



UNAUDITED FINANCIAL STATEMENTS FOR  
ENDED 31<sup>th</sup> DECEMBER 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 year ended 31st December 2017.

Our gross written premium for the 12 months ended 31st December 2017 was \$424.4 million (2016: \$127.3 million) an increase of 233% and our net earned premium increased to \$78 million (2016: \$7.7 million)

Claims incurred amounted to \$36.6 million and were significantly below projections, due primarily to the performance of our Motor and Liability portfolios. Operating expenses of \$134.6 million were in line with budget. After net commission income of \$2.1 million, our Underwriting Loss was \$91.1 million.

Other income for the period totalled \$53.5 million (2016: \$31.8 million) and consisted primarily of investment income (\$30.7 million) and gain on sale of investments (\$24 million).

The company’s net loss for the period under review is \$37.6 million compared to a loss of \$50.3 million in the prior year.

As forecast, the catastrophe reinsurance market has hardened, leading to higher prices and limits on capacity, but we are pleased that we were able to negotiate renewal of our treaties with limited cost increases and that we secured adequate capacity.

We wish to thank our clients, brokers and reinsurers for their support during the year.



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Evan Thwaites  
Managing Director



**IronRock Insurance Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2017**

	<b>Unaudited 3 months to Dec 31, 2017 \$'000</b>	<b>Unaudited 3 months to Dec 31, 2016 \$'000</b>	<b>Unaudited Dec 31, 2017 \$'000</b>	<b>Audited Dec 31, 2016 \$'000</b>
Gross Premium	167,188	67,934	424,462	127,346
Less proportional reinsurance	(90,230)	(26,665)	(270,291)	(71,945)
Excess of loss premium	<u>(6,439)</u>	<u>(2,685)</u>	<u>(25,768)</u>	<u>(8,871)</u>
Net premium	70,519	38,584	128,403	46,530
Unearned premium adjustment, net	<u>(39,797)</u>	<u>(29,184)</u>	<u>(50,395)</u>	<u>(38,736)</u>
Net earned premium	30,722	9,400	78,008	7,794
Commission earned	11,654	7,222	33,626	10,839
Commission incurred	(11,154)	(3,478)	(31,456)	(5,708)
Claims, net	( 2,444)	(3,534)	(36,626)	(4,042)
Operating expenses	<u>(35,288)</u>	<u>(28,838)</u>	<u>(134,673)</u>	<u>(91,074)</u>
<b>Underwriting loss</b>	( 6,509)	(19,228)	(91,118)	(82,191)
<b>Other income</b>				
Investment income	7,559	7,538	30,736	16,946
Bank interest	1	4	4	59
Profit/(Loss) on sale of Investment	24,908	-	24,085	-
Foreign exchange gain	<u>(3,189)</u>	<u>(717)</u>	<u>(1,305)</u>	<u>14,867</u>
	<u>29,279</u>	<u>6,825</u>	<u>53,520</u>	<u>31,872</u>
(Loss) before taxation	22,770	(12,403)	(37,598)	(50,319)
Taxation	<u>-</u>	<u>-</u>	<u>( 60)</u>	<u>-</u>
	<u>22,770</u>	<u>(12,403)</u>	<u>(37,658)</u>	<u>(50,319)</u>
Gain/(Loss) per share (cents per share)	0.11	<u>(0.06)</u>	<u>(0.18)</u>	<u>(0.24)</u>



**IronRock Insurance Company Limited**  
**Statement of Financial Position**  
**December 31, 2017**

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	<b>Unaudited Year ended December 31, 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	56,502	86,236
Investments	280,610	365,542
Insurance and other receivables	166,307	47,118
Reinsurance assets	171,826	41,716
Taxation recoverable	9,160	2,622
Short-term Investments	171,350	70,347
Securities purchased under resale agreements	17,256	30,649
Property plant and equipment	16,398	20,711
Intangible Asset	5,760	4,345
Deferred acquisition Cost	<u>23,650</u>	<u>9,739</u>
	<u><b>918,820</b></u>	<u><b>679,025</b></u>
 <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Insurance and other payables	100,682	25,419
Insurance contract provisions	274,243	84,095
Deferred commission income	<u>21,352</u>	<u>9,332</u>
Total Insurance Funds	396,277	118,846
Shareholders' equity	<u>522,543</u>	<u>560,179</u>
	<u><b>918,820</b></u>	<u><b>679,025</b></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 year ended December 31, 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>(50,319)</u>	<u>(50,319)</u>
Other Comprehensive income:					
Equity revaluation reserve	-	-	5,505	-	5,505
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>5,505</u>	<u>-</u>	<u>610,385</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>
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>(37,658)</u>	<u>(37,658)</u>
Other Comprehensive income:					
Equity revaluation reserve	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>
Total Other Comprehensive income	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>
Balances as at December 31, 2017	<u>465,540</u>	<u>139,340</u>	<u>5,527</u>	<u>(87,864)</u>	<u>522,543</u>

**IronRock Insurance Company Limited**  
**Statement of Cash flows**  
**For the year ended December 31, 2017**

	<b>Unaudited</b> <b>31-Dec-17</b> <b><u>\$'000</u></b>	<b>Audited</b> <b>31-Dec-16</b> <b><u>\$'000</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit after taxation	(37,658)	(50,319)
Adjustments to reconcile (loss)/profit to net cash provided by operating activities:		
Depreciation	5,125	4,218
Gain/Loss on disposal of investment	(24,085)	
Increase in insurance funds	60,038	42,379
Taxation	60	
Interest income	<u>(30,736)</u>	<u>(15,888)</u>
	(27,256)	(19,610)
Increase in current assets:		
Insurance and other receivables	(118,777)	(35,137)
Deferred Policy acquisition cost	(13,911)	(9,739)
Taxation Paid	<u>(6,599)</u>	<u>(2,539)</u>
	(139,287)	(47,415)
Increase/(decrease) in current liabilities:		
Insurance and Other Payables	75,262	24,919
Unearned Commission	<u>12,020</u>	<u>9,332</u>
	<u>87,282</u>	<u>34,251</u>
Net cash used by operating activities	<u>(79,261)</u>	<u>(32,774)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase)/decrease in:		
Short-term Investments, Net	(101,004)	19,869
Securities Purchased/Sold under resale agreement	13,394	(30,649)
Investment, Net	15,855	(360,037)
Additions to fixed assets	(2,226)	29,274
Proceeds from the sale of Investments	93,184	
Interest received	<u>30,324</u>	<u>8,334</u>
Net cash proceeds/(used) by investing activities	<u>49,527</u>	<u>(391,757)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Ordinary Share	-	366,715
Contributed Capital	-	<u>139,340</u>
Net cash provided by financing activities	-	<u>506,055</u>
Net increase in cash and cash equivalents	(29,734)	81,524
Cash and cash equivalents at beginning of period/year	<u>86,236</u>	<u>4,712</u>
Cash and cash equivalents at end of period/year	<u>56,502</u>	<u>86,236</u>

Notes to the Unaudited Financial Statements  
For the year ended December 31, 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 December 31, 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	2,938,287
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	-	51,757,225
Gary Peart	-	53,829,672
Jan Polack	-	-
<b><u>Senior Officers</u></b>		
Yvonne Daley	250,000	-
Maurice Bolt	200,000	-