

FAMGUARD CORPORATION LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2010

(Amounts expressed in Bahamian dollars)

	SHARE CAPITAL					
	PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2008	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 10,377,616	\$ 25,639,520	\$ 58,818,216
Net income for 2009	–	–	–	–	3,605,543	3,605,543
Adjustment to fair value of investment in equities	–	–	–	(586,903)	–	(586,903)
Dividends declared and paid						
Preference shares	–	–	–	–	(700,000)	(700,000)
Ordinary shares (\$0.24 per share)	–	–	–	–	(2,400,000)	(2,400,000)
Balance as of December 31, 2009	10,000,000	2,000,000	10,801,080	9,790,713	26,145,063	58,736,856
Net income for the period	–	–	–	–	876,567	876,567
Adjustment to fair value of investment in equities	–	–	–	(368,456)	–	(368,456)
Dividends declared and paid						
Preference shares	–	–	–	–	(350,000)	(350,000)
Ordinary shares (\$0.12 per share)	–	–	–	–	(1,200,000)	(1,200,000)
Balance as of June 30, 2010	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 9,422,257	\$ 25,471,630	\$ 57,694,967

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED

Notes to the Unaudited Interim Financial Statements

AS AT JUNE 30, 2010

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 31, 2009.

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

2. Earnings Per Share

	6 MONTHS TO JUNE 30, 2010	6 MONTHS TO JUNE 30, 2009
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 876,567	\$ 629,733
Earnings per share	\$ 0.09	\$ 0.06

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$2,243,237 as at June 30, 2010 (December 31, 2009: \$1,742,378).



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Contact

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Ordinary Life/Annuities

Family Guardian Financial Centre

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BahamaHealth Group Operations
Family Guardian Financial Centre

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Eleuthera Sales Office
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Operations

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Investments Department
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FG Capital Markets

& FG Financial

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FAMGUARD
CORPORATION LIMITED

INTERIM REPORT
UNAUDITED RESULTS FOR
THE SIX MONTHS ENDED
JUNE 30
2010

Message From The Chairman

INTERIM REPORT — SIX MONTHS ENDING JUNE 30, 2010

Dear Shareholder:

For the first six months of this year we recorded net income of \$877 thousand. This represents an increase of 188% over the first quarter ending March 31, 2010, and an improvement of 39% over the same six-month period last year.

The improved results were derived from growth in revenue coupled with a slowing in the growth of benefit payments. For the three-month period ending June 30, 2010, benefits payments declined by \$569 thousand or 3.3% compared to the same period last year.

We continue to monitor our health claims experience and to make adjustments to premium rates as warranted. To further ensure stability in earnings from the health division we have begun a review of each health plan offered to ensure the base premium adequately reflects the utilization level experienced for each plan.

In spite of the challenging economic environment, our premium income and annuity deposits continue to grow. For the first six months of this year we recorded an increase in premium income of \$3.6 million or 9% over prior year-to-date and in annuity deposits of \$553 thousand or 16% over the same period.

The Board of Directors declared a dividend of \$0.06 per share which was paid to shareholders on August 17, 2010.

Sincerely,



 Norbert F. Boissiere
 Chairman

FAMGUARD CORPORATION LIMITED
 (Incorporated under the laws of the Commonwealth of The Bahamas)

**Consolidated Statement of Financial Position
(Unaudited)**

AS AT JUNE 30, 2010

(Amounts expressed in Bahamian dollars)

	2010	DEC. 31 2009
	\$	\$
ASSETS		
Cash and bank balances	3,244,013	3,993,292
Short-term bank deposits	343,161	342,200
Other bank term deposits	4,568,570	3,078,323
Financial Investment Assets:		
Held-to-maturity	58,575,515	58,590,479
Available for sale	6,244,621	6,613,077
Loans	73,704,613	73,316,316
Total investment assets	146,680,493	145,933,687
Receivables and other assets	7,325,396	4,929,409
Premiums receivable	6,380,557	4,442,366
Property, plant and equipment, net	34,154,158	33,846,731
TOTAL	194,540,604	189,152,193
LIABILITIES & EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	121,683,006	115,575,718
Other policyholders' funds	9,047,907	8,282,762
Policy liabilities	130,730,913	123,858,480
Payables and accruals	6,114,724	6,556,857
Total liabilities	136,845,637	130,415,337
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 reserve	9,422,256	9,790,713
Retained earnings	25,471,630	26,145,063
Total equity	57,694,967	58,736,856
TOTAL	194,540,604	189,152,193

