



UNAUDITED FINANCIAL STATEMENTS FOR  
SIX MONTHS ENDED 30<sup>th</sup> JUNE 2017



# IronRock Insurance Company Limited

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## Report to Stockholders

The directors are pleased to present the unaudited financial statements of IronRock Insurance Company Limited (“IronRock”) for the quarter ended 30th June 2017.

Despite difficult market conditions, we continue to successfully execute our growth strategy and we are pleased to advise that gross written premium for the first half of 2017 amounted to \$173.4 million, an increase of 354% when compared to the prior year. We are confident that this momentum will increase in the second half of the year as we expand our broker network and appoint additional dedicated agents to solicit business on our behalf.

Net earned premium also grew significantly and totaled \$23 million compared to (\$2.4) million in 2016. Operating expenses and claims incurred amounted to \$64.5 million and \$21.3m respectively, and the company produced an underwriting loss of \$60.6 million versus \$39.5 million in the corresponding period last year.

Investment income for the period amounted to \$15.2 versus \$3.6 million for the same period last year and represents an annualized return on our average investment portfolio of 6.4%. In addition, our equity investments produced unrealised gains of \$9.8 million which have been credited to Investment Revaluation Reserve.

The company’s net result for the period is a loss of \$46.3 million versus a loss of \$23.9 million in 2016.

We have continued to invest in and implement technological solutions that simplify the processes associated with writing insurance and particularly, personal lines business and we expect that our software application will shortly be adopted by a number of our brokers, leading to increased personal lines premium volume during the last half of the year.



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R. Evan Thwaites  
Managing Director



**IronRock Insurance Company Limited**  
**Statement of Comprehensive Income**  
For the six months ended June 30, 2017

	<b>Unaudited 3 months to Jun 30, 2017 \$'000</b>	<b>Unaudited 3 months to Jun 30, 2016 \$'000</b>	<b>Unaudited 6 months June 30, 2017 \$'000</b>	<b>Unaudited 6 months June 30, 2016 \$'000</b>	<b>Audited Dec 31, 2016 \$'000</b>
Gross Premium	111,408	31,460	173,349	38,482	127,346
Less proportional reinsurance	(89,772)	(26,268)	(132,069)	(30,421)	(71,945)
Excess of loss premium	<u>(6,443)</u>	<u>(2,062)</u>	<u>(12,886)</u>	<u>(4,121)</u>	<u>(8,871)</u>
Net premium	15,193	3,129	28,395	3,940	46,530
Unearned premium adjustment, net	<u>(1,799)</u>	<u>(3,821)</u>	<u>(5,300)</u>	<u>(6,384)</u>	<u>(38,736)</u>
Net earned premium	13,394	(692)	23,094	(2,444)	7,794
Commission earned	7,246	1,172	12,649	1,264	10,839
Commission incurred	(5,745)	(668)	(10,621)	(707)	(5,708)
Claims, net	(8,585)	-	(21,275)	-	(4,042)
Operating expenses	<u>(33,439)</u>	<u>(21,282)</u>	<u>(64,471)</u>	<u>(37,577)</u>	<u>(91,075)</u>
<b>Underwriting loss</b>	<b>(27,128)</b>	<b>(21,469)</b>	<b>(60,623)</b>	<b>(39,464)</b>	<b>(82,191)</b>
<b>Other income</b>					
Investment income	7,750	2,874	15,201	3,406	16,946
Bank interest	2	27	3	38	59
Profit/(Loss) on sale of Investment	4	-	(1,549)	-	-
Foreign exchange gain	<u>363</u>	<u>9,016</u>	<u>679</u>	<u>12,075</u>	<u>14,867</u>
	<u>8,118</u>	<u>11,917</u>	<u>14,334</u>	<u>15,519</u>	<u>31,872</u>
(Loss) before taxation	(19,010)	(9,552)	(46,290)	(23,945)	(50,319)
Taxation	<u>(60)</u>	<u>-</u>	<u>( 60)</u>	<u>-</u>	<u>-</u>
	<u>(19,070)</u>	<u>(9,552)</u>	<u>(46,350)</u>	<u>(23,945)</u>	<u>(50,319)</u>
(Loss) per share (cents per share)	<u>(0.09)</u>	<u>(0.04)</u>	<u>(0.22)</u>	<u>(0.11)</u>	<u>(0.23)</u>



