

FAMGUARD CORPORATION

Interim Consolidated Financial Statements for the
Twelve Months Ended 31 December, 2019
(Unaudited)



FAMGUARD
CORPORATION LIMITED



FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED
31 DECEMBER, 2019

TABLE OF CONTENTS

	Page
Interim Consolidated Statement of Financial Position	1
Interim Consolidated Statement of Profit or Loss	2-3
Interim Consolidated Statement of Other Comprehensive Income	4
Interim Consolidated Statement of Changes in Equity	5
Interim Consolidated Statement of Cash Flows	6
Notes to Interim Consolidated Financial Statements	7-8

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

(Expressed in Bahamian dollars)

UNAUDITED

	31 December 2019	31 December 2018
ASSETS		
Fair value through profit or loss	\$ 19,900,130	\$ 12,670,798
Available-for-sale	11,467,972	13,184,526
Held-to-maturity	143,438,943	185,949,173
Loans	86,414,203	86,165,423
Total financial investment assets	<u>261,221,248</u>	<u>297,969,920</u>
Cash and bank balances	20,414,742	9,853,144
Reinsurance assets	3,536,748	5,172,056
Reinsurance recoveries	9,720,818	7,536,726
Receivables and other assets, net	2,947,110	6,223,354
Premiums receivable, net	4,149,076	4,795,465
Property, plant and equipment, net	<u>39,085,912</u>	<u>37,823,889</u>
TOTAL	<u><u>\$ 341,075,654</u></u>	<u><u>\$ 369,374,554</u></u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	\$ 219,975,025	\$ 213,300,445
Other policyholders' funds	20,029,234	19,027,437
Policy liabilities	<u>240,004,259</u>	<u>232,327,882</u>
Payables and accruals	13,961,006	13,702,599
Total liabilities	<u>253,965,265</u>	<u>246,030,481</u>
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	18,884,636	18,605,500
Retained earnings	50,424,673	46,536,285
Equity attributable to owners of the Parent	<u>87,110,389</u>	<u>82,942,865</u>
Non-controlling interest	-	40,401,208
Total equity	<u>87,110,389</u>	<u>123,344,073</u>
TOTAL	<u><u>\$ 341,075,654</u></u>	<u><u>\$ 369,374,554</u></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, 2019
(Expressed in Bahamian dollars)
UNAUDITED

	31-Dec-19	31-Dec-18
CONTINUING OPERATIONS		
INCOME:		
Gross premium income	\$ 110,769,655	\$ 107,631,768
Premium ceded to reinsurers	(10,342,701)	(9,218,351)
Net premium income	100,426,954	98,413,417
Annuity & other deposits	13,365,355	16,006,069
Net premium income and deposits	113,792,309	114,419,486
Interest income	13,070,965	14,440,537
Dividend income	831,728	1,421,353
Unrealized gain (loss) on investment assets	1,130,747	(430,674)
Realized gain from sale of investment assets	275,236	53,970
Other operating income	1,751,760	1,631,512
Total income	130,852,745	131,536,184
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	86,527,036	84,982,050
Reinsurance recoveries	(9,796,690)	(8,837,884)
Net policyholders' benefits	76,730,346	76,144,166
Change in reserves for policyholders' benefits	8,309,889	7,387,828
Total benefits	85,040,235	83,531,994
Expenses:		
Commissions	13,790,485	15,099,327
Operating expenses	20,542,131	19,028,840
Depreciation expense	1,591,473	1,536,787
Premium tax	3,323,178	3,229,082
Bad debt expense	608,485	764,740
Total expenses	39,855,752	39,658,776
Total benefits and expenses	124,895,987	123,190,770
NET INCOME FROM CONTINUING OPERATIONS	5,956,757	8,345,414
DISCONTINUED OPERATIONS		
Realized net gain on sale of discontinued operations	1,609,982	-
Net loss for the period from discontinued operations	(187,317)	(295,844)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	1,422,665	(295,844)
NET INCOME	\$ 7,379,423	\$ 8,049,570
NET INCOME ATTRIBUTABLE TO		
Ordinary Shareholders	\$ 7,091,923	\$ 6,364,471
Preferred Shareholders	287,500	462,757
Non-controlling interests	-	1,222,341
	7,379,423	8,049,570
Earnings per ordinary share	\$ 0.71	\$ 0.64

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Three months ended December 31, 2019

(Expressed in Bahamian dollars)

UNAUDITED

	3 Months to 31-Dec-19	3 Months to 31-Dec-18
INCOME:		
Net premium income	\$ 25,489,772	\$ 24,777,600
Annuity & other deposits	4,082,355	5,007,392
Net premium income and deposits	29,572,127	29,784,991
Investment income	4,081,719	4,349,466
Other operating income	412,792	364,683
Total income	34,066,638	34,499,140
BENEFITS AND EXPENSES:		
Net policyholder benefits	21,755,812	21,959,281
Commissions	3,690,538	4,758,755
Operating expenses	7,520,004	6,385,589
Total benefits and expenses	32,966,354	33,103,624
NET PROFIT	\$ 1,100,284	\$ 1,395,516
NET PROFIT ATTRIBUTABLE TO :		
Ordinary Shareholders	\$ 956,534	\$ 729,209
Preferred Shareholders	143,750	143,750
Non-controlling interests	-	522,557
	\$ 1,100,284	\$ 1,395,516
Earnings per ordinary share	\$ 0.10	\$ 0.07

