



2019 Q4: QUARTERLY REPORT

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Unaudited Financial Statements

**as at
31 December 2019**

1. Report to Stockholders

The Directors take pleasure in presenting the unaudited financial statements of IronRock Insurance Company Limited (“IronRock”) for the quarter and year ended 31st December 2019.

QUARTER IN REVIEW

We are pleased to report a strong performance for the quarter, with a posted Net Profit of \$13.5 million, up from \$10.3 million in the same quarter of 2018. Underwriting Profit amounted to \$2.3 million [2018Q4: \$0.8 million] while Other Income amounted to \$11.2 million [2018Q4: \$9.5 million]. Our performance was driven by sizable profit commissions earned under our reinsurance treaties along with a 32% increase in our Investment Income.

Gross Written Premium (“GWP”) increased by 19% to total \$226.8 million [2018Q4: \$190.3 million], while Net Earned Premium (“NEP”) grew by 14% to \$63.2 million [2018Q4: \$55.6 million]. Net Commission Earned grew by 131% to \$14.3 million, versus \$6.2 million in the corresponding quarter of 2018. Operating Expenses reduced to \$44.2 million [2018Q4: \$49.5 million] and Claims Incurred totalled \$31.0 million [2018Q4: \$11.4 million].

Our investment portfolio continues to perform well with Investment Income of \$10.6 million [2018Q4: \$8.0 million]. We recorded a Foreign Exchange loss of \$2.0 million, versus a loss of \$1.2 million in the same quarter in 2018, and Realised Gains on the Sale of Investments increased to \$2.7 million [2018Q4: \$1.7 million]. Thus, Other Income increased to \$11.2m for the quarter, an increase of 18% over the same quarter in 2018.

YEAR IN REVIEW

Statement of Comprehensive Income

GWP increased by 23% to \$701.4 million [2018: \$571.8 million] and NEP increased by 20% to \$221.9 million [2018: \$184.2 million]. Claims Incurred for the period increased to \$134.8 million [2018: \$72.4 million] due primarily to increased Motor claims. Operating Expenses totalled \$163.2 million, an increase of 2% when compared to \$160.1 million in the prior year. IronRock ended the year with an Underwriting Loss of \$65.4 million [2018: \$42.0 million]

Other Income of \$69.3 million increased by 55% when compared to 2018, with Investment Income of \$38.7 million [2018: \$32.2 million] and Realised Gains of \$27.6 million [2018: \$3.2 million] accounting for the increase. Consequently, IronRock’s Net Profit grew by 41% to \$3.9 million from \$2.8 million in 2018.

Statement of Financial Position

Shareholder Equity increased by \$33.2 million and now totals \$547.9 million, versus \$514.7 million at the end of 2018. Our year-end MCT Ratio was 307%, comfortably above the minimum regulatory level of 250%. Assets grew by \$255.0 million to \$1.27 billion, an increase of 25% over 2018. Cash and Investments have grown by \$182.3 million, or 29%, to end the year at \$806.7 million - having generated an Investment Income yield of 5.7% and a Total Return of 14.4%.

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



R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 31 December 2019

(expressed in thousands of Jamaican dollars)

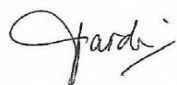
	Unaudited 3 months ended 31-Dec-19	Audited 3 months ended 31-Dec-18	Unaudited Year ended 31-Dec-19	Audited 31-Dec-18
	\$'000	\$'000	\$'000	\$'000
Gross premium written	226,808	190,326	701,418	571,838
Proportional reinsurance	(129,329)	(95,340)	(413,407)	(321,708)
Excess of loss reinsurance	(6,551)	(9,936)	(42,170)	(35,135)
Net premium	90,928	85,049	245,841	214,995
Unearned premium adjustment, net	(27,707)	(29,487)	(23,966)	(30,777)
Net earned premium	63,221	55,562	221,875	184,218
Commission earned	35,295	23,271	85,949	66,314
Commission incurred	(20,925)	(17,046)	(75,249)	(60,023)
Claims, net	(31,001)	(11,367)	(134,800)	(72,387)
Operating expenses	(44,280)	(49,575)	(163,153)	(160,099)
Underwriting profit / (loss)	2,310	847	(65,377)	(41,977)
Other income				
Investment income	10,552	7,970	38,709	32,218
Other income	4	998	21	1,004
Gain / (loss) on sale of investment	2,690	1,742	27,569	3,157
Foreign exchange gain / (loss)	(2,044)	(1,231)	2,975	8,370
Total other income	11,202	9,479	69,275	44,749
Profit / (Loss) before taxation	13,513	10,327	3,898	2,772
Taxation	-	-	-	-
Net profit / (loss) for period	13,513	10,327	3,898	2,772
Profit / (Loss) per stock unit	\$ 0.06	\$ 0.05	\$ 0.02	\$ 0.01

