

# SECOND QUARTER

## INTERIM REPORT

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### MANAGING DIRECTOR'S REVIEW

It's good to see that hotels are reopened, and that the country is slowly getting back to normal after more than a year of dealing with Covid 19. We are all learning to adjust to this new way of living, while gradually trying to regain some type of normalcy in our day-to-day lives. We are also cautiously hopeful the Government's efforts to increase the number of vaccinated individuals throughout the country gains enough momentum to finally carry us to the end of this pandemic.

Our second quarter financial results show that we have rebounded by some 25% over the same period last year, which is a welcome development that we hope will continue. This gain is a direct result of the pick-up in the economy that has seen more and more tourists returning to our shores in 2021. Some recent tourism figures--as reported in the Central Bank's Monthly Economic and Financial Developments report for May--are eye-opening: air traffic arrivals from the U.S. in April increased to 54,362 from only 205 visitors for the same period last year, while total foreign tourist arrivals for April were 68,582 versus just 43 last year.

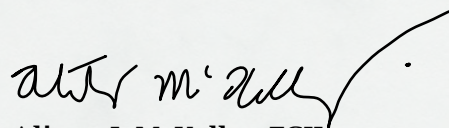
Upon review of our financial position our balance sheet continues to contract as hurricane Dorian cash advance positions and outstanding claims liabilities reduce to normal pre hurricane levels. We are happy to report that uptick in our economy has boosted our agency segment results, with net

income increasing from \$1.9M to \$3.1M as a result of a 17% increase in net revenue from contracts with customers to \$10.4M and much improved dividend income compared to the same period last year.

On the other hand, our underwriting business suffered a 37% decline in net income as factors unique to Covid 19 resulted in net revenue from contracts with customers falling substantially to (\$695,941). Overall total expenses were held in line and enjoyed a slight savings over the prior year ending at \$8,906,003. The net consolidated result was an overall 25% increase in net income from \$3,012,788 to \$3,752,392 representing \$0.41 cents per share for our shareholders.

We cannot tell you how thankful we are to you, our customers, for your support during this crisis. Like family, it means much more than simple numbers reflect. As always, my sincere thanks for the continued dedication of our staff, and for the support of our Board of Directors.

Be safe. Be well.



Alister I. McKellar, FCII  
Managing Director



**J.S. JOHNSON**  
**PEACE OF MIND**  
INSURANCE AGENTS & BROKERS

PEACE OF MIND

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021 (amounts expressed in Bahamian dollars)

	June 2021	December 2020
<b>ASSETS</b>		
Cash and bank balances	\$ 18,476,841	32,605,631
Term deposits	7,233,560	7,188,678
Accounts receivable	14,940,416	12,798,548
Due from insurance carriers	45,635	334,715
Investments in securities		
- fair value through profit or loss	8,785,429	8,246,055
- Amotized costs	11,021,018	11,015,510
Prepayments and other assets	1,230,277	1,102,055
Prepaid reinsurance premiums	22,488,669	21,682,877
Reinsurance recoveries	13,463,261	20,909,905
Right of use asset	299,235	412,798
Investment properties	536,916	787,772
Property, plant and equipment	7,944,266	8,003,843
<b>Total assets</b>	<b>\$ 106,465,523</b>	<b>125,088,387</b>
<b>LIABILITIES</b>		
General insurance funds:		
Unearned premium reserve	\$ 26,077,335	25,314,896
Outstanding claims	14,074,588	21,050,996
	<u>40,151,923</u>	<u>46,365,892</u>
Other liabilities:		
Accounts payable	6,883,518	15,050,985
Due to reinsurers	5,851,660	9,015,906
Lease liability	304,216	419,696
Accrued expenses and other liabilities	2,353,897	4,688,460
Unearned commission reserve	5,637,054	5,431,639
<b>Total liabilities</b>	<b>\$ 61,182,268</b>	<b>80,972,578</b>
<b>EQUITY</b>		
Share capital		
Authorized, issued and fully paid:-		
8,000,000 ordinary shares of \$0.01 each	\$ 80,000	80,000
Retained earnings	28,408,334	27,364,731
Interest in own shares	(84,600)	(84,600)
	<u>28,403,734</u>	<u>27,360,131</u>
Non-controlling interest	16,879,521	16,755,678
<b>Total equity</b>	<b>\$ 45,283,255</b>	<b>44,115,809</b>
<b>Total liabilities and equity</b>	<b>\$ 106,465,523</b>	<b>125,088,387</b>

