



FAMGUARD CORPORATION

Interim Consolidated Financial Statements for the 12 Months Ended December 31st, 2017
(Unaudited)



FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE
MONTHS ENDED DECEMBER 31, 2017

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FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	31 December 2017	31 December 2016
ASSETS		
Fair value through profit or loss	\$ 12,970,726	\$ 13,065,957
Available-for-sale	14,673,676	13,912,881
Held-to-maturity	176,255,401	164,603,183
Loans	80,066,735	77,575,014
Total financial investment assets	<u>283,966,538</u>	<u>269,157,035</u>
Cash and bank balances	15,364,675	16,145,293
Reinsurance assets	6,520,948	7,979,721
Reinsurance recoveries	8,760,382	6,843,058
Receivables and other assets, net	5,960,131	8,754,724
Premiums receivable, net	5,561,420	4,254,247
Intangible Assets, net	278,333	378,333
Property, plant and equipment, net	<u>35,596,824</u>	<u>33,745,316</u>
TOTAL	<u>\$ 362,009,251</u>	<u>\$ 347,257,727</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	\$ 207,261,509	\$ 201,292,443
Other policyholders' funds	18,072,481	17,638,441
Policy liabilities	225,333,990	218,930,884
Payables and accruals	13,179,103	14,462,724
Total liabilities	<u>238,513,093</u>	<u>233,393,608</u>
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 reserve	17,985,463	16,572,792
Retained earnings	44,128,558	40,070,095
Equity attributable to owners of the Parent	84,915,101	79,443,967
Non-controlling interest	38,581,058	34,420,152
Total equity	<u>123,496,158</u>	<u>113,864,119</u>
TOTAL	<u>\$ 362,009,251</u>	<u>\$ 347,257,727</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-17	31-Dec-16
INCOME:		
Gross premium income	\$ 103,090,427	\$ 101,069,634
Premium ceded to reinsurers	(10,385,771)	(10,316,803)
Net premium income	<u>92,704,656</u>	<u>90,752,831</u>
Annuity deposits	7,099,037	12,224,103
Net premium income and annuity deposits	<u>99,803,693</u>	<u>102,976,934</u>
Interest income	13,729,683	13,494,595
Dividend income	1,471,320	1,432,720
Unrealized (loss) gain on investment assets	(213,984)	(603,559)
Realized loss from sale of assets	(457,404)	(227,455)
Other operating income	1,702,070	2,381,590
Total income	<u>116,035,378</u>	<u>119,454,825</u>
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	67,838,320	66,264,008
Reinsurance recoveries	(3,565,520)	(4,913,622)
Net policyholders' benefits	<u>64,272,800</u>	<u>61,350,386</u>
Increase in reserves for policyholders' benefits	7,427,838	14,702,664
Total benefits	<u>71,700,638</u>	<u>76,053,050</u>
Expenses:		
Commissions	11,569,112	12,105,443
Operating expenses	19,629,371	19,269,387
Depreciation and amortization expense	1,883,065	1,842,704
Premium tax	3,092,212	3,032,089
Bad debt expense	(82,159)	841,482
Total expenses	<u>36,091,601</u>	<u>37,091,105</u>
Total benefits and expenses	<u>107,792,239</u>	<u>113,144,155</u>
NET INCOME	<u>\$ 8,243,139</u>	<u>\$ 6,310,670</u>
NET INCOME ATTRIBUTABLE TO		
Ordinary Shareholders	\$ 6,586,968	\$ 4,805,346
Preferred Shareholders	600,000	625,000
Non-controlling interests	1,056,171	880,324
	<u>8,243,139</u>	<u>6,310,670</u>
Earnings per ordinary share	<u>\$ 0.66</u>	<u>\$ 0.48</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Three months ended December 31, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	3 Months to 31-Dec-17	3 Months to 31-Dec-16
INCOME:		
Net premium income	23,715,795	22,596,036
Annuity deposits	1,617,654	2,423,533
Net premium income and annuity deposits	<u>25,333,449</u>	<u>25,019,569</u>
Investment income	4,191,159	3,226,721
Other operating income	435,914	231,202
Total income	<u>29,960,522</u>	<u>28,477,492</u>
BENEFITS AND EXPENSES:		
Net policyholder benefits	19,646,465	19,083,148
Commissions	2,803,804	3,168,163
Operating expenses	6,342,096	7,007,604
Total benefits and expenses	<u>28,792,365</u>	<u>29,258,914</u>
NET PROFIT	<u>1,168,157</u>	<u>\$ (781,421)</u>
NET PROFIT ATTRIBUTABLE TO :		
Ordinary Shareholders	290,271	(1,238,442)
Preferred Shareholders	287,500	312,500
Non-controlling interests	590,386	144,521
	<u>1,168,157</u>	<u>(781,421)</u>
Earnings per ordinary share	<u>\$ 0.03</u>	<u>\$ (0.12)</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-17	31-Dec-16
NET INCOME	\$ 8,243,139	\$ 6,310,670
OTHER COMPREHENSIVE INCOME		
Net gain on available-for-sale financial assets	1,412,671	633,420
Remeasurement of post retirement employee benefit	-	(192,038)
Total Other Comprehensive Income	<u>1,412,671</u>	<u>441,382</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 9,655,810</u>	<u>\$ 6,752,052</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	\$ 7,999,639	\$ 5,246,728
Preferred Shareholders	600,000	625,000
Non controlling interests	1,056,171	880,324
	<u>\$ 9,655,810</u>	<u>\$ 6,752,052</u>
Earnings per ordinary share	<u>\$ 0.80</u>	<u>\$ 0.52</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	Share Capital			Revaluation Reserve	Retained Earnings	Attributable to Owners	Non-Controlling Interests	Total
	Preference Shares	Ordinary Shares	Share Premium			of the Parent		
Balance as of December 31, 2015	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 15,939,372	\$ 38,356,787	\$ 77,097,239	\$ 31,017,543	\$ 108,114,782
Additional non-controlling interest arising from net contributions from investors							\$ 2,522,285	\$ 2,522,285
Profit for 2016	-	-	-	-	5,430,346	5,430,346	880,324	6,310,670
Other Comprehensive income for 2016				633,420	(192,038)	441,382		441,382
Dividends declared and paid - preference shares	-	-	-	-	(625,000)	(625,000)		(625,000)
ordinary shares (\$0.29 per share)	-	-	-	-	(2,900,000)	(2,900,000)	-	(2,900,000)
Balance as of December 31, 2016	10,000,000	2,000,000	10,801,080	16,572,792	40,070,095	79,443,967	34,420,152	113,864,119
Prior Period Adjustment					(128,505)	(128,505)		(128,505)
Additional non-controlling interest arising from net contributions from investors							3,104,735	3,104,735
Profit for 2017	-	-	-	-	7,186,968	7,186,968	1,056,171	8,243,139
Other Comprehensive income for 2017								
Adjustment to fair value of investment in equities	-	-	-	1,412,671	-	1,412,671	-	1,412,671
Dividends declared and paid - preference shares	-	-	-	-	(600,000)	(600,000)	-	(600,000)
ordinary shares (\$0.24 per share)	-	-	-	-	(2,400,000)	(2,400,000)	-	(2,400,000)
Balance as of December 31, 2017	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 17,985,463	\$ 44,128,558	\$ 84,915,101	\$ 38,581,058	\$ 123,496,158

