FAMGUARD CORPORATION

Interim Consolidated Financial Statements for the 6 Months Ended 30 June, 2019 (Unaudited)





FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE, 2019

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FAMGUARD CORPORATION LIMITED CHAIRMAN'S REPORT

Unaudited Results for the Six months ended 30 June 2019

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

I am pleased to report that for the period ending 30 June 2019 FamGuard Corporation recorded profits of \$4.9 million. Profit attributable to common shareholders totaled \$4.8 million and represented \$0.48 per share. The performance of the group year to date is attributed to efforts by our sales agents, management team, and staff who continue to execute the strategic vision established by the Board of Directors, in the midst of a challenging economy.

During the first quarter of 2019, the Board of Directors authorized a plan for Management to sell the portfolio of Securities Business, Investment Fund Business, and Pension Services Business of FG Capital Markets Limited, FG Financial Limited, and FG Financial SAC Limited. This transaction was completed during the second quarter of 2019 and is reflected in the financial results. The net impact of this transaction resulted in a net realized gain on the sale of these portfolios of \$1.6 million to the group's bottom line. Gross premiums show a positive variance increasing by 5.3% over the corresponding prior period. The company continues to reap the benefits of the training initiatives and new technologies, which have been implemented within the sales teams which contributed to the positive sales results. The Group's results were also positively impacted by the strong performance of our investment portfolio which contributed \$7.7 million to total revenues mainly due to an increase in unrealized gains on investment assets during the period.

Policyholder benefits totaled \$42.5 million compared to \$39.5 million for the corresponding prior period. The increase in benefits continues to be attributed to the high incidence of claims incurred from our Group division during the year. We note however that over the last 2 quarters the loss ratio has been improving as some of the strategic initiatives implemented to manage the claims have begun to bear fruit. Benefits have also increased due to the increase in annuity and other deposits in direct correlation with the related income. Total expenses exceed prior year as a result of continued investment in technology aimed at improving our service to policyholders and improving operating efficiencies.

The Company's balance sheet remains strong with total assets in excess of \$334 million, of which investment assets comprised \$260 million, representing 78% of our total asset base. The Company's insurance subsidiary, Family Guardian Insurance Company Limited continues to maintain capital solvency measures in excess of the local and international minimum requirements.

I am pleased to advise that the Board of Directors declared a dividend of \$0.08 per share for shareholders of record as of 21 August 2019, payable on 28 August 2019. On behalf of the Board of Directors of FamGuard, I would like to extend our sincere thanks to our management, support staff, and sales team for their continued hard work and commitment to serving our clients, which has contributed to the success of the Company. I also wish to thank our shareholders and clients for their continued confidence.

Sincerely,

Norbert Boissiere Chairman

FAMGUARD CORPORATION LIMITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at June 30, 2019

(Expressed in Bahamian dollars) UNAUDITED

	30 June 2019	32	l December 2018
ASSETS			
Fair value through profit or loss	19,432,795	\$	12,670,798
Available-for-sale	11,051,741		13,184,526
Held-to-maturity	143,209,616		185,949,173
Loans	86,143,265		86,165,423
Total financial investment assets	259,837,417		297,969,920
Cash and bank balances	13,943,595		9,853,144
Reinsurance assets	5,314,871		5,172,056
Reinsurance recoveries	5,138,414		7,536,726
Receivables and other assets, net	6,345,101		6,223,354
Premiums receivable, net	5,838,524		4,795,465
Property, plant and equipment, net	37,854,805		37,823,889
TOTAL	\$ 334,272,727	\$	369,374,554
LIABILITIES AND EQUITY			
LIABILITIES:			
Reserves for future policyholders' benefits	\$ 217,862,723	\$	213,300,445
Other policyholders' funds	18,753,755		19,027,437
Policy liabilities	236,616,478		232,327,882
Payables and accruals	11,502,350		13,702,599
Total liabilities	248,118,828		246,030,481
EQUITY:			
Preference shares	5,000,000		5,000,000
Ordinary shares	2,000,000		2,000,000
Share premium	10,801,080		10,801,080
Revaluation reserve	18,638,736		18,605,500
Retained earnings	49,714,083		46,536,285
Equity attributable to owners of the Parent	86,153,899		82,942,865
Non-controlling interest	-		40,401,208
Total equity	86,153,899		123,344,073
TOTAL	\$ 334,272,727	\$	369,374,554

