



FAMGUARD CORPORATION

Interim Consolidated Financial Statements for the 3 Months Ended March 31st, 2017
(Unaudited)



FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTHS ENDED MARCH 31, 2017

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FAMGUARD CORPORATION LIMITED
CHAIRMAN' REPORT
Unaudited Results for the THREE months ended
31 MARCH 2017

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

I am pleased to report that for the first quarter ended 31 March 2017 FamGuard Corporation recorded profits of \$1.6 million, exceeding the performance achieved in the comparable prior year by 103%. Net income attributable to common shareholders totaled \$1.5 million and represented \$0.15 per share.

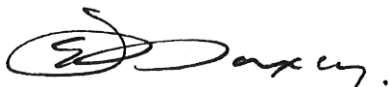
Total revenues decreased by \$1.7 million over the same period in 2016; however this was primarily due to a reduction in annuity deposits during the quarter. As is the custom for annuities, deposits fluctuate from period to period and despite the decline in the total dollar amount for the quarter, the Company continued to experience a strong demand by policyholders as the number of deposits remained in line with deposits during the 3 months ended March 2016. The decline in deposits were also offset by a corresponding reduction in benefits on annuity deposits as reserves for future policyholder benefits for these products decreased in direct correlation. Gross premium income increased by 3.1% and ended the three month period at \$25.6 million, with all three divisions of the Company reporting positive variances. Investment income contributed \$3.1 million to total revenues, a decline over the prior year due to the continued fluctuation in equities and the impact of the 50 basis point reductions on variable rate investment assets which are tied to prime.

Policyholder benefits totaled \$18.4 million compared to \$20.8 million for the corresponding prior period. The decrease is attributed to lower medical claims from our Group Health business and a reduction in the reserves for future policyholder benefits on annuity deposits. Total expenses are in line with that of the prior period and show a positive variance of \$1.7% year to date.

The Company's balance sheet remains strong with total assets of \$353 million, of which investment assets comprised \$264 million, representing 75% 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.

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,



L. Edgar Moxey
Chairman & CEO

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2017
(Expressed in Bahamian dollars)
UNAUDITED

	31 March 2017	31 December 2016
ASSETS		
Fair value through profit or loss	\$ 12,755,041	\$ 13,065,957
Available for sale	13,687,319	13,912,881
Held-to-maturity	159,429,888	164,603,183
Loans	77,879,658	77,575,014
Total financial investment assets	263,751,906	269,157,035
Cash and bank balances	24,636,903	16,145,293
Reinsurance assets	6,747,544	7,979,721
Reinsurance recoveries	7,273,183	6,843,058
Receivables and other assets, net	11,349,768	8,837,371
Intangible Assets, net	353,333	378,333
Premiums receivable, net	4,312,906	4,171,600
Property, plant and equipment, net	34,118,804	33,745,316
TOTAL	\$ 352,544,347	\$ 347,257,727
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	\$ 201,848,485	\$ 201,292,443
Other policyholders' funds	18,211,648	17,638,441
Policy liabilities	220,060,133	218,930,885
Payables and accruals	16,478,844	14,462,724
Total liabilities	236,538,977	233,393,609
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	16,356,069	16,572,792
Retained earnings	41,002,224	40,070,094
Equity attributable to owners of the Parent	80,159,373	79,443,966
Non-controlling interest	35,845,997	34,420,152
Total equity	116,005,370	113,864,118
TOTAL	\$ 352,544,347	\$ 347,257,727

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Three months ended March 31, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	3 Months to 31-Mar-17	3 Months to 31-Mar-16
INCOME:		
Gross premium income	\$ 25,623,771	\$ 24,854,012
Premium ceded to reinsurers	(2,432,077)	(2,402,867)
Net premium income	23,191,694	22,451,145
Annuity deposits	1,965,633	4,075,945
Net premium income and annuity deposits	25,157,327	26,527,090
Interest income	3,346,033	3,287,252
Dividend income	353,624	350,230
Unrealized loss on investment assets	(479,079)	(99,113)
Realized loss from sale of assets	(80,587)	(41,203)
Other operating income	394,878	404,325
Total income	28,692,196	30,428,581
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	17,452,384	18,024,093
Reinsurance recoveries	(859,469)	(1,875,267)
Net policyholders' benefits	16,592,915	16,148,826
Increase in reserves for policyholders' benefits	1,788,218	4,618,277
Total benefits	18,381,133	20,767,103
Expenses:		
Commissions	2,902,012	2,853,524
Operating expenses	4,464,096	4,565,948
Depreciation and amortization expense	436,293	401,085
Value Added Tax Expense	41,256	118,616
Premium tax	767,816	745,620
Bad debt expense	125,242	201,306
Total expenses	8,736,715	8,886,099
Total benefits and expenses	27,117,848	29,653,202
NET INCOME	\$ 1,574,348	\$ 775,379
NET INCOME ATTRIBUTABLE TO		
Ordinary Shareholders	1,532,129	543,144
Non-controlling interests	42,219	232,235
	1,574,348	775,379
Earnings per ordinary share	\$ 0.15	\$ 0.05

