



UNAUDITED FINANCIAL STATEMENTS FOR  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 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 September 2017.

Gross written premium for the 9 months ending 30 September 2017 amounted to \$257.3 million, compared to \$59.4 million in the prior year, an increase of 333%. Net earned premiums grew to \$57.9 million, an increase of 628% over the prior period.

Claims expenses increased to \$34.2 million and operating expenses amounted to \$99.4 million, in line with expectations, consequently the company made an underwriting loss of \$84.6 million (2016: loss of \$60.9 million).

Investment income for the period grew by 146% to \$23.2 million, when compared to the same period last year and represents an annualized return on our average investment portfolio of 5.7%, whilst our equity revaluation reserve increased by \$24.5 million to \$29.9 million.

The company’s net loss for the period under review is \$60.4 million versus a loss of \$37.9 million in 2016.

The reinsurance market suffered significant losses during the quarter, primarily due to the effects of hurricanes Harvey, Irma and Maria and earthquakes in Mexico and this will undoubtedly increase the cost of catastrophe reinsurance for 2018. There are early signs that local insurers have begun to react and that rates in the property market have started to harden.

During the period, we continued to implement our growth strategy and we are confident that our rate of growth will continue in the final quarter. We are pleased to report that our software application that facilitates the placement of Personal Lines business, has been adopted by two of our brokers and we expect this to enhance growth and improve efficiency.



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Evan Thwaites  
Managing Director



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

	<b>Unaudited 3 months to Sept 30, 2017 \$'000</b>	<b>Unaudited 3 months to Sept 30, 2016 \$'000</b>	<b>Unaudited 9 months Sept 30, 2017 \$'000</b>	<b>Unaudited 9 months Sept 30, 2016 \$'000</b>	<b>Audited Dec 31, 2016 \$'000</b>
Gross Premium	83,925	20,930	257,274	59,412	127,346
Less proportional reinsurance	(47,992)	(14,860)	(180,061)	(45,281)	(71,945)
Excess of loss premium	<u>(6,443)</u>	<u>(2,065)</u>	<u>(19,329)</u>	<u>(6,185)</u>	<u>(8,871)</u>
Net premium	29,490	4,006	57,884	7,946	46,530
Unearned premium adjustment, net	<u>(5,298)</u>	<u>(3,168)</u>	<u>(10,599)</u>	<u>(9,552)</u>	<u>(38,736)</u>
Net earned premium	24,192	838	47,286	(1,606)	7,794
Commission earned	9,327	2,354	21,976	3,617	10,839
Commission incurred	(9,681)	(1,524)	(20,301)	(2,230)	(5,708)
Claims, net	(12,907)	(508)	(34,182)	(508)	(4,042)
Operating expenses	<u>(34,916)</u>	<u>(24,659)</u>	<u>(99,387)</u>	<u>(62,236)</u>	<u>(91,075)</u>
<b>Underwriting loss</b>	(23,986)	(23,500)	(84,609)	(62,963)	(82,191)
<b>Other income</b>					
Investment income	7,977	6,002	23,177	9,409	16,946
Bank interest	1	17	4	55	59
Profit/(Loss) on sale of Investment	725	-	(824)	-	-
Foreign exchange gain	<u>1,205</u>	<u>3,509</u>	<u>1,884</u>	<u>15,584</u>	<u>14,867</u>
	<u>9,907</u>	<u>9,529</u>	<u>24,241</u>	<u>25,047</u>	<u>31,872</u>
(Loss) before taxation	(14,079)	(13,971)	(60,368)	(37,916)	(50,319)
Taxation	<u>-</u>	<u>-</u>	<u>( 60)</u>	<u>-</u>	<u>-</u>
	<u>(14,079)</u>	<u>(13,971)</u>	<u>(60,428)</u>	<u>(37,916)</u>	<u>(50,319)</u>
(Loss) per share (cents per share)	<u>(0.07)</u>	<u>(0.07)</u>	<u>(0.28)</u>	<u>(0.18)</u>	<u>(0.23)</u>