FAMGUARD CORPORATION LIMITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2019 (Expressed in Bahamian dollars) UNAUDITED

CONTINUING OPERATIONS INCOME: 5 55,412,179 \$ 52,641,576 Gross prenium income 50,117,217 48,292,133 Annuity & other deposits 6,841,817 6,958,410 Net premium income 6,354,538 7,092,231 148,292,133 Annuity & other deposits 6,841,817 6,958,410 Interest income 6,354,538 7,092,231 10/4 (53,659) 7,092,231 Dividend income 412,068 7/41,702 Unrealized gain from sale of investment assets 150,940 52,731 Other operating income 972,508 721,209 721,209 721,209 Total income 972,508 721,209 64,324,757 Benefits 90,840,395 40,136,073 84,843,395 40,136,073 Policyholders' benefits 2,425,4256 39,509,902 34,419,463 3,418,629 Total benefits 4,419,463 3,418,629 76,695,63,322 76,633 39,509,902 59,509,213 3,515,738 3,509,256,213 3,515,738 1,633,778 1,655,530 34,debt expenses 2,91,918		6 months to 30-Jun-19		6 months to 30-Jun-18	
Gross premium income \$ 55,412,179 \$ 52,641,576 Premium code to reinsurers (5,244,02) (4,349,43) (4,349,43) Net premium income 6,354,538 (5,959,034) (55,250,543) Interest income (6,354,538 7,092,231 (3,3659) Unrealized gain from sule of investment assets 714,044 (533,659) 741,702 Realized gain from sule of investment assets 150,940 52,731 0th (6,33,659) Total income 65,563,132 63,334,757 050,940 52,731 BENEFITS AND EXPENSES: Benefits 40,840,395 40,136,073 Policyholders' benefits 38,115,793 36,091,273 1,607,78 Total benefits 44,258,256 39,509,902 20,723,83 20,923,233,2757 Benefits: 40,136,073 36,091,273 3,418,629 34,118,793 36,091,273 Policyholders' benefits 38,115,793 36,091,273 34,186,293 39,509,902 20,21,213 1,42,552,556 39,509,902 20,21,213 1,43,273,833 1,633,778 1,653,533	CONTINUING OPERATIONS				
Premium ceded to reinsurers (5.294.962) (4.349.443) Net premium income 50.117.217 48.292,133 Annuity & other deposits 6.541.817 6.958.410 Net premium income and deposits 56.959,034 55.250,543 Interest income 6.354.538 7.092,231 Dividend income 412.068 741,1702 Unrealized gain from sale of investment assets 714.044 (633.659) Realized gain from sale of investment assets 150.940 52.731 Other operating income 972.508 721,209 Total income 65.563,132 63.324.757 BENEFITS AND EXPENSES: 80.609,273 36,091,273 Policyholders' benefits 4.0,419.463 3.418,629 Total benefits 4.2535,226 39,509,902 Expenses: 0.0010,177 9,419,542 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,530 Bad debt expense 19,505,2131 18,973,683	INCOME:				
Net premium income 50,117,217 48,292,133 Annuity & other deposits 6,841,817 6,558,413 Interest income 6,354,538 7,092,231 Dividend income 412,068 741,702 Unrealized gain (loss) on investment assets 714,044 (533,659) Realized gain from sale of investment assets 714,044 (533,659) Other operating income 972,508 721,209 Total income 65,563,132 63,324,757 BenEFITS AND EXPENSES: 8 8 63,609,273 Benefits: 40,840,395 40,136,073 8 Policyholders' benefits 38,115,793 36,091,273 34,186,292 Total benefits 42,235,256 39,5090,223 39,5090,223 Commissions 6,927,667 6,946,320 0perating expenses 10,10,107 9,419,542 Depreciation expense 550,832 766,839 766,839 766,839 Premium tax 1,633,778 1,653,550 19,505,213 18,973,683 Total expenses 19,505,213 18,973,683	Gross premium income	\$	55,412,179	\$	52,641,576
Annuity & other deposits 6.841,817 6.958,410 Net premium income and deposits 56,959,034 55,250,543 Interest income 6.354,538 7,022,231 Dividend income 412,068 741,702 Unrealized gain from sale of investment assets 714,044 (533,659) Realized gain from sale of investment assets 915,040 52,731 Other operating income 972,508 721,209 Total income 65,563,132 63,324,757 BENEFITS AND EXPENSES: Benefits 40,840,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits Policyholders' benefits 44,19,463 3,418,629 Total benefits 44,19,463 3,418,629 Commissions 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 55,0832 7668,39 Total benefits and expenses 201,918 18,973,683 Total expenses 62,040,469 58,432,585 NET INCOME FROM CONTINUING OPERA	Premium ceded to reinsurers		(5,294,962)		(4,349,443)
