

FAMGUARD CORPORATION

Consolidated Financial Statements for the 12
months ending December 31, 2018
(Unaudited)



FAMGUARD
CORPORATION LIMITED





FAMGUARD CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED
DECEMBER 31, 2018

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FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

(Expressed in Bahamian dollars)

UNAUDITED

	31 December 2018	31 December 2017
ASSETS		
Fair value through profit or loss	\$ 12,670,798	\$ 13,141,670
Available-for-sale	13,158,861	14,661,520
Held-to-maturity	185,974,839	176,196,403
Loans	86,165,423	80,030,193
Total financial investment assets	<u>297,969,921</u>	<u>284,029,786</u>
Cash and bank balances	8,090,438	16,881,642
Reinsurance assets	5,172,056	6,520,948
Reinsurance recoveries	7,536,726	7,251,681
Receivables and other assets, net	5,688,999	4,825,916
Premiums receivable, net	6,814,992	5,561,421
Intangible Assets, net	-	100,000
Property, plant and equipment, net	<u>37,823,889</u>	<u>36,803,313</u>
TOTAL	<u>\$ 369,097,021</u>	<u>\$ 361,974,707</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	\$ 213,300,445	\$ 207,261,508
Other policyholders' funds	19,027,437	18,072,481
Policy liabilities	<u>232,327,882</u>	<u>225,333,989</u>
Payables and accruals	13,425,067	12,983,280
Total liabilities	<u>245,752,949</u>	<u>238,317,269</u>
EQUITY:		
Preference shares	5,000,000	10,000,000
Ordinary shares	2,000,000	2,000,000
Share premium	10,801,080	10,801,080
Revaluation reserve	18,605,500	19,191,952
Retained earnings	46,536,284	43,083,348
Equity attributable to owners of the Parent	<u>82,942,864</u>	<u>85,076,380</u>
Non-controlling interest	40,401,208	38,581,058
Total equity	<u>123,344,072</u>	<u>123,657,438</u>
TOTAL	<u>\$ 369,097,021</u>	<u>\$ 361,974,707</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Twelve months ended December 31, 2018

(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-18	31-Dec-17
INCOME:		
Gross premium income	\$ 107,631,768	\$ 103,090,427
Premium ceded to reinsurers	(9,101,574)	(10,423,366)
Net premium income	98,530,194	92,667,061
Annuity & Other deposits	16,006,069	7,099,037
Net premium income and annuity deposits	114,536,263	99,766,098
Interest income	14,440,537	13,725,317
Dividend income	1,421,353	1,471,320
Unrealized loss on investment assets	(430,674)	(213,984)
Realized gain from sale of assets	53,970	84,218
Other operating income	2,443,540	1,763,984
Total income	132,464,989	116,596,953
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	84,982,050	67,832,963
Reinsurance recoveries	(8,837,884)	(2,749,895)
Net policyholders' benefits	76,144,166	65,083,068
Increase in reserves for policyholders' benefits	7,387,828	7,427,838
Total benefits	83,531,994	72,510,906
Expenses:		
Commissions	15,113,682	11,783,005
Operating expenses	20,225,055	19,099,569
Depreciation and amortization expense	1,550,865	1,883,065
Premium tax	3,229,082	3,092,212
Impairment of intangible asset	-	178,333
Bad debt expense	764,740	939,431
Total expenses	40,883,424	36,975,615
Total benefits and expenses	124,415,418	109,486,521
NET INCOME	\$ 8,049,571	\$ 7,110,432
NET INCOME ATTRIBUTABLE TO		
Ordinary Shareholders	\$ 6,364,473	\$ 5,454,261
Preferred Shareholders	462,757	600,000
Non-controlling interests	1,222,341	1,056,171
	8,049,571	7,110,432
Earnings per ordinary share	\$ 0.64	\$ 0.55

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Three months ended December 31, 2018

(Expressed in Bahamian dollars)

UNAUDITED

	3 MONTHS TO 31-Dec-18	3 MONTHS TO 31-Dec-17
INCOME:		
Net premium income	24,777,600	23,678,200
Annuity and Other deposits	5,007,392	1,617,654
Net premium income and annuity deposits	<u>29,784,992</u>	<u>25,295,854</u>
Investment income	4,349,465	4,728,416
Other operating income	744,175	497,828
Total income	<u>34,878,632</u>	<u>30,522,098</u>
BENEFITS AND EXPENSES:		
Net policyholder benefits	21,959,280	20,456,733
Commissions	4,758,755	3,017,697
Operating expenses	6,765,079	6,962,095
Total benefits and expenses	<u>33,483,114</u>	<u>30,436,523</u>
NET PROFIT	<u>1,395,518</u>	<u>\$ 85,575</u>
NET PROFIT ATTRIBUTABLE TO :		
Ordinary Shareholders	729,211	(792,311)
Preferred Shareholders	143,750	287,500
Non-controlling interests	522,557	590,387
	<u>1,395,518</u>	<u>85,575</u>
Earnings per ordinary share	<u>\$ 0.07</u>	<u>\$ (0.08)</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Twelve months ended December 31, 2018