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

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	<b>Unaudited 9 months September 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	24,391	86,236
Investments	360,090	365,542
Insurance and other receivables	63,293	47,118
Reinsurance assets	120,027	41,716
Taxation recoverable	8,289	2,622
Short-term Investments	163,624	70,347
Securities purchased under resale agreements	17,256	30,649
Property plant and equipment	17,731	20,711
Intangible Asset	3,999	4,345
Deferred acquisition Cost	<u>16,658</u>	<u>9,739</u>
	<u>795,358</u>	<u>679,025</u>
 <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Insurance and other payables	61,160	25,419
Insurance contract provisions	192,229	84,095
Deferred commission income	<u>17,729</u>	<u>9,332</u>
Total Insurance Funds	271,118	118,846
 Shareholders' equity	 <u>524,240</u>	 <u>560,179</u>
	<u>795,358</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 nine months ended September 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>(37,916)</u>	<u>(37,916)</u>
Other Comprehensive income:					
Equity revaluation reserve	-	-	2,745	-	2,745
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>2,745</u>	<u>-</u>	<u>508,800</u>
Balances as at September 30, 2016	<u>465,540</u>	<u>139,340</u>	<u>2,745</u>	<u>(37,803)</u>	<u>569,822</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>(60,428)</u>	<u>(60,428)</u>
Other Comprehensive income:					
Equity revaluation reserve	<u>-</u>	<u>-</u>	<u>24,489</u>	<u>-</u>	<u>24,489</u>
Total Other Comprehensive income	<u>-</u>	<u>-</u>	<u>24,489</u>	<u>-</u>	<u>24,489</u>
Balances as at September 30, 2017	<u>465,540</u>	<u>139,340</u>	<u>29,994</u>	<u>(110,634)</u>	<u>524,240</u>

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

	Unaudited 30-Sept-17 \$'000	Audited 31-Dec-16 \$'000	Unaudited 30-Sept 16 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit after taxation	(60,428)	(50,319)	(37,916)
Adjustments to reconcile (loss)/profit to net cash provided by operating activities:			
Depreciation	3,862	4,218	2,948
Gain/Loss on disposal of investment	824		
Increase in insurance funds	29,823	42,379	10,022
Taxation	60		
Interest income	<u>(23,177)</u>	<u>(15,888)</u>	<u>(9,409)</u>
	(49,036)	(19,610)	(34,355)
Increase in current assets:			
Insurance and other receivables	(20,230)	(35,137)	(20,812)
Deferred Policy acquisition cost	(6,919)	(9,739)	(4,747)
Taxation Paid	<u>(5,727)</u>	<u>(2,539)</u>	<u>(1,830)</u>
	(32,876)	(47,415)	(27,389)
Increase/(decrease) in current liabilities:			
Insurance and Other Payables	35,740	24,919	11,613
Unearned Commission	<u>8,396</u>	<u>9,332</u>	<u>6,695</u>
	<u>44,136</u>	<u>34,251</u>	<u>18,308</u>
Net cash used by operating activities	<u>(37,776)</u>	<u>(32,774)</u>	<u>(43,436)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase)/decrease in:			
Short-term Investments, Net	(93,277)	19,869	(30,146)
Securities Purchased/Sold under resale agreement	13,394	(30,649)	(30,434)
Investment, Net	13,772	(360,037)	(360,800)
Additions to fixed assets	(535)	29,274	(28,993)
Proceeds from the sale of Investments	15,345		
Interest received	<u>27,232</u>	<u>8,334</u>	<u>5,850</u>
Net cash proceeds/(used) by investing activities	<u>(24,069)</u>	<u>(391,757)</u>	(444,523)
<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	(61,845)	81,524	18,096
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>24,391</u>	<u>86,236</u>	<u>22,808</u>

Notes to the Unaudited Financial Statements  
For the nine months ended September 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 September 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	46,829,672
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

**Connected Persons**

	<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	-	51,557,225
Gary Peart	-	53,829,672
Jan Polack	-	-
<b><u>Senior Officers</u></b>		
Yvonne Daley	250,000	-
Maurice Bolt	200,000	-