Net premium income and deposits 56,959,034 55,259,543 Interest income 6,353,538 7,092,231 Dividend income 412,068 741,702 Unrealized gain (loss) on investment assets 714,044 (533,659) Realized gain from sale of investment assets 714,044 (533,659) Other operating income 972,508 721,209 Total income 65,563,132 63,324,757 BENEFITS AND EXPENSES: Benefits 40,840,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 34,18,629 Total benefits 44,19,463 3,418,629 39,509,902 Expenses: 000000000000000000000000000000000000	Net premium income		50,117,217		48,292,133
Interest income 6.354,538 7,092,231 Dividend income 412,068 741,702 Unrealized gain (loss) on investment assets 714,044 (533,559) Realized gain form sale of investment assets 150,940 52,731 Other operating income 972,508 721,209 Total income 65,563,132 63,324,757 BENEFITS AND EXPENSES: 8 63,324,757 Benefits: 901cyholders' benefits 40,840,395 40,136,073 Reinsurance recoveries (2,724,4002) (4,044,800) 0,404,800,395 Total benefits 38,115,793 36,091,273 36,091,273 Change in reserves for policyholders' benefits 44,19,463 3,418,629 Total benefits 44,555,256 39,609,002 Commissions 6,927,667 6,946,320 Operating expenses 101,01,017 9,419,542 Depreciation expense 291,918 185,632 Total benefits and expenses 291,918 185,632 Total benefits and expenses 1,633,778 1,655,350 Bad debt exp	Annuity & other deposits		6,841,817		6,958,410
Dividend income 412,068 741,702 Unrealized gain (loss) on investment assets 714,044 (533,659) Realized gain from sale of investment assets 150,940 52,731 Other operating income 972,508 721,209 Total income 65,563,132 63,324,757 BENEFITS AND EXPENSES: 64,040,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 38,115,793 36,091,273 Change in reserves for policyholders' benefits 34,118,629 30,509,902 Expenses: 6,927,667 6,946,320 Commissions 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 291,918 185,652 Bad debt expense 19,505,213 18,973,683 Total expenses 19,505,213 18,973,683 Total expenses 19,505,213 18,973,683 Total expenses 19,505,213 18,973,683 Total expenses 19,505,213 18,973,683 <t< td=""><td>Net premium income and deposits</td><td></td><td>56,959,034</td><td></td><td>55,250,543</td></t<>	Net premium income and deposits		56,959,034		55,250,543
Unrealized gain (loss) on investment assets 714,044 (533,659) Realized gain from sale of investment assets 150,940 52,731 Other operating income 972,508 721,209 Total income 65,563,132 63,324,757 BENEFITS AND EXPENSES: Benefits: 40,840,395 40,136,073 Policyholders' benefits 40,840,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 38,15,793 36,091,273 Change in reserves for policyholders' benefits 4,419,463 3,418,623 Total benefits 42,535,256 39,509,902 Expenses: 0 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 0 Depreciation expense 251,973 16,653,378 1,653,350 Bad debt expense 291,918 185,632 148,973,683 Total expenses 0,900,952,13 18,973,683 164,973,584 Net INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS <td>Interest income</td> <td></td> <td>6,354,538</td> <td></td> <td>7,092,231</td>	Interest income		6,354,538		7,092,231
Realized gain from sale of investment assets 150,940 52,731 Other operating income 972,508 721,209 Total income 65,563,132 63,324,757 BENEFITS AND EXPENSES: Benefits: 40,840,395 40,136,073 Policyholders' benefits 40,840,395 40,136,073 (4,044,800) Net policyholders' benefits 3,418,629 (4,044,800) 3,418,629 Total benefits 42,535,256 39,509,902 3,418,629 Total benefits 42,535,256 39,509,902 3,418,629 Total benefits 42,535,256 39,509,902 3,418,629 Commissions 6,927,667 6,946,320 0 Operating expenses 10,101,017 9,419,542 0 Depreciation expense 550,832 766,839 766,839 Premium tax 1,633,778 1,655,350 18,973,683 10,101,017 9,419,542 Depreciation expenses 291,918 185,632 - 168,73,788 1653,350 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 <td>Dividend income</td> <td></td> <td>412,068</td> <td></td> <td>741,702</td>	Dividend income		412,068		741,702
