

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 31 December 2013	10,000,000	2,000,000	10,801,080	11,770,798	33,906,623	68,478,501	20,455,388	88,933,889
Additional non-controlling interest arising from net contributions from investors							4,573,440	4,573,440
Profit for 2014	-	-	-	-	5,345,479	5,345,479	1,019,565	6,365,044
Other Comprehensive income for 2014				3,287,116	(8,659)	3,278,457		3,278,457
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 31 December 2014	10,000,000	2,000,000	10,801,080	15,057,914	36,218,443	74,077,437	26,048,393	100,125,830
Additional non-controlling interest arising from net contributions from investors							2,395,388	2,395,388
Profit for 2015	-	-	-	-	3,324,870	3,324,870	554,797	3,879,667
Other Comprehensive income for 2015								
Adjustment to fair value of investment in equities	-	-	-	244,132	-	244,132		244,132
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 30 June 2015	10,000,000	2,000,000	10,801,080	15,302,045	38,030,814	76,133,939	28,998,578	105,132,517

1. Accounting Policies

These interim unaudited 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 2014.

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, with FG Financial Fund Ltd SAC with effect from 1 October 2013.

2. Earnings Per Ordinary Share

	2015	2014
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	\$3,012,370	\$2,794,846
Earnings per ordinary share	\$0.30	\$0.28

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$4,620,689 as at 30 June 2015 (31 December 2014: \$3,014,028)

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Visit our website at www.famguardbahamas.com



Incorporated under the laws of the Commonwealth of The Bahamas

SECOND QUARTER INTERIM REPORT

Unaudited results for the six months ended 30 JUNE 2015



INTERIM REPORT
Unaudited results for the six months ended
30 JUNE 2015

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

I am pleased to report that for the second quarter ending 30 June 2015 FamGuard Corporation recorded profits of \$3.9 million. The financial results of the second quarter exceeded profits for the same period in 2014 by 11.2%. Net income attributable to common shareholders represented 77% or \$3.0 million of the total net profits reported for the company.

The financial performance of the company is driven by total revenues which improved by \$4.0 million over the same period in 2014; primarily due to increases in net premiums and annuity deposits. Annuity deposits totaled \$7.0 million year to date, an increase of \$2.4 million. Net premiums totaled \$44.7 million, an increase over the prior period by 2.7%. The performance of the Group Division contributed most significantly to the increase in net premiums, increasing by 8.1%. This increase is primarily due to an increase in group membership during the first half of the year.

Policyholder benefits totaled \$38.1 million year-to-date compared to \$37.4 million for the corresponding prior period. The increase can be attributed to higher (death/health) claims during the period, as well as an increase in reserves for policyholder benefits, driven by the expansion in annuity deposits. Total expenses exceed prior year as a result of continued efforts to invest in technology and human capital aimed at improving our service to our policyholders and customers. The introduction of Value Added Tax (VAT) also contributed to the additional expense load, accounting for \$244 thousand of total expenses. We note however, that our total expenses were in line with our projections.

The Company's financial stability continues to be evidenced by its strong balance sheet. Total assets grew by \$21.7 million over the past 6 months and stood at \$323 million as at June 30th, 2015. Investment assets stood at \$243 million and represented 75% of our total asset base.

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 19th, 2015, payable on August 26th, 2015.

On behalf of the Board of Directors of FamGuard, I would like to extend our sincere thanks to our shareholders and customers for their continued support.

Sincerely,



Norbert F. Boissiere
Chairman

Unaudited

	30 June 2015	31 Dec 2014
	\$	\$
ASSETS		
Other Bank term deposits	8,357,992	12,608,063
Financial Investment Assets:		
Held-to-maturity	137,737,740	126,773,151
Available for sale	7,859,320	7,615,189
Fair value through profit of loss	13,462,512	12,743,245
Loans	75,961,676	75,422,467
Total investment assets	243,379,240	235,162,115
Cash and bank balances	16,281,218	8,859,179
Reinsurance assets	8,002,597	7,787,963
Reinsurance recoveries	5,679,154	6,220,475
Receivables and other assets	10,656,500	5,549,637
Intangible assets	703,333	753,333
Premiums receivable, net	4,776,705	3,682,504
Property, plant and equipment, net	33,979,722	33,743,195
Total assets	323,458,469	301,758,401
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	182,943,534	174,665,956
Other policyholders' funds	18,399,177	16,064,122
Policy liabilities	201,342,711	190,730,078
Payables and accruals	16,983,241	10,902,493
Total liabilities	218,325,952	201,632,571
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	15,302,045	15,057,914
Retained earnings	38,030,814	36,218,443
Equity attributable to owners of the parent	76,133,939	74,077,437
Non-controlling interest	28,998,578	26,048,393
Total equity	105,132,517	100,125,830
Total liabilities and equity	323,458,469	301,758,401

