

Company Addresses

SHARE CAPITAL					
PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
\$	\$	\$	\$	\$	\$
\$10,000,000	\$2,000,000	\$10,801,080	\$10,580,443	\$30,364,568	\$63,746,091
-	-	-	-	5,440,804	5,440,804
			594,020		594,020
-	-	-	(40,117)	-	(40,117)
-	-	-	-	(625,000)	(625,000)
-	-	-	-	(2,400,000)	(2,400,000)
10,000,000	2,000,000	10,801,080	11,134,346	32,780,372	66,715,798
-	-	-	-	2,834,916	2,834,916
-	-	-	220,076	-	220,076
-	-	-	-	(312,500)	(312,500)
-	-	-	-	(1,200,000)	(1,200,000)
\$10,000,000	\$2,000,000	\$10,801,080	\$11,354,422	\$34,102,789	\$68,258,290

See accompanying notes to unaudited consolidated financial statements.

I. Accounting Policies

These interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting. The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2012.

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

2. Earnings Per Share

	6 MONTHS TO 30 JUNE 2013	6 MONTHS TO 30 JUNE 2012
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 2,834,916	2,467,182
Earnings per share	\$ 0.28	0.25

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$ 2,114,124 as at 30 June 2013 (31 December 2012: \$1,111,720).

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Pensions and Mutual Funds
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Family Guardian Financial Centre

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- BahamaHealth
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- Operations
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Freeport

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FAMGUARD
CORPORATION LIMITED

Incorporated under the laws of the Commonwealth of The Bahamas



FAMGUARD
CORPORATION LIMITED

SECOND QUARTER
INTERIM REPORT

Unaudited results for the six months
ended JUNE 30, 2013



FAMGUARD CORPORATION LIMITED

INTERIM REPORT Unaudited Results For Six Months Ended 30 June 2013

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

We are pleased to report that FamGuard recorded net income of \$2.8 million for the second quarter ending 30 June 2013 exceeding the net income levels recorded prior year-to-date by 15%. Earnings per share stood at \$0.28 compared to \$0.25 at the end of June 2012.

Continued strong performances of our health insurance operations, annuity product line and reductions in death claims experience have positively impacted these results. Annuity deposits increased by \$2.2 million or 68% over prior year-to-date enhancing the net income contribution from that source. Aided by our partnership with Aetna, net income from our group life and health division showed sustained improvements through the second quarter. Death claims experience also declined by 8.7% compared to June 2012.

FamGuard continues to hold its very strong financial position with total assets increasing by \$7.1 million to end the second quarter at \$245 million. At the end of June our insurance subsidiary Family Guardian recorded levels of solvency which exceeded the local statutory requirement by 40%.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share for shareholders of record as of August 7th, 2013 payable on August 14th, 2013.

Sincerely,

Norbert F. Boissiere
Chairman

FamGuard Corporation Limited Consolidated Statement of Financial Position As at 30 June 2013 (Expressed in BSD)

ASSETS

	2013	DEC 31 2012
	\$	\$
Cash and bank balances	5,523,592	5,946,175
Short-term bank deposits	349,005	2,106,607
Other bank term deposits	27,875,303	20,226,365
Financial Investment Assets:		
Held-to-maturity	80,320,212	78,001,978
Available for sale	6,659,432	6,439,356
Loans	72,554,372	73,381,797
Total investment assets	193,281,915	186,102,278
Reinsurance assets and recoveries	9,955,682	11,147,023
Intangible Assets	933,333	953,333
Receivables and other assets	4,303,461	1,913,131
Premiums receivable	4,806,475	5,268,489
Property, plant and equipment, net	31,220,800	32,018,731
TOTAL ASSETS	244,501,666	237,402,986

LIABILITIES & EQUITY LIABILITIES

Reserves for future policyholders' benefits	153,921,495	148,549,600
Other policyholders' funds	12,831,776	12,442,312
Policy liabilities	166,753,271	160,991,912
Payables and accruals	9,490,106	9,695,276
Total liabilities	176,243,377	170,687,188

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	11,354,422	11,134,346
Retained earnings	34,102,788	32,780,372
Total equity	68,258,290	66,715,798

TOTAL LIABILITIES & EQUITY

FamGuard Corporation Limited Consolidated Statement of Comprehensive Income For the six months ended 30 June 2013 (Expressed in BSD)

	6 MONTHS TO 30 JUNE 2013	6 MONTHS TO 30 JUNE 2012
	\$	\$
NET INCOME	\$ 2,834,916	\$ 2,467,182
Other Comprehensive Income:		
Net value gain (loss) on available-for-sale financial assets	220,076	(267,736)
Total other comprehensive income	220,076	(267,736)
TOTAL COMPREHENSIVE INCOME	\$ 3,054,992	\$ 2,199,446
Comprehensive Income Attributable To:		
Ordinary Shareholders	2,742,492	1,886,946
Preferred Shareholders	312,500	312,500
	\$3,054,992	\$2,199,446

