

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, 2013</b>	10,000,000	2,000,000	10,801,080	11,770,798	33,906,623	68,478,501	20,455,388	88,933,889
Additional non-controlling interest arising from net contributions from investors							4,573,440	4,573,440
Profit for 2014	-	-	-	-	5,345,479	5,345,479	1,019,565	6,365,044
Other Comprehensive income for 2014				3,287,116	(8,659)	3,278,457		3,278,457
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, 2014</b>	<b>10,000,000</b>	<b>2,000,000</b>	<b>10,801,080</b>	<b>15,057,914</b>	<b>36,218,443</b>	<b>74,077,437</b>	<b>26,048,393</b>	<b>100,125,830</b>
Additional non-controlling interest arising from net contributions from investors							871,599	871,599
Profit for 2015	-	-	-	-	1,712,728	1,712,728	228,741	1,941,469
Other Comprehensive income for 2015				23,469	-	23,469		23,469
Adjustment to fair value of investment in equities	-	-	-	23,469	-	23,469		23,469
Dividends declared and paid - ordinary shares (\$0.06 per share)	-	-	-	-	(600,000)	(600,000)		(600,000)
<b>Balance as of March 31, 2015</b>	<b>10,000,000</b>	<b>2,000,000</b>	<b>10,801,080</b>	<b>15,081,382</b>	<b>37,331,172</b>	<b>75,213,634</b>	<b>27,148,733</b>	<b>102,362,367</b>

**1. Accounting Policies**

These interim unaudited 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 2014.

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**

	2015	2014
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	\$1,712,728	\$1,958,371
<b>Earnings per ordinary share</b>	<b>\$0.17</b>	<b>\$0.20</b>

**3. Commitments**

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$4,503,675 as at March 31, 2015 (31 December 2014: \$3,014,028)

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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

**FIRST QUARTER INTERIM REPORT**

Unaudited results for the three months ended 31 MARCH 2015



INTERIM REPORT

Unaudited Results for the THREE months ended  
31 MARCH 2015

**MESSAGE FROM THE CHAIRMAN**

Dear Shareholders:

For the first quarter ending March 31st, 2015 FamGuard Corporation recorded net profits of \$1.9 million. Net income attributable to common shareholders represented 88% or \$1.7 million of the total net profits reported for the company.

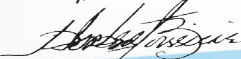
Total income for the period increased by \$1.9 million over the same period in 2014 due to the increase in annuity deposits which totaled \$4.2 million at the end of the quarter, an increase of \$2 million over quarter one in 2014. Gross premium totaled \$24.2 million, a slight increase over the prior period. The performance of the Group Division contributed most significantly to the increase in gross premiums, increasing by 7% resulting from premium rate adjustments for medical inflation and claims experience, as well as the increase in the group membership during the quarter.

The Company's financial strength and stability continues to be evidenced by the consistent growth of its total assets. Total assets increased by \$14.5 million over the past 3 months and stood at \$316 million as at March 31st, 2015. Investment assets stood at \$237 million and represented 75% 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 \$19.1 million for the quarter, compared to \$17.3 million for the corresponding prior period. The increase in policyholder reserves, as a result of the increase in annuity deposits, is directly related to the variance year over year. Total expenses incurred registered \$8.5 million for the quarter, resulting in an increase of 4%, a portion of which reflects the impact of Value Added Tax to our cost base.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share for shareholders of record as of 10 June 2015 payable on 15 June 2015. 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

Unaudited

	2015	31 Dec 2014
	\$	\$
<b>ASSETS</b>		
Other Bank term deposits	10,657,409	12,608,063
Financial Investment Assets:		
Held-to-maturity	129,980,285	126,773,151
Available for sale	7,638,657	7,615,189
Fair value through profit of loss	13,152,486	12,743,245
Loans	75,209,780	75,422,467
Total investment assets	236,638,617	235,162,115
Cash and bank balances	16,837,551	8,859,179
Reinsurance assets	7,856,001	7,787,963
Reinsurance recoveries	6,591,553	6,220,475
Receivables and other assets	10,495,355	5,549,637
Intangible Assets	728,333	753,333
Premiums receivable, net	3,554,523	3,682,504
Property, plant and equipment, net	33,560,731	33,743,195
<b>Total</b>	<b>316,262,664</b>	<b>301,758,401</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES:</b>		
Reserves for future policyholders' benefits	179,683,075	174,665,956
Other policyholders' funds	16,376,959	16,064,122
<b>Policy liabilities</b>	<b>196,060,034</b>	<b>190,730,078</b>
Payables and accruals	17,840,263	10,902,493
Total liabilities	<b>213,900,297</b>	<b>201,632,571</b>
<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 surplus	15,081,382	15,057,913
Retained earnings	37,331,172	36,218,444
Non-controlling interest	27,148,733	26,048,393
<b>Total equity</b>	<b>102,362,367</b>	<b>100,125,830</b>
<b>Total</b>	<b>316,262,664</b>	<b>301,758,401</b>

