



2022 Q2: QUARTERLY REPORT

1. Report to Stockholders
2. Unaudited Financial Statements
3. Notes to the Financial Statements
4. Shareholdings Disclosures

Unaudited Financial Statements
as at

30 June 2022



1. Report to Stockholders

The Directors take pleasure in presenting the unaudited financial statements of IronRock Insurance Company Limited (“IronRock”) for the quarter ended 30 June 2022.

Managing Director's Report

Commercial activity continues to rebound following the reopening of the economy. IronRock has benefited from this economic recovery and this is reflected in continued growth of our Gross Written Premium (GWP). Growth in our Property portfolio has been robust, driven primarily by increased demand for construction insurance. Property insurance rates have begun to increase and we are relatively optimistic that these increases will continue for the foreseeable future.

One consequence of the full reopening of the society has been a significant increase in the frequency and severity of Motor claims, with industry losses from this class increasing substantially. The increased losses in the Motor segment and increased Operating Expenses have resulted in our Underwriting Loss increasing.

Locally, short term interest rates remain elevated whilst rates in the international market have continued to increase. These rate hikes have negatively affected international equity prices, which fell significantly during the second quarter. Local equity markets have remained mixed, with the JSE Index falling marginally and the Junior Market Index rising by 27% during the course of the year. Management has adjusted our investment strategy to take advantage of the prevailing conditions.

Financial Review

For the Second Quarter

IronRock had strong growth in our Property and Liability portfolios and thus our GWP for the quarter increased to \$233.2 million. As a result of increased proportional reinsurance placements, Commissions (net) increased by 77% to \$8.1 million and Net earned premium reduced by 11% to \$40.2 million.

During the quarter, Operating expenses grew by 10% to \$51.6 million and Claims (net) remained virtually unchanged at \$23.7 million. Consequently our Underwriting loss increased to \$27 million.

Year-to-date

GWP for the first half of the year increased to \$494.2 million, an increase of 20% over the prior year. Proportional reinsurance cessions increased to \$395.7 million and Earned Premium fell by \$15.8 million. This reduction was offset to some extent by Commissions (net) which increased by \$11.1 million. Claims (net) remained flat at \$42.3 million and Operating expenses increased by 14% to \$104 million. Thus IronRock's Underwriting loss increased to \$49.8 million.

Other income reduced by 15% to total \$23.7 million compared to \$28.4 million in 2021. The reduction was due to Foreign exchange losses of \$6.2 million versus a gain of \$6.8 million in 2021. Therefore, for the six months ended 30 June 2022, IronRock generated a Net loss of \$26 million.

Total Assets now amount to \$1.789 billion, an increase of \$237.1 million or 15%, whilst Shareholders' Equity has increased by \$34.6 million to \$607 million, an increase of 6%, both when compared to the corresponding period in 2021.

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 2022

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Unaudited 6 months ended		Audited Year ended
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21	31-Dec-21
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross written premium	233,238	212,487	494,230	411,136	881,209
Proportional reinsurance	(183,697)	(159,232)	(395,781)	(301,610)	(634,278)
Excess of loss reinsurance	(12,351)	(13,472)	(24,716)	(26,906)	(52,482)
Net written premium	37,191	39,782	73,733	82,620	194,449
Unearned premium adjustment, net	3,073	5,232	3,924	10,886	(4,171)
Net earned premium	40,264	45,015	77,657	93,506	190,278
Commission earned	38,363	30,544	76,878	58,523	173,186
Commission incurred	(30,236)	(25,957)	(57,911)	(50,715)	(101,630)
Claims, net	(23,791)	(23,797)	(42,368)	(42,306)	(91,074)
Operating expenses	(51,677)	(46,825)	(104,095)	(91,033)	(188,781)
Underwriting profit / (loss)	(27,077)	(21,021)	(49,839)	(32,025)	(18,021)
Other income					
Investment income	12,644	10,860	25,206	20,527	43,869
Miscellaneous income	1	2	3	9	13
Gain / (loss) on sale of investment	3,179	1,079	3,179	1,079	9,852
Gain / (loss) on sale of fixed assets	-	-	-	-	-
Foreign exchange gain / (loss)	(6,278)	1,116	(4,632)	6,832	25,131
Total other income	9,546	13,057	23,756	28,447	78,865
Profit / (Loss) before taxation	(17,531)	(7,964)	(26,083)	(3,578)	60,844
Deferred Taxation	-	-	-	-	(7,132)
Net profit / (loss) for period	(17,531)	(7,964)	(26,083)	(3,578)	53,712
Profit / (Loss) per stock unit	\$ (0.08)	\$ (0.04)	\$ (0.12)	\$ (0.02)	\$ 0.25

2.2 Statement of Financial Position

As at 30 June 2022

(expressed in Jamaican dollars)

