2024 Q2: QUARTERLY REPORT

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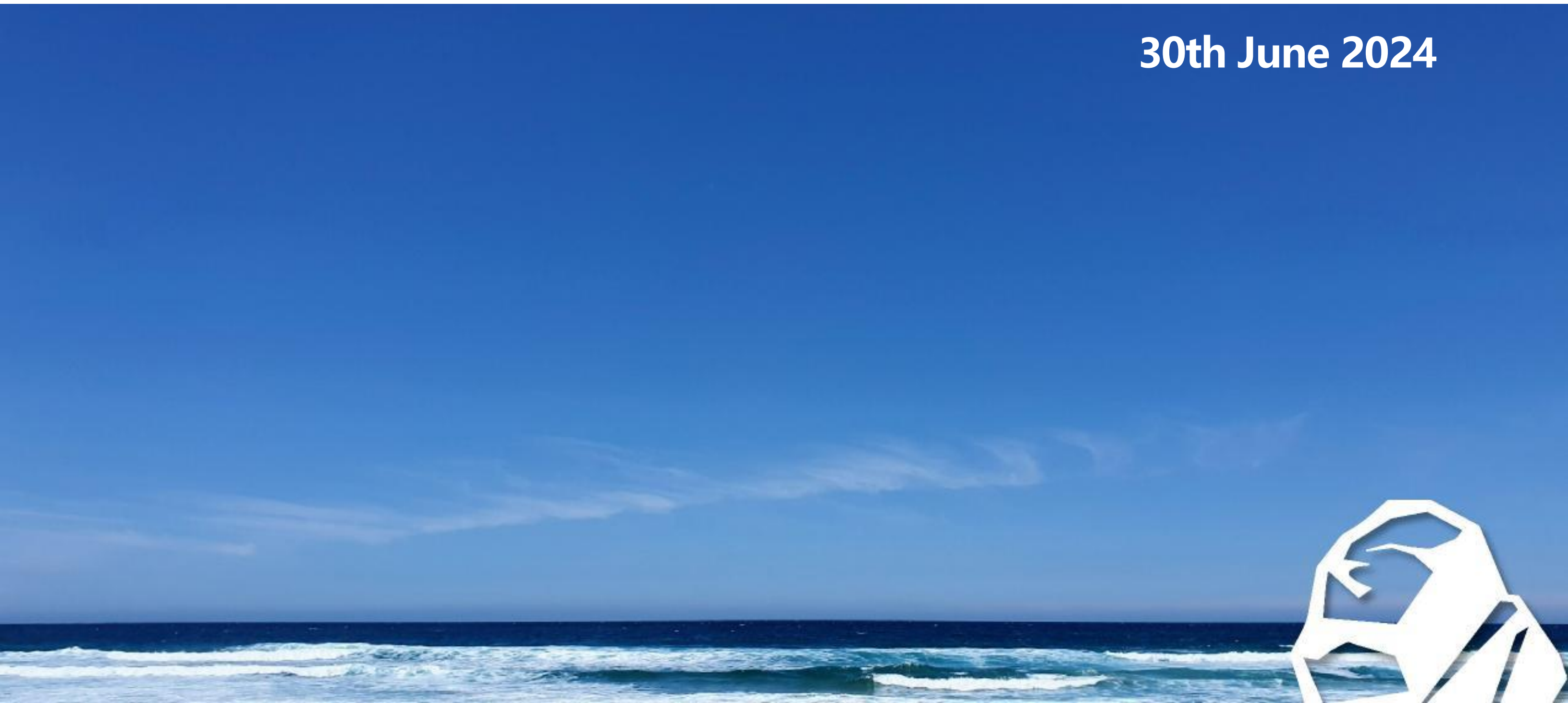
Unaudited Financial Statements as at

30th June 2024



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 2024.

Managing Director's Report

IronRock continued to record robust growth during the period under review. Revenue in our property portfolio increased by over 50%, as we benefited from additional reinsurance capacity obtained for 2024, and revenue in our motor portfolio increased by 35%. Our other portfolios also generated growth, albeit at lower rates. We anticipate that the growth will continue for the rest of the year.

Our operating expenses continue to be affected by inflation and additional costs relating to the adoption of new accounting standards (IFRS 9 and 17). Our claims incurred for the quarter increased significantly but are broadly in line with our projections on a year-to-date basis.

Our investment portfolio continues to generate increasing returns as we benefit the current favourable investment market conditions.

