



2023 Q2: QUARTERLY REPORT

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Unaudited Financial Statements
as at

30 June 2023



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 2023.

Adoption of New Accounting Standard

IronRock adopted a new accounting standard - IFRS 17 ‘Insurance contracts’ - effective January 1, 2023 and these interim financial statements are IFRS 17 compliant. The impact of adopting IFRS 17 is discussed in Note 3 of the interim financial statements.

Managing Director's Report

We continue to experience robust growth in our Insurance Revenue across all classes, with Property insurance continuing to be the main driver of this growth. Reinsurance Contract Expenses continue to increase, due in part to our increased revenue and thus increased cessions under our reinsurance treaties, and to the increased cost of catastrophe reinsurance.

Our Insurance Service Expenses have benefited from a continued moderation in Motor claims, however, as mentioned previously, our operating expenses continue to be adversely affected by inflation and additional expenses related to the adoption of IFRS 17.

Financial Review

For the Second Quarter

Insurance Revenue increased by \$68.7 million or 28% when compared to the same period in 2022. Reinsurance Contract Expenses increased by \$82.6 million, while Insurance Contract Expenses reduced by \$32.7 million and thus our Insurance Service result for the quarter was a profit of \$16.9 million compared to a loss of \$1.8 million in 2022.

For the quarter, Investment and Other Income increased by 97% and now amounts to \$18.8 million, while Other Operating Expense increased by 10% to \$27.8 million. Consequently, we generated a profit of \$7.9 million for the quarter ended June 30 versus a loss of \$17.5 million in 2022.

Year-to-date

Year to date, Insurance Revenue increased by \$148.8 million or 31%, Reinsurance Contract Expenses increased by \$148.3 million, or 63% and Insurance Contract Expenses reduced by \$14.4 million or 6% when compared to the same period in 2022. Other Income of \$38.2 million and Other Operating Expenses of \$58 million grew by 61% and 14% respectively when compared to the prior year.

Thus for the 6 months ended June 30, 2023, IronRock’s pretax loss was \$3.7 million, an improvement of \$22.3 million over the same period of 2022.

Total Assets amount to \$1.2 billion, up 15% for the year, with much of that increase attributable to growth in our Investment Portfolio and Cash and cash equivalents. Shareholders’ Equity has increased by \$19 million year to date and now amounts to \$626 million.

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 2023

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Unaudited 6 month ended		Restated Unaudited Year ended
	30-Jun-23	30-Jun-22	30-Jun 23	30-Jun 22	31-Dec-22
	\$'000	\$'000			\$'000
Insurance Revenue	316,799	248,024	627,206	478,368	991,895
Reinsurance Contracts Expense	(211,785)	(129,097)	(383,499)	(235,177)	(439,102)
Insurance Service Contracts Expense	(88,030)	(120,756)	(227,619)	(242,026)	(491,371)
Insurance Service results	16,895	(1,756)	16,088	1,165	61,422
Other income					
Investment income	14,899	15,824	31,100	28,385	57,573
Other Income	3,921	(6,278)	7,127	(4,629)	7,535
Gain / (loss) on sale of fixed assets	-	-	-	-	-
Total other income	18,819	9,546	38,228	23,756	65,108
Other operating expenses	(27,826)	(25,322)	(58,057)	(51,010)	(103,604)
	(9,007)	(15,776)	(19,829)	(27,254)	(38,496)
Profit / (Loss) before taxation	7,888	(17,532)	(3,741)	(26,089)	22,926
Taxation	-	-	-	-	(2,375)
Net profit / (loss) for period	7,888	(17,532)	(3,741)	(26,089)	20,551
Profit / (Loss) per stock unit	\$ 0.04	\$ (0.08)	\$ (0.02)	\$ (0.12)	\$ 0.10

2.2 Statement of Financial Position

As at 30 June 2023

(expressed in Jamaican dollars)