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTRIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Three months ended March 31, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	3 Months to 31-Mar-17	3 Months to 31-Mar-16
NET INCOME	\$ 1,574,348	\$ 775,379
OTHER COMPREHENSIVE INCOME		
Net (loss) gain on available-for-sale financial assets	(216,723)	425,731
Total Other Comprehensive Income	(216,723)	425,731
TOTAL COMPREHENSIVE INCOME	\$ 1,357,625	\$ 1,201,110
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	\$ 1,315,407	\$ 968,875
Non-controlling interests	42,219	232,235
	\$ 1,357,625	\$ 1,201,110

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Three months ended March 31, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	<u>Share Capital</u>					Attributable to Owners		
	<u>Preference Shares</u>	<u>Ordinary Shares</u>	<u>Share Premium</u>	<u>Revaluation Reserve</u>	<u>Retained Earnings</u>	<u>of the Parent</u>	<u>Non-Controlling Interests</u>	<u>Total</u>
Balance as of December 31, 2015	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 15,939,372	\$ 38,356,787	\$ 77,097,238	\$ 31,017,543	\$ 108,114,781
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	79,443,966	34,420,152	113,864,118
Additional non-controlling interest arising from net contributions from investors							1,383,626	1,383,626
Profit for 2017	-	-	-	-	1,532,129	1,532,129	42,219	1,574,348
Other Comprehensive income for 2017								
Adjustment to fair value of investment in equities	-	-	-	(216,723)	-	(216,723)		(216,723)
Dividends declared and paid - preference shares	-	-	-	-	-	-		-
ordinary shares (\$0.06 per share)	-	-	-	-	(600,000)	(600,000)	-	(600,000)
Balance as of March 31, 2017	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 16,356,069	\$ 41,002,224	\$ 80,159,373	\$ 35,845,997	\$ 116,005,370

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Three months ended March 31, 2017
(Expressed in Bahamian dollars)
UNAUDITED

	3 Months to 31-Mar-17	3 Months to 31-Mar-16
Cash flows from operating activities		
Profit	\$ 1,574,348	\$ 775,379
Adjustments for:		
Depreciation	411,293	376,085
Amortization of intangible asset	25,000	25,000
Unrealized loss on investment assets	479,079	99,113
Realized loss on sale of investment assets	80,587	41,203
Increase in mortgage provision	101,350	194,510
Decrease (increase) in reinsurance assets	1,232,176	(307,327)
Change in reserve for future policyholders' benefits	556,042	4,925,604
Interest income	(3,346,033)	(3,287,252)
Dividend income	(353,624)	(350,230)
Operating profit before working capital changes	760,218	2,492,085
(Increase) decrease in receivables and other assets	(2,942,523)	888,717
Increase in premium receivables, net	(141,306)	(158,740)
Increase (decrease) in payables and accruals	2,016,121	(1,978,098)
Increase (decrease) in other policyholders' funds	573,207	(610,344)
Net cash from operating activities	265,716	633,620
Cash flows from investing activities		
Net changes in non-controlling interest	1,383,626	(141,685)
Net (placement) of bank term deposits greater than three months	(17,423)	(226,740)
Net maturity (purchase) of Government bonds and notes	4,517,336	(1,748,701)
Proceeds from redemption (purchase) of corporate bonds	10,000	(330,966)
Net maturity of preferred shares	-	115,000
Purchase of FVTPL investments assets	(3,096,052)	(199,851)
Sale of FVTPL investments assets	2,927,889	-
Net Policy loans issued	(343,764)	(192,049)
Net mortgage collections	12,998	190,191
Net purchase of property, plant and equipment	(784,781)	(376,085)
Interest received	3,862,441	4,022,610
Dividends received	353,624	350,230
Net cash from investing activities	8,825,894	1,461,954
Cash flows from financing activities		
Dividends paid on ordinary shares	(600,000)	(600,000)
Net cash used in financing activities	(600,000)	(600,000)
Net increase in cash and cash equivalents	8,491,610	1,495,574
Cash and cash equivalents at beginning of the period	16,145,293	10,187,065
Cash and cash equivalents at end of the period	\$ 24,636,903	\$ 11,682,639

See notes to unaudited consolidated financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three months ended March 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

	3 Months to 31-Mar-17	3 Months to 31-Mar-16
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	\$ 1,532,129	\$ 543,144
Earnings per ordinary share	<u>\$ 0.15</u>	<u>\$ 0.05</u>

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$2,452,680 as at March 31, 2017 (31 December 2016: \$2,254,151).



FAMGUARD CORPORATION

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