



FamGuard Corporation Limited

Consolidated Financial Statements for the Twelve Months Ended December 31, 2016

(Unaudited)

FAMGUARD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

(Expressed in Bahamian dollars)

UNAUDITED

	31 December 2016	31 December 2015
ASSETS		
Fair value through profit or loss	\$ 13,065,957	\$ 13,565,734
Available for sale	13,912,881	13,245,237
Held-to-maturity	164,603,183	147,967,758
Loans	77,571,268	77,269,049
Total financial investment assets	<u>269,153,290</u>	<u>252,047,778</u>
Cash and bank balances	16,913,274	10,187,065
Reinsurance assets	7,979,720	8,677,855
Reinsurance recoveries	6,743,058	6,958,049
Receivables and other assets, net	8,073,137	6,414,235
Intangible Assets, net	378,333	653,333
Premiums receivable, net	4,171,600	5,412,891
Property, plant and equipment, net	<u>33,745,316</u>	<u>34,184,418</u>
TOTAL	<u>\$ 347,157,727</u>	<u>\$ 324,535,623</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	\$ 201,292,443	\$ 187,287,913
Other policyholders' funds	17,638,441	18,270,484
Policy liabilities	<u>218,930,885</u>	<u>205,558,397</u>
Payables and accruals	13,985,801	10,862,444
Total liabilities	<u>232,916,686</u>	<u>216,420,841</u>
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	16,572,791	15,939,372
Retained earnings	40,447,018	38,356,787
Equity attributable to owners of the Parent	<u>79,820,889</u>	<u>77,097,239</u>
Non-controlling interest	34,420,152	31,017,543
Total equity	<u>114,241,041</u>	<u>108,114,782</u>
TOTAL	<u>\$ 347,157,727</u>	<u>\$ 324,535,623</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the Twelve months ended December 31, 2016
(Expressed in Bahamian dollars)
UNAUDITED

	31-Dec-16	31-Dec-15
INCOME:		
Gross premium income	\$ 101,069,634	\$ 99,882,258
Premium ceded to reinsurers	(10,316,803)	(9,638,363)
Net premium income	90,752,831	90,243,895
Annuity deposits	12,224,103	10,514,190
Net premium income and annuity deposits	102,976,934	100,758,085
Interest income	13,494,595	12,811,810
Dividend income	1,432,720	1,364,652
Unrealized (losses) and gains	(603,559)	531,446
Realized loss from sale of assets	(227,455)	(867,922)
Other operating income	2,381,590	1,873,971
Total income	119,454,825	116,472,042
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	66,264,008	69,229,126
Reinsurance recoveries	(4,813,622)	(5,525,419)
Net policyholders' benefits	61,450,386	63,703,707
Increase in reserves for policyholders' benefits	14,702,665	11,732,065
Total benefits	76,153,051	75,435,772
Expenses:		
Commissions	12,105,443	11,691,270
Operating expenses	18,413,893	17,152,965
Depreciation and amortization expense	1,842,704	1,687,470
Value Added Tax Expense	395,608	439,944
Premium tax	3,032,089	2,996,468
Impairment of intangible asset	175,000	-
Bad debt expense	841,482	174,750
Total expenses	36,806,219	34,142,867
Total benefits and expenses	112,959,270	109,578,639
NET INCOME	6,495,555	\$ 6,893,403
Earnings per share	\$ 0.65	\$ 0.69
NET INCOME ATTRIBUTABLE TO		
Ordinary Shareholders	4,990,231	4,552,516
Preferred Shareholders	625,000	625,000
Non-controlling interests	880,324	1,715,887
	6,495,555	6,893,403
Earnings per ordinary share	\$ 0.50	\$ 0.46

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Three months ended December 31, 2016

(Expressed in Bahamian dollars)

UNAUDITED

	3 Months to 31-Dec-16	3 Months to 31-Dec-15
INCOME:		
Net premium income	22,596,036	22,957,685
Annuity deposits	2,423,533	1,396,057
Net premium income and annuity deposits	<u>25,019,569</u>	<u>24,353,742</u>
Investment income	3,207,901	3,105,041
Other operating income	359,008	472,168
Total income	<u>28,586,478</u>	<u>27,930,950</u>
BENEFITS AND EXPENSES:		
Net policyholder benefits	19,183,149	17,992,786
Commissions	3,265,925	2,981,476
Operating expenses	6,826,777	5,165,449
Total benefits and expenses	<u>29,275,851</u>	<u>26,139,711</u>
NET PROFIT	<u><u>\$ (689,373)</u></u>	<u><u>\$ 1,791,239</u></u>
NET PROFIT ATTRIBUTABLE TO :		
Ordinary Shareholders	(1,146,380)	1,186,045
Preferred Shareholders	312,500	312,500
Non-controlling interests	144,507	292,694
	<u>(689,373)</u>	<u>1,791,239</u>
Earnings per ordinary share	<u>\$ (0.11)</u>	<u>\$ 0.12</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Twelve months ended December 31, 2016

