

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 December 31, 2012	\$10,000,000	\$2,000,000	\$10,801,080	\$11,134,346	\$32,780,372	\$66,715,798	\$-	\$66,715,798
Non-controlling interests arising on investment in mutual Funds	-	-	-	-	-	-	\$20,147,095	\$20,147,095
Profit for 2013	-	-	-	-	5,851,003	5,851,003	308,293	6,159,296
Other Comprehensive income for 2013	-	-	-	636,452	26,384	662,836	-	662,836
Adjustment to appraised value of land and buildings	-	-	-	-	-	-	-	-
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 December 31, 2013	10,000,000	2,000,000	10,801,080	11,770,798	35,632,759	70,204,637	20,455,388	90,660,025
Non-controlling interests increase in investment in mutual Funds in 2014	-	-	-	-	-	-	744,927	744,927
Profit for 2014	-	-	-	-	1,958,373	1,958,373	155,351	2,113,725
Other Comprehensive income for 2014	-	-	-	-	-	-	-	-
Net Loss on available for sale financial assets	-	-	-	(98,970)	-	(98,970)	-	(98,970)
Dividends declared and paid - preference shares	-	-	-	-	-	-	-	-
ordinary shares (\$0.06 per share)	-	-	-	-	(600,000)	(600,000)	-	(600,000)
Balance as of March 31, 2014	\$10,000,000	\$2,000,000	\$10,801,080	\$11,671,828	\$36,991,132	\$71,464,041	\$21,355,667	\$92,819,707

Company Addresses

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1. Accounting Policies

These interim 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 2013.

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

2. Earnings Per Ordinary Share

	3 MONTHS TO 31 MARCH 2014	3 MONTHS TO 31 MARCH 2013
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 1,958,373	\$ 1,668,137
Earnings per ordinary share	\$ 0.20	0.17

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$ 2,715,867 as at 31 March 2014 (31 December 2013: \$1,759,947)

**FIRST QUARTER
 INTERIM REPORT**

Unaudited results for the three months ended MARCH 31, 2014

visit our website at www.famguardbahamas.com





INTERIM REPORT
Unaudited Results For Three Months Ended
March 31, 2014

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

FamGuard recorded net profits of \$2.1 million for the first quarter ending March 31st, 2014, ahead of the first quarter of the prior year by \$446 thousand or 27%.

Family Guardian Insurance Company, the largest subsidiary of FamGuard with assets of \$243 million reported increase in premium income above prior year of \$1.3 million or 5.6%. The BahamaHealth, Group Division reported improvement in performance above prior year with an increase of 7.5% increase in premiums over the prior year, while giving sustained attention to cost containment and care management services to our clients and achieved mutually beneficial results for all of our stakeholders; our customers, health care providers and our shareholders.

FamGuard is pleased to report increased shareholder value year-over-year in all of the significant categories of value measures. Net profit attributed to common shareholders for three months ending March 31, 2014 was \$1.958 million, which was 17.4% above prior year. Earnings per common share increased from 17 cents per share to 20 cents per share, return on equity increased from 12% to 13%, book value per share increased from \$5.79 to \$6.15 and market value per share increased from \$5.15 to \$5.27. Shareholder dividends paid have also been maintained at the same level of the previous year.

All of the other subsidiaries of FamGuard are reporting improved performance for the first quarter of 2014 over the first quarter of 2013, including the performance of FG Financial Fund Ltd SAC which has been consolidated with FamGuard in accordance with International Financial Reporting Standards, where control over this entity by FamGuard was established in October 2013.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share for shareholders of record as of May 28, 2014, payable on June 2, 2014.

Sincerely,

Norbert F. Boissiere
Chairman

FamGuard Corporation Limited
Consolidated Statement of Financial Position
As at 31 March 2014
(Expressed in BSD)

Unaudited

	2014	DEC 31 2013
	\$	\$
ASSETS		
Short term bank deposits	349,556	3,274,416
Other Bank term deposits	27,148,744	23,332,474
Financial Investment Assets:		
Held-to-maturity	109,006,455	107,797,665
Available for sale	6,976,838	7,075,808
Fair value through profit of loss	2,482,573	2,501,846
Loans	74,143,413	74,147,976
Total investment assets	220,107,579	218,130,185
Cash and bank balances	15,821,629	7,583,233
Reinsurance assets	7,311,783	7,136,365
Receivables and other assets	11,519,148	12,900,270
Intangible Assets	828,333	853,333
Property, plant and equipment, net	31,568,243	31,154,177
TOTAL ASSETS	287,156,715	277,757,563
LIABILITIES & EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	167,524,432	164,516,073
Other policyholders' funds	13,417,787	13,105,831
Policy liabilities	180,942,219	177,621,904
Payables and accruals	13,394,789	9,475,634
Total liabilities	194,337,008	187,097,538
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	11,671,828	11,770,798
Retained earnings	36,991,132	35,632,759
Non-controlling interest	21,355,667	20,455,388
Total equity	92,819,707	90,660,025
TOTAL LIABILITIES & EQUITY	287,156,715	277,757,563