Other operating income 972,508 721,209 Total income 65,563,132 63,324,757 BENEFITS AND EXPENSES: Benefits: 40,840,395 40,136,073 Policyholders' benefits 40,840,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 38,115,793 36,091,273 Total benefits 4,419,463 3,418,629 Total benefits 42,535,256 395,099,902 Expenses: 6,927,667 6,946,320 Commissions 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 250,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 18,973,683 Total benefits and expenses 62,040,469 554,883,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,609,982 -	Unrealized gain (loss) on investment assets		714,044		(533,659)
Total income 65,563,132 63,324,757 BENEFITS AND EXPENSES: Benefits: 40,840,395 40,136,073 Policyholders' benefits 40,840,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 34,115,793 36,091,273 Charge in reserves for policyholders' benefits 4,419,463 3,418,629 Total benefits 42,535,256 39,509,902 Expenses: Commissions 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,358 19,505,213 18,973,683 Total expenses 291,918 185,632 19,505,213 18,973,683 Total expenses 62,040,469 558,483,585 19,505,213 18,973,683 Total expenses 19,505,213 18,973,683 10,609,982 - NET INCOME FROM CONTINUING OPERATIONS 1,609,982 - - Net loss for the period from discontinued operations 1,609,982<	Realized gain from sale of investment assets		150,940		52,731
BENEFITS AND EXPENSES: Benefits: 40,840,395 40,136,073 Policyholders' benefits 40,840,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 38,115,793 36,091,273 Change in reserves for policyholders' benefits 44,19,463 3,418,629 Total benefits 42,535,256 39,509,902 Expenses: 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expenses 291,918 185,632 Total expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO 1432	Other operating income		972,508		721,209
Benefits: 40,840,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 38,115,793 36,091,273 Change in reserves for policyholders' benefits 4,419,463 3,418,629 Total benefits 42,535,256 39,509,902 Expenses: 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total benefits and expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME ATTRIBUTABLE TO \$ 4,921,549 \$ 4,677,594 Ordinary Shareholders \$ 4,777,799 \$ 3,862,916 Preferred Shareholders 143,750	Total income		65,563,132		63,324,757
Policyholders' benefits 40,840,395 40,136,073 Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 38,115,793 36,091,273 Change in reserves for policyholders' benefits 4,419,463 3,418,629 Total benefits 42,535,256 39,509,902 Expenses: 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 7663 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total benefits and expenses 19,505,213 18,973,683 Total benefits and expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations 1,609,982 - Net INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME ATTRIBUTABLE TO \$ 4,921,549 \$ 4,677,594 Net INCOME ATTRIBUTABLE TO 143,750 319,007 Non-controlling interests </td <td>BENEFITS AND EXPENSES:</td> <td></td> <td></td> <td></td> <td></td>	BENEFITS AND EXPENSES:				
Reinsurance recoveries (2,724,602) (4,044,800) Net policyholders' benefits 38,115,793 36,091,273 Change in reserves for policyholders' benefits 4,419,463 3,418,629 Total benefits 42,535,256 39,090,902 Expenses: 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total benefits and expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME ATTRIBUTABLE TO \$4,921,549 \$4,677,594 Ordinary Shareholders 143,750 319,007 Non-controlling interests 44,677,594 44,677,594	Benefits:				
Net policyholders' benefits 38,115,793 36,091,273 Change in reserves for policyholders' benefits 4,419,463 3,418,629 Total benefits 42,535,256 39,509,902 Expenses: 42,535,256 39,509,902 Commissions 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expenses 291,918 188,73,683 Total expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations 1,609,982 - NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME ATTRIBUTABLE TO \$ 4,921,549 \$ 4,677,594 Ordinary Shareholders \$ 4,777,799 \$ 3,862,916 Preferred Shareholders 143,750 319,007 Non-controlling interests - 495,671<	Policyholders' benefits		40,840,395		40,136,073