Financial Review

For the Second Quarter

When compared to the corresponding quarter in 2023, our Insurance Revenue increased by $126.9 million to $443.7 million, an increase of 40%. Reinsurance Contract Expense now amounts to $246.9 million, an increase of 17%, whilst Insurance Service Expenses increased by 116% to $190.5 million, driven by increased operating expenses, commission expenses and claims incurred. Thus, our Insurance Service Result was a profit of $6.2 million, down from $16.9 million in 2023.

Our Investment Return increased to $25.7 million, up from $14.9 million in 2023. Other Operating Expenses amounted to $38.3 million and consequently we produced a loss before tax of $5.3 million.

Year-to-date

For the year to date, insurance revenue increased by 35% and now amounts to $845.1 million while Reinsurance Contract Expenses totalled $498.6 million, due primarily to increased cessions to our reinsurance treaties. Insurance Service Expenses increased to $326.5 million and thus we produced an Insurance Service Result of $20 million as compared to $16 million in the prior year.

Our Investment Return amounted to $54.8 million compared to $34 million in 2023, an increase of 76% and Other Expense totalled $75.2 million. Therefore, we generated a profit before tax of $0.5 million as compared to a loss of $3.7 million in the prior year.

Total Assets are $1.5 billion, up $270 million when compared to 2023 and Shareholders' Equity now amounts to $752.4 million, an increase of 14% over 2023.

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

Thwaites

R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 30 June 2024

(expressed in Jamaican dollars)

	Unaudited 3 months ended	Unaudited 3 months ended	Unaudited 6 months ended	Unaudited 6 months ended	Audited Year ended
	30-Jun-24	**30-Jun-23**	**30-Jun-24**	**30-Jun-23**	**31-Dec-23**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Insurance Revenue	**443,687**	**316,799**	**845,133**	**627,206**	**1,395,361**
Reinsurance Contracts Expense	(246,970)	(211,875)	(498,597)	(383,499)	(710,554)
Insurance Service Contracts Expense	(190,532)	(88,030)	(326,496)	(227,619)	(565,090)
Insurance Service results	**6,185**	**16,894**	**20,040**	**16,088**	**119,717**
Interest revenue	23,372	16,678	44,417	33,048	62,670
Other Investment revenue	2,489	(1,662)	10,527	(1,513)	11,388
Net Impairment gain/loss on financial asset	(128)	(119)	(141)	(438)	4,745
Investment return	**25,733**	**14,897**	**54,803**	**31,097**	**78,803**
Net Insurance and Investment results	**31,918**	**31,791**	**74,843**	**47,185**	**198,520**
Net finance expenses from insurance contracts	-	-	-	-	9,497
Net finance income from reinsurance contracts	-	-	-	-	(6,478)
	31,918	31,791	74,843	47,185	201,539
Other Income	1,090	3,923	861	7,131	20,067
Other operating expenses	(38,304)	(27,826)	(75,232)	(58,057)	(118,506)
Profit / (Loss) before taxation	**(5,296)**	**7,888**	**472**	**(3,741)**	**103,100**
Taxation	(270)	-	(270)	-	(19,136)
Net profit / (loss) for period	**(5,566)**	**7,888**	**202**	**(3,741)**	**83,964**
Profit / (Loss) per stock unit	**($0.03)**	**$0.04**	**$0.00**	**($0.02)**	**$0.39**

2.2 Statement of Financial Position

As at 30 June 2024

(expressed in Jamaican dollars)

	Unaudited 30-Jun-24	Unaudited 30-Jun-23	Audited 31-Dec-23
	$'000	**$'000**	**$'000**
ASSETS			
Property plant and equipment	16,185	20,738	15,648
Intangible assets	2,451	2,227	2,972
Deferred taxation	-	6,318	-
Investments	591,665	845,221	529,078
Securities purchased under resale agreement	-	20,000	-
Asset for Remaining Coverage	306,131	61,087	429,779
Short Term Investment	179,448	-	101,442
Receivables	5,829	19,671	52,081
Taxation recoverable	60,031	45,413	41,508
Due from related party	746	2,984	746
Cash and cash equivalents	336,903	208,074	395,923
	1,499,389	**1,231,733**	**1,569,177**
LIABILITIES AND SHAREHOLDER EQUITY			
Other Accounts Payables	40,569	38,172	37,372
Liability for Remaining Coverage	702,945	533,755	777,045
Deferred Tax Liability	3,507	-	3,417
Total Liabilities	**747,021**	**571,927**	**817,834**
Shareholders' equity	**752,368**	**659,806**	**748,343**
	1,499,389	**1,231,733**	**1,566,177**

R. Evan Thwaites
Managing Director

Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholder' Equity

For the Period ended 30 June 2024

(expressed in Jamaican dollars)