FamGuard Corporation Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the three months ended 31 March 2014
(Expressed in BSD)

Unaudited

	3 MONTHS TO 31 MARCH 2014	3 MONTHS TO 31 MARCH 2013
	\$	\$
INCOME		
Gross premium income	24,098,656	\$22,820,205
Premium ceded to reinsurers	(2,148,343)	(2,289,763)
Net premium income	21,950,312	20,530,442
Annuity deposits	2,226,669	2,867,794
Net premium income and annuity deposits	24,176,982	23,398,235
Interest income	2,827,984	2,596,716
Dividend income	252,845	118,834
Unrealized gains and losses	27,351	0
Realized loss from sale of assets	(450)	(65,017)
Other operating income	391,758	381,656
Total income	27,676,470	26,430,423
BENEFITS & EXPENSES		
BENEFITS:		
Policyholders' benefits	15,424,959	15,369,509
Reinsurance recoveries	(918,273)	(682,293)
Net policyholders' benefits	14,506,686	14,687,216
Increase in reserves for policyholders' benefits	2,832,942	2,370,370
Total benefits	17,339,627	17,057,586
EXPENSES:		
Commissions	2,916,776	2,550,148
Operating expenses	3,880,068	3,865,966
Depreciation and amortization expense	535,485	537,479
Premium tax	722,960	682,534
Bad debt expense	167,830	68,573
Total expenses	8,223,118	7,704,700
Total benefits and expenses	25,562,745	24,762,286
NET PROFIT	\$2,113,725	\$1,668,137
Other Comprehensive Income:		
Net value (loss) gain on available-for-sale financial assets	(98,970)	157,954
Total other comprehensive income	(98,970)	157,954
TOTAL COMPREHENSIVE INCOME	\$ 2,014,755	\$1,826,091
Net Profit Attributable To:		
Ordinary Shareholders	1,958,373	1,668,137
Non-controlling interests	155,351	0
	2,113,725	1,668,137
Earnings per ordinary share	\$0.20	\$0.17
Comprehensive Income Attributable To:		
Ordinary shareholders	1,859,403	1,826,091
Non controlling interests	155,351	0
	\$ 2,014,755	\$ 1,826,091
Earnings per ordinary share	\$ 0.19	\$ 0.18

FamGuard Corporation Limited
Consolidated Statement of Cash Flows
For the three months ended 31 March 2014
(Expressed in BSD)

Unaudited

	3 MONTHS TO 31 MARCH 2014	3 MONTHS TO 31 MARCH 2013
	\$	\$
Cash flows from operating activities		
Net profit	2,113,725	1,668,137
Adjustments for:		
Depreciation	510,485	527,479
Amortization of intangible asset	25,000	10,000
Unrealized gain on investment assets	(27,351)	0
Realized gain from sale of investment assets	(450)	65,017
Change in bad debt provision	167,830	68,573
Change in reinsurance assets	(175,417)	397,655
Change in reserve for future policyholders' benefits	3,008,360	2,370,370
Interest income	(2,827,984)	(2,596,716)
Dividend income	(252,845)	(118,834)
Operating profit before working capital changes	2,541,350	2,391,681
Decrease(Increase) in receivables and other assets	1,381,121	110,525
Increase (decrease) in payables and accruals	3,919,155	(799,794)
Increase (decrease) in other policyholder funds	311,955	14,706
Net cash from operating activities	8,153,582	1,717,118
Cash flows from investing activities		
Net cash inflow from non-controlling interest	744,927	0
Net placement of bank term deposits greater than 3 months	(3,714,345)	(1,640,074)
Purchase of government bonds	(1,708,606)	(995,000)
Net proceeds from investment in assets at fair value	46,624	0
Policy loans repaid (issued)	(260,402)	(17,784)
Net mortgage loans repaid (issued)	97,586	526,126
Net property, plant and equipment	(924,550)	(31,932)
Interest received	3,225,874	3,010,567
Dividends received	252,845	118,834
Net cash from investing activities	(2,240,046)	970,737
Cash flows from financing activities		
Dividends paid – ordinary shares	(600,000)	(600,000)
Net cash used in financing activities	(600,000)	(600,000)
Net (decrease) increase in cash and cash equivalents	5,313,535	2,087,855
Cash and cash equivalents at beginning of period	10,857,649	8,052,782
Cash and cash equivalents at end of period	16,171,185	10,140,637
Cash and cash equivalents is comprised of:		
Cash and bank balances	15,821,629	9,792,121
Short term bank deposits	349,556	348,516
	16,171,185	10,140,637

See accompanying notes to unaudited consolidated financial statements.