



2019 Q2: QUARTERLY REPORT

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Unaudited Financial Statements

**as at
30 June 2019**

1. Managing Director's Comments

Report to Stockholders

The Directors are pleased to present the unaudited financial statements of IronRock Insurance Company Limited ("IronRock") for the quarter and the six (6) months ended 30th June 2019.

QUARTER REVIEW

During the quarter, we generated increased new business revenue, with our Property and Motor classes being the main drivers of the growth. Gross Written Premium ("GWP") was \$197.8 million (2018Q2: \$127.1 million) an increase 56%. Net Earned Premium ("NEP") totalled \$53.6 million, an increase of 28% over the same quarter in 2018 whilst Net Commission Earned amounted to \$0.3 million and Operating Expenses increased by 14% to \$41.5 million. Claims Incurred for the quarter increased by \$11.7 million to \$32.6 million (2018Q2: \$20.9 million).

Other Income increased by 65% and totalled \$18.7 million (2018Q2: \$11.3 million), consisting primarily of Investment Income (\$9.6 million) and Gains on the Sale of Investments (\$5.6 million). IronRock's Net Loss for the quarter was \$1.5 million compared to a loss of \$3.9 million in the second quarter of 2018.

YEAR-TO-DATE REVIEW

On a year-to-date basis, GWP increased by 13%, reversing the reduction experienced in the first quarter and NEP amounted to \$101.3 million, an increase of 26%. Net Commission Earned was negative \$2.7 million due to relatively higher growth in the Motor portfolio and Operating Expenses increased marginally by 3.6% to \$76.6 million. Claims Incurred for the period grew by \$21.5 million to \$59.7 million. Consequently, we generated an Underwriting Loss of \$37.7 million versus an Underwriting Loss of \$30.3 million in 2018.

Other Income increased by 21% to \$26.4 million (2018: \$21.8 million) with Investment Income of \$18 million (2018: \$16 million) and realised gains of \$5,579 million (2018: \$41,000) accounting for the increase. Thus, year-to-date loss amounted to \$11.2 million versus a loss of \$8.5 million over the same period in 2018.

BALANCE SHEET REVIEW

For the six (6) months ended June 30, 2019, receivables increased by 15% to \$163.6 million due to the increase in our GWP, while Cash and Investments increased by \$45.6 million (11%) to \$670.0 million.

Given the important contribution that Investments make to an insurance company's results, we are pleased with the growth and performance of our Investment Portfolio. From the start of 2019, the annualised Investment Income yield of the portfolio was 6.2% while the annualised Total Return was an impressive 20.0%.

Insurance Contract provisions now total \$417.0 million, an increase of \$57.8 million, with most of the growth attributable to an increase in Unearned Premium Reserves. The net result was an increase in Shareholder Equity of \$22.8 million year-to-date, to end the period at \$536.6 million.



R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 30 June 2019

(expressed in thousands of Jamaican dollars)

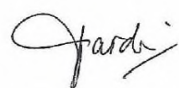
	Unaudited 3 months ended		Unaudited 6 months ended		Audited
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	31-Dec-18
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross premium written	197,768	127,096	318,551	282,116	571,838
Proportional reinsurance	(128,219)	(77,771)	(187,282)	(177,228)	(321,708)
Excess of loss reinsurance	(11,872)	(9,205)	(23,737)	(15,980)	(35,135)
Net premium	57,677	40,120	107,532	88,908	214,995
Unearned premium adjustment, net	(4,045)	1,840	(6,184)	(8,509)	(30,777)
Net earned premium	53,632	41,960	101,348	80,399	184,218
Commission earned	16,267	14,004	30,771	29,274	66,314
Commission incurred	(15,970)	(13,907)	(33,501)	(27,829)	(60,023)
Claims, net	(32,646)	(20,918)	(59,677)	(38,221)	(72,387)
Operating expenses	(41,472)	(36,346)	(76,622)	(73,961)	(160,099)
Underwriting profit / (loss)	(20,188)	(15,207)	(37,681)	(30,338)	(41,977)
Other income					
Investment income	9,560	8,019	18,013	16,076	32,218
Other income	2	2	16	4	1,004
Gain / (loss) on sale of investment	5,579	41	5,579	41	3,157
Foreign exchange gain / (loss)	3,547	3,248	2,836	5,656	8,370
Total other income	18,688	11,310	26,445	21,777	44,749
Profit / (Loss) before taxation	(1,500)	(3,897)	(11,236)	(8,561)	2,772
Taxation	-	-	-	-	-
Net profit / (loss) for period	(1,500)	(3,897)	(11,236)	(8,561)	2,772
Profit / (Loss) per stock unit	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.04)	\$ 0.01

2.2 Statement of Financial Position

As at 30 June 2019

(expressed in thousands of Jamaican dollars)

	Unaudited 6 months ended		Audited
	30-Jun-19	30-Jun-18	31-Dec-18
	\$'000	\$'000	\$'000
ASSETS			
Cash and cash equivalents	47,550	117,993	61,161
Long-term investments	612,406	325,194	434,587
Insurance and other receivables	163,331	112,836	142,134
Reinsurance assets	198,608	211,369	176,745
Taxation recoverable	18,036	12,504	15,260
Short-term investments	10,000	79,255	108,317
Securities purchased under resale agreements	-	80,024	20,297
Property plant and equipment	18,462	14,957	12,805
Intangible assets	4,796	5,439	5,118
Deferred acquisition costs	34,624	28,616	34,592
	1,107,813	988,187	1,011,016
LIABILITIES AND SHAREHOLDER EQUITY			
Insurance and other payables	120,167	86,569	109,971
Insurance contract provisions	417,994	359,893	360,200
Deferred commission income	33,010	27,929	26,132
Total insurance funds	571,171	474,391	496,303
Shareholders' equity	536,642	513,796	514,713
	1,107,813	988,187	1,011,016