FamGuard Corporation Limited Consolidated Statement of Income For the six months ended 30 June 2013 (Expressed in BSD)

INCOME

	6 MONTHS TO 30 JUNE 2013	6 MONTHS TO 30 JUNE 2012
	\$	\$
Net premium income and annuity deposits	47,484,638	46,934,944
Interest income	5,122,204	4,989,370
Dividend income	267,309	208,385
Realized loss from sale of assets	(63,903)	(25,331)
Other operating income	777,629	818,250
Total income	53,587,877	52,925,618

BENEFITS & EXPENSES BENEFITS

Policyholders' benefits, net of recoveries	29,470,332	29,262,534
Increase in reserves for policyholders' benefits	5,371,895	4,741,440
Net policyholder benefits	34,842,226	34,003,975

EXPENSES

Commissions	5,306,538	6,068,170
Operating expenses	7,843,610	7,777,727
Depreciation and amortization expense	1,069,425	974,317
Premium tax	1,404,761	1,506,339
Bad debt expense	286,401	127,909
Total benefits and expenses	50,752,961	50,458,436

NET INCOME

Earnings per share	\$ 0.28	\$ 0.25
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FamGuard Corporation Limited Consolidated Statement of Income For the three months ended 30 June 2013 (Expressed in BSD)

INCOME

	3 MONTHS TO 30 JUNE 2013	3 MONTHS TO 30 JUNE 2012
	\$	\$
Net premium income and annuity deposits	24,086,401	22,946,818
Interest income	2,525,488	2,508,483
Dividend income	148,475	96,368
Realized gain and losses	1,114	3,014
Other operating income	395,973	435,578
Total income	27,157,451	25,990,261

BENEFITS & EXPENSES BENEFITS

Policyholders' benefits, net of recoveries	14,783,116	14,663,196
Increase in reserves for policyholders' benefits	3,001,525	2,178,121
Net policyholder benefits	17,784,640	16,841,318

EXPENSES

Commissions	2,756,390	2,918,992
Operating expenses	3,977,644	3,767,163
Premium tax	531,946	467,477
Depreciation and amortization expense	722,227	761,692
Bad debt expense	217,828	40,782
Total benefits and expenses	25,990,675	24,797,423

NET INCOME

Earnings per share	\$ 0.12	\$ 0.12
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FamGuard Corporation Limited Consolidated Statement of Cash Flows For the six months ended 30 June 2013 (Expressed in BSD)

Cash flows from operating activities

	6 MONTHS TO 30 JUNE 2013	6 MONTHS TO 30 JUNE 2012
	\$	\$
Net income	2,834,916	2,467,182
Adjustments for:		
Depreciation expense	1,049,425	974,317
Amortization of intangible asset	20,000	0
Realized loss from sale of mortgage assets	63,903	0
Change in bad debt provision	286,401	127,909
Change in reinsurance assets	1,191,341	2,955,023
Reserve for policyholders' benefits	5,371,895	4,741,440
Interest income	(5,122,204)	(4,989,370)
Dividend income	(267,309)	(208,385)

Operating profit before working capital changes

5,428,367	6,068,116
Increase in receivables and other assets	(2,390,330)
Decrease in premiums in arrears	462,014
(Decrease) Increase in payables and accruals	(205,170)
Increase in other policyholder funds	389,464
Net cash from operating activities	3,684,346

Cash flows from investing activities

Net placement of bank term deposits	(7,648,938)	(9,418,303)
Purchase of government bonds	(2,318,234)	(1,849,815)
Purchase of equities	0	(1,150)
Other loans repaid	0	75,961
Net policy loans (issued) repaid	(341,723)	244,388
Net mortgage loans repaid	818,845	354,943
Net property, plant and equipment	(251,494)	(505,702)
Interest received	5,122,204	4,989,370
Dividends received	267,309	208,385
Net cash used in investing activities	(4,352,031)	(5,901,923)

Cash flows from financing activities

Dividends paid – preference shares	(312,500)	(312,500)
Dividends paid – ordinary shares	(1,200,000)	(1,200,000)
Net cash used in financing activities	(1,512,500)	(1,512,500)
Net (decrease) increase in cash and cash equivalents	(2,180,185)	2,626,580
Cash and cash equivalents at beginning of period	8,052,782	5,980,436
Cash and cash equivalents at end of period	5,872,597	8,607,016

Cash and cash equivalents is comprised of:

Cash and bank balances	5,523,592	8,259,968
Short term bank deposits	349,005	347,048
	5.872.597	8.607.016

See accompanying notes to unaudited consolidated financial statements.