

Unaudited

SHARE CAPITAL

	PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF THE PARENT	NON - CONTROLLING INTERESTS	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2012	\$10,000,000	\$2,000,000	\$10,801,080	\$11,134,346	\$32,780,372	\$66,715,798	\$-	\$66,715,798
Non-controlling interests arising on investment in mutul Funds							\$20,147,095	\$20,147,095
Profit for 2013	-	-	-	-	5,851,003	5,851,003	308,293	6,159,296
Other Comprehensive income for 2013				636,452	26,384	662,836		662,836
Adjustment to appraised value of land and buildings	-	-	-	-	-	-		-
Dividends declared and paid - preference shares	-	-	-	-	(625,000)	(625,000)		(625,000)
ordinary shares (\$0.24 per share)	-	-	-	-	(2,400,000)	(2,400,000)	-	(2,400,000)
Balance as of December 31, 2013	10,000,000	2,000,000	10,801,080	11,770,798	35,632,759	70,204,637	20,455,388	90,660,025
Non-controlling interests increase in investment in mutul Funds in 2014							1,395,680	1,395,680
Profit for 2014	-	-	-	-	3,107,756	3,107,756	380,979	3,488,735
Other Comprehensive income for 2014								
Impairment loss transfer to profit & loss				-	-	-		-
Adjustment to fair value of investment in equities	-	-	-	91,580	-	91,580		91,580
Adjustment to appraised value of land and buildings	-	-	-	-	-	-		-
Dividends declared and paid - preference shares	-	-	-	-	(312,500)	(312,500)		(312,500)
ordinary shares (\$0.12 per share)	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Balance as of June 30, 2014	\$10,000,000	\$2,000,000	\$10,801,080	\$11,862,378	\$37,228,015	\$71,891,474	\$22,232,048	\$94,123,520

FamGuard Corporation Limited
Notes to the Unaudited Iterim Financial Statements
As at 30 June 2014

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 31 December 2013.

These unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Family Guardian Insurance Company, FG General Insurance Agency Limited, FG Financial Limited, FG Capital Markets Limited and BahamaHealth Insurance Brokers Limited. Additionally, it includes consolidation in accordance with IFRS 10 on the basis of control over an affiliated umbrella fund, FG Financial Fund Ltd SAC with effect from October 1st, 2013.

2. Earnings Per Ordinary Share

	6 MONTHS TO 30 JUNE 2014	6 MONTHS TO 30 JUNE 2013
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 2,795,256	2,522,414
Earnings per ordinary share	\$ 0.28	0.25

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$ 1,403,117 (31 December 2013: \$1,759,947)

Company Addresses

FamGuard Corporate Office

East Bay Street & Village Road
PO Box SS6232, Nassau, Bahamas
T +242 396-4000 I 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

Marathon District

Marathon Road, PO Box SS6232
Nassau, Bahamas
T +242 393-0091

Chippingham District

Thompson Boulevard, PO Box SS6232
Nassau, Bahamas
T +242 325-1811

Carmichael District

Blue Hill Road South, PO Box SS6232
Nassau, Bahamas
T +242 341-4429

Freeport

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

Home Service District Office

East Mall Drive, PO Box F42479
Freeport, Grand Bahama
T +242 352-7233

Abaco Office

Memorial Plaza, PO Box AB20901
Marsh Harbour, Abaco
T +242 367-3264

Eleuthera Office

Bay Front Plaza, PO Box EL89
Governor's Harbour, Eleuthera
T +242 332-2258

Exuma Office

Turnquest Plaza, PO Box EX29346
George Town, Exuma
T +242 336-3418



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, 2014



INTERIM REPORT

Unaudited Results For Six Months Ended
June 30, 2014

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

For the second quarter ending June 30th, 2014 your company recorded net profits of \$3.5 million, which is \$653 thousand or 23% above the prior year.

Our improved performance over the prior year is attributed to increase in total revenues of \$1.9 million with a disproportionately lower increase in expenses and a minimal increase in benefits, resulting in a net positive impact on the bottom line.

This improvement in performance is largely supported by the positive results coming from the Group Medical Division of Family Guardian Insurance Company. We are committed to continuing our efforts to enhance all of our divisions and to offer exceptional products at competitive rates, coupled with superior service to our valued policyholders. Our relationship with Aetna International continues to aid us in providing our members with the best available care in the U.S.A.

Our total assets grew by \$16 million over the past six months, with 82% of this increase being recorded in our investment portfolio. We were able to take advantage of the limited investment options available to us in the local market and acquired additional government of the Bahamas bonds and corporate preferred shares. This provided support for our continuing efforts to match appropriate investment assets with our long term insurance liabilities.

We are also very pleased with the improving performance trend of our mutual funds administered under FG Financial Fund Limited SAC. Our funds, particularly, The FG Financial Growth Fund, The FG Financial Diversified Fund and The FG Financial Preferred Income Fund are providing above average market returns to the participating shareholders. The assets in these funds increased by \$9.4 million over the past six months for total net assets under management of \$36 million as at June 30th, 2014.