Change in reserves for policyholders' benefits 4,419,463 3,418,629 Total benefits 42,535,256 39,509,902 Expenses: 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total benefits and expenses 6,2040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations 1,609,982 - NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO 143,750 319,007 Ordinary Shareholders \$ 4,677,594 495,671 Non-controlling interests - 495,671 4,921,549 4,677,594 4,677,594					(4,044,800)
Total benefits 42,535,256 39,509,902 Expenses: Commissions 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total benefits and expenses 66,2040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO \$ 4,777,799 \$ 3,862,916 Ordinary Shareholders 143,750 319,007 Non-controlling interests - 495,671	Net policyholders' benefits		38,115,793		36,091,273
Expenses: 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total expenses 19,505,213 18,973,683 Total expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 3,522,664 4,841,172 NET INCOME FROM DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO 143,750 319,007 Ordinary Shareholders 143,750 319,007 Non-controlling interests - 495,671 4,921,549 4,677,594 4,677,594	Change in reserves for policyholders' benefits		4,419,463		3,418,629
Commissions 6,927,667 6,946,320 Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total expenses 19,505,213 18,973,683 Total expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO \$ 4,777,799 \$ 3,862,916 Ordinary Shareholders 143,750 319,007 Non-controlling interests - 495,671 4,921,549 4,677,594 4,677,594	Total benefits		42,535,256		39,509,902
Operating expenses 10,101,017 9,419,542 Depreciation expense 550,832 766,839 Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total expenses 19,505,213 18,973,683 Total benefits and expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 1,609,982 - Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594	Expenses:				
Depreciation expense $550,832$ $766,839$ Premium tax $1,633,778$ $1,655,350$ Bad debt expense $291,918$ $185,632$ Total expenses $19,505,213$ $18,973,683$ Total benefits and expenses $62,040,469$ $58,483,585$ NET INCOME FROM CONTINUING OPERATIONS $3,522,664$ $4,841,172$ DISCONTINUED OPERATIONS $3,522,664$ $4,841,172$ DISCONTINUED OPERATIONS $1,609,982$ - Net loss for the period from discontinued operations $(211,097)$ $(163,578)$ NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS $1,398,885$ $(163,578)$ NET INCOME $\frac{$ 4,921,549}{$ 4,677,594}$ $\frac{$ 4,677,594}{$ 3,862,916}$ Preferred Shareholders $143,750$ $319,007$ Non-controlling interests $4,677,594$ $4,677,594$	Commissions		6,927,667		6,946,320
Premium tax 1,633,778 1,655,350 Bad debt expense 291,918 185,632 Total expenses 19,505,213 18,973,683 Total benefits and expenses 62,040,469 58,483,585 NET INCOME FROM CONTINUING OPERATIONS 3,522,664 4,841,172 DISCONTINUED OPERATIONS 3,522,664 4,841,172 NET INCOME FROM discontinued operations 1,609,982 - Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO \$ 4,777,799 \$ 3,862,916 Ordinary Shareholders 143,750 319,007 Non-controlling interests 4,677,594 4,677,594	Operating expenses		10,101,017		9,419,542
Bad debt expense $291,918$ $185,632$ Total expenses $19,505,213$ $18,973,683$ Total benefits and expenses $62,040,469$ $58,483,585$ NET INCOME FROM CONTINUING OPERATIONS $3,522,664$ $4,841,172$ DISCONTINUED OPERATIONS $1,609,982$ $-$ Net loss for the period from discontinued operations $1,609,982$ $-$ NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS $1,398,885$ $(163,578)$ NET INCOME $$ 4,921,549$ $$ 4,677,594$ NET INCOME ATTRIBUTABLE TO Ordinary Shareholders Preferred Shareholders $$ 4,777,799$ $$ 3,862,916$ $143,750$ Non-controlling interests $ 495,671$ 4,921,549 $4,677,594$	Depreciation expense		550,832		766,839