	Unaudited		Restated Unaudited
	30-Jun-23	30-Jun-22	31-Dec-22
	\$'000	\$'000	\$'000
ASSETS			
Property plant and equipment	20,737	21,975	18,717
Intangible assets	2,227	2,869	2,548
Deferred taxation	6,318	7,992	6,318
Investments	865,221	810,365	735,848
Asset for Remaining Coverage	63,634	47,949	276,449
Receivables	19,671	27,578	13,953
Taxation recoverable	45,413	36,114	39,903
Due from related party	2,984	2,984	2,984
Cash and cash equivalents	208,620	111,428	142,405
	1,234,825	1,069,254	1,239,125
LIABILITIES AND SHAREHOLDER EQUITY			
Other Accounts Payables	35,366	27,348	35,243
Liability for Remaining Coverage	569,989	431,550	567,068
Finance Lease Obligation	3,352	3,315	-
Total Liabilities	608,707	462,213	602,311
Shareholders' equity	626,118	607,041	636,814
	1,234,825	1,069,254	1,239,125



R. Evan Thwaites
Managing Director



Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholder' Equity

For the Period ended 30 June 2023

(expressed in Jamaican dollars)

	Ordinary share capital	Capital reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balances as at 31 December 2021	465,540	139,340	14,765	619,645
Net profit / (loss) for the period	-	-	(12,604)	(12,604)
Other comprehensive income:				
Fair value gain / (loss) on investments	-	-	-	-
Balances as at 30 June 2022	465,540	139,340	2,161	607,041
Balances as at 31 December 2022	465,540	139,340	31,934	636,814
Net profit / (loss) for the period	-	-	(10,696)	(10,696)
Other comprehensive income:				
Fair value gain / (loss) on investments	-	-	-	-
Balances as at 30 June 2023	465,540	139,340	21,238	626,118

2.4 Statement of Cash Flows

For the Period ended 30 June 2023

(expressed in Jamaican dollars)

	Unaudited for period ended		Restated Unaudited Year ended
	30 Jun 2023	30 Jun 2022	31 Dec 2022
	\$'000	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	(3,741)	(12,604)	20,551
Depreciation	2,998	2,974	5,370
Deferred taxation	-	-	1,674
Loss / (Gain) on sale of investment	(1,373)	-	-
Loss / (Gain) on sale of Fixed Asset	(122)	-	-
Taxation	-	-	701
Interest income	(31,100)	(28,385)	(55,150)
	(33,338)	(22,169)	(26,854)
Decrease / (Increase) in current assets:			
Receivables	(5,718)	(17,074)	(3,449)
Asset for remaining coverage	212,815	105,926	(122,574)
Taxation paid	(5,510)	(3,148)	(7,638)
	201,587	85,704	(51,766)
Increase / (Decrease) in current liabilities:			
Other payables	123	1,577	9,472
Liability for Remaining Coverage	2,921	44,683	180,201
	3,044	46,260	189,673
Net cash provided by / (used in) operating activities	171,293	109,775	29,158
CASH FLOW FROM INVESTING ACTIVITIES			
Decrease / (Increase) in:			
Investments, net	(128,000)	(79,715)	176,105
Disposal / (Acquisition) of fixed assets	122	-	(2,822)
Intangibles	321	321	-
Acquisition of fixed assets	(5,018)	(4,464)	-
Proceeds on sale of investments	-	-	-
Interest received	31,100	28,385	51,330
Net cash provided by / (used in) investing activities	(101,475)	(55,473)	43,608
CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Decrease) in:			
Dividend Payment	(6,955)	-	-
Lease liability, net	3,352	3,315	-
Net cash provided by / (used in) financing activities	(3,603)	3,315	-
Net increase / (decrease) in cash and cash equivalents	66,215	41,791	72,768
Opening cash and cash equivalents	142,405	69,637	69,637
Closing cash and cash equivalents	208,620	111,428	142,405

3. Notes to the Unaudited Financial Statements

For the period ended 30 June 2023

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.

IFRS 17 - Insurance Contracts

Accounting estimates:

In applying IFRS 17 measurement requirements, the following inputs and methods were used that included significant estimates.

Discount rates

The company used a bottom-up approach to determine discount rates, where applicable. Risk-free discount rates were determined using observed rates for Government of Jamaica bonds. The Company's claims settlement period is not expected to exceed the period over which observable market prices are available.