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 20, 2014, payable on August 27, 2014

Sincerely,

Norbert F. Boissiere
Chairman

FamGuard Corporation Limited
Consolidated Statement of Financial Position
As at 30 June 2014
(Expressed in BSD)

Unaudited

ASSETS

	2014	DEC 31 2013
	\$	\$
Short term bank deposits	0	3,274,416
Other Bank term deposits	32,613,621	23,332,474
Financial Investment Assets:		
Held-to-maturity	114,244,528	107,797,665
Available for sale	7,167,389	7,075,808
Fair value through profit of loss	2,541,731	2,501,846
Loans	74,958,531	74,147,976
Total investment assets	231,525,800	218,130,185
Cash and bank balances	8,877,174	7,583,233
Reinsurance assets	7,277,534	7,136,365
Reinsurance recoveries	3,095,063	4,086,300
Receivables and other assets	6,397,222	4,663,731
Intangible Assets	803,333	853,333
Premiums receivable	4,878,361	4,150,239
Property, plant and equipment, net	31,253,770	31,154,177
TOTAL	294,108,257	277,757,563

LIABILITIES AND EQUITY

LIABILITIES:

Reserves for future policyholders' benefits	169,528,041	164,516,073
Other policyholders' funds	13,829,992	13,105,831
Policy liabilities	183,358,033	177,621,904
Payables and accruals	16,626,703	9,475,634
Total liabilities	199,984,736	187,097,538

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	11,862,379	11,770,798
Retained earnings	37,228,014	35,632,759
Non-controlling interest	22,232,048	20,455,388
Total equity	94,123,521	90,660,025

TOTAL

	294,108,257	277,757,563
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FamGuard Corporation Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2014
(Expressed in BSD)

Unaudited

INCOME:

Net premium income	43,575,577	42,109,301
Annuity deposits	4,667,434	5,375,336
Net premium income and annuity deposits	48,243,011	47,484,637
Investment income	6,517,664	5,325,610
Other operating income	745,031	777,629
Total income	55,505,706	53,587,876

BENEFITS AND EXPENSES:

Net policyholder benefits	34,982,578	34,842,227
Commissions	5,740,977	5,306,538
Operating expenses	11,293,416	10,604,197
Total benefits and expenses	52,016,971	50,752,962

NET PROFIT

NET PROFIT ATTRIBUTABLE TO :

Ordinary Shareholders	2,795,256	2,522,414
Preferred Shareholders	312,500	312,500
Non-controlling interests	380,979	0
	\$3,488,735	\$2,834,914

OTHER COMPREHENSIVE INCOME:

Net value gain on available-for-sale financial assets	91,580	220,076
TOTAL COMPREHENSIVE INCOME	3,580,315	3,054,990

COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Ordinary Shareholders	2,886,836	2,742,490
Preferred Shareholders	312,500	312,500
Non-controlling interests	380,979	0
	\$3,580,315	\$3,054,990

INCOME:

Net premium income and annuity deposits	24,066,029	24,086,403
Investment income	3,409,934	2,293,421
Other operating income	353,273	777,629
Total income	27,829,236	27,157,453

BENEFITS AND EXPENSES:

Net policyholder benefits	17,642,950	17,784,639
Commissions	2,824,201	2,756,390
Operating expenses	5,987,075	5,449,645
Total benefits and expenses	26,454,226	25,990,674

NET PROFIT

NET PROFIT ATTRIBUTABLE TO :

Ordinary Shareholders	836,882	854,279
Preferred Shareholders	312,500	312,500
Non-controlling interests	225,628	0
	\$1,375,010	\$1,166,779

FamGuard Corporation Limited
Consolidated Statement of Cash Flows
For the six months ended 30 June 2014
(Expressed in BSD)

Unaudited

Cash flows from operating activities

Net income	3,488,735	2,834,916
Adjustments for:		
Depreciation	1,048,838	1,049,425
Amortization of intangible asset	50,000	20,000
Unrealized gain on investment assets	(172,853)	0
Realized loss (gain) from sale of investment assets	681	63,903
Change in bad debt provision	229,262	83,831
Change in mortgage provision	181,966	202,570
Change in reinsurance assets	(141,169)	1,191,341
Change in reserve for future policyholders' benefits	5,011,968	5,371,895
Interest income	(5,797,229)	(5,122,204)
Dividend income	(548,263)	(267,309)
Operating profit before working capital changes	3,351,936	5,428,368
Decrease (increase) in receivables and other assets	(1,699,638)	(1,928,316)
Increase (decrease) in payables and accruals	7,151,069	(205,170)
Increase (decrease) in other policyholders' funds	724,161	389,464
Net cash from operating activities	9,527,528	3,684,346

Cash flows from investing activities

Net cash inflow from non-controlling interest	1,568,533	0
Net placement of bank term deposits greater than three months	(9,105,962)	(7,648,938)
Purchase of government bonds	(6,421,398)	(2,318,234)
Sale (purchase) of equities - FVTPL	(39,885)	0
Policy loans repaid (issued)	(468,637)	(341,723)
Net mortgage loans repaid (issued)	(524,565)	818,845
Net property, plant and equipment	(1,148,431)	(251,494)
Interest received	5,596,579	5,122,204
Dividends received	548,263	267,309
Net cash from investing activities	(9,995,503)	(4,352,031)
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 increase in cash and cash equivalents	(1,980,475)	(2,180,185)
Cash and cash equivalents at beginning of the period	10,857,649	8,052,782
Cash and cash equivalents at end of the period	8,877,174	5,872,597

Cash and cash equivalents is comprised of:

Cash and bank balances	8,877,174	5,523,592
Short term bank deposits	-	349,005
	8,877,174	5,872,597

See accompanying notes to unaudited consolidated financial statements.