Total expenses19,505,21318,973,683Total benefits and expenses62,040,46958,483,585NET INCOME FROM CONTINUING OPERATIONS3,522,6644,841,172DISCONTINUED OPERATIONS1,609,982-Realized gain on sale of discontinued operations1,609,982-Net loss for the period from discontinued operations1,609,982-NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS1,398,885(163,578)NET INCOME\$ 4,921,549\$ 4,677,594NET INCOME ATTRIBUTABLE TO Ordinary Shareholders\$ 4,777,799\$ 3,862,916Preferred Shareholders143,750319,007Non-controlling interests4,677,594\$ 4,677,594	Premium tax		1,633,778		1,655,350
Total benefits and expenses62,040,46958,483,585NET INCOME FROM CONTINUING OPERATIONS3,522,6644,841,172DISCONTINUED OPERATIONS Realized gain on sale of discontinued operations Net loss for the period from discontinued operations NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS1,609,982 (211,097)-NET INCOME\$ 4,921,549\$ 4,677,594NET INCOME ATTRIBUTABLE TO Ordinary Shareholders Preferred Shareholders\$ 4,777,799 (143,750\$ 3,862,916 (319,007 (495,671)Non-controlling interests-495,671 (4,921,549)4,677,594	Bad debt expense		291,918		185,632
NET INCOME FROM CONTINUING OPERATIONS3,522,6644,841,172DISCONTINUED OPERATIONS Realized gain on sale of discontinued operations Net loss for the period from discontinued operations1,609,982-NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS1,398,885(163,578)NET INCOME\$ 4,921,549\$ 4,677,594NET INCOME ATTRIBUTABLE TO Ordinary Shareholders Preferred Shareholders\$ 4,777,799\$ 3,862,916Non-controlling interests-495,671495,6714,921,5494,677,594	Total expenses		19,505,213		18,973,683
DISCONTINUED OPERATIONS Realized gain on sale of discontinued operations1,609,982Net loss for the period from discontinued operations(211,097)NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS1,398,885NET INCOME\$ 4,921,549NET INCOME ATTRIBUTABLE TO Ordinary Shareholders\$ 4,777,799Ordinary Shareholders143,750Preferred Shareholders-495,671-495,671-4,921,5494,677,594	Total benefits and expenses		62,040,469		58,483,585
Realized gain on sale of discontinued operations1,609,982-Net loss for the period from discontinued operations(211,097)(163,578)NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS1,398,885(163,578)NET INCOME\$ 4,921,549\$ 4,677,594NET INCOME ATTRIBUTABLE TO Ordinary Shareholders\$ 4,777,799\$ 3,862,916Preferred Shareholders143,750319,007Non-controlling interests-495,6714,921,5494,677,594	NET INCOME FROM CONTINUING OPERATIONS		3,522,664		4,841,172
Net loss for the period from discontinued operations (211,097) (163,578) NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO \$ 4,777,799 \$ 3,862,916 Ordinary Shareholders 143,750 319,007 Non-controlling interests - 495,671 4,677,594	DISCONTINUED OPERATIONS				
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS 1,398,885 (163,578) NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO \$ 4,777,799 \$ 3,862,916 Ordinary Shareholders 143,750 319,007 Non-controlling interests - 495,671 4,921,549 4,677,594	Realized gain on sale of discontinued operations		1,609,982		-
NET INCOME \$ 4,921,549 \$ 4,677,594 NET INCOME ATTRIBUTABLE TO \$ 4,777,799 \$ 3,862,916 Ordinary Shareholders \$ 4,777,799 \$ 3,862,916 Preferred Shareholders 143,750 319,007 Non-controlling interests - 495,671 4,921,549	Net loss for the period from discontinued operations		(211,097)		(163,578)
NET INCOME ATTRIBUTABLE TO Ordinary Shareholders \$ 4,777,799 \$ 3,862,916 Preferred Shareholders 143,750 319,007 Non-controlling interests - 495,671 495,671 4,921,549 4,677,594 -	NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS		1,398,885		(163,578)
Ordinary Shareholders \$ 4,777,799 \$ 3,862,916 Preferred Shareholders 143,750 319,007 Non-controlling interests - 495,671 4,921,549 4,677,594	NET INCOME	\$	4,921,549	\$	4,677,594
Ordinary Shareholders \$ 4,777,799 \$ 3,862,916 Preferred Shareholders 143,750 319,007 Non-controlling interests - 495,671 4,921,549 4,677,594	NET INCOME ATTRIBUTABLE TO				
Preferred Shareholders 143,750 319,007 Non-controlling interests - 495,671 4,921,549 4,677,594	Ordinary Shareholders	\$	4,777,799	\$	3,862,916
Non-controlling interests - 495,671 4,921,549 4,677,594					
4,921,549 4,677,594			-		,
			4,921,549		
	Earnings per ordinary share	\$, ,	\$	