Risk adjustment for non-financial risk

Risk adjustments for non-financial risk was determined to reflect the compensation that the company would require for bearing non-financial risk and its degree of risk aversion. The risk adjustments for non-financial risk was determined for the liabilities for incurred claims of all contracts using a confidence level technique. They were allocated to groups of contracts based on an analysis of the risk profiles of the groups. To determine the risk adjustments for non-financial risk for reinsurance contracts, the company applied these techniques both gross and net of reinsurance and derived the amount of risk being transferred to the reinsurer as the difference between the two results.

IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted. However, the company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. Consequently, the company will apply IFRS 9 for the first time on 1 January 2023.

Financial assets — Classification

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 includes three principal measurement categories for financial assets — measured at amortised cost, FVOCI and FVTPL — and eliminates the previous IAS 39 categories of loans and receivables, and available-for-sale financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impact assessment

IFRS 9 will affect the classification and measurement of financial assets held at 1 January 2023 as follows.

- Most underlying items of Participating contracts and certain other financial investments are designated as at FVTPL under IAS 39. They will also be measured at FVTPL under IFRS 9.
- Debt investments that are classified as available-for-sale under IAS 39 may, under IFRS 9, be measured at amortised cost, FVOCI or FVTPL, depending on the circumstances.
- Equity investments that are classified as available-for-sale under IAS 39 will be measured at FVTPL under IFRS 9. However, some of these equity investments are held for long term strategic purposes and will be designated as at FVOCI on 1 January 2023; consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss, and no gains or losses will be reclassified to profit or loss on disposal of these investments.

Financial assets — Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. This will require considerable judgement about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

The new impairment model will apply to the company's financial assets measured at amortised cost, debt investments at FVOCI.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECL or lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument; 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The company will measure loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised will be 12-month ECL.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

The key inputs into the measurement of ECL are the term structures of the PD, LGD and EAD. ECL for financial assets for which credit risk has not significantly increased are calculated by multiplying the 12-month PD by the respective LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by the respective LGD and EAD.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the company will use to derive the default rates of its portfolios. This includes the PDs provided in the default study and the LGDs provided in the recovery studies.

Changes in accounting policies resulting from the adoption of IFRS 9 will be applied retrospectively, except as described below.

The comparative period will be restated in accordance with IFRS 9's transition requirements, IFRS 9 does not apply to financial assets that had already been derecognised at 1 January 2023; however, the company will elect to apply the classification overlay in IFRS 17 to financial assets derecognised in 2022 to present comparative information as if the classification and measurement (including impairment) requirements of IFRS 9 had been applied to such financial assets, by using reasonable and supportable information to determine how they would be classified and measured on initial application of IFRS 9.

4. 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 and the recent adoption of IFRS 9 and 17. The reconciliation of the changes to the retained earnings as at December 2022 are as follows:

		'000
Dec 31, 2022	Audited Retained Earnings	39,534
	Discounted cost - Net	11,170
	Risk Adjustment - Net	(12,083)
	Investment Revaluation Reversal	572
	Expected Credit Loss	(7,258)
	Adjusted Retained Earnings	31,934