(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-16	31-Dec-15
NET INCOME	\$ 6,495,555	\$ 6,893,403
OTHER COMPREHENSIVE INCOME		
Net value gain on available-for-sale financial assets	633,419	881,458
Remeasurement of post retirement employee benefit	0	(14,172)
Total Other Comprehensive Income	<u>633,419</u>	<u>867,286</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 7,128,974</u>	<u>\$ 7,760,689</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	\$ 5,623,650	\$ 5,419,802
Preferred Shareholders	625,000	625,000
Non controlling interests	880,324	1,715,887
	<u>\$ 7,128,974</u>	<u>\$ 7,760,689</u>
Earnings per ordinary share	<u>\$ 0.56</u>	<u>\$ 0.54</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Twelve months ended December 31, 2016

(Expressed in Bahamian dollars)

UNAUDITED

	<u>Share Capital</u>		<u>Share Premium</u>	<u>Revaluation Reserve</u>	<u>Retained Earnings</u>	Attributable to Owners		<u>Total</u>
	<u>Preference Shares</u>	<u>Ordinary Shares</u>				<u>of the Parent</u>	<u>Non-Controlling Interests</u>	
Balance as of December 31, 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 December 31, 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							2,522,284	2,522,284
Profit for 2016	-	-	-	-	5,615,231	5,615,231	880,324	6,495,555
Other Comprehensive income for 2016								
Adjustment to fair value of investment in equities	-	-	-	633,419	-	633,419		633,419
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)
Balance as of December 31, 2016	\$ 10,000,000	\$ 2,000,000	\$ 10,801,080	\$ 16,572,791	\$ 40,447,018	\$ 79,820,889	\$ 34,420,152	\$ 114,241,041

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Twelve months ended December 31, 2016

(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-16	31-Dec-15
Cash flows from operating activities		
Profit	\$ 6,495,555	\$ 6,893,403
Adjustments for:		
Depreciation	1,742,704	1,587,470
Amortization of intangible asset	100,000	100,000
Impairment of intangible asset	175,000	0
Unrealized loss (gain) on investment assets	603,559	(531,446)
Realized loss on sale of investment assets	227,455	867,922
Increase (decrease) in mortgage provision	274,669	(6,891)
Decrease (increase) in reinsurance assets	698,135	(889,892)
Change in reserve for future policyholders' benefits	14,004,531	12,621,956
Interest income	(13,494,595)	(12,811,810)
Dividend income	(1,432,720)	(1,364,652)
Operating profit before working capital changes	9,394,292	6,466,061
Increase in receivables and other assets	(1,443,911)	(2,340,034)
Decrease (increase) in premium receivables, net	1,241,291	(1,460,540)
Increase (decrease) in payables and accruals	3,123,357	(40,049)
(Decrease) increase in other policyholders' funds	(632,043)	2,206,362
Net cash from operating activities	11,682,987	4,831,800
Cash flows from investing activities		
Net changes in non-controlling interest	1,918,724	3,784,709
Net (placement) proceeds from bank term deposits greater than three months	(1,110,312)	5,856,297
Purchase of Government bonds and notes	(14,810,842)	(11,214,000)
Proceeds from redemption (purchase) of corporate bonds	682,637	(4,630,974)
Net purchase of preferred shares	(1,190,487)	(2,321,501)
Purchase of investments in assets at fair value	(103,782)	(291,043)
Net Policy loans issued	(882,991)	(668,919)
Net mortgage collections (loans issued)	310,680	(1,129,720)
Net purchase of property, plant and equipment	(2,011,507)	(2,034,340)
Proceed from disposal of property, plant, and equipment	716,423	-
Interest received	13,616,959	10,805,925
Dividends received	1,432,720	1,364,652
Net cash from investing activities	(1,431,778)	(478,914)
Cash flows from financing activities		
Dividends paid on preference shares	(625,000)	(625,000)
Dividends paid on ordinary shares	(2,900,000)	(2,400,000)
Net cash used in financing activities	(3,525,000)	(3,025,000)
Net increase in cash and cash equivalents	6,726,209	1,327,886
Cash and cash equivalents at beginning of the period	10,187,065	8,859,179
Cash and cash equivalents at end of the period	\$ 16,913,274	\$ 10,187,065

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the Twelve months ended December 31, 2016

(Expressed in Bahamian Dollars)

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 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.

3. Earnings per ordinary share

	2016	2015
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders attributable to ordinary shareholders	<u>\$ 4,990,231</u>	<u>\$4,552,516</u>
Earnings per ordinary share	<u>\$ 0.50</u>	<u>\$ 0.46</u>

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$2,254,151 as at December 31, 2016 (31 December 2015: \$3,662,747).