FAMGUARD CORPORATION LIMITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Three months ended June 30, 2019

(Expressed in Bahamian dollars)

UNAUDITED

	3 months to 30-Jun-19		3 months to 30-Jun-18		
INCOME:					
Net premium income	\$	25,607,117	\$	23,455,227	
Annuity deposits		3,860,879		4,734,511	
Net premium income and deposits		29,467,996		28,189,738	
Investment income		3,429,539		4,152,355	
Other operating income		2,240,931		450,031	
Total income		35,138,466		32,792,124	
BENEFITS AND EXPENSES:					
Net policyholder benefits		22,346,991		19,862,746	
Commissions		3,471,116		3,826,275	
Operating expenses		6,600,253		6,667,026	
Total benefits and expenses		32,418,360		30,356,048	
NET PROFIT	\$	2,720,106	\$	2,436,076	
NET PROFIT ATTRIBUTABLE TO :					
Ordinary Shareholders	\$	2,920,547	\$	1,754,920	
Preferred Shareholders		143,750		319,007	
Non-controlling interests		(344,191)		362,149	
č	\$	2,720,106	\$	2,436,076	
Earnings per ordinary share	\$	0.29	\$	0.18	

FAMGUARD CORPORATION LIMITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2019 (Expressed in Bahamian dollars) UNAUDITED

	6 months to 30-Jun-19		6 months to 30-Jun-18	
NET INCOME	\$	4,921,549	\$	4,677,594
OTHER COMPREHENSIVE INCOME				
Net gain (loss) on available-for-sale financial assets		33,236		(1,162,721)
Total other comprehensive income (loss)		33,236		(1,162,721)
TOTAL COMPREHENSIVE INCOME	\$	4,954,785	\$	3,514,873
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Ordinary Shareholders	\$	4,811,035	\$	2,700,195
Preferred Shareholders		143,750		319,007
Non controlling interests		-		495,671
	\$	4,954,785	\$	3,514,873
Earnings per ordinary share	\$	0.48	\$	0.27

FAMGUARD CORPORATION LIMITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2019

(Expressed in Bahamian dollars)

UNAUDITED

Balance as of December 31, 2017	<u>Share Ca</u> Preference <u>Shares</u> \$ 10,000,000	<u>pital</u> Ordinary <u>Shares</u> \$ 2,000,000	Share <u>Premium</u> \$ 10,801,080	Revaluation <u>Reserve</u> \$ 19,191,952	Retained <u>Earnings</u> \$ 43,083,348	Attributable to Owners of the <u>Parent</u> \$ 85,076,380	Non-Controlling Interests \$ 38,581,058	<u>Total</u> \$ 123,657,438
Transactions with owners		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						
Net contributions from investors	-	-	-	-	-	-	597,809	597,809
Redemption of Preference shares	(5,000,000)	-	-	-	-	(5,000,000)	-	(5,000,000)
Dividends declared and paid -								
Preference shares	-	-	-	-	(462,757)	(462,757)	-	(462,757)
Ordinary shares (\$0.30 per share)					(3,000,000)	(3,000,000)		(3,000,000)
Total transactions with owners	(5,000,000)				(3,462,757)	(8,462,757)	597,809	(7,864,948)
Comprehensive income								
Net Income	-	-	-	-	6,827,229	6,827,229	1,222,341	8,049,570
Other Comprehensive (loss) income				(586,452)	88,465	(497,987)		(497,987)
Total Comprehensive (loss) income				(586,452)	6,915,694	6,329,242	1,222,341	7,551,583
Balance as of December 31, 2018	5,000,000	2,000,000	10,801,080	18,605,500	46,536,285	82,942,865	40,401,208	123,344,073
Transactions with owners Net change in contributions from investors		-	-		-	-	(40,401,208)	(40,401,208)
Dividends declared and paid -								
Preference shares	-	-	-	-	(143,750)	(143,750)	-	(143,750)
Ordinary shares (\$0.16 per share)					(1,600,000)	(1,600,000)		(1,600,000)
Total transactions with owners					(1,743,750)	(1,743,750)	(40,401,208)	(42,144,958)
Comprehensive income								
Net Income	-	-	-	-	4,921,549	4,921,549	-	4,921,549
Other Comprehensive income				33,236		33,236		33,236
Total Comprehensive income				33,236	4,921,549	4,954,785		4,954,785
Balance as of June 30, 2019	5,000,000	2,000,000	10,801,080	18,638,736	49,714,083	86,153,899	-	86,153,899

FAMGUARD CORPORATION LIMITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2019