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months ended December 31, 2019

(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-19	31-Dec-18
NET INCOME	\$ 7,379,423	\$ 8,049,570
OTHER COMPREHENSIVE INCOME		
Net gain (loss) on available-for-sale financial assets	688,292	(585,222)
Realized loss reclassified to net income	(223,465)	(1,230)
Revaluation of fixed assets	(185,691)	-
Remeasurement (loss) gain of post retirement employee benefit	(3,535)	88,465
Total other comprehensive income (loss)	<u>275,601</u>	<u>(497,987)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 7,655,024</u>	<u>\$ 7,551,583</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	\$ 7,367,524	\$ 5,866,485
Preferred Shareholders	287,500	462,757
Non controlling interests	-	1,222,341
	<u>\$ 7,655,024</u>	<u>\$ 7,551,583</u>
Earnings per ordinary share	<u>\$ 0.74</u>	<u>\$ 0.59</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, 2019

(Expressed in Bahamian dollars)

UNAUDITED

	<u>Share Capital</u>		<u>Share Premium</u>	<u>Revaluation Reserve</u>	<u>Retained Earnings</u>	Attributable to Owners of the Parent	Non-Controlling <u>Interests</u>	<u>Total</u>
	<u>Preference Shares</u>	<u>Ordinary Shares</u>						
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	<u>(5,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,462,757)</u>	<u>(8,462,757)</u>	<u>597,809</u>	<u>(7,864,948)</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>(586,452)</u>	<u>6,915,694</u>	<u>6,329,242</u>	<u>1,222,341</u>	<u>7,551,583</u>
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	-	-	-	-	(287,500)	(287,500)	-	(287,500)
Ordinary shares (\$0.32 per share)	-	-	-	-	(3,200,000)	(3,200,000)	-	(3,200,000)
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,487,500)</u>	<u>(3,487,500)</u>	<u>(40,401,208)</u>	<u>(43,888,708)</u>
Comprehensive income								
Net Income	-	-	-	-	7,379,423	7,379,423	-	7,379,423
Other Comprehensive income (loss)	-	-	-	279,136	(3,535)	275,601	-	275,601
Total Comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,136</u>	<u>7,375,888</u>	<u>7,655,024</u>	<u>-</u>	<u>7,655,024</u>
Balance as of December 31, 2019	5,000,000	2,000,000	10,801,080	18,884,636	50,424,673	87,110,389	-	87,110,389

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the twelve months ended December 31, 2019
(Expressed in Bahamian dollars)
UNAUDITED

	31-Dec-19	31-Dec-18
Cash flows from operating activities:		
Net Income	\$ 7,379,423	\$ 8,049,570
Adjustments for:		
Depreciation	1,591,473	1,450,804
Amortization of intangible asset	-	100,000
Unrealized (gain) loss on investment assets	(1,130,747)	430,674
Realized gain on sale of assets	(275,236)	(53,970)
Increase (decrease) in provision for loans and receivables	608,485	(112,923)
Decrease in reinsurance assets	1,635,308	1,348,892
Change in reserve for future policyholders' benefits	6,674,580	6,038,937
Realized gain on sale of discontinued operations	(1,609,982)	-
Interest income	(13,151,668)	(14,440,537)
Dividend income	(831,728)	(1,421,353)
Operating profit before working capital changes	889,908	1,390,094
Decrease (increase) in receivables and other assets	3,276,006	(909,839)
Increase in reinsurance recoveries	(2,184,092)	(285,045)
Decrease in premium receivables, net	483,809	278,357
Increase in payables and accruals	258,407	719,319
Increase in other policyholders' funds	1,001,797	954,956
Net cash from operating activities	3,725,835	2,147,842
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	36,962,195	-
Purchase of investment securities	(11,579,756)	(19,724,885)
Proceeds from redemption/maturities of investment securities	12,228,408	10,636,011
Proceeds from disposal of available-for-sale securities	270,000	-
Net Loans repaid (issued)	274,504	(5,970,072)
Net purchase of property, plant and equipment	(2,905,267)	(2,471,380)
Proceeds from disposal of property, plant, and equipment	51,771	-
Interest received	12,980,907	14,797,581
Dividends received	831,728	1,421,353
Net cash from (used in) investing activities	50,724,472	(1,311,392)
Cash flows from financing activities		
Redemption of preference shares	-	(5,000,000)
Changes in non-controlling interest	(40,401,208)	597,809
Dividends paid on preference shares	(287,500)	(462,757)
Dividends paid on ordinary shares	(3,200,000)	(3,000,000)
Net cash used in financing activities	(43,888,708)	(7,864,948)
Net increase (decrease) in cash and cash equivalents	10,561,598	(7,028,498)
Cash and cash equivalents at beginning of the period	9,853,144	16,881,642
Cash and cash equivalents at end of the period	\$ 20,414,742	\$ 9,853,144

See notes to unaudited consolidated financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 31 December, 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 twelve months ended 31 December, 2019

(Expressed in Bahamian Dollars)

Unaudited

(Continued)

3. Earnings per ordinary share

	31-Dec-19	31-Dec-18
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	\$ 7,091,923	\$6,364,472
Earnings per ordinary share	<u>\$ 0.71</u>	<u>\$ 0.64</u>

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$3,669,745 as at 31 December, 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 to changes in presentation in the current year.