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

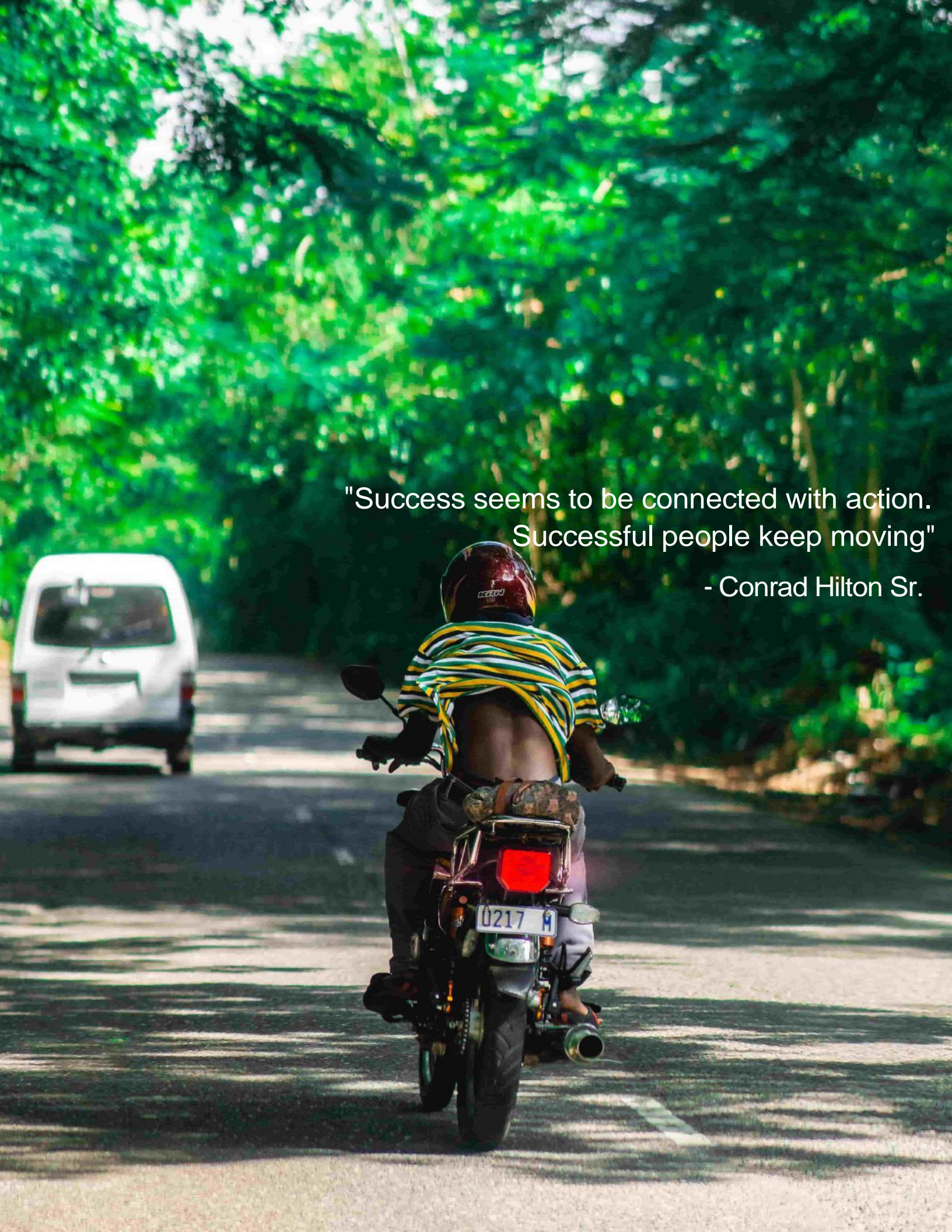
As at 30 June 2023

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	41,588,516	41,588,516	19.43%
3.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
4.	Mayberry Managed Client Accounts	5,820,345	5,820,345	2.72%
5.	Sigma Global Venture	4,000,000	4,000,000	1.87%
6.	Sharon Harvey-Wilson <i>Jeremy Wilson</i>	1,563,360 2,204,979	3,768,339	1.76%
7.	PWL Bamboo Holdings Limited	2,924,094	2,924,094	1.37%
8.	W. David McConnell	2,420,000	2,420,000	1.13%
9.	Michelle Mayne	2,000,000	2,000,000	0.93%
10.	Apex Pharmacy	1,989,266	1,989,266	0.93%
Total			180,510,560	84.35%
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>	109,000,000			
<i>St. Elizabeth Holdings Limited</i>	811,000			
R. Evan Thwaites		1,750,000	110,750,000	51.75%
<i>Granite Group Limited</i>	109,000,000			
Gary Peart		-	48,588,516	22.70%
<i>Mayberry Jamaican Equities Limited</i>	41,588,516			
<i>Catherine Peart</i>	7,000,000			
Christopher Berry		-	46,501,876	21.73%
<i>Mayberry Jamaican Equities Limited</i>	41,588,516			
<i>PWL Bamboo Holdings Limited</i>	2,924,094			
<i>Apex Pharmacy Limited</i>	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%
<i>Jean Bell</i>	300,000			
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". The road is lined with lush green trees, and a white van is visible in the distance. The scene is brightly lit, suggesting a sunny day.

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

- Conrad Hilton Sr.