note 15 - STOCK OPTIONS

The Company has adopted a Stock Option Plan under which an aggregate of 190,050 shares have been reserved for issuance by the Company upon the grant of stock options or resstricted stock awards. The number of shares and average exercise price have been adjusted for the June 30, 2001 5% stock dividend and the February 28, 2002 5-for-4stock split. The plan provides for the grant of options to key employees and Directors as determined by a Stock Option Committee made up of at least two members of the Board of Directors. Options are execisable for a period of ten years from date of grant.

Stock option transactions for the years ended December 31, 2004, 2003 and 2002 are summarized as follows:

	Shares		Weighted Average Exercise Price
Outstanding January 1, 2002	157,830	$	9.66
Granted	1,000		13.75
Forfeited	329		13.99
Outstanding December 31, 2002	158,501		9.66
Exercised	9,388		8.54
Granted	3,500		18.84
Forfeited	1,850		11.78
Outstanding December 31, 2003	150,763		9.91
Exercised	15,408		9.01
Granted	3,000		22.17
Granted in acquisition	180,685		9.23
Forfeited	1,603		13.67
Outstanding December 31, 2004	317,437	$	9.66
Exercisable at December 31, 2004	306,537	$	9.62

In October 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123, Accounting for Stock Based Compensation (SFAS 123) The statement defines a fair value based method of accounting for employee stock options granted after December 31, 1994. However, SFAS 123 allows an entity to account for these plans according to Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25), provided pro forma disclosure of net income and earnings per share are made as if SFAS 123 had been applied. The Company has elected to use APB 25 and provide the required pro-forma disclosures. Accordingly, no compensation cost has been recognized in the financial statements for the Company s stock option plan.

The following summarizes pro-forma data in accordance with SFAS 123:

	Year ended December 31,					
		2004		2003		2002
Net income, pro-forma	$	2,179,236	$	1,772,921	$	1,441,026
Basic earnings/loss per common share, pro-forma	$	1.15	$	1.11	$	0.91
Diluted earnings loss per common share, pro-forma	$	1.09	$	1.07	$	0.88

The fair value of each grant is estimated on the date of grant using the Black-Sholes option pricing model. The weighted average fair value of options granted, excluding those issued in the Dutch Fork acquisition, during 2004, 2003 and 2002 was $7.15, $5.62 and $4.90. Those granted in conjunction with the acquisition had an average fair value of $14.32.

In calculating the pro-forma disclosures, the fair value of options granted is estimated as of the date of grant using the Black-Sholes option pricing model with the following weighted-average assumptions:

	2004	2003	2002

Dividend yield	1.0%	0.9%	1.5%
Expected volatility	24.8%	25.4%	25.3%
Risk-free interest rate	4.3%	3.0%	4.8%
Expected life	7 Years	7 Years	10 Years

Note 16 - EMPLOYEE BENEFIT PLAN

The Company maintains a 401 (k) plan which covers substantially all employees. Participants may contribute up to the maximum allowed by the regulation. During the year ended December 31, 2004, 2003 and 2002 the plan expense amounted to $137,177, $106,398 and $93,130 respectively. The Company matches 50% of an employees contribution up to a 6.00% participant contribution.

Note 17 - EARNINGS PER SHARE

The following reconciles the numerator and denominator of the basic and diluted earnings per share computation:

	Year ended December 31,		
	2004	2003	2002
Numerator (Included in basic and diluted earnings per share)	$ 2,184,985	$ 1,797,481	$ 1,464,360
Denominator			
Weighted average common shares outstanding for:			
Basic earnings per share	1,903,209	1,590,052	1,587,970
Dilutive securities:			
Stock options - Treasury stock method	102,536	70,925	42,867
Diluted earnings per share	2,005,745	1,660,977	1,630,837

The average market price used in calculating the assumed number of shares issued for the years ended December 31, 2004, 2003 and 2002 was $21.67, $18.71 and $12.83, respectively.

Note 18 - CAPITAL REQUIREMENTS AND DIVIDEND RESTRICTIONS

The Company and Bank are subject to various federal and state regulatory requirements, including regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions that, if undertaken, could have a direct material effect on the Company s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company s assets, liabilities, and certain off-balance sheet item as calculated under regulatory accounting practices. The Company s and Bank s capital amounts and classification are also subject to qualitative judgments by the regulators about components,risk weighting, and other factors. The Company and Bank are required to maintain minimum Tier 1 capital,total risked based capital and Tier 1 leverage ratios of 4%, 8% and 3%, respectively.