2.2 Statement of Financial Position

As at 31 December 2019

(expressed in thousands of Jamaican dollars)

	Unaudited 31-Dec-19	Audited 31-Dec-18
	\$'000	\$'000
ASSETS		
Cash and cash equivalents	134,139	61,161
Investments	672,572	434,587
Insurance and other receivables	161,834	142,134
Reinsurance assets	221,857	176,745
Taxation recoverable	20,434	15,260
Short-term investments	-	108,317
Securities purchased under resale agreements	-	20,297
Property plant and equipment	14,167	12,805
Intangible assets	4,475	5,118
Deferred acquisition costs	36,502	34,592
	1,265,980	1,011,016
LIABILITIES AND SHAREHOLDER EQUITY		
Insurance and other payables	183,763	109,971
Insurance contract provisions	498,369	360,200
Deferred commission income	35,930	26,132
Total insurance funds	718,062	496,303
Shareholders' equity	547,918	514,713
	1,265,980	1,011,016



Wayne Hardie
Finance Director



R. Evan Thwaites
Managing Director

2.3 Statement of Changes in Shareholders' Equity

For the Period ended 31 December 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	-	-	-	2,772	2,772
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	(398)	-	(398)
Balances as at 31 December 2018	465,540	139,340	5,129	(95,296)	514,713
Balances as at 31 December 2018	465,540	139,340	5,129	(95,296)	514,713
Net profit / (loss) for the period	-	-	-	3,898	3,898
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	29,307	-	29,307
Balances as at 31 December 2019	465,540	139,340	34,436	(91,398)	547,918

2.4 Statement of Cash Flows

For the Period ended 31 December 2019

(expressed in thousands of Jamaican dollars)

	Unaudited 31-Dec-19 \$'000	Audited 31-Dec-18 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) after taxation	3,898	2,772
Depreciation	10,525	5,197
Loss / (Gain) on sale of investment	(27,569)	(3,157)
Increase / (Decrease) in insurance funds	93,057	70,834
Taxation	-	-
Interest income	(38,709)	(27,458)
	41,202	48,188
Decrease / (Increase) in current assets:		
Insurance and other receivables	(18,975)	26,766
Deferred policy acquisition costs	(1,910)	(10,942)
Taxation recoverable	(5,174)	(6,100)
	(26,059)	9,724
Increase / (Decrease) in current liabilities:		
Insurance and other payables	73,793	9,289
Unearned Commission	9,798	4,780
	83,591	14,069
Net cash provided by / (used in) operating activities	98,734	71,981
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease / (Increase) in:		
Short-term Investments, net	108,317	63,034
Securities under resale agreements	20,297	(3,041)
Long-term investments, net	(273,629)	(202,107)
Fixed assets	(11,887)	(962)
Intangibles	642	-
Proceeds on sale of investments	92,520	50,889
Interest received	37,984	24,865
Net cash provided by / (used in) investing activities	(25,756)	(67,322)
Net increase / (decrease) in cash and cash equivalents	72,978	4,659
Opening cash and cash equivalents	61,161	56,502
Closing cash and cash equivalents	134,139	61,161

3. Notes to the Unaudited Financial Statements

For the period ended 31 December 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. The principal activity of the Company is the underwriting of general insurance business. The Company is a subsidiary of Granite Group Limited, a company incorporated and domiciled in St. Lucia.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange 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 31 December 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	37,523,971	37,523,971	17.53%
3.	Mayberry Managed Client Accounts	7,404,973	7,404,973	3.46%
4.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
5.	JCSD Trustee Services Limited - Sigma Global Venture	4,000,000	4,000,000	1.87%
6.	Sharon Harvey-Wilson	1,563,360	3,768,339	1.76%
	Jeremy Wilson	2,204,979		
7.	Michelle A. Myers Mayne	3,000,000	3,000,000	1.40%
8.	PWL Bamboo Holdings Limited	2,924,094	2,924,094	1.37%
9.	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		
10.	Apex Pharmacy	1,989,266	1,989,266	0.93%
	Total		179,030,643	83.66%
	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		-	44,523,971	20.81%
	Mayberry Jamaican Equities Limited	37,523,971		
	Catherine Peart	7,000,000		
Christopher Berry		-	42,437,331	19.83%
	Mayberry Jamaican Equities Limited	37,523,971		
	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%



"There is nothing more permanent
except change."

- Heraclitus