

FamGuard Corporation Limited
Consolidated Statement of Changes in Equity
For the six months ended 30 JUNE 2013
(Expressed in BSD) Unaudited

SHARE CAPITAL						
PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL	
\$	\$	\$	\$	\$	\$	
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 2012					5,440,804	5,440,804
Impairment loss transfer to profit & loss			594,020			594,020
Adjustment to fair value of investment in equities			(40,117)			(40,117)
Dividends declared and paid -					(625,000)	(625,000)
preference shares						
ordinary shares (\$0.24 per share)					(2,400,000)	(2,400,000)
Balance as of December 31, 2012						
\$10,000,000	2,000,000	10,801,080	11,134,346	32,780,372	66,715,798	
Net income for the period				2,834,916		2,834,916
Adjustment to fair value of investment in equities			220,076			220,076
Dividends declared and paid -					(312,500)	(312,500)
preference shares						
ordinary shares (\$0.12 per share)					(1,200,000)	(1,200,000)
Balance as of 30 June 2013						
\$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.

FamGuard Corporation Limited
Notes to the Unaudited Iterim Financial Statements
As at June 30, 2012

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).

Company Addresses

FamGuard Corporate Office

East Bay Street & Village Road
PO Box SS6232, Nassau, Bahamas
T +242 396-4000 | F +242 393-1100

Bryinda Carroll, VP Legal & Compliance
bcarroll@familyguardian.com

- Investments Department Mortgages**

T +242 396-4000

- FG Capital Markets**

Brokerage and Advisory Services
T +242 396-4076

- FG Financial**

Pensions and Mutual Funds
T +242 396-4076

Family Guardian Financial Centre

East Bay & Church Streets
PO Box SS6232, Nassau, Bahamas

- Financial Services Ordinary Life and Annuities**

T +242 396-1400

- BahamaHealth Group Operations**

PO Box SS19079
T +242 396-1300

- Operations**

T +242 396-1385

- FG Insurance Agents & Brokers**

Property and Casualty Insurance
T +242 396-1400
T +242 336-3418

visit our website at www.famguardbahamas.com



FAMGUARD
CORPORATION LIMITED

Incorporated under the laws of the Commonwealth of The Bahamas

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)

Unaudited

ASSETS

	2013	DEC 31 2012
	\$	\$
ASSETS		
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	244,501,666	237,402,986

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

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

FamGuard Corporation Limited
Consolidated Statement of Cash Flows
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		
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

INCOME

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

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

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

Unaudited

**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

EXPENSES

Commissions	17,784,640	16,841,318
Operating expenses	2,756,390	2,918,992
Premium tax	3,977,644	3,767,163
Depreciation and amortization expense	531,946	467,477
Bad debt expense	722,227	761,692
Total benefits and expenses	25,990,675	24,797,423

NET INCOME

Earnings per share

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

Unaudited

**6 MONTHS TO
30 JUNE 2013**

**6 MONTHS TO
30 JUNE 2012**

\$

Cash flows from operating activities

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)

(956,735)

Decrease in premiums in arrears

462,014

1,639,697

(Decrease) Increase in payables and accruals

(205,170)

1,923,583

In