**IronRock Insurance Company Limited**  
**Statement of Financial Position**  
**June 30, 2017**

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	<b>Unaudited 6 months June 30, 2017</b>	<b>Audited Year ended December 31, 2016</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	23,065	86,236
Investments	404,215	365,542
Insurance and other receivables	105,831	47,118
Reinsurance assets	122,470	41,716
Taxation recoverable	5,775	2,622
Short-term Investments	109,261	70,347
Securities purchased under resale agreements	-	30,649
Property plant and equipment	18,593	20,711
Intangible Asset	4,115	4,345
Deferred acquisition Cost	<u>14,111</u>	<u>9,739</u>
	<u>807,436</u>	<u>679,025</u>
 <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Insurance and other payables	86,188	25,419
Insurance contract provisions	181,605	84,095
Deferred commission income	<u>15,945</u>	<u>9,332</u>
Total Insurance Funds	283,738	118,846
Shareholders' equity	<u>523,698</u>	<u>560,179</u>
	<u>807,436</u>	<u>679,025</u>

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Managing Director  
R. Evan Thwaites

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Director of Finance  
Wayne Hardie

**IronRock Insurance Company Limited**  
**Statement of Changes in Shareholders' Equity**  
**For the six months ended June 30, 2017**

	Ordinary share capital \$'000	Capital reserve \$'000	Investment Revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balances as at December 31, 2015	<u>98,825</u>	<u>-</u>	<u>-</u>	<u>113</u>	<u>98,938</u>
Net loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,945)</u>	<u>(23,945)</u>
Other Comprehensive income:					
Equity revaluation reserve	-	-	371	-	371
Issue of shares	366,715	-	-	-	366,715
Contributed capital	<u>-</u>	<u>139,340</u>	<u>-</u>	<u>-</u>	<u>139,340</u>
Total Other Comprehensive income	<u>366,715</u>	<u>139,340</u>	<u>371</u>	<u>-</u>	<u>506,426</u>
Balances as at June 30, 2016	<u>465,540</u>	<u>139,340</u>	<u>371</u>	<u>(23,832)</u>	<u>581,419</u>
Balances as at December 31, 2016	<u>465,540</u>	<u>139,340</u>	<u>5,505</u>	<u>(50,206)</u>	<u>560,179</u>
Net loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,350)</u>	<u>(46,350)</u>
Other Comprehensive income:					
Equity revaluation reserve	<u>-</u>	<u>-</u>	<u>9,869</u>	<u>-</u>	<u>9,869</u>
Total Other Comprehensive income	<u>-</u>	<u>-</u>	<u>9,869</u>	<u>-</u>	<u>9,869</u>
Balances as at June 30, 2017	<u>465,540</u>	<u>139,340</u>	<u>15,374</u>	<u>(96,556)</u>	<u>523,698</u>

