

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 31 December 2014	10,000,000	2,000,000	10,801,080	15,057,914	36,218,443	74,077,437	26,048,393	100,125,830
Additional non-controlling interest arising from net contributions from investors							3,253,263	3,253,263
Profit for 2015	-	-	-	-	5,177,516	5,177,516	1,715,887	6,893,403
Other comprehensive income for 2015				881,458	(14,172)	867,286	-	867,286
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 31 December 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							1,454,447	1,454,447
Profit for 2016	-	-	-	-	6,449,111	6,449,111	735,817	7,184,928
Other comprehensive income for 2016				726,621	-	726,621	-	726,621
Adjustment to fair value of investment in equities	-	-	-	-	-	-	-	-
Dividends declared and paid - Preference shares	-	-	-	-	(312,500)	(312,500)	-	(312,500)
Ordinary shares (\$0.18 per share)	-	-	-	-	(1,800,000)	(1,800,000)	-	(1,800,000)
Balance as of 30 Sept 2016	10,000,000	2,000,000	10,801,080	16,665,993	42,693,398	82,160,471	33,207,807	115,368,278

1. Accounting Policies

These interim 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, 2015 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 2015.

2. Earnings Per Ordinary Share

	9 MONTHS to 30 Sept 2016	9 MONTHS to 30 Sept 2015
Weighted average number of shares outstanding	10,000,000	10,000,000
Profit attributable to ordinary shareholders	\$6,136,611	\$3,472,582
Earnings per ordinary share	\$0.61	\$0.35

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$2,624,292 as at September 30, 2016 (31 December 2015: \$3,662,747).

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Visit our website at www.famguardbahamas.com



Incorporated under the laws of the Commonwealth of The Bahamas



THIRD QUARTER INTERIM REPORT

Unaudited results for the nine months ended 30 SEPTEMBER 2016



INTERIM REPORT

Unaudited results for the nine months ended
30 SEPTEMBER 2016

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

I am pleased to report that for the third quarter ending 30 September 2016 FamGuard Corporation recorded profits of \$7.2 million, exceeding our performance over the corresponding period of 2015 by \$2.0 million. Net income attributable to common shareholders totaled \$6.1 million representing \$0.61 per share.

The financial performance of the Company continues to be highlighted by positive variances in total revenues and net policyholder benefits year to date, compared to the prior period. Total revenues increased by \$2.3 million over the same period in 2015, primarily due to increases in gross premiums which increased by 2.1% or \$1.6 million. Investment income contributed \$10.9 million to total revenues year to date; realized losses were offset against returns from investment assets acquired during the year.

Net Policyholder benefits totaled \$57 million, in line with the corresponding prior period, as the unusually high incidence of medical and death claims in the first half of the year began to normalize in the third quarter. Operating expenses exceed prior year as a result of continued investment in technology and human capital aimed at improving our service to our policyholders and customers.

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. Additionally, we are pleased to advise that Family Guardian maintained its A.M. Best rating of A- Excellent, based on the insurance Company's 2015 financial performance.

I am pleased to advise that the Board of Directors have declared a dividend of \$0.06 per share for shareholders of record as of December 12, 2016, payable on December 14, 2016*.

On behalf of the Board of Directors of FamGuard, I would like to extend our sincere thanks to our shareholders, staff and customers for their continued support.

Sincerely,



L. Edgar Moxey
Chairman & CEO

* Please note that the dividend record and payment dates have been changed to conform with the BLSX rules.

	30 Sept 2016	31 Dec 2015
	\$	\$
ASSETS		
Financial Investment Assets:		
Fair value through profit or loss Available for sale	13,766,154	13,565,734
Held-to-maturity	14,046,383	13,245,237
Loans	155,023,257	147,967,758
Total investment assets	77,934,443	77,269,049
	260,770,237	252,047,778
Cash and bank balances	19,037,124	10,187,065
Reinsurance assets	9,266,916	8,677,855
Receivables and other assets	15,379,435	13,372,284
Intangible assets, net	578,333	653,333
Premiums receivable, net	3,700,723	5,412,891
Property, plant and equipment, net	33,649,627	34,184,418
TOTAL ASSETS	\$342,382,395	\$324,535,623
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	197,032,171	187,287,913
Other policyholders' funds	17,297,073	18,270,484
Policy liabilities	214,329,244	205,558,397
Payables and accruals	12,684,873	10,862,444
Total liabilities	227,014,117	216,420,841
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	16,665,993	15,939,372
Retained earnings	42,693,398	38,356,787
Equity attributable to owners of the Parent	82,160,471	77,097,239
Non-controlling interest	33,207,807	31,017,543
Total equity	115,368,278	108,114,782
TOTAL LIABILITIES AND EQUITY	\$342,382,395	\$324,535,623