At December 31, 2003, the most recent notification from the Comptroller of the Currency categorized the bank as well capitalized under the regulatory framework for prompt corrective action. To be well capitalized the bank must maintain minimum Tier 1 capital, total risk- based capital and Tier 1 leverage ratios of 6%, 10% and 5%, respectively. There are no conditions or events since that notification that management believes have changed the bank s well capitalized status.

The actual capital amounts and ratios as well as minimum amounts for each rqulatory defined catyegory for the Bank and the Company are as follows:

	Actual		Required to be Categorized Aduquately Capitalized		Required to be Categorized Well Capitalized	
	Amount	Ratio	Amount	Ratio		
December 31, 2004						
First Community Corporation						
Tier 1 Capital	$ 37,485,000	12.91%	$ 11,612,000	4.00%	N/A	N/A
Total Risked Based Capital	40,249,000	13.86%	23,224,000	8.00%	N/A	N/A
Tier 1 Leverage	37,485,000	8.51%	17,614,000	4.00%	N/A	N/A
First Community Bank, NA						
Tier 1 Capital	$ 33,158,000	11.46%	$ 11,576,000	4.00%	$ 17,364,000	6.00%
Total Risked Based Capital	35,922,000	12.41%	23,152,000	8.00%	28,940,000	10.00%
Tier 1 Leverage	33,158,000	7.64%	17,367,000	4.00%	21,703,000	5.00%
December 31, 2003						
First Community Corporation						
Tier 1 Capital	$ 18,607,000	13.21%	$ 5,635,000	4.00%	N/A	N/A
Total Risked Based Capital	20,312,000	14.42%	11,269,000	8.00%	N/A	N/A
Tier 1 Leverage	18,607,000	8.87%	8,395,000	4.00%	N/A	N/A
First Community Bank, NA						
Tier 1 Capital	$ 15,295,000	10.90%	$ 5,613,000	4.00%	$ 8,419,000	6.00%
Total Risked Based Capital	17,000,000	12.12%	11,225,000	8.00%	14,031,000	10.00%
Tier 1 Leverage	15,295,000	7.39%	8,280,000	4.00%	10,351,000	5.00%

Under applicable federal law, the Comptroller of the Currency restricts a national bank s total dividend payments in any calendar year to net profits of that year combined with retained net profits for the two preceding years At December 31, 2004, there was $5,106,000 in retained net profits free of such restriction.

Note 19 - PARENT COMPANY FINANCIAL INFORMATION

The balance sheets, statements of operations and cash flows for First Community Corporation (Parent Only) follow:

Condensed Balance Sheets

	At December 31,			
		2004		2003
Assets:				
Cash on deposit	$	3,051,478	$	169,125
Interest-bearing deposits with the bank				504,817
Securities purchased under agreement to resell		15,304		1,402,615
Investment securities available-for-sale		1,360,000		1,250,000
Investment in bank subsidiary		61,135,575		16,197,320
Other		537,321		20,756
Total assets	$	66,099,678	$	19,544,633
Liabilities:				
Long-term debt	$	15,464,000	$	
Other		172,989		35,819
Total liabilities		15,636,989		35,819
Shareholders equity		50,462,689		19,508,814
Total liabilities and shareholders equity	$	66,099,678	$	19,544,633

Condensed Statements of Operations

	Year ended December 31,					
		2004		2003		2002
Income:						
Interest income	$	72,795	$	75,711	$	120,358
Dividend income from bank subsidiary		366,000		225,160		
Equity in undistributed earnings of subsidiary		2,073,865		1,556,937		1,475,434
Total income		2,512,660		1,857,808		1,595,792
Expenses:						
Interest expense		214,813				
Other		112,862		60,327		131,432
Total expense		327,675		60,327		131,432
Income before taxes		2,184,985		1,797,481		1,464,360
Income taxes						
Net Income	$	2,184,985	$	1,797,481	$	1,464,360

