

2021 Q2: QUARTERLY REPORT

1. Report to Stockholders
2. Unaudited Financial Statements
3. Notes to the Financial Statements
4. Top 10 Shareholders

**Unaudited Financial Statements
as at**

30 June 2021



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 30 June 2021.

Managing Director's Report

During the quarter, we saw renewed price competition in the Property insurance market, despite the growing cost of reinsurance in the region. This has hampered our growth efforts, and left Gross written premium below what was recorded in 2020 - both for the second quarter and on a year-to-date basis. In response, we have contained Operating expenses, and improved Commissions earned and Investment income. The result has been a considerable improvement in IronRock's Underwriting loss and Net loss both for the quarter, and year-to-date.

Marketing for our "Pay as You Drive" (or "PAYD") Telematics motor insurance product has generated more awareness of the IronRock brand, and increased interest in all of our motor insurance products. This has driven a 40% increase in premium generated by our direct motor insurance portfolio for the quarter, and is a promising sign that the local motor insurance market is keen to see further innovation.

Year-to-date, our Earned Loss Ratio improved to 45%, from 52% in 2020, which was primarily due to an improved claims experience in our motor portfolio. For the remainder of the year, our focus will be on meeting our growth targets, while maintaining a disciplined underwriting approach. Expense control remains a top priority, and we are focused on generating higher returns from our investment portfolio as local and global economic conditions improve.

Financial Review

For the Second Quarter

Gross written premium ("GWP") fell 13% against the same period last year, erasing first quarter growth. Claims (net) were flat, while Operating expenses were down 6% and Commissions (net) were up 48%. The resulting Underwriting loss of \$20 million was a marginal improvement from last year. Other income grew 73% due to increases in Investment income and Gains on investment sales, which resulted in an improvement in our Net loss to \$7million, down from \$15 million for the same quarter in 2020.

Year-to-date

The first half of the year ended with GWP down 3% from the same period in 2020. Proportional reinsurance ceded remained about 73% of GWP, however the cost of Excess of loss reinsurance has grown over 20% - reflecting the increased cost of reinsurance in the region. Claims (net) and Operating expenses fell 17% and 4% respectively, while Commissions (net) increased four fold. This resulted in IronRock generating a reduced Underwriting loss of \$31 million. Other income was marginally higher, primarily due to an increase in Foreign exchange gains. Therefore, for the six months ended 30 June 2021, IronRock generated a Net loss of \$3 million, a significant improvement on the Net loss of \$18 million for the same period in 2020.

We thank our staff, our clients and brokers for their continued support.



R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 30 June 2021

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Unaudited 6 months ended		Audited Year ended
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	31-Dec-20
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross written premium	212,486	243,314	411,136	421,984	836,971
Proportional reinsurance	(159,232)	(194,210)	(301,610)	(309,910)	(603,179)
Excess of loss reinsurance	(13,472)	(11,027)	(26,906)	(22,125)	(44,093)
Net written premium	39,782	38,076	82,620	89,949	189,698
Unearned premium adjustment, net	5,232	8,961	10,885	7,885	3,354
Net earned premium	45,015	47,038	93,506	97,833	193,052
Commission earned	30,544	26,333	58,523	45,893	148,696
Commission incurred	(25,957)	(23,225)	(50,715)	(43,957)	(93,588)
Claims, net	(23,797)	(23,263)	(42,306)	(50,883)	(89,556)
Operating expenses	(46,130)	(49,236)	(90,261)	(94,295)	(186,067)
Underwriting profit / (loss)	(20,326)	(22,354)	(31,253)	(45,409)	(27,463)
Other income					
Investment income	10,861	9,759	20,527	21,263	40,205
Miscellaneous income	2	26	9	29	41
Gain / (loss) on sale of investment	1,079	(2,390)	1,079	1,522	8,106
Gain / (loss) on sale of fixed assets	-	-	-	-	120
Foreign exchange gain / (loss)	1,116	164	6,832	4,990	11,820
Total other income	13,058	7,558	28,447	27,804	60,292
Profit / (Loss) before taxation	(7,268)	(14,796)	(2,806)	(17,605)	32,829
Deferred Taxation	-	-	-	-	15,124
Net profit / (loss) for period	(7,268)	(14,796)	(2,806)	(17,605)	47,953
Profit / (Loss) per stock unit	\$ (0.03)	\$ (0.07)	\$ (0.01)	\$ (0.08)	\$ 0.22

2.2 Statement of Financial Position

As at 30 June 2021

(expressed in Jamaican dollars)

	Unaudited		Audited
	30-Jun-21	30-Jun-20	31-Dec-20
	\$'000	\$'000	\$'000
ASSETS			
Property plant and equipment	20,635	14,737	11,795
Intangible assets	3,565	4,154	3,833
Deferred taxation	15,124	-	15,124
Investments	708,566	539,258	565,306
Deferred acquisition costs	44,092	42,954	40,437
Reinsurance assets	379,691	367,169	362,532
Insurance and other receivables	186,248	296,044	217,507
Taxation recoverable	29,818	24,042	26,643
Due from related party	2,984	-	-
Short-term investments	20,000	10,000	30,000
Securities purchased under resale agreements	25,343	112,724	94,764
Cash and cash equivalents	119,656	61,157	31,581
	1,555,722	1,472,239	1,399,522
LIABILITIES AND SHAREHOLDER EQUITY			
	-	-	
Insurance and other payables	321,794	336,750	211,050
Insurance contract provisions	605,007	585,555	574,078
Finance Lease Obligation	2,854	2,765	-
Deferred commission income	52,917	51,327	47,293
Total Liabilities	982,573	976,397	832,421
Shareholders' equity	573,149	495,842	567,101
	1,555,722	1,472,239	1,399,522