Wayne Hardie
Finance Director



R. Evan Thwaites
Managing Director

2.3 Statement of Changes in Shareholders' Equity

For the Period ended 30 June 2019

(expressed in thousands of Jamaican dollars)

	Ordinary share capital	Capital reserve	Investment revaluation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 31 December 2017	465,540	139,340	5,527	(98,068)	512,339
Net profit / (loss) for the period	-	-	-	(8,561)	(8,561)
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	10,018	-	10,018
Balances as at 30 June 2018	465,540	139,340	15,545	(106,629)	513,796
					-
Balances as at 31 December 2018	465,540	139,340	5,129	(95,296)	514,713
Net profit / (loss) for the period	-	-	-	(11,236)	(11,236)
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	33,166	-	33,166
Balances as at 30 June 2019	465,540	139,340	38,295	(106,532)	536,642

2.4 Statement of Cash Flows

For the Period ended 30 June 2019

(expressed in thousands of Jamaican dollars)

	Unaudited 6 months ended		Audited
	30-Jun-19	30-Jun-18	31-Dec-18
	\$'000	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	(11,236)	(8,561)	2,772
Depreciation	5,253	2,563	5,197
Loss / (Gain) on sale of investment	(5,579)	(41)	(3,157)
Increase / (Decrease) in insurance funds	35,931	35,903	70,834
Taxation	-	-	-
Interest income	(18,013)	(16,076)	(27,458)
	6,356	13,788	48,188
Decrease / (Increase) in current assets:			
Insurance and other receivables	(13,715)	53,796	26,766
Deferred policy acquisition costs	(32)	(4,966)	(10,942)
Taxation recoverable	(2,776)	(3,344)	(6,100)
	(16,523)	45,486	9,724
Increase / (Decrease) in current liabilities:			
Insurance and other payables	3,174	(14,111)	9,289
Unearned Commission	6,878	6,575	4,780
	10,052	(7,536)	14,069
Net cash provided by / (used in) operating activities	(115)	51,738	71,981
CASH FLOW FROM INVESTING ACTIVITIES			
Decrease / (Increase) in:			
Short-term Investments, net	98,317	92,096	63,034
Securities under resale agreements	20,297	(62,768)	(3,041)
Long-term investments, net	(155,327)	(46,479)	(202,107)
Fixed assets	(10,910)	(1,122)	(962)
Intangibles	321	321	-
Gain / (Loss) on sale of investments	16,252	11,954	50,889
Interest received	17,554	15,751	24,865
Net cash provided by / (used in) investing activities	(13,496)	9,753	(67,322)
Net increase / (decrease) in cash and cash equivalents	(13,611)	61,491	4,659
Opening cash and cash equivalents	61,161	56,502	56,502
Closing cash and cash equivalents	47,550	117,993	61,161

3. Notes to the Unaudited Financial Statements

For the period ended 30 June 2019

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.

The company commenced trading in 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 current 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. Earnings per share

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue.

4. Disclosure of Shareholdings

As at 30 June 2019

Top Ten Shareholders

	Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
1.	Granite Group Limited	109,000,000	109,000,000	50.93%
2.	Mayberry Jamaican Equities Limited	42,494,271	42,494,271	19.86%
3.	Mayberry Managed Client Accounts	7,687,699	7,687,699	3.59%
4.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
5.	Sharon Harvey-Wilson	1,563,360	3,768,339	1.76%
	Jeremy Wilson	2,204,979		
6.	Michelle A. Myers Mayne	3,000,000	3,000,000	1.40%
7.	PWL Bamboo Holdings Limited	2,924,094	2,924,094	1.37%
8.	W. David McConnell	-	2,420,000	1.13%
	Tania McConnell / Leah McConnell	808,000		
	Tania McConnell / David McConnell	806,000		
	Tania McConnell / W. David McConnell	806,000		
9.	Apex Pharmacy	1,989,266	1,989,266	0.93%
10.	Yuan Liao	1,668,611	1,668,611	0.78%
	Total		181,952,280	85.02%
	Total Issued Shares		214,000,000	100.00%

Directors & Senior Officers

	Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
Directors				
W. David McConnell		-	112,231,000	52.44%
	Granite Group Limited	109,000,000		
	St. Elizabeth Holdings Limited	811,000		
	Tania McConnell	2,420,000		
Richard Evan Thwaites		1,600,000	110,600,000	51.68%
	Granite Group Limited	109,000,000		
Gary Peart		-	49,494,271	23.13%
	Mayberry Jamaican Equities Limited	42,494,271		
	Catherine Peart	7,000,000		
Christopher Berry		-	47,407,631	22.15%
	Mayberry Jamaican Equities Limited	42,494,271		
	PWL Bamboo Holdings Limited	2,924,094		
	Apex Pharmacy Limited	1,989,266		
Wayne N. Hardie		1,025,727	1,025,727	0.48%
Anthony Bell		-	300,000	0.14%
	Jean Bell	300,000		
Senior Officers				
Yvonne Daley		250,000	250,000	0.12%
Maurice Bolt		200,000	200,000	0.09%



"Wisely, and slow. They
stumble that run fast."

- William Shakespeare