	Ordinary share capital	Capital reserve	Fair value Investment	Retained earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balances as at 31 December 2022	**465,540**	**139,340**	**(6,274)**	**71,896**	**670,502**
Net profit / (loss) for the period	-	-	-	(3,741)	(3,741)
Other comprehensive income:	-	-	-	-	-
Dividends Paid	-	-	-	(6,955)	(6,955)
Fair value gain / (loss) on investments	-	-	-	-	-
Balances as at 30 June 2023	**465,540**	**139,340**	**(6,274)**	**61,200**	**659,806**
Balances as at 31 December 2023	**465,540**	**139,340**	**(5,443)**	**148,906**	**748,343**
Net Profit / Loss for the period	-	-	-	202	202
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	3,823	-	3,823
Balances as at 30 June 2024	**465,540**	**139,340**	**(1,620)**	**149,108**	**752,368**

2.4 Statement of Cash Flows

For the Period ended 30 June 2024

(expressed in Jamaican dollars)

	Unaudited	Unaudited	Audited
	30-Jun-24	30-Jun-23	31-Dec-23
	$'000	$'000	$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	202	(3,741)	83,964
Depreciation	3,483	2,998	5,507
Deferred taxation	-	-	9,735
Expected credit Loss	141	438	(4,745)
Fair Value Thru Profit and Loss	(4,015)	3,921	3,295
Taxation	270	-	9,401
Loss / (Gain) on sale of investment	(6,512)	(2,408)	(6,391)
Loss / (Gain) on sale of Fixed Asset	-	(122)	(122)
Interest income	(54,807)	(33,048)	(70,962)
	(61,238)	**(31,962)**	**29,682**
Changes in:			
Receivables	46,252	(5,718)	(37,306)
Reinsurance contract assets	120,648	212,815	(152,875)
Due from Parent Company			2,238
Taxation paid	(18,703)	(5,604)	(11,005)
Other payables	3,197	(423)	2,129
Finance lease Obligation		3,352	
Insurance contract liabilities	(74,100)	2,921	246,211
	77,294	207,343	49,392
Net cash provided by / (used in) operating activities	**16,056**	**175,381**	**79,074**
CASH FLOW FROM INVESTING ACTIVITIES			
Decrease / (Increase) in:			
Investments, net	(48,378)	(387,715)	(80,332)
Proceeds from disposal of Investment			104,334
Proceeds from disposal of Fixed Assets		122	122
Disposal / (Acquisition) of fixed assets	(3,499)	(5,015)	(1,662)
Intangibles		-	(1,200)
Short term Investments	(78,006)	186,804	-
Repurchase agreements purchase	-	70,000	90,000
Interest received	54,807	33,048	70,138
Net cash provided by / (used in) investing activities	**(75,076)**	**(102,756)**	**181,400**
CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Decrease) in:			
Dividend Payment	-	(6,955)	(6,955)
Net cash provided by / (used in) financing activities	**-**	**(6,955)**	**(6,955)**
Net increase / (decrease) in cash and cash equivalents	**(59,020)**	**65,670**	**253,519**
Opening cash and cash equivalents	395,923	142,404	142,404
Closing cash and cash equivalents	**336,903**	**208,074**	**395,923**

3. Notes to the Unaudited Financial Statements

For the period ended 30 June 2024

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 adjustment 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 9erecognized at 1 January 2023; however, the company will elect to apply the classification overlay in IFRS 17 to financial assets 9erecognized 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.

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 2024

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		41,776,754	41,776,754	**19.52%**
3.	Catherine Adella Peart		7,000,000	7,000,000	**3.27%**
4.	Mayberry Managed Client Accounts		5,765,002	5,765,002	**2.69%**
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.	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.	R. Evan Thwaites		2,050,000	2,050,000	**0.96%**
10.	Michelle Mayne		2,000,000	2,000,000	**0.93%**
	Total			**180,704,189**	**84.44%**
	Total Issued Shares			**214,000,000**	**100.00%**

Directors & Senior Officers

	Connected Parties	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		2,050,000	111,050,000	**51.89%**
Granite Group Limited	*109,000,000*			
Gary Peart		-	48,776,754	**22.79%**
Mayberry Jamaican Equities Limited	41,776,754			
Catherine Peart	*7,000,000*			
Wayne N. Hardie		1,025,727	1,025,727	**0.48%**
Christian Tavares-Finson		666,000	666,000	**0.31%**
Senior Officers				
Yvonne Daley		250,000	250,000	**0.12%**
Maurice Bolt		200,000	200,000	**0.09%**