R. Evan Thwaites
Managing Director



Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholders' Equity

For the Period ended 30 June 2021

(expressed in Jamaican dollars)

	Ordinary share capital	Capital reserve	Investment revaluation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 31 December 2019	465,540	139,340	34,781	(90,281)	549,380
Net profit / (loss) for the period	-	-	-	(17,605)	(17,605)
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	(35,933)	-	(35,933)
Balances as at 30 June 2020	465,540	139,340	(1,152)	(107,887)	495,842
Balances as at 31 December 2020	465,540	139,340	4,549	(42,328)	567,101
Net profit / (loss) for the period	-	-	-	(2,806)	(2,806)
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	8,855	-	8,855
Balances as at 30 June 2021	465,540	139,340	13,404	(45,134)	573,149

2.4 Statement of Cash Flows

For the Period ended 30 June 2021

(expressed in Jamaican dollars)

	Unaudited 6 months ended		Audited Year ended
	30-Jun-21	30-Jun-20	31-Dec-20
	\$'000	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	(2,806)	(17,605)	47,953
Depreciation	4,049	5,354	10,453
Lease interest expense	-	-	185
Deferred taxation	-	-	(15,124)
Loss / (Gain) on disposal of fixed assets	-	-	(120)
Loss / (Gain) on sale of investment	-	(1,522)	(8,106)
Increase / (Decrease) in insurance funds	13,769	(56,760)	(63,600)
Taxation	-	-	-
Interest income	(20,527)	(21,263)	(40,206)
	(5,515)	(91,796)	(68,564)
Decrease / (Increase) in current assets:			
Insurance and other receivables	31,283	(137,332)	(58,503)
Due from related party	(3,655)	(6,452)	-
Deferred policy acquisition costs	(2,984)	-	(3,935)
Taxation paid	(3,175)	(3,609)	(6,210)
	21,469	(147,393)	(68,648)
Increase / (Decrease) in current liabilities:			
Insurance and other payables	110,744	153,193	27,493
Unearned Commission	5,624	15,397	11,363
	116,368	168,590	38,856
Net cash provided by / (used in) operating activities	132,322	(70,599)	(98,356)
CASH FLOW FROM INVESTING ACTIVITIES	-	-	
Decrease / (Increase) in:			
Short-term Investments, net	10,000	20,000	-
Securities (purchased) / sold under resale agreements	69,421	(112,724)	(94,764)
Investments, net	(164,670)	(31,317)	(114,838)
Disposal / (Acquisition) of fixed assets	-	(1,164)	(2,679)
Intangibles	268	321	-
Proceeds on sale of fixed assets	(12,889)	-	120
Proceeds on sale of investments	30,265	130,566	200,323
Interest received	20,504	24,385	43,036
Net cash provided by / (used in) investing activities	(47,101)	30,067	31,198
CASH FLOW FROM FINANCING ACTIVITIES	-	-	
Increase / (Decrease) in:			
Lease liability, net	2,854	(2,450)	(5,400)
Net cash provided by / (used in) financing activities	2,854	(2,450)	(5,400)
Net increase / (decrease) in cash and cash equivalents	88,075	(42,982)	(72,558)
Opening cash and cash equivalents	31,581	104,139	104,139
Closing cash and cash equivalents	119,656	61,157	31,581

3. Notes to the Unaudited Financial Statements

For the period ended 30 June 2021

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 period by the weighted average number of ordinary shares in issue over that period.

4. Disclosure of Shareholdings

As at 30 June 2021

Top Ten Shareholders

	<i>Connected Parties</i>	Shares Held	Combined Holdings	% of Issued Shares
1.	Granite Group Limited	109,000,000	109,000,000	50.93%
2.	Mayberry Jamaican Equities Limited	38,754,717	38,754,717	18.11%
3.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
4.	Mayberry Managed Client Accounts	6,712,436	6,712,436	3.14%
5.	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	2,420,000	1.13%
10.	Apex Pharmacy	1,989,266	1,989,266	0.93%
Total			179,568,852	83.91%
Total Issued Shares			214,000,000	100.00%

Directors & Senior Officers

	<i>Connected Parties</i>	Shares Held	Combined Holdings	% of Issued Shares
Directors				
W. David McConnell		2,420,000	112,231,000	52.44%
	Granite Group Limited	109,000,000		
	St. Elizabeth Holdings Limited	811,000		
R. Evan Thwaites		1,700,000	110,700,000	51.73%
	Granite Group Limited	109,000,000		
Gary Peart		-	45,754,717	21.38%
	Mayberry Jamaican Equities Limited	38,754,717		
	Catherine Peart	7,000,000		
Christopher Berry		-	43,668,077	20.41%
	Mayberry Jamaican Equities Limited	38,754,717		
	PWL Bamboo Holdings Limited	2,924,094		
	Apex Pharmacy Limited	1,989,266		
Wayne N. Hardie		1,025,727	1,025,727	0.48%
Christian Tavares-Finson		666,000	666,000	0.31%
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%

"You can't go back and change the beginning,
but you can start where you are and change the ending."

- C.S. Lewis or
James Sherman