(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-18	31-Dec-17
NET INCOME	\$ 8,049,571	\$ 7,110,432
OTHER COMPREHENSIVE INCOME		
Net (loss) gain on available-for-sale financial assets	(586,452)	1,412,671
Revaluation of fixed assets	-	1,206,489
Remeasurement gain (loss) of post retirement employee benefit	88,465	(41,008)
Total other comprehensive (loss) income	<u>(497,987)</u>	<u>2,578,152</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 7,551,584</u>	<u>\$ 9,688,584</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	\$ 5,866,486	\$ 8,032,413
Preferred Shareholders	462,757	600,000
Non controlling interests	1,222,341	1,056,171
	<u>\$ 7,551,584</u>	<u>\$ 9,688,584</u>
Earnings per ordinary share	<u>\$ 0.59</u>	<u>\$ 0.80</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Twelve months ended December 31, 2018

(Expressed in Bahamian dollars)

UNAUDITED

	Share Capital		Share Premium	Revaluation Reserve	Retained Earnings	Attributable to Owners of the Parent	Non-Controlling Interests	Total
	Preference Shares	Ordinary Shares						
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
Transactions with owners								
Net contributions from investors	-	-	-	-	-	-	\$ 3,104,735	\$ 3,104,735
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)
Total transactions with owners	-	-	-	-	(3,000,000)	(3,000,000)	3,104,735	104,735
Comprehensive income								
Net Income	-	-	-	-	6,054,261	6,054,261	1,056,171	7,110,432
Other Comprehensive income (loss)	-	-	-	2,619,160	(41,008)	2,578,152	-	2,578,152
Total Comprehensive income	-	-	-	2,619,160	6,013,253	8,632,413	1,056,171	9,688,584
Balance as of December 31, 2017	10,000,000	2,000,000	10,801,080	19,191,952	43,083,348	85,076,380	38,581,058	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	-	-	-	-	6,827,230	6,827,230	1,222,341	8,049,571
Other Comprehensive income (loss)	-	-	-	(586,452)	88,463	(497,989)	-	(497,989)
Total Comprehensive income	-	-	-	(586,452)	6,915,693	6,329,241	1,222,341	7,551,582
Balance as of December 31, 2018	5,000,000	2,000,000	10,801,080	18,605,500	46,536,284	82,942,864	40,401,208	123,344,072

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Twelve months ended December 31, 2018
(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-18	31-Dec-17
Cash flows from operating activities:		
Profit	\$ 8,049,571	\$ 7,110,432
Adjustments for:		
Depreciation	1,450,865	1,783,065
Amortization of intangible asset	100,000	100,000
Impairment of intangible asset	-	178,333
Unrealized loss on investment assets	430,674	213,984
Realized gain on sale of investment assets	(53,970)	(84,218)
Decrease in loan provision	(136,826)	(214,300)
Decrease in reinsurance assets	1,348,892	1,458,773
Change in reserve for future policyholders' benefits	6,038,937	5,969,065
Interest income	(14,440,537)	(13,725,317)
Dividend income	(1,421,353)	(1,471,320)
Operating profit before working capital changes	1,366,253	1,318,497
(Increase) decrease in receivables and other assets	(863,083)	3,928,808
Increase in reinsurance recoveries	(285,045)	(408,623)
Increase in premium receivables, net	(1,253,571)	(1,307,174)
Increase (decrease) in payables and accruals	441,787	(1,479,444)
Increase in other policyholders' funds	954,956	434,040
Net cash from operating activities	361,297	2,486,104
Cash flows from investing activities:		
Placement of bank term deposits greater		
Maturity of bank term deposits greater than three months	3,765,647	2,163,393
Purchase of Corporate Bonds	(6,418,422)	(4,750,000)
Redemption of Corporate Bonds	1,249,726	912,637
Redemption of Preference Shares	1,073,721	857,512
Purchase of Government Bonds & Notes	(12,754,638)	(27,721,084)
Maturity of Government Bonds & Notes	3,852,381	17,557,777
Purchase of Equity securities	(576,972)	(4,960,104)
Proceeds from Equity securities	681,488	5,024,656
Net Loans Issued	(5,424,276)	(2,206,844)
Purchase of property, plant and equipment (Note 8)	(2,471,441)	(3,635,073)
Proceeds from disposal of property, plant, and equipment	-	500
Interest received	14,313,880	13,430,820
Dividends received	1,421,353	1,471,320
Net cash (used in) investing activities	(1,287,553)	(1,854,490)
Cash flows from financing activities		
Redemption of preference shares	(5,000,000)	-
Proceeds from nt contributions from non-controlling interest	597,809	3,104,735
Dividends paid on preference shares	(462,757)	(600,000)
Dividends paid on ordinary shares	(3,000,000)	(2,400,000)
Net cash used in financing activities	(7,864,948)	104,735
Net increase (decrease) in cash and cash equivalents	(8,791,204)	736,349
Cash and cash equivalents at beginning of the period	16,881,642	16,145,293
Cash and cash equivalents at end of the period	\$ 8,090,438	\$ 16,881,642

FAMGUARD CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Twelve months ended December 31, 2018

(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, 2017 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 2017.

3. Earnings per ordinary share

	31-Dec-18	31-Dec-17
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	<u>\$ 6,364,473</u>	<u>\$5,454,261</u>
Earnings per ordinary share	<u><u>\$ 0.64</u></u>	<u><u>\$ 0.55</u></u>

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$4,544,291 as at September 30, 2018 (31 December 2017: \$4,296,310).