	9 MONTHS to 30 Sept 2016	9 MONTHS to 30 Sept 2015
	\$	\$
INCOME:		
Net premium income	68,156,795	67,286,209
Annuity deposits	9,800,570	9,118,133
Net premium income and annuity deposits	77,957,365	76,404,342
Investment income	10,888,400	10,734,946
Other operating income	2,022,581	1,401,803
Total income	90,868,346	88,541,091
BENEFITS AND EXPENSES:		
Net policyholders' benefits	56,969,902	57,442,985
Commissions	8,839,518	8,709,794
Operating expenses	17,873,998	17,180,037
Total benefits and expenses	83,683,418	83,332,816
NET PROFIT	\$7,184,928	\$5,208,275
OTHER COMPREHENSIVE INCOME		
Net value gain on available-for-sale financial assets	726,621	730,504
TOTAL COMPREHENSIVE INCOME	7,911,549	5,938,779
NET PROFIT ATTRIBUTABLE TO:		
Ordinary Shareholders	6,136,611	3,472,582
Preferred Shareholders	312,500	312,500
Non-Controlling Interests	735,817	1,423,193
	\$7,184,928	\$5,208,274
	\$0.61	\$0.35
Earnings per ordinary share		
3 MONTHS to 30 Sept 2016		
3 MONTHS to 30 Sept 2015		
	\$	\$
Net premium income	22,967,549	22,523,818
Annuity deposits	2,817,181	2,045,060
Net premium income and annuity deposits	25,784,730	24,568,878
Investment income	3,749,701	3,851,590
Other operating income	1,143,925	531,264
Total income	30,678,356	28,951,732
BENEFITS AND EXPENSES:		
Net policyholder benefits	17,742,590	19,251,997
Commissions	3,081,077	2,793,988
Operating expenses	6,612,318	5,577,125
Total benefits and expenses	27,435,985	27,623,110
NET PROFIT	3,242,371	1,328,622
NET PROFIT ATTRIBUTABLE TO:		
Ordinary Shareholders	3,026,099	460,212
Non-controlling interests	216,272	868,410
	3,242,371	1,328,622
	\$0.30	\$0.05
Earnings per ordinary share		

	9 MONTHS to 30 Sept 2016	9 MONTHS to 30 Sept 2015
	\$	\$
Cash flows from operating activities:		
Profit	7,184,928	5,208,274
Adjustments for:		
Depreciation	1,187,590	1,199,344
Amortization of intangible asset	75,000	75,000
Unrealized gain on investment assets	(96,652)	(725,506)
Realized loss on investment assets	266,099	512,929
Increase in provisions for loans and receivables	89,987	450,844
Increase in reinsurance assets	(589,061)	(467,647)
Change in reserve for future policyholders' benefits	9,744,259	11,377,687
Interest income	(10,010,612)	(9,546,764)
Dividend income	(1,047,235)	(975,605)
Operating profit before working capital changes	6,804,303	7,108,556
(Increase) in receivables and other assets	(2,007,151)	(1,210,453)
Decrease (increase) in premium receivables	1,712,168	(1,984,002)
Increase in payables and accruals	1,822,428	317,253
(Decrease) increase in other policyholders' funds	(973,411)	2,475,164
Net cash from operating activities	7,358,336	6,706,518
Cash flows from investing activities:		
Net changes in non-controlling interest	1,551,098	3,899,089
Net proceeds from bank term deposits greater than three months	3,414,965	379,685
Purchase of Government bonds and notes (Purchase) redemption of corporate bonds	(9,543,669)	(10,675,514)
Purchase of preference shares	156,861	4,529,650
Available-for-sale securities purchased	(1,494,278)	(6,561,773)
Purchase of investment in assets at fair value	(96,083)	(291,606)
Net policy loans issued	(103,782)	0
Net mortgage loans issued	(754,196)	(368,834)
Net purchase of property, plant and equipment	(271,028)	(1,945,837)
Interest received	(652,799)	(1,803,142)
Dividends received	10,349,900	9,135,409
Dividends received	1,047,235	975,605
Net cash from investing activities	3,604,223	(2,727,268)
Cash flows from financing activities:		
Dividends paid - preference shares	(312,500)	(312,500)
Dividends paid - ordinary shares	(1,800,000)	(1,800,000)
Net cash used in financing activities	(2,112,500)	(2,112,500)
Net increase in cash and cash equivalents	8,850,059	1,866,750
Cash and cash equivalents at beginning of the period	10,187,065	8,859,179
Cash and cash equivalents at end of the period	\$19,037,124	\$10,725,929