Condensed Statements of Cash Flows

	Year ended December 31, 2004	2003	2002
Cash flows from operating activities:			
Net Income	$ 2,184,985	$ 1,797,481	$ 1,464,360
Adjustments to reconcile net income to net cash used by operating activities			
Increase in equity in undistributed earnings of subsidiary	(2,073,865)	(1,556,937)	(1,475,434)
Other-net	84,600	(54,105)	67,962
Net cash provided (used) by operating activities	195,720	186,439	56,888
Cash flows from investing activities:			
Purchase of investment security available-for-sale	(110,000)	(1,250,000)	(750,000)
Maturity of investment security available-for-sale		1,750,000	750,000
Investment in bank subsidiary	(2,897,905)		
Net cash disbursed in business combination	(11,131,142)		
Net cash provided (used) by investing activities	(14,139,047)	500,000	
Cash flows from financing activities:			
Cash in lieu of fractional shares			(4,181)
Dividends paid	(381,878)	(301,973)	(190,555)
Proceeds from issuance of long-term debt	15,000,000		
Proceeds from issuance of common stock	315,430	100,586	
Net cash provided by financing activities	14,933,552	(201,387)	(194,736)
Increase in cash and cash equivalents	990,225	485,052	(137,848)
Cash and cash equivalent, beginning of period	2,076,557	1,591,505	1,729,353
Cash and cash equivalent, end of period	$ 3,066,782	$ 2,076,557	$ 1,591,505

NOTE 20 - RECENT ACCOUNTING PRONOUNCEMENTS

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*, which amends and clarifies accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and loan commitments that relate to the origination of mortgage loans held for sale, and for hedging activities under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative, clarifies when a derivative contains a financing component, amends the definition of an underlying to conform it to language used in FASB Interpretation (FIN) NO. 45, and amends certain other existing pronouncements. The pronouncement was generally effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 did not have any impact on the financial condition or operating results of the Company.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions*. The amendments made by SFAS No. 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the narrow exception for nonmonetary exchanges of similar productive assets and replace it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. Previously, Accounting Principles Board (APB) Opinion No. 29 required that the accounting for an exchange of a productive asset for a similar productive asset or an equivalent interest in the same or similar productive asset should be based on the recorded amount of the asset relinquished. APB Opinion No. 29 provided an exception to its basic measurement principle (fair value) for exchanges of similar productive assets. SFAS No. 153 is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after the date of issuance. The provisions of this statement are required to be applied prospectively. The adoption of this statement is not expected to have a material impact on the financial condition or operating results of the Company.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS No. 123(R)).SFAS No. 123(R) will require companies to measure all employee stock-based compensation awards using a fair value method and record such expense in its financial statements. In addition, the adoption of SFAS No. 123(R) requires additional accounting and disclosure related to the income tax and cash flow effects resulting from share-based payment arrangements. SFAS No. 123(R) is effective beginning as of the first interim or annual reporting period beginning after December 15, 2005. The Company is evaluating the impact that the adoption of SFAS No. 123(R) will have on its financial position, results of operations and cash flows.

In November 2002, the FASB issued FASB Interpretation (FIN) No. 45, *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. FIN No. 45 elaborates on the disclosure to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees and warranties that it has issued. FIN 45 requires a company, at the time it issues a guarantee, to recognize an initial liability for the fair value of obligations assumed under the guarantee. The initial recognition requirements of FIN No. 45 were effective for guarantees issued or modified after December 31, 2002. The disclosure requirements were effective for financial statements for periods ending after December 15, 2002. The adoption of FIN No. 45 did not have a material impact on the Company s financial position or results of operations.

In December 2003, the FASB issued FIN No. 46 (revised), *Consolidation of Variable Interest Entities* (FIN No. 46(R)), which addresses consolidation by business enterprises of variable interest entities. FIN No. 46(R) requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity s activities or entitled to receive a majority of the entity s residual returns, or both. FIN No. 46(R) also requires disclosures about variable interest entities that a company is not required to consolidate, but in which it has a significant variable interest. FIN No. 46(R) provides guidance for determining whether an entity qualifies as a variable interest entity by considering, among other considerations, whether the entity lacks sufficient equity or its equity holders lack adequate decision-making ability. The consolidation requirements of FIN No. 46(R) applied immediately to variable interest entities created after January 31, 2003. The consolidation requirements applied to the Company s existing variable interest entities in the first reporting period ending

December 15, 2004. Certain of the disclosure requirements applied to all financial statements issued after December 31, 2003, regardless of when the variable interest entity was established. The adoption of FIN No. 46(R) did not have any impact on the Company s financial position or results of operations.