(unaudited)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months to June 30, 2021 (amounts expressed in Bahamian dollars)

	June 2021	June 2020
<b>INCOME</b>		
Net revenue from contracts with customers	\$ 9,676,533	8,869,313
Net premiums earned	2,294,397	2,304,486
Investment income	687,465	779,549
Total income	<u>\$ 12,658,395</u>	<u>11,953,348</u>
<b>EXPENSES</b>		
Salaries and employees benefits	\$ 5,368,278	5,160,782
Net claims incurred	524,259	807,516
Depreciation and amortization	297,150	382,530
Change in net unrealised loss on investments in securities	296,864	366,410
Other operating expenses	2,419,452	2,223,322
Total expenses	<u>\$ 8,906,003</u>	<u>8,940,560</u>
<b>Net income</b>	<b>\$ 3,752,392</b>	<b>3,012,788</b>
<b>Total comprehensive income</b>	<b>\$ 3,752,392</b>	<b>3,012,788</b>
Equity holders of the Company	\$ 3,280,243	2,289,366
Non-controlling interests	472,149	723,422
	<b>\$ 3,752,392</b>	<b>3,012,788</b>
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.41	\$ 0.29

(unaudited)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months to June 30, 2021 (amounts expressed in Bahamian dollars)

	Share Capital	Retained Earnings	Interest in own Shares	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance at December 31, 2019	80,000	26,774,645	(84,600)	26,770,045	15,428,622	42,198,667
Total comprehensive income for the year:						
Net income	-	2,289,366	-	2,289,366	723,422	3,012,788
Unrealised gain on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(2,400,000)	-	(2,400,000)	-	(2,400,000)
<b>Balance at June 30, 2020</b>	<b>80,000</b>	<b>26,664,011</b>	<b>(84,600)</b>	<b>26,659,411</b>	<b>16,152,044</b>	<b>42,811,455</b>
Balance at December 31, 2020	80,000	27,364,731	(84,600)	27,360,131	16,755,678	44,115,809
Total comprehensive income for the year:						
Net income	-	3,280,243	-	3,280,243	472,149	3,752,392
Unrealised loss on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(2,236,640)	-	(2,236,640)	(348,306)	(2,584,946)
<b>Balance at June 30, 2021</b>	<b>80,000</b>	<b>28,408,334</b>	<b>(84,600)</b>	<b>28,403,734</b>	<b>16,879,521</b>	<b>45,283,255</b>

(unaudited)

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months to June 30, 2021 (amounts expressed in Bahamian dollars)