	Unaudited		Audited
	30-Jun-22	30-Jun-21	31-Dec-21
	\$'000	\$'000	\$'000
ASSETS			
Property plant and equipment	21,981	19,864	20,485
Intangible assets	2,869	3,565	3,190
Deferred taxation	7,992	15,124	7,992
Investments	585,930	708,566	634,850
Deferred acquisition costs	51,377	44,092	46,849
Reinsurance assets	496,783	379,691	408,323
Insurance and other receivables	247,388	186,247	224,334
Taxation recoverable	36,114	29,818	32,966
Due from related party	2,984	2,984	2,984
Short-term investments	129,670	20,000	80,525
Securities purchased under resale agreements	74,765	25,343	12,275
Cash and cash equivalents	131,428	119,656	69,637
	<u>1,789,281</u>	<u>1,554,950</u>	<u>1,544,410</u>
LIABILITIES AND SHAREHOLDER EQUITY			
	-	-	
Insurance and other payables	410,170	321,794	224,917
Insurance contract provisions	702,737	605,007	647,546
Finance Lease Obligation	3,315	2,854	-
Deferred commission income	66,012	52,917	55,302
Total Liabilities	<u>1,182,234</u>	<u>982,572</u>	<u>927,765</u>
Shareholders' equity	607,047	572,378	619,645
	<u>1,789,281</u>	<u>1,554,950</u>	<u>1,547,410</u>



R. Evan Thwaites
Managing Director



Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholders' Equity

For the Period ended 30 June 2022

(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 2020	465,540	139,340	4,549	(42,328)	567,101
Net profit / (loss) for the period	-	-	-	(3,578)	(3,578)
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	(45,906)	572,378
Balances as at 31 December 2021	465,540	139,340	3,381	11,384	619,645
Net profit / (loss) for the period	-	-	-	(26,083)	(26,083)
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	13,485	-	13,485
Balances as at 30 June 2022	465,540	139,340	16,866	(14,699)	607,047

2.4 Statement of Cash Flows

For the Period ended 30 June 2022
(expressed in Jamaican dollars)

	Unaudited 6 months ended		Audited Year ended
	30-Jun-22	30-Jun-21	31-Dec-21
	\$'000	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	(26,083)	(3,578)	53,712
Depreciation	5,868	4,049	4,035
Deferred taxation	-	-	7,132
Loss / (Gain) on sale of investment	-	-	(9,852)
Increase / (Decrease) in insurance funds	(33,269)	13,769	27,676
Taxation	-	-	-
Interest income	(25,206)	(20,527)	(43,869)
	(78,690)	(6,287)	38,834
Decrease / (Increase) in current assets:			
Insurance and other receivables	(19,818)	31,283	(6,589)
Due from related party	-	(2,984)	(2,984)
Deferred policy acquisition costs	(4,528)	(3,655)	(6,412)
Taxation paid	(3,148)	(3,175)	(6,323)
	(27,494)	21,469	(22,308)
Increase / (Decrease) in current liabilities:			
Insurance and other payables	185,253	110,744	13,867
Unearned Commission	10,710	5,624	8,009
	195,963	116,368	21,876
Net cash provided by / (used in) operating activities	89,779	131,550	38,402
CASH FLOW FROM INVESTING ACTIVITIES			
	-	-	-
Decrease / (Increase) in:			
Short-term Investments, net	(49,145)	10,000	(50,525)
Securities (purchased) / sold under resale agreements	(59,490)	69,421	79,489
Investments, net	42,666	(164,670)	(174,836)
Disposal / (Acquisition) of fixed assets	(7,364)	(12,117)	(12,082)
Intangibles	321	268	-
Proceeds on sale of investments	19,739	30,265	113,976
Interest received	21,969	20,504	43,632
Net cash provided by / (used in) investing activities	(31,304)	(46,329)	(346)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Decrease) in:			
Lease liability, net	3,315	2,854	-
Net cash provided by / (used in) financing activities	3,315	2,854	-
Net increase / (decrease) in cash and cash equivalents	61,790	88,075	38,056
Opening cash and cash equivalents	69,637	31,581	31,581
Closing cash and cash equivalents	131,427	119,656	69,637

