

Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended June 30, 2011

(Expressed in BSD)

	SHARE CAPITAL					
	PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
	\$	\$	\$	\$	\$	\$
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 2009	-	-	-	-	5,163,619	5,163,619
Adjustment to fair value of investment in equities	-	-	-	(138,974)	-	(138,974)
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, 2010	10,000,000	2,000,000	10,801,080	9,651,739	28,208,682	60,661,501
Net income for the period	-	-	-	-	2,404,518	2,404,518
Adjustment to fair value of investment in equities	-	-	-	(123,054)	-	(123,054)
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, 2011	10,000,000	2,000,000	10,801,080	9,528,685	29,063,200	61,392,965

See accompanying notes to unaudited consolidated financial statements.

Notes to the Unaudited Interim Financial Statements

As at June 30, 2011

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, 2010.

These unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Family Guardian Insurance Company, 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, 2011	6 MONTHS TO JUNE 30, 2010
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 2,404,518	\$ 876,567
Earnings per share	\$ 0.24	\$ 0.09

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$1,631,847 as at June 30, 2011 (December 31, 2010: \$1,552,570).



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CORPORATION LIMITED

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FAMGUARD
CORPORATION LIMITED

Incorporated under the laws of the Commonwealth of The Bahamas

Unaudited results for the
six months ended
JUNE 30, 2011

INTERIM REPORT

Message From The Chairman

INTERIM REPORT — SIX MONTHS ENDING JUNE 30, 2011

FamGuard reported increase in net profits of \$1.579 million during the second quarter of this year and closed out the first six months of the year with net profits of \$2.4 million. This increase in profits is 174% better than the same period last year and is supported by improved performance being experienced with the Group Division of Family Guardian Insurance Company. Strategic pricing initiatives coupled with efforts to manage benefits costs have resulted in improved profitability of this business.

Total revenues increased by \$7.077 million or 14% above prior year with 10% of the growth attributed to the increase in annuity deposits, which continues to increase above levels recorded in previous years. FamGuard has consistently offered a more viable option to our clients by providing attractive investment returns.

The Company continues to address the need to improve operational efficiency through the use of technology. The conversion of the software supporting the group operations continued throughout the second quarter and should be fully implemented over the next few months of this year. There was no significant increase in premium receivables during the second quarter compared with the first quarter of 2011. There has also been no change in levels of receivables associated with our long term business since year end December 31, 2010. The increased receivables for 2011 are associated primarily with our short term business that has been impacted by our software conversion efforts. We are very confident that this position will improve in the coming months.

I am very pleased to advise that the Board of Directors declared a dividend of \$0.06 per share payable to shareholders on August 23, 2011.

Sincerely,



 Norbert F. Boissiere
 Chairman

	2011	DEC 31 2010
	\$	\$
ASSETS		
Cash and bank balances	9,321,837	4,488,057
Short-term bank deposits	345,096	344,130
Other bank term deposits	8,554,157	11,379,922
Financial Investment Assets:		
Held-to-maturity	59,947,558	60,490,124
Available for sale	6,850,849	6,474,103
Loans	73,968,751	74,785,118
Total investment assets	158,988,248	157,961,454
Reinsurance assets and recoveries	12,340,194	9,814,759
Receivables and other assets	3,797,062	2,689,053
Premiums receivable	9,402,278	6,498,329
Property, plant and equipment	32,418,160	32,830,991
TOTAL	216,945,942	209,794,586
LIABILITIES & EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	136,217,129	131,560,862
Other policyholders' funds	10,416,298	8,862,146
Policy liabilities	146,633,427	140,423,008
Payables and accruals	8,919,550	8,710,077
Total liabilities	155,552,977	149,133,085
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	9,528,685	9,651,739
Retained earnings	29,063,200	28,208,682
Total equity	61,392,965	60,661,501
TOTAL	216,945,942	209,794,586

	6 MONTHS TO JUNE 30, 2011	6 MONTHS TO JUNE 30, 2010
	\$	\$
Net premium income and annuity deposits	50,134,178	43,593,364
Investment income	5,242,633	5,049,711
Realized gain (loss) from sale of assets	208	(144,514)
Other operating income	572,947	374,762
Total income	55,949,966	48,873,323
Policyholders' benefits	37,565,390	32,623,003
Commissions	6,317,603	5,921,617
Operating expenses	8,526,759	8,380,682
Depreciation expenses	977,853	1,068,055
Bad debt expenses	157,842	3,399
Total benefits and expenses	53,545,449	47,996,756
NET INCOME	2,404,518	876,567
Earnings per share	0.24	0.09
3 MONTHS TO JUNE 30, 2011		
Net premium income and annuity deposits	25,511,683	22,070,274
Investment income	2,584,219	2,546,692
Realized gain and losses	(1,748)	(133,778)
Other operating income	278,901	193,977
Total income	28,373,055	24,677,165
Policyholders' benefits	18,937,599	16,619,328
Commissions	3,031,605	2,900,694
Operating expenses	3,522,793	3,383,047
Premium tax	694,946	689,538
Depreciation expenses	488,536	535,496
Bad debt expenses	118,273	(23,650)
Total benefits and expenses	26,793,752	24,104,453
NET INCOME	1,579,303	572,712
Earnings per share	0.16	0.06

Consolidated Statement of Comprehensive Income (Unaudited)

	6 MONTHS TO JUNE 30, 2011	6 MONTHS TO JUNE 30, 2010
	\$	\$
NET INCOME	2,404,518	876,567
OTHER COMPREHENSIVE INCOME:		
Net value loss on available-for-sale financial assets	(123,054)	(368,456)
Total other comprehensive income	(123,054)	(369,456)
TOTAL COMPREHENSIVE INCOME	2,281,463	508,111
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary shareholders	2,281,463	508,111
	2,281,463	508,111

	6 MONTHS TO JUNE 30, 2011	6 MONTHS TO JUNE 30, 2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	2,404,518	876,567
Adjustment for:		
Depreciation	977,853	1,068,055
Change in mortgage provision	–	3,399
Reserve for policyholder benefits	4,656,267	6,107,288
Interest income	(5,022,297)	(4,858,277)
Dividend income	(220,335)	(191,434)
Operating profit before working capital changes	2,796,006	3,005,598
(Increase) in reinsurance assets and recoveries	(2,525,435)	–
(Increase) in receivables and other assets	(1,058,700)	(2,395,987)
(Increase) in premiums in arrears	(2,903,949)	(1,938,191)
Increase (decrease) in payables and accruals	209,473	(442,133)
Increase in other policyholder funds	1,554,152	765,145
Net cash from operating activities	(1,928,455)	(1,005,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturity of bank term deposits	4,565,435	(1,490,247)
Placement of bank term deposits	(1,739,670)	–
Redemption of government bonds	497,104	–
Purchase of available for sale assets	(499,800)	–
Net mortgage loans issued	360,116	(384,711)
Policy loans	240,043	(221,210)
Other loans repaid	219,070	206,343
Purchase of fixed assets	(565,022)	(1,375,482)
Interest received	5,015,589	4,881,123
Dividends received	220,335	191,250
Net cash from investing activities	8,313,200	1,807,250
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	4,834,746	(748,318)
Cash and cash equivalents at beginning of period	4,832,187	4,335,492
Cash and cash equivalents at end of period	9,666,933	3,587,174
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash and bank balances	9,321,837	3,244,013
Short term bank deposits	345,096	343,161
	9,666,933	3,587,174

See accompanying notes to unaudited consolidated financial statements.