In November 2003, the Emerging Issues Task Force (EITF) reached a consensus that certain quantitative and qualitative disclosures should be required for debt and marketable equity securities classified as available-for-sale or held-to-maturity under SFAS No. 115 and SFAS No. 124 that are impaired at the balance sheet date but for which other-than-temporary impairment has not been recognized. Accordingly to the EITF issued EITF No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* . This issue addresses the meaning of other-than-temporary impairment and its application to investments classified as either available-for-sale or held-to-maturity under SFAS No. 115 and provides guidance on quantitative and qualitative disclosures. The disclosure requirements of EITF No. 03-1 are effective for annual financial statements for fiscal years ending after June 15, 2004. The effective date for the measurement and recognition guidance of EITF No. 03-1 has been delayed. The FASB staff has issued a proposed Board-directed FASB Staff Position (FSP), FSP EITF 03-01-a, *Implementation Guidance for the Application of Paragraph 16 of Issue No. 03-1* . The proposed FSP would provide implementation guidance with respect to debt securities that are impaired solely due to interest rates and/or sector spreads and analyzed for other-than-temporary impairment under the measurement and recognition requirements of EITF NO. 03-1. The delay of the effective date for the measurement and recognition requirements of EITF No. 03-1 will be superseded concurrent with the final issuance of FSP EITF 03-1-a. Adopting the disclosure provisions of EITF No. 03-1 did not have any material impact on the company s financial position or results of operations.

Item 13. Exhibits.

3.1 Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the company s Registration Statement No. 33-86258 on Form S-1).

3.2 Bylaws (incorporated by reference to Exhibit 3.2 to the company s Registration Statement No. 33- 86258 on Form S-1).

4.1 Provisions in the company s Articles of Incorporation and Bylaws defining the rights of holders of the company s Common Stock (incorporated by reference to Exhibit 4.1 to the company s Registration Statement No. 33-86258 on Form S-1).

10.1 Employment Agreement dated June 1, 1994, by and between Michael C. Crapps and the Company (incorporated by reference to Exhibit 10.1 to the company s Registration Statement No. 33-86258 on Form S-1).*

10.2 Employment Agreement dated June 1, 1994, by and between James C. Leventis and the Company (incorporated by reference to Exhibit 10.2 to the company s Registration Statement No. 33-86258 on Form S-1).*

10.3 1996 Stock Option Plan and Form of Option Agreement (incorporated by reference to Exhibit 10.6 to the company s annual report for fiscal year ended December 31, 1995 on Form 10-KSB).*

10.4 First Community Corporation 1999 Stock Incentive Plan and Form of Option Agreement (incorporated by reference to the Company s 1998 Annual Report and Form 10-KSB).*

10.5 Employment Agreement dated September 2, 2002 by and between David K. Proctor and the Company (incorporated by reference to Exhibit 10.4 to the company s 2002 annual report and Form 10-KSB).*

10.6 Employment Agreement dated June 12, 2002 by and between Joseph G. Sawyer and the Company (incorporated by reference to Exhibit 10.5 to the company s 2002 annual report and Form 10-KSB).*

21.1 Subsidiaries of the company. +

23 Consent of Certified Public Accountants.

31.1 Rule 13a-14(a) Certification of the Chief Executive Officer.

31.2 Rule 13a-14(a) Certification of the Chief Financial Officer.

32 Section 1350 Certifications.

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* Management contract of compensatory plan or arrangement required to be filed as an Exhibit to this Annual Report on Form 10-KSB.

+ Previously filed

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this Amendment No. 1 to the Form 10-KSB filed on March 25, 2005, to be signed on its behalf by the undersigned, thereunto duly authorized.

	FIRST COMMUNITY CORPORATION
Date: March 28, 2005	/s/ Michael C. Crapps Michael C. Crapps President and Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ * Richard K. Bogan	Director	
/s/ * Thomas C. Brown	Director	
/s/ * Chimin J. Chao	Director	
/s/ Michael C. Crapps Michael C. Crapps	Director, President, & Chief Executive Officer	March 28, 2005
/s/ * Anita B. Easter	Director	
/s/ * O. A. Ethridge	Director	
/s/ * George H. Fann, Jr.	Director	
/s/ * W. James Kitchens, Jr.	Director	
/s/ * James C. Leventis	Director, Chairman of the Board, & Secretary	
/s/ * Loretta R. Whitehead	Director	
/s/ * Mitchell M. Willoughby	Director	

/s/ * Joseph G. Sawyer		Chief Financial Officer and Principal Accounting Officer	
* By:	/s/ Michael C. Crapps Michael C. Crapps	As Attorney-In-Fact	March 28, 2005

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