



# FAMGUARD CORPORATION

Interim Consolidated Financial Statements for the 6 Months Ended June 30<sup>th</sup>, 2017  
(Unaudited)



**FAMGUARD CORPORATION LIMITED**  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED JUNE 30, 2017

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FAMGUARD CORPORATION LIMITED  
**CHAIRMAN' REPORT**  
Unaudited Results for the SIX months ended  
**30 JUNE 2017**

**MESSAGE FROM THE CHAIRMAN**

Dear Shareholders:

I am pleased to report that for the second quarter ended 30 June 2017 FamGuard Corporation recorded profits of \$3.1 million. Profit attributable to common shareholders totaled \$2.6 million and represented \$0.26 per share. The external environment in which we operate continues to impact the operating and financial performance of the Company; these external impacts have continued through the second quarter of 2017. However, notwithstanding these significant challenges, we are pleased with the performance of the Company year to date.

Gross premium income increased by 1.9% and ended the six month period at \$51.4 million, with all three divisions of the Company reporting positive variances. However, total revenues decreased by 3.8% over the same period in 2016 as a result of a decline in annuity deposits, which we also saw in our quarter one performance. The decline in deposits were offset by a corresponding reduction in benefits on annuity deposits as reserves for future policyholder benefits for these products decreased in direct correlation.

Investment income contributed \$6.8 million to total revenues, a decline over the prior period due to the continued fluctuation in equities and the impact of the 50 basis point reduction on variable rate investment assets which are tied to prime. Management remains keen on its Asset Liability Management strategy to direct its investments to high quality, long term fixed income securities.

Policyholder benefits totaled \$36.5 million compared to \$39.2 million for the corresponding prior period. Positive variances were recorded for both life and annuity products over the prior period with the major variance being the reduction in reserves on Annuity deposits in direct correlation to the reduction in deposits. Policyholder benefits on health products increased by 2.3% over the prior year as we experienced an increase in medical claims during the period. Total 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 balance sheet remains strong with total assets of \$357 million, of which investment assets comprised \$279 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.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share for shareholders of record as of August 23rd, 2017, payable on August 30th, 2017.

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,

A handwritten signature in black ink, appearing to read "L. Edgar Moxey". The signature is fluid and cursive, with a large initial "L" and "E" that are connected to the rest of the name.

L. Edgar Moxey  
Chairman & CEO

FAMGUARD CORPORATION LIMITED  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2017

(Expressed in Bahamian dollars)

UNAUDITED

	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>ASSETS</b>		
Fair value through profit or loss	\$ 12,822,079	\$ 13,065,957
Available-for-sale	13,581,835	13,912,881
Held-to-maturity	174,978,715	164,603,183
Loans	<u>77,321,813</u>	<u>77,575,014</u>
Total financial investment assets	278,704,442	269,157,035
Cash and bank balances	15,247,009	16,145,293
Reinsurance assets	6,280,949	7,979,721
Reinsurance recoveries	8,167,388	6,843,058
Receivables and other assets, net	8,222,085	8,754,724
Premiums receivable, net	4,994,187	4,254,247
Intangible Assets, net	328,333	378,333
Property, plant and equipment, net	<u>34,780,023</u>	<u>33,745,316</u>
<b>TOTAL</b>	<b><u>\$ 356,724,416</u></b>	<b><u>\$ 347,257,727</u></b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES:</b>		
Reserves for future policyholders' benefits	\$ 206,269,008	\$ 201,292,443
Other policyholders' funds	<u>18,141,837</u>	<u>17,638,441</u>
Policy liabilities	224,410,845	218,930,884
Payables and accruals	<u>15,536,181</u>	<u>14,462,724</u>
Total liabilities	<u>239,947,026</u>	<u>233,393,608</u>
<b>EQUITY:</b>		
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	16,241,220	16,572,792
Retained earnings	<u>41,361,127</u>	<u>40,070,095</u>
Equity attributable to owners of the Parent	80,403,427	79,443,967
Non-controlling interest	<u>36,373,963</u>	<u>34,420,152</u>
Total equity	<u>116,777,390</u>	<u>113,864,119</u>
<b>TOTAL</b>	<b><u>\$ 356,724,416</u></b>	<b><u>\$ 347,257,727</u></b>

See notes to unaudited consolidated financial statements

## FAMGUARD CORPORATION LIMITED

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the Six months ended June 30, 2017

(Expressed in Bahamian dollars)

**UNAUDITED**

	<b>6 Months to 30-Jun-17</b>	<b>6 Months to 30-Jun-16</b>
<b>INCOME:</b>		
Gross premium income	\$ 51,350,506	\$ 50,382,725
Premium ceded to reinsurers	(5,222,007)	(5,193,479)
Net premium income	<b>46,128,499</b>	<b>45,189,246</b>
Annuity deposits	3,931,983	6,983,389
Net premium income and annuity deposits	<b>50,060,482</b>	<b>52,172,635</b>
Interest income	6,764,506	6,540,574
Dividend income	725,013	716,554
Unrealized (loss) gain on investment assets	(412,040)	10,831
Realized loss from sale of assets	(201,541)	(117,350)
Other operating income	940,727	866,733
Total income	<b>57,877,147</b>	<b>60,189,977</b>
<b>BENEFITS AND EXPENSES:</b>		
Benefits:		
Policyholders' benefits	31,612,612	36,173,096
Reinsurance recoveries	(1,773,546)	(3,288,270)
Net policyholders' benefits	29,839,066	32,884,826
Increase in reserves for policyholders' benefits	6,675,336	6,342,486
Total benefits	<b>36,514,402</b>	<b>39,227,312</b>
Expenses:		
Commissions	5,759,183	5,758,441
Operating expenses	9,823,846	8,808,603
Depreciation and amortization expense	877,223	804,420
Premium tax	1,540,014	1,511,482
Bad debt expense	234,050	137,175
Total expenses	18,234,316	17,020,121
Total benefits and expenses	<b>54,748,718</b>	<b>56,247,433</b>
<b>NET INCOME</b>	<b>\$ 3,128,429</b>	<b>\$ 3,942,544</b>
<b>NET INCOME ATTRIBUTABLE TO</b>		
Ordinary Shareholders	\$ 2,619,537	\$ 3,110,513
Preferred Shareholders	312,500	312,500
Non-controlling interests	196,392	519,531
	<b>3,128,429</b>	<b>3,942,544</b>
<b>Earnings per ordinary share</b>	\$ 0.26	\$ 0.31

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED  
**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the Three months ended June 30, 2017

(Expressed in Bahamian dollars)

**UNAUDITED**

	<b>3 MONTHS TO 30 June 2017</b>	<b>3 MONTHS TO 30 June 2016</b>
<b>INCOME:</b>		
Net premium income	\$ 22,936,805	\$ 22,854,590
Annuity deposits	1,966,350	2,798,360
Net premium income and annuity deposits	<u>24,903,155</u>	<u>25,652,950</u>
Investment income	3,635,074	3,797,856
Other operating income	544,913	469,774
Total income	<u>29,083,142</u>	<u>29,920,580</u>
<b>BENEFITS AND EXPENSES:</b>		
Net policyholder benefits	18,133,269	19,060,384
Commissions	2,857,171	3,001,609
Operating expenses	6,704,154	5,920,396
Total benefits and expenses	<u>27,694,594</u>	<u>27,982,389</u>
<b>NET PROFIT</b>	<u><u>\$ 1,388,548</u></u>	<u><u>\$ 1,938,191</u></u>
<b>NET PROFIT ATTRIBUTABLE TO :</b>		
Ordinary Shareholders	\$ 1,111,906	\$ 1,299,642
Preferred Shareholders	312,500	312,500
Non-controlling interests	(35,858)	326,049
	<u><u>\$ 1,388,548</u></u>	<u><u>\$ 1,938,191</u></u>
Earnings per ordinary share	<u><u>\$ 0.11</u></u>	<u><u>\$ 0.13</u></u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the Six months ended June 30, 2017

(Expressed in Bahamian dollars)

**UNAUDITED**

	<b>6 Months to 30-Jun-17</b>	<b>6 Months to 30-Jun-16</b>
NET INCOME	\$ 3,128,429	\$ 3,942,544
OTHER COMPREHENSIVE INCOME		
Net (loss) gain on available-for-sale financial assets	(331,572)	944,554
Total Other Comprehensive (Loss) Income	(331,572)	944,554
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 2,796,857</b>	<b>\$ 4,887,098</b>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	\$ 2,287,965	\$ 4,055,067
Preferred Shareholders	312,500	312,500
Non controlling interests	196,392	519,531
	<b>\$ 2,796,857</b>	<b>\$ 4,887,098</b>
<b>Earnings per ordinary share</b>	<b>\$ 0.23</b>	<b>\$ 0.41</b>

See notes to unaudited consolidated financial statements



FAMGUARD CORPORATION LIMITED

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Six months ended June 30, 2017

(Expressed in Bahamian dollars)