Unaudited

	3 MONTHS to March 2015	3 MONTHS to March 2014
	\$	\$
<b>INCOME:</b>		
Gross premium income	24,215,902	24,098,656
Premium ceded to reinsurers	(2,308,101)	(2,148,343)
Net premium income	<b>21,907,801</b>	<b>21,950,313</b>
Annuity deposits	4,274,713	2,226,669
Net premium income and annuity deposits	<b>26,182,514</b>	<b>24,176,982</b>
Interest income	3,070,480	2,827,984
Dividend income	286,340	252,845
Unrealized gains on investment assets	117,640	27,351
Realized loss from sale of assets	(380,134)	(450)
Other operating income	385,436	391,757
<b>Total income</b>	<b>29,662,276</b>	<b>27,676,469</b>
<b>BENEFITS AND EXPENSES:</b>		
Benefits:		
Policyholders' benefits	15,354,227	15,424,959
Reinsurance recoveries	(1,172,704)	(918,273)
Net policyholders' benefits	14,181,523	14,506,686
Increase in reserves for policyholders' benefits	4,949,081	2,832,942
<b>Total benefits</b>	<b>19,130,604</b>	<b>17,339,628</b>
Expenses:		
Commissions	2,914,197	2,916,776
Operating expenses	4,540,019	3,880,068
Depreciation and amortization expense	430,854	535,485
Premium tax	726,477	722,960
Bad debt expense	(21,344)	167,830
Total expenses	8,590,203	8,223,119
Total benefits and expenses	<b>27,720,807</b>	<b>25,562,747</b>
<b>Profit</b>	<b>1,941,469</b>	<b>2,113,722</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Net value gain (loss) on available-for-sale financial assets	23,469	(98,970)
Total Other Comprehensive Income	23,469	(98,970)
<b>Total comprehensive income</b>	<b>1,964,938</b>	<b>2,014,752</b>
<b>PROFIT ATTRIBUTABLE TO</b>		
Ordinary Shareholders	1,712,728	1,958,371
Non-controlling interests	228,741	155,351
	<b>1,941,469</b>	<b>2,113,722</b>
<b>Earnings per ordinary share</b>	<b>0.17</b>	<b>0.20</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>		
Ordinary Shareholders	1,736,197	1,859,401
Non controlling interests	228,741	155,351
	<b>1,964,938</b>	<b>2,014,752</b>
<b>Earnings per ordinary share</b>	<b>0.17</b>	<b>0.19</b>

Unaudited

	3 MONTHS to March 2015	3 MONTHS to March 2014
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit</b>	<b>1,941,469</b>	<b>2,113,722</b>
Adjustments for:		
Depreciation	405,854	510,485
Amortization of intangible asset	25,000	25,000
Unrealized gain on investment assets	(117,640)	(27,351)
Realized loss from sale of investment assets	380,134	450
Change in bad debt provision	(21,344)	167,830
Change in reinsurance assets	(68,038)	(175,417)
Change in reserve for future policyholders' benefits	5,017,119	3,008,360
Interest income	(3,070,480)	(2,827,984)
Dividend income	(286,340)	(252,845)
<b>Operating profit before working capital changes</b>	<b>4,205,734</b>	<b>2,542,250</b>
(Increase) decrease in receivables and other assets	(5,278,381)	1,381,122
(Decrease) in payables and accruals	6,937,770	3,919,155
Increase in other policyholders' funds	312,837	311,955
<b>Net cash from operating activities</b>	<b>6,177,960</b>	<b>8,153,584</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net contributions from investors	989,238	744,927
Net proceeds from (placement of) bank term deposits greater than three months	1,950,654	(3,714,345)
Purchase of government bonds	(3,605,205)	(1,708,606)
Proceeds from redemption of corporate bonds	5,000	0
Net (purchase of) proceeds from investment in assets at fair value	(409,241)	46,624
Policy loans issued	(320,736)	(260,402)
Net mortgage loans (issued) repaid	(56,537)	97,586
Net purchase of property, plant and equipment	(223,390)	(924,550)
Interest received	3,784,288	3,224,975
Dividends received	286,340	252,845
<b>Net cash from (used in) investing activities</b>	<b>2,400,412</b>	<b>(2,240,946)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid -ordinary shares	(600,000)	(600,000)
<b>Net cash used in financing activities</b>	<b>(600,000)</b>	<b>(600,000)</b>
Net increase in cash and cash equivalents	7,978,372	5,313,536
Cash and cash equivalents at beginning of the period	8,859,179	10,857,649
<b>Cash and cash equivalents at end of the period</b>	<b>\$16,837,551</b>	<b>\$16,171,185</b>
<b>Cash and cash equivalents is comprised of:</b>		
Cash and bank balances	\$16,837,551	\$15,821,629
Short term bank deposits	-	349,556
	<b>\$16,837,551</b>	<b>\$16,171,185</b>

See accompanying notes to unaudited consolidated financial statements.