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2017
(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-17	31-Dec-16
Cash flows from operating activities		
Profit	\$ 8,243,139	\$ 6,310,670
Adjustments for:		
Depreciation	1,783,065	1,742,704
Amortization of intangible asset	100,000	100,000
Impairment of intangible asset	-	175,000
Unrealized loss on investment assets	213,984	603,559
Realized loss on sale of investment assets	457,404	227,455
(Decrease) increase in mortgage provision	(214,300)	274,668
Decrease in reinsurance assets	1,458,773	698,134
Change in reserve for future policyholders' benefits	5,969,066	14,004,530
Interest income	(13,729,683)	(13,494,595)
Dividend income	(1,471,320)	(1,432,720)
Operating profit before working capital changes	2,810,128	9,209,405
Decrease (Increase) in receivables and other assets	2,794,593	(1,890,537)
(Increase) decrease in reinsurance recoveries	(1,917,324)	610,764
(Increase) decrease in premium receivables, net	(1,307,173)	212,919
(Decrease) increase in payables and accruals	(1,283,621)	3,600,280
Increase (decrease) in other policyholders' funds	434,040	(632,043)
Net cash from operating activities	1,530,643	11,110,788
Cash flows from investing activities		
Net changes in non-controlling interest	2,890,750	1,918,726
Net Maturity (placement) of bank term deposits greater than three months	2,163,393	(1,110,312)
Net purchase of Government bonds and notes	(10,163,307)	(14,810,842)
Net (purchase) redemption of corporate bonds	(3,837,363)	682,637
Net redemption (purchase) of preferred shares	857,512	(1,192,487)
Available- for- sale securities purchased	(18,620)	0
Purchase of FVTPL investments assets	(5,000,000)	(103,782)
Sale of FVTPL investments assets	4,667,409	0
Net Policy loans issued	(775,684)	(882,991)
Net mortgage loans (issued) collections	(1,160,702)	310,680
Net purchase of property, plant and equipment	(3,634,573)	(2,011,507)
Proceeds from disposal of property, plant and equipment	-	716,423
Interest received	13,228,604	13,423,175
Dividends received	1,471,320	1,432,720
Net cash from (used in) investing activities	688,739	(1,627,560)
Cash flows from financing activities		
Dividends paid on preference shares	(600,000)	(625,000)
Dividends paid on ordinary shares	(2,400,000)	(2,900,000)
Net cash used in financing activities	(3,000,000)	(3,525,000)
Net (decrease) increase in cash and cash equivalents	(780,618)	5,958,228
Cash and cash equivalents at beginning of the period	16,145,293	10,187,065
Cash and cash equivalents at end of the period	\$ 15,364,675	\$ 16,145,293

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Twelve months ended December 31, 2017

(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, 2016 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 2016.

3. Earnings per ordinary share

	12 Months to 31-Dec-17	12 Months to 31-Dec-16
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	<u>\$ 6,586,968</u>	<u>\$4,805,346</u>
Earnings per ordinary share	<u>\$ 0.66</u>	<u>\$ 0.48</u>

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$4,296,310 as at December 31, 2017 (31 December 2016: \$2,254,151).



FAMGUARD CORPORATION

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