3. Notes to the Unaudited Financial Statements

For the period ended 30 June 2022

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

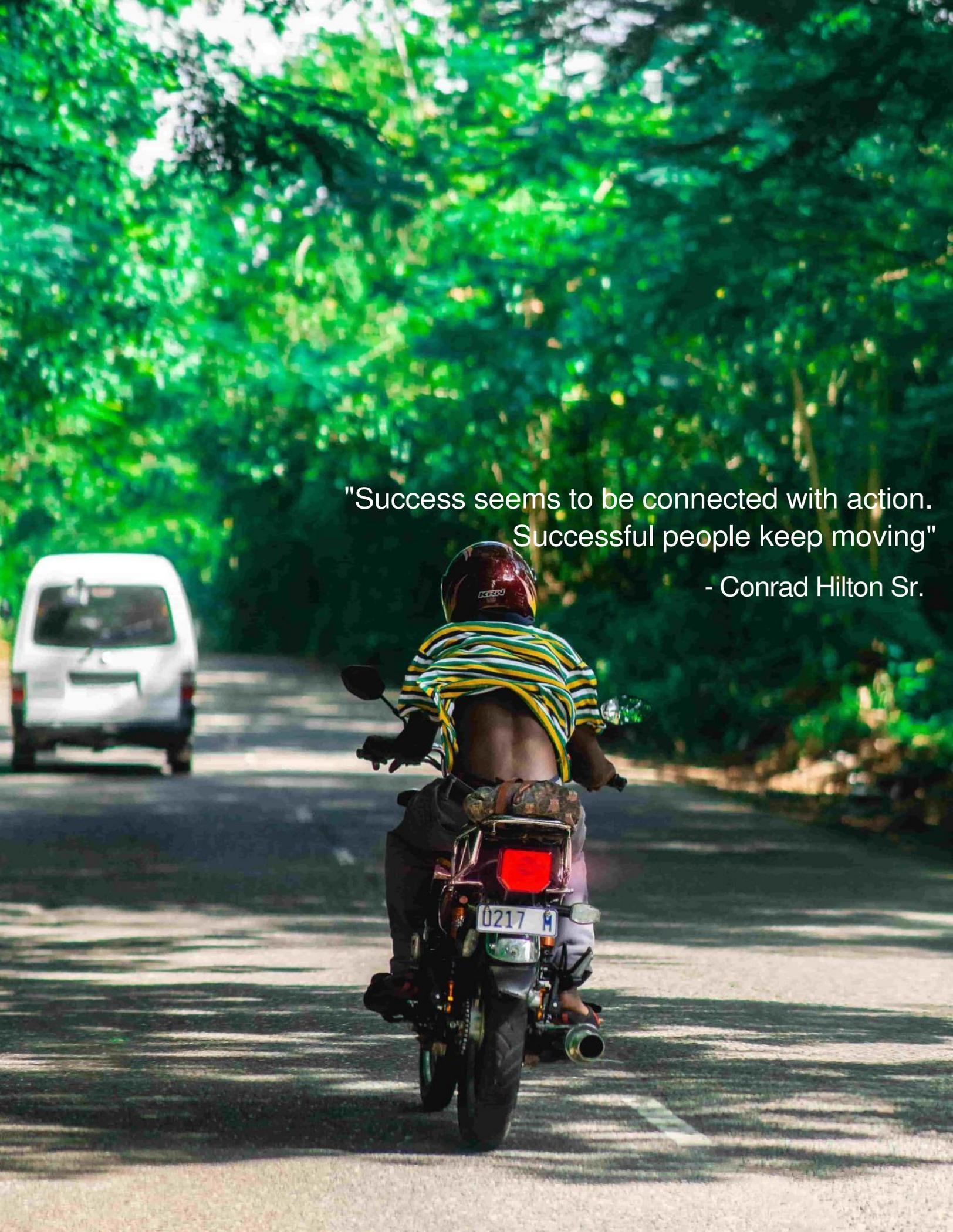
As at 30 June 2022

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	40,495,825	40,495,825	18.92%
3.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
4.	Mayberry Managed Client Accounts	6,229,615	6,229,615	2.91%
5.	Sigma Global Venture	4,000,000	4,000,000	1.87%
6.	Sharon Harvey-Wilson	2,204,979	3,768,339	1.76%
	<i>Jeremy Wilson</i>	<i>1,563,360</i>		
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		180,571,012	84.38%
	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%
	<i>Granite Group Limited</i>	<i>109,000,000</i>		
	<i>St. Elizabeth Holdings Limited</i>	<i>811,000</i>		
R. Evan Thwaites		1,700,000	110,700,000	51.73%
	<i>Granite Group Limited</i>	<i>109,000,000</i>		
Gary Peart		-	47,495,825	22.19%
	<i>Mayberry Jamaican Equities Limited</i>	<i>40,495,825</i>		
	<i>Catherine Peart</i>	<i>7,000,000</i>		
Christopher Berry		-	45,409,185	21.22%
	<i>Mayberry Jamaican Equities Limited</i>	<i>40,495,825</i>		
	<i>PWL Bamboo Holdings Limited</i>	<i>2,924,094</i>		
	<i>Apex Pharmacy Limited</i>	<i>1,989,266</i>		
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%
	<i>Jean Bell</i>	<i>300,000</i>		
Senior Officers				
Yvonne Daley		250,000	250,000	0.12%
Maurice Bolt		200,000	200,000	0.09%

A person is riding a motorcycle away from the camera on a paved road. The rider is wearing a red helmet and a yellow and green striped shirt. The motorcycle has a license plate that reads "0217 H". In the background, a white van is driving away on the same road. The road is lined with lush green trees, and the scene is brightly lit, suggesting a sunny day.

"Success seems to be connected with action.
Successful people keep moving"

- Conrad Hilton Sr.