



UNAUDITED FINANCIAL STATEMENTS FOR
YEAR ENDED 31th DECEMBER 2018



IronRock Insurance Company Limited

Table of Contents

Contents	Page
Report to Stockholders	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Shareholders' Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
List of Shareholders	9

Report to Stockholders

IronRock Generates Operating Profit for 2018

The Directors are pleased to present the unaudited financial statements of IronRock Insurance Company Limited (“IronRock”) for the year ended 31st December 2018.

We are delighted that IronRock has generated an operating profit of \$8.4m for the quarter and has ended the year with a profit of \$0.8m. This result is a significant improvement over the prior year loss of \$47.9m.

For the 12 months ended 31st December 2018, gross written premium increased by 35% to \$571.8m (2017: \$424.6m) with net earned premium of \$184.2m (2017: \$78m) increasing by 136% over the prior year. Net commissions of \$6.3m, increased by \$7.9m over the prior year, reflecting substantial profit commissions earned under the terms of our Property, Accident and Marine reinsurance treaties. Operating expenses totalled \$150.6m (2017: \$134.7m) and claims incurred amounted to \$83.8m (2017: \$46.8m) resulting in a considerable improvement in our underwriting result, which fell to a loss of \$43.9m (2017: \$101.3m).

Other income totalled \$44.7m (2017: \$53.5m) and thus the operating result for the year was a profit of \$0.8m as opposed to a loss of \$47.9m in 2017.

The improvement in IronRock’s performance has been driven by extremely good results in our insurance portfolio, as evidenced by the profit commissions mentioned earlier and very low loss ratios in our Motor and Liability classes. These results demonstrate the success of management’s approach to underwriting, risk selection and pricing.

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



R. Evan Thwaites
Managing Director



IronRock Insurance Company Limited
Statement of Comprehensive Income
For the year ended December 31, 2018

	Unaudited 3 months to <u>Dec 31, 2018</u> \$'000	Unaudited 3 months to <u>Dec 31, 2017</u> \$'000	Unaudited Year ended <u>Dec 31, 2018</u> \$'000	Audited <u>Dec 31, 2017</u> \$'000
Gross Premium	190,326	167,188	571,838	424,462
Less proportional reinsurance	(95,340)	(90,230)	(321,708)	(270,291)
Excess of loss premium	<u>(9,936)</u>	<u>(6,439)</u>	<u>(35,136)</u>	<u>(25,768)</u>
Net premium	85,050	70,519	214,994	128,403
Unearned premium adjustment, net	<u>(29,487)</u>	<u>(39,797)</u>	<u>(30,776)</u>	<u>(50,395)</u>
Net earned premium	55,564	30,722	184,218	78,008
Commission earned	23,271	11,654	66,314	33,630
Commission incurred	(17,046)	(11,154)	(60,022)	(31,456)
Claims, net	(22,816)	(12,648)	(83,836)	(46,829)
Operating expenses	<u>(40,087)</u>	<u>(35,287)</u>	<u>(150,612)</u>	<u>(134,735)</u>
Underwriting loss	(1,115)	(16,713)	(43,938)	(101,382)
Other income				
Investment income	7,970	7,559	32,218	30,736
Other Income	998	1	1,004	4
Profit/(Loss) on sale of Investment	1,742	24,908	3,157	24,085
Foreign exchange gain/(loss)	<u>(1,231)</u>	<u>(3,189)</u>	<u>8,370</u>	<u>(1,305)</u>
	<u>9,479</u>	<u>29,279</u>	<u>44,749</u>	<u>53,520</u>
Profit/(Loss) before taxation	8,364	12,566	811	(47,862)
Taxation	-	<u>60</u>	-	-
	<u>8,364</u>	<u>12,626</u>	<u>811</u>	<u>(47,862)</u>
Profit/(Loss) per share (cents per share)	<u>0.04</u>	<u>0.06</u>	<u>0.00</u>	<u>(0.22)</u>



IronRock Insurance Company Limited
Statement of Financial Position
December 31, 2018

	Unaudited Year ended December 31, 2018	Audited Year ended December 31, 2017
	\$'000	\$'000
ASSETS		
Cash and cash equivalents	61,161	56,502
Investments	434,587	280,610
Insurance and other receivables	142,134	166,307
Reinsurance assets	182,958	190,771
Taxation recoverable	15,260	9,160
Short-term Investments	108,317	171,351
Securities purchased under resale agreements	20,297	17,256
Property plant and equipment	12,805	16,398
Intangible Asset	5,117	5,760
Deferred acquisition Cost	<u>34,592</u>	<u>23,650</u>
	<u>1,017,228</u>	<u>937,765</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Insurance and other payables	99,970	100,682
Insurance contract provisions	378,374	303,392
Deferred commission income	<u>26,132</u>	<u>21,352</u>
Total Insurance Funds	504,476	425,426
Shareholders' equity	<u>512,752</u>	<u>512,339</u>
	<u>1,017,228</u>	<u>937,765</u>