(Expressed in Bahamian dollars) UNAUDITED

	6 MONTHS TO 30-Jun-19	6 MONTHS TO 30-Jun-18	
Cash flows from operating activities:			
Net Income	\$ 4,921,549	\$ 4,677,594	
Adjustments for:			
Depreciation	550,832	723,877	
Amortization of intangible asset	-	50,000	
Unrealized (gain) loss on investment assets	(714,044)	533,659	
Realized gain on sale of assets	(150,940)	(52,731)	
Increase (decrease) in provision for loans and receivables	291,918	(284,292)	
Increase in reinsurance assets	(142,815)	(254,288)	
Change in reserve for future policyholders' benefits	4,562,278	3,672,918	
Realized gain on sale of discontinued operations	(1,609,982)	-	
Interest income	(6,422,153)	(7,122,374)	
Dividend income	(412,068)	(741,702)	
Operating profit before working capital changes	874,575	1,202,661	
Increase in receivables and other assets	(121,747)	(505,661)	
Decrease in reinsurance recoveries	2,398,312	701,740	
Increase in premium receivables, net	(1,198,776)	(540,772)	
(Decrease) increase in payables and accruals	(2,200,249)	895,571	
(Decrease) increase in other policyholders' funds	(273,682)	1,586,866	
Net cash (used in) from operating activities	(521,567)	3,340,405	
Cash flows from investing activities:			
Proceeds from sale of subsidiaries, net of disposal cost	1,609,982	-	
Changes in investment assets of non-controlling interest	36,278,021	-	
Pension forfeitures reinvested	(92,360)	-	
Purchases of investment securities	(1,735,000)	(803,694)	
Proceeds from redemption/maturities of investment securities	4,315,822	2,373,391	
Proceeds from disposal of available-for-sale securities	177,863	21,716	
Net Loans issued	(126,608)	(3,141,242)	
Proceeds from disposal of property, plant, and equipment	2,001		
Interest received	6,496,935	7,459,771	
Dividends received	412,068	741,702	
Net cash from investing activities	46,756,976	5,532,703	
Cash flows from financing activities			
Redemption of preference shares	-	(5,000,000)	
Changes in non-controlling interest	(40,401,208)	(500,946)	
Dividends paid on preference shares	(143,750)	(319,007)	
Dividends paid on ordinary shares	(1,600,000)	(1,400,000)	
Net cash used in financing activities	(42,144,958)	(7,219,953)	
Net increase in cash and cash equivalents	4,090,451	1,653,155	
Cash and cash equivalents at beginning of the period	9,853,144	16,881,642	
Cash and cash equivalents at end of the period	\$ 13,943,595	\$ 18,534,797	
	- 20, 10,070		

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June, 2019 (Expressed in Bahamian Dollars) Unaudited

1. General

FamGuard Corporation Limited (the "Company") is incorporated under the laws of the Commonwealth of The Bahamas and serves as an investment holding Company with five wholly owned subsidiaries; Family Guardian Insurance Company Limited (FG), BahamaHealth Insurance Brokers Limited (formerly BahamaHealth Insurance Brokers and Benefit Consultants Limited), FG Insurance Agents & Brokers Limited, FG Financial Limited and FG Capital Markets Limited (together, "the Group"). FG is the principal operating unit and is licensed as an insurance company under the Insurance Companies Act, 1969. FG sells life and health insurance products in The Bahamas.

FG Financial Fund Limited SAC (the "Fund") is also included as a subsidiary and is the umbrella Fund for its four Sub-Funds; FG Financial Preferred Income Fund, FG Financial Diversified Fund, FG Financial Growth Fund and FG Financial Global USD Bond Fund. Each Sub-Fund has its own investment strategy and is segregated from the other Sub-Funds within the umbrella Fund.

The registered office of the Company is located at the offices of E. Dawson Roberts & Co., Parliament and Shirley Streets, Nassau, Bahamas.

2. Accounting Policies

These unaudited consolidated financial statements have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting. The interim unaudited financial statements do not include all of the information and Company's disclosures required in the annual audited financial statements, and should be read in conjunction with the December 31st, 2018 audited financial statements.

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 2018.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June, 2019 (Expressed in Bahamian Dollars) Unaudited (Continued)

3. Earnings per ordinary share

	6 months to 30-Jun-19	6 months to 30-Jun-18
Weighted average number of shares outstanding Consolidated net income attributable to ordinary shareholders	10,000,000 \$ 4,777,799	10,000,000 \$3,862,916
Earnings per ordinary share	\$ 0.48	\$ 0.39

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$3,894,437 as at 30 June, 2019 (31 December 2018: \$4,544,291).

5. Corresponding Figures

Corresponding figures in the consolidated statement of financial position are as of 31 December 2018.

Certain corresponding figures have been adjusted to conform with changes in presentation in the current year.