Unaudited

	6 MONTHS to 30 June 2015	6 MONTHS to 30 June 2014
	\$	\$
INCOME:		
Net premium income	44,762,391	43,575,577
Annuity deposits	7,073,073	4,667,434
Net premium income and annuity deposits	51,835,464	48,243,011
Investment income	6,883,370	6,517,664
Other operating income	864,030	745,031
Total income	59,582,864	55,505,706
BENEFITS AND EXPENSES:		
Net policyholders' benefits	38,190,988	34,982,578
Commissions	5,915,806	5,740,977
Operating expenses	11,596,403	11,293,416
Total benefits and expenses	55,703,197	52,016,971
Profit	3,879,667	3,488,735
PROFIT ATTRIBUTABLE TO:		
Ordinary Shareholders	3,012,370	2,794,846
Preferred Shareholders	312,500	312,500
Non-controlling interests	554,797	381,389
Total	3,879,667	3,488,735
OTHER COMPREHENSIVE INCOME:		
Net value gain on available-for-sale financial assets	244,132	91,581
Total comprehensive income	4,123,799	3,580,316
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	3,256,502	2,886,427
Preferred Shareholders	312,500	312,500
Non controlling interests	554,797	381,389
Total	4,123,799	3,580,316
	3 MONTHS to 30 June 2015	3 MONTHS to 30 June 2014
INCOME:		
Net premium income and annuity deposits	25,652,950	24,066,029
Investment Income	3,789,034	3,409,934
Other operating income	478,594	353,273
Total income	29,920,578	27,829,236
BENEFITS AND EXPENSES:		
Net policyholders' benefits	19,060,384	17,642,950
Commissions	3,001,609	2,824,201
Operating expenses	5,920,397	5,987,075
Total benefits and expenses	27,982,390	26,454,226
Profit	1,938,188	1,375,010
PROFIT ATTRIBUTABLE TO:		
Ordinary Shareholders	1,299,632	836,472
Preferred Shareholders	312,500	312,500
Non-controlling interests	326,056	226,038
Total	1,938,188	1,375,010

Unaudited

	6 MONTHS to 30 June 2015	6 MONTHS to 30 June 2014
	\$	\$
Cash flows from operating activities:		
Profit	3,879,667	3,488,735
Adjustments for:		
Depreciation	803,999	1,048,838
Amortization of intangible asset	50,000	50,000
Unrealized gain on investment assets	(427,667)	(172,853)
Realized gain on sale of property, plant and equipment	(8,820)	0
Realized loss from sale of investment assets	446,660	681
Change in bad debt provision	135,731	229,262
Change in mortgage provision	79,149	181,966
Change in reinsurance assets	(214,634)	(141,169)
Change in reserve for future policyholders' benefits	8,277,578	5,011,968
Interest income	(6,263,409)	(5,797,229)
Dividend income	(638,954)	(548,263)
Operating profit before working capital changes	6,119,300	3,351,936
Increase in receivables and other assets	(5,795,474)	(1,699,638)
Increase in payables and accruals	6,022,800	7,151,069
Increase in other policyholders' funds	2,335,055	724,161
Net cash from operating activities	8,681,681	9,527,528
Cash flows from investing activities:		
Net contributions from investors	2,823,054	1,568,533
Net proceeds from (placement of) bank term deposits greater than three months	4,250,071	(9,105,962)
Purchase of government bonds	(8,639,172)	(6,421,398)
Proceeds from redemption of corporate bonds	4,292,665	0
Purchase of preference shares	(6,547,665)	0
Purchase of equities	(719,267)	(39,885)
Policy loans issued	(561,580)	(468,637)
Net mortgage loans issued	(503,438)	(524,565)
Purchase of property, plant and equipment	(1,040,526)	(1,148,431)
Proceeds from disposal of property, plant and equipment	8,820	0
Interest received	6,250,941	5,596,579
Dividends received	638,954	548,263
Net cash from (used in) investing activities	252,857	(9,995,503)
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 (decrease) in cash and cash equivalents	7,422,039	(1,980,475)
Cash and cash equivalents at beginning of the period	8,859,179	10,857,649
Cash and cash equivalents at end of the period	\$16,281,218	\$8,877,174
Cash and cash equivalents is comprised of:		
Cash and bank balances	\$16,281,218	\$8,877,174
Total	\$16,281,218	\$8,877,174

See accompanying notes to unaudited consolidated financial statements.