	June 2021	June 2020
<b>Cash flows from operating activities:</b>		
Net income for the period	3,752,392	3,012,788
<b>Adjustments for:</b>		
Unearned premium reserve	(335,920)	(96,731)
Depreciation and amortization	297,150	382,530
Change in net unrealized losses on investments in securities	296,864	366,410
Interest income	(325,353)	(512,032)
Dividend income	(194,257)	(174,456)
Bad debts	24,000	24,000
<b>Cash from operations before changes in assets and liabilities</b>	<b>3,514,876</b>	<b>3,002,509</b>
<b>(Increase)/decrease in assets:</b>		
Accounts receivable	(2,165,868)	(6,010,748)
Due from insurance carriers	289,080	917,985
Prepayments and other assets	(128,220)	426,401
Prepaid reinsurance premiums	(805,792)	798,148
Reinsurance recoveries	7,446,644	93,376,175
<b>Increase/(decrease) in liabilities:</b>		
Unearned premium reserve	1,098,359	(1,295,331)
Outstanding claims	(6,976,408)	(89,419,130)
Due to related parties	-	1,001,313
Accounts payable, accrued expenses and other liabilities	(10,502,030)	(7,086,878)
Due to reinsurers	(3,164,248)	(17,542,956)
Unearned commission reserve	205,416	(373,872)
<b>Net cash used in operating activities</b>	<b>(11,188,191)</b>	<b>(22,206,384)</b>
<b>Cash flows from investing activities:</b>		
Net placement of term deposits	(82,554)	(140,588)
Purchase of property, plant and equipment	126,845	(162,533)
Sale of investments in securities	(846,726)	530,735
Interest received	368,005	589,935
Dividends received	194,257	174,456
<b>Net cash (used in)/provided by investing activities</b>	<b>(240,173)</b>	<b>992,005</b>
<b>Cash flows from financing activities:</b>		
Dividends paid to shareholders	(2,236,640)	(2,400,000)
Principal payment of lease liability	(115,480)	(94,741)
Dividends paid to non-controlling interest	(348,306)	-
<b>Net cash used in financing activities</b>	<b>(2,700,426)</b>	<b>(2,494,741)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,128,790)</b>	<b>(23,709,119)</b>
Cash and cash equivalents at beginning of period	32,605,631	74,940,376
<b>Cash and cash equivalents at end of period</b>	<b>18,476,841</b>	<b>51,231,257</b>

(unaudited)

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year December 31, 2020.

### 2. SEGMENT INFORMATION

The Group is organized into two business segments; Insurance Agents & Brokers and General Insurance.

The segment results for the period ended June 30, 2021 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$ 10,372,474	(695,941)	9,676,533
Net premiums earned	-	2,294,397	2,294,397
Interest Income	27,145	298,208	325,353
Dividend Income	271,160	155,301	426,461
Other income	(230,447)	166,098	(64,349)
	<b>\$ 10,440,332</b>	<b>2,218,063</b>	<b>12,658,395</b>
Insurance expenses	-	524,259	524,259
Depreciation & amortization	273,674	23,476	297,150
Change in net unrealized loss on investments in securities	-	296,864	296,864
Other expenses	7,111,160	676,570	7,787,730
	<b>\$ 7,384,834</b>	<b>1,521,169</b>	<b>8,906,003</b>
<b>NET INCOME</b>	<b>\$ 3,055,498</b>	<b>696,894</b>	<b>3,752,392</b>

The segment results for the period ended June 30, 2020 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$ 8,875,111	(5,798)	8,869,313
Net premiums earned	-	2,304,486	2,304,486
Interest Income	133,437	378,595	512,032
Dividend Income	23,956	150,500	174,456
Other income	11,417	81,644	93,061
	<b>\$ 9,043,921</b>	<b>2,909,427</b>	<b>11,953,348</b>
Insurance expenses	-	807,516	807,516
Depreciation & amortization	357,618	24,912	382,530
Change in net unrealized loss on investments in securities	-	366,410	366,410
Other expenses	6,779,905	604,199	7,384,104
	<b>\$ 7,137,523</b>	<b>1,803,037</b>	<b>8,940,560</b>
<b>NET INCOME</b>	<b>\$ 1,906,398</b>	<b>1,106,390</b>	<b>3,012,788</b>

The segment assets and liabilities as at June 30, 2021 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 38,235,145	68,230,378	106,465,523
Total liabilities	19,417,910	41,764,358	61,182,268

The segment assets and liabilities as at June 30, 2020 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 79,064,919	107,902,536	186,967,455
Total liabilities	61,521,558	82,634,442	144,156,000