**IronRock Insurance Company Limited**  
**Statement of Cash flows**  
**For the six months ended June 30, 2017**

	Unaudited 30-June-17 \$'000	Audited 31-Dec-16 \$'000	Unaudited 30-June 16 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit after taxation	(46,350)	(50,319)	(23,945)
Adjustments to reconcile (loss)/profit to net cash provided by operating activities:			
Depreciation	2,557	4,218	1,719
Gain/Loss on disposal of investment	1,549		
Increase in insurance funds	16,756	42,379	6,384
Taxation	60		
Interest income	<u>(15,201)</u>	<u>(15,888)</u>	<u>(3,406)</u>
	(40,629)	(19,610)	(19,248)
Increase in current assets:			
Insurance and other receivables	(58,620)	(35,137)	(27,961)
Deferred Policy acquisition cost	(4,372)	(9,739)	(3,577)
Taxation Paid	<u>(3,213)</u>	<u>(2,539)</u>	<u>(491)</u>
	(66,205)	(47,415)	(32,029)
Increase/(decrease) in current liabilities:			
Insurance and Other Payables	60,769	24,919	19,762
Unearned Commission	<u>6,613</u>	<u>9,332</u>	<u>5,624</u>
	<u>67,382</u>	<u>34,251</u>	<u>25,386</u>
Net cash used by operating activities	<u>(39,452)</u>	<u>(32,774)</u>	<u>(25,891)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase)/decrease in:			
Short-term Investments, Net	(38,914)	19,869	
Securities Purchased/Sold under resale agreement	30,649	(30,649)	(30,000)
Investment, Net	(40,046)	(360,037)	(348,665)
Additions to fixed assets	(209)	29,274	(25,784)
Proceeds from the sale of Investments	9,693		
Interest received	<u>15,108</u>	<u>8,334</u>	<u>1,329</u>
Net cash proceeds/(used) by investing activities	<u>(23,719)</u>	<u>(391,757)</u>	(403,120)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of Ordinary Share	-	366,715	366,715
Contributed Capital	-	<u>139,340</u>	<u>139,340</u>
Net cash provided by financing activities	-	<u>506,055</u>	<u>506,055</u>
Net increase in cash and cash equivalents	(63,171)	81,524	77,044
Cash and cash equivalents at beginning of period/year	<u>86,236</u>	<u>4,712</u>	<u>4,712</u>
Cash and cash equivalents at end of period/year	<u>23,065</u>	<u>86,236</u>	<u>81,756</u>

Notes to the Unaudited Financial Statements  
For the six months ended June 30, 2017

1. Identification

IronRock Insurance Company Limited (the company) was incorporated June 9, 2015 and is domiciled in Jamaica, with its registered office at 1b Braemar Avenue, Kingston 10. At December 31, 2015, the company was a wholly owned subsidiary of Granite Group Limited, a company incorporated and domiciled in St. Lucia. As a result of the Initial Public Offering (IPO) on 1 March 2016, Granite Group Limited's ownership reduced to 50.9%. The principal activity of the company is the underwriting of general insurance business.

The company commenced trading March 2016.

2. Insurance licence

The company is registered under the Insurance Act 2001 (Act)

3. Basis of preparation

The financial statements are prepared on the historical cost basis. The unaudited financial results for the three months' period have been prepared in accordance with International Accounting Standard 34 – Interim Financial Statements

4. Significant Accounting Policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements.

5. Loss per share

The calculation of loss per share is based on the net loss for the period attributable to shareholders and the 214,000,000 issued and fully paid ordinary share units.



List of Shareholders  
As at June 30, 2017

Authorised Share Capital	1,000,000,000 units
Issued Share Capital	214,000,000 units

**Top Ten Shareholders**

<b><u>Name</u></b>	<b><u>Shareholdings</u></b>
Granite Group Ltd	109,000,000
Mayberry West Indies Limited	46,689,434
Catherine Adella Peart	7,000,000
Sharon Harvey-Wilson	3,768,339
Michael Fraser/Paulette Fraser	3,333,000
Michelle A. Myers Mayne	3,000,000
Bamboo Group Holdings Limited	2,738,287
William D. McConnell	
Tania McConnell/Leah McConnell	808,000
William D. McConnell	
Tania McConnell/David McConnell	806,000
William D. McConnell	
Tania McConnell/William McConnell	806,000
	2,420,000
Stafford Burrowes/Marilyn Burrowes	2,000,000
Apex Pharmacy	1,989,266

<b><u>Connected Persons</u></b>	<b><u>Shareholdings</u></b>
Jean Bell	300,000

**Shareholdings of Directors and Senior Officers**

<b><u>Directors</u></b>	<b><u>Shareholdings</u></b>	<b><u>Connected Persons</u></b>
Richard Evan Thwaites	1,500,000	109,000,000
William A. McConnell	-	109,000,000
Wayne N. Hardie	1,025,727	-
Anthony Bell	-	300,000
William D. McConnell	-	111,420,000
Christopher Berry	-	48,678,700
Gary Peart	-	53,689,434
Jan Polack	-	-
<b><u>Senior Officers</u></b>		
Yvonne Daley	250,000	-
Maurice Bolt	200,000	-