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED
 (Incorporated under the laws of the Commonwealth of The Bahamas)

**Consolidated Statement of Income
(Unaudited)**

FOR THE SIX MONTHS ENDED JUNE 30, 2010

(Amounts expressed in Bahamian dollars)

	6 MONTHS TO JUNE 30, 2010	6 MONTHS TO JUNE 30, 2009
	\$	\$
Net premium income and annuity deposits		
Investment income and other income	5,049,711	4,865,699
Realized loss from sale of assets	(144,514)	(3,694)
Other operating income	374,762	511,561
TOTAL INCOME	48,873,323	45,911,747
Benefits		
Commissions	5,921,617	5,849,985
Operating expenses	7,015,126	7,015,739
Depreciation	1,068,055	648,060
Premium tax	1,365,556	1,252,264
Bad debt expense	3,399	33,004
TOTAL BENEFITS & EXPENSES	47,996,756	45,282,014
NET INCOME	876,567	629,733
Earnings per share	0.09	0.06
3 MONTHS TO JUNE 30, 2010		
3 MONTHS TO JUNE 30, 2009		
	\$	\$
Net premium income and annuity deposits		
Investment income and other income	2,546,692	2,449,358
Realized loss from sale of assets	(133,778)	(3,794)
Other operating income	193,977	355,213
TOTAL INCOME	24,677,165	23,532,808
Benefits		
Commissions	2,900,694	2,941,791
Operating expenses	3,383,047	3,345,351
Premium tax	689,538	634,307
Depreciation	535,496	324,219
Bad debt expense	(23,650)	39,646
TOTAL BENEFITS & EXPENSES	24,104,453	24,473,913
NET INCOME	572,712	(941,105)
Earnings per share	0.06	(0.09)

See accompanying notes to unaudited consolidated financial statements.

FAMGUARD CORPORATION LIMITED
 (Incorporated under the laws of the Commonwealth of The Bahamas)

**Consolidated Statement of Cash Flows
(Unaudited)**

FOR THE SIX MONTHS ENDED JUNE 30, 2010

(Amounts expressed in Bahamian dollars)

	6 MONTHS TO JUNE 30, 2010	6 MONTHS TO JUNE 30, 2009
	\$	\$
Cash flows from operating activities		
Net income	876,567	629,733
Adjustment for:		
Depreciation	1,068,055	648,060
Loans written-off net of recoveries	–	(8,584)
Change in mortgage provision	3,399	33,004
Reserve for policyholder benefits	6,107,288	6,068,386
Interest income	(4,858,277)	(4,660,889)
Dividend income	(191,434)	(204,810)
Operating profit before working capital changes	3,005,598	2,504,900
(Increase) in receivables and other assets	(2,395,987)	(827,690)
(Increase) decrease in premiums in arrears	(1,938,191)	(593,607)
(Decrease) in payables and accruals	(442,133)	(1,788,371)
Increase (decrease) in other policyholder funds	765,145	3,229,457
Net cash from operating activities	(1,005,568)	2,524,689
Cash flows from investing activities		
Policy loans	(221,210)	(132,243)
Purchase of fixed assets	(1,375,482)	(1,109,053)
Other loans repaid	206,343	194,355
Net mortgage loans issued	(384,711)	(1,301,981)
Purchase of Government bonds	–	(11,250,000)
Purchase of corporate bonds	–	(1,000,000)
Purchase of preference shares	–	(500,000)
Interest received	4,881,123	4,444,552
Dividends received	191,434	204,810
Net cash from investing activities	3,297,497	(10,449,560)
Cash flows from financing activities		
Dividends paid – preference shares	(350,000)	(350,000)
Dividends paid – ordinary shares	(1,200,000)	(1,200,000)
Net cash used in financing activities	(1,550,000)	(1,550,000)
Net(decrease)increase in cash and cash equivalents	741,929	(9,474,871)
Cash and cash equivalents at beginning of the period	7,413,815	16,083,472
Cash and cash equivalents at end of the period	8,155,744	6,608,601
Cash and cash equivalents is comprised of:		
Cash and bank balances	3,244,013	2,010,171
Short-term bank deposits	343,161	341,237
Other bank term deposits	4,568,570	4,257,193
8,155,744	6,608,601	

See accompanying notes to unaudited consolidated financial statements.