Managing Director
R. Evan Thwaites

Director of Finance
Wayne Hardie

IronRock Insurance Company Limited
Statement of Changes in Shareholders' Equity
For the year ended December 31, 2018

	Ordinary Share Capital \$'000	Capital Reserve \$'000	Investment Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balances as at January 1, 2017	465,540	139,340	5,505	(50,206)	560,179
Net (loss) for the period	-	-	-	(47,862)	(47,862)
Other Comprehensive income:					
Equity revaluation reserve	-	-	22	-	22
Total Other Comprehensive income	-	-	22	-	22
Balances as at December 31, 2017	465,540	139,340	5,527	(98,068)	512,339
Balances as at January 1, 2018	465,540	139,340	5,527	(98,068)	512,339
Net profit for the period	-	-	-	811	811
Other Comprehensive income:					
Equity revaluation reserve	-	-	(398)	-	(398)
Total Other Comprehensive income	-	-	(398)	-	(398)
Balances as at December 31, 2018	465,540	139,340	5,129	(97,257)	512,752



IronRock Insurance Company Limited
Statement of Cash flows
For the year ended December 31, 2018

	Unaudited 31-Dec-18 <u>\$'000</u>	Audited 31-Dec-17 <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit after taxation	811	(47,862)
Adjustments to reconcile (loss)/profit to net cash provided by operating activities:		
Depreciation	5,197	5,177
Gain/Loss on disposal of investment	(3,157)	(24,085)
Increase in insurance funds	82,795	70,242
Taxation		
Interest income	<u>(32,218)</u>	<u>(28,555)</u>
	53,428	(25,083)
Increase in current assets:		
Insurance and other receivables	26,766	(119,557)
Deferred Policy acquisition cost	(10,942)	(13,911)
Taxation Paid	<u>(6,100)</u>	<u>(6,538)</u>
	63,152	(165,089)
Increase/(decrease) in current liabilities:		
Insurance and Other Payables	(712)	75,263
Unearned Commission	<u>4,780</u>	<u>12,020</u>
	<u>4,068</u>	<u>87,283</u>
Net cash provided by/(used in) operating activities	<u>67,220</u>	<u>(77,806)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in:		
Short-term Investments, Net	63,034	(101,004)
Securities Purchased/Sold under resale agreement	(3,041)	13,393
Investment, Net	(202,153)	15,855
Additions to fixed assets	(1,604)	(2,279)
Intangibles	643	
Proceeds from the sale of Investments	50,935	93,184
Interest received	<u>29,625</u>	<u>28,923</u>
Net cash provided by/(used in) investing activities	<u>(62,561)</u>	<u>48,072</u>
Net increase/(decrease) in cash and cash equivalents	4,659	(29,734)
Cash and cash equivalents at beginning of period/year	<u>56,502</u>	<u>86,236</u>
Cash and cash equivalents at end of period/year	<u>61,161</u>	<u>56,502</u>

Notes to the Unaudited Financial Statements
For the year ended December 31, 2018

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. At December 31, 2015, the company was a wholly owned subsidiary of Granite Group Limited, a company incorporated and domiciled in St. Lucia. As a result of the Initial Public Offering (IPO) on 1 March 2016, Granite Group Limited's ownership reduced to 50.9%. The principal activity of the company is the underwriting of general insurance business.

The company commenced trading 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 twelve months' 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.

List of Shareholders
As at December 31, 2018

Authorised Share Capital 1,000,000,000 units
Issued Share Capital 214,000,000 units

Top Ten Shareholders

<u>Name</u>	<u>Shareholdings</u>
Granite Group Ltd	109,000,000
Mayberry Jamaican Equities Limited	42,494,271
Mayberry Managed Clients Accounts	8,347,666
Catherine Adella Peart	7,000,000
Sharon Harvey-Wilson	3,768,339
Michelle A. Myers Mayne	3,000,000
Bamboo Group Holdings Limited	2,786,030
W. David McConnell	
Tania McConnell/Leah McConnell	808,000
W. David McConnell	
Tania McConnell/David McConnell	806,000
W. David McConnell	
Tania McConnell/William McConnell	806,000
	2,420,000
Apex Pharmacy	1,989,266
Yuan Liao	1,668,611

Connected Persons

<u>Connected Persons</u>	<u>Shareholdings</u>
Jean Bell	300,000
St. Elizabeth Holdings Limited	811,000

Shareholdings of Directors and Senior Officers

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
W. David McConnell	-	112,231,000
Richard Evan Thwaites	1,600,000	109,000,000
Wayne N. Hardie	1,025,727	-
Anthony Bell	-	300,000
Christopher Berry	-	47,269,567
Gary Peart	-	49,494,271

Senior Officers

Yvonne Daley	250,000	-
Maurice Bolt	200,000	-