

BRIAN M. MOREE, QC
Chairman



The year 2015 was challenging for business in the Bahamas with a tepid economic recovery retarding growth in Gross Domestