

Unaudited

**SHARE CAPITAL**

	PREFERENCE SHARES	ORDINARY SHARES	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as of December 31, 2012</b>	\$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 mutul 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
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)
<b>Balance as of December 31, 2013</b>	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 mutul Funds in 2014	-	-	-	-	-	-	2,386,709	2,386,709
Profit for 2014	-	-	-	-	3,721,684	3,721,684	595,985	4,317,669
Other Comprehensive income for 2014	-	-	-	-	-	-	-	-
Adjustment to fair value of investment in equities	-	-	-	122,876	-	122,876	-	122,876
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)
<b>Balance as of September 30, 2014</b>	\$10,000,000	\$2,000,000	\$10,801,080	\$11,893,674	\$37,241,944	\$71,936,698	\$23,438,083	\$95,374,781

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

**2. Earnings Per Ordinary Share**

	9 MONTHS TO 30 SEPT. 2014	9 MONTHS TO 30 SEPT. 2013
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income	\$ 3,409,184	\$ 3,571,318
<b>Earnings per ordinary share</b>	<b>\$ 0.34</b>	<b>\$ 0.36</b>

**3. Commitments**

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$2,928,399 (31 December 2013: \$1,759,947)

**Company Addresses**

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- **Operations**  
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visit our website at [www.famguardbahamas.com](http://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, 2014







**INTERIM REPORT**  
Unaudited Results For Nine Months Ended  
30 September, 2014

**MESSAGE FROM THE CHAIRMAN**

Dear Shareholders:

For the third quarter ending September 30th, 2014 FamGuard recorded net profits of \$4.3 million, which is an increase of 11.2% or \$434 thousand dollars over the same period in 2013. Net income attributable to common shareholders represented 79% or \$3.4 million of the total net profits reported for the company.

Total income for the period increased by \$2.3 million mainly due to the growth in net premiums, which increased by 3.1%. The performance of the Group Division contributed most significantly to the increase in net premiums, increasing by \$1.9 million or 5% over prior year to date. Total revenue was also impacted by steady growth in our Investment income which increased by \$204 thousand or 2.5% over prior year to date through the acquisition of additional Government of the Bahamas bonds, corporate preferred shares, and investments in other investment vehicles.

The Company's financial strength and stability continues to be evidenced by the consistent growth of its total assets. Total assets increased by \$20 million over the past nine months and stood at \$298 million as at September 30th, 2014. Investment assets increased by \$18 million and stood at \$236 million, which represented 79% of our total asset base. This enhanced our continued efforts to match appropriate investment assets with our long term insurance liabilities.

Total benefits incurred amounted to \$55.6 million for the period, compared to \$54.6 million for the previous year, while total expenses amounted to \$25.6 million compared to \$24.6 million in 2013. Total comprehensive income improved by 6% increasing from \$4.1 million in 2013 to \$4.4 million year to date.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share for shareholders of record as of November 19th, 2014, payable on November 26th 2014.

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

Sincerely,

Norbert F. Boissiere  
Chairman

FamGuard Corporation Limited  
**Consolidated Statement of Financial Position**  
As at 30 September 2014  
(Expressed in BSD)

Unaudited

	2014	DEC 31 2013
	\$	\$
<b>ASSETS</b>		
Short term bank deposits	\$ 0	\$3,274,416
Other Bank term deposits	27,860,178	23,332,474
Financial Investment Assets:		
Fair value through profit of loss	2,583,719	2,501,846
Available for sale	7,198,684	7,075,808
Held-to-maturity	124,262,665	107,797,665
Loans	74,449,220	74,147,976
Total investment assets	236,354,466	218,130,185
Cash and bank balances	7,611,855	7,583,233
Reinsurance assets	7,426,550	7,136,365
Reinsurance recoveries	3,466,313	4,086,300
Receivables and other assets	6,725,166	4,663,731
Intangible assets, net	778,333	853,333
Premiums receivable	4,641,814	4,150,239
Property, plant and equipment, net	31,117,217	31,154,177
<b>TOTAL ASSETS</b>	<b>\$298,121,714</b>	<b>277,757,563</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES:</b>		
Reserves for future policyholders' benefits	\$174,825,349	164,516,073
Other policyholders' funds	14,963,982	13,105,831
<b>Policy liabilities</b>	189,789,331	177,621,904
Payables and accruals	12,957,602	9,475,634
Total liabilities	202,746,933	187,097,538
<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	11,893,674	11,770,798
Retained earnings	37,241,944	35,632,759
Equity attributable to owners of the parent	71,936,698	70,204,637
Non-controlling interest	23,438,083	20,455,388
<b>Total equity</b>	95,374,781	90,660,025
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$298,121,714</b>	<b>277,757,563</b>

FamGuard Corporation Limited  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
For the nine months ended 30 September 2014  
(Expressed in BSD)

Unaudited

	9 MONTHS TO 30 SEPT 2014	9 MONTHS TO 30 SEPT 2013
	\$	\$
<b>INCOME:</b>		
Net premium income	\$65,523,418	\$63,560,550
Annuity deposits	9,377,529	10,291,986
Net premium income and annuity deposits	74,900,947	73,852,536
Investment income	9,506,654	8,233,898
Other operating income	1,118,266	1,009,510
Total income	85,525,867	83,095,944
<b>BENEFITS AND EXPENSES:</b>		
Net policyholder benefits	55,556,686	54,644,737
Operating expenses	17,088,000	16,234,899
Commissions	8,563,512	8,332,489
Total benefits and expenses	81,208,198	79,212,125
<b>PROFIT</b>	<b>\$4,317,669</b>	<b>\$3,883,819</b>
<b>PROFIT ATTRIBUTABLE TO :</b>		
Ordinary Shareholders	3,409,184	3,571,319
Preferred Shareholders	312,500	312,500
Non-controlling interests	595,985	0
	<b>\$4,317,669</b>	<b>\$3,883,819</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
Net value gain on available-for-sale financial assets	122,876	305,059
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$4,440,545</b>	<b>\$4,188,878</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Ordinary Shareholders	3,532,060	3,876,378
Preferred Shareholders	312,500	312,500
Non-controlling interests	595,985	0
	<b>\$4,440,545</b>	<b>\$4,188,878</b>
<b>3 MONTHS TO 30 SEPT 2014</b>		
<b>3 MONTHS TO 30 SEPT 2013</b>		
	\$	\$
<b>INCOME:</b>		
Net premium income	\$21,947,841	\$21,451,248
Annuity deposits	4,710,095	4,916,650
Net premium income and annuity deposits	26,657,936	26,367,898
Investment income	2,988,990	2,844,385
Other operating income	373,235	295,784
<b>Total income</b>	<b>30,020,161</b>	<b>29,508,067</b>
<b>BENEFITS AND EXPENSES:</b>		
Net policyholder benefits	20,574,108	19,802,511
Operating expenses	5,794,584	5,630,702
Commissions	2,822,535	3,025,951
<b>Total benefits and expenses</b>	<b>29,191,227</b>	<b>28,459,164</b>
<b>PROFIT</b>	<b>\$828,934</b>	<b>\$1,048,903</b>
<b>PROFIT ATTRIBUTABLE TO :</b>		
Ordinary Shareholders	301,428	736,403
Preferred Shareholders	312,500	312,500
Non-controlling interests	215,006	0
	<b>\$828,934</b>	<b>\$1,048,903</b>
Earnings per ordinary share	\$0.03	\$0.07

FamGuard Corporation Limited  
**Consolidated Statement of Cash Flows**  
For the nine months ended 30 September 2014  
(Expressed in BSD)

Unaudited

	9 MONTHS TO 30 SEPT 2014	9 MONTHS TO 30 SEPT 2013
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net Profit</b>	\$4,317,669	\$3,883,819
Adjustments for:		
Depreciation	1,450,735	1,576,254
Amortization of intangible asset	75,000	30,000
Unrealized gain on investment assets	(187,182)	0
Realized loss from sale of investment assets	257,537	134,382
Change in bad debt provision	306,630	368,411
Change in mortgage provision	181,966	480,423
Change in reinsurance assets (Increase) decrease	(290,185)	266,878
Change in reserve for future policyholders' benefits	10,309,276	11,587,903
Interest income	(8,736,680)	(7,797,822)
Dividend income	(840,329)	(436,076)
<b>Operating profit before working capital changes</b>	<b>6,844,437</b>	<b>10,094,172</b>
Increase in receivables and other assets	(1,748,078)	(2,943,854)
Increase in premiums in arrears	(491,575)	(276,828)
Increase (decrease) in payables and accruals	3,481,968	(544)
Increase in other policyholders' funds	1,858,151	729,414
<b>Net cash from operating activities</b>	<b>9,944,903</b>	<b>7,602,360</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash inflow from non-controlling interest	2,573,893	0
Net placement of bank term deposits greater than three months	(4,352,519)	(5,596,905)
Purchase of held to maturity securities	(16,439,535)	(8,303,801)
Purchase of equities - FVTP	(81,873)	0
Net policy loans issued	(769,547)	(341,723)
Net mortgage loans repaid	28,800	197,208
Net property, plant and equipment	(1,413,775)	(392,994)
Interest received	8,536,030	8,094,601
Dividends received	840,329	436,076
<b>Net cash used in investing activities</b>	<b>(11,078,197)</b>	<b>(5,907,538)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid - preference shares	(312,500)	(312,500)
Dividends paid - ordinary shares	(1,800,000)	(1,800,000)
<b>Net cash used in financing activities</b>	<b>(2,112,500)</b>	<b>(2,112,500)</b>
Net decrease in cash and cash equivalents	(3,245,794)	(417,678)
Cash and cash equivalents at beginning of the period	10,857,649	8,052,782
<b>Cash and cash equivalents at end of the period</b>	<b>7,611,855</b>	<b>7,635,104</b>
<b>CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>		
Cash and bank balances	7,611,855	7,285,914
Short term bank deposits	0	349,190
	<b>7,611,855</b>	<b>7,635,104</b>

See accompanying notes to unaudited consolidated financial statements.