**UNAUDITED**

	Share Capital		Share Premium	Revaluation Reserve	Retained Earnings	Attributable to Owners		Total
	Preference Shares	Ordinary Shares				of the Parent	Non-Controlling Interests	
<b>Balance as of December 31, 2015</b>	\$ 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							\$ 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)
<b>Balance as of December 31, 2016</b>	<b>10,000,000</b>	<b>2,000,000</b>	<b>10,801,080</b>	<b>16,572,792</b>	<b>40,070,095</b>	<b>79,443,967</b>	<b>34,420,152</b>	<b>113,864,119</b>
Prior Period Adjustment					(128,505)	(128,505)		(128,505)
Additional non-controlling interest arising from net contributions from investors							1,757,419	1,757,419
Profit for 2017	-	-	-	-	2,932,037	2,932,037	196,392	3,128,429
Other Comprehensive income for 2017								
Adjustment to fair value of investment in equities	-	-	-	(331,572)	-	(331,572)	-	(331,572)
Dividends declared and paid - preference shares	-	-	-	-	(312,500)	(312,500)	-	(312,500)
ordinary shares (\$0.12 per share)	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
<b>Balance as of June 30, 2017</b>	<b>\$ 10,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 10,801,080</b>	<b>\$ 16,241,220</b>	<b>\$ 41,361,127</b>	<b>\$ 80,403,427</b>	<b>\$ 36,373,963</b>	<b>\$ 116,777,390</b>

**FAMGUARD CORPORATION LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Six months ended June 30, 2017**

(Expressed in Bahamian dollars)

UNAUDITED

	30-Jun-17	30-Jun-16
<b>Cash flows from operating activities</b>		
<b>Profit</b>	<b>\$ 3,128,429</b>	<b>\$ 3,942,544</b>
Adjustments for:		
Depreciation	827,223	754,420
Amortization of intangible asset	50,000	50,000
Unrealized loss (gain) on investment assets	412,040	(10,831)
Realized loss on sale of investment assets	201,541	117,350
Increase in mortgage provision	104,537	137,175
Decrease (increase) in reinsurance assets	1,698,772	(302,955)
Change in reserve for future policyholders' benefits	4,976,564	6,645,440
Interest income	(6,764,506)	(6,540,574)
Dividend income	(725,013)	(716,554)
<b>Operating profit before working capital changes</b>	<b>3,909,587</b>	<b>4,076,016</b>
Decrease in receivables and other assets	532,639	895,457
(Increase) decrease in reinsurance recoveries	(1,324,330)	472,305
(Increase) decrease in premium receivables, net	(739,940)	212,919
Increase (decrease) in payables and accruals	1,073,457	(914,232)
Increase (decrease) in other policyholders' funds	503,396	(229,797)
<b>Net cash from operating activities</b>	<b>3,954,809</b>	<b>4,512,668</b>
<b>Cash flows from investing activities</b>		
Net changes in non-controlling interest	1,345,379	1,560,649
Net placement of bank term deposits greater than three months	(139,109)	(302,497)
Net purchase of Government bonds and notes	(5,515,164)	(5,374,434)
Net purchase of corporate bonds	(4,730,000)	(216,831)
Net redemption of preferred shares	-	156,064
Available- for- sale securities purchased	-	(96,083)
Purchase of FVTPL investments assets	(4,954,855)	(103,768)
Sale of FVTPL investments assets	5,123,017	0
Net Policy loans issued	(703,476)	(494,787)
Net mortgage collections (loans issued)	956,677	(314,547)
Net purchase of property, plant and equipment	(1,861,930)	(456,600)
Interest received	6,413,856	6,529,728
Dividends received	725,013	716,554
<b>Net cash (used in) from investing activities</b>	<b>(3,340,593)</b>	<b>1,603,448</b>
<b>Cash flows from financing activities</b>		
Dividends paid on preference shares	(312,500)	(312,500)
Dividends paid on ordinary shares	(1,200,000)	(1,200,000)
<b>Net cash used in financing activities</b>	<b>(1,512,500)</b>	<b>(1,512,500)</b>
Net (decrease) increase in cash and cash equivalents	(898,284)	4,603,616
Cash and cash equivalents at beginning of the period	16,145,293	10,187,065
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 15,247,009</b>	<b>\$ 14,790,681</b>

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Six months ended June 30, 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 31<sup>st</sup>, 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

	<b>6 Months to 30-Jun-17</b>	<b>6 Months to 30-Jun-16</b>
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	<u>\$ 2,619,537</u>	<u>\$3,110,513</u>
<b>Earnings per ordinary share</b>	<u><u>\$ 0.26</u></u>	<u><u>\$ 0.31</u></u>

### 4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$4,818,841 as at June 30, 2017 (31 December 2016: \$2,254,151).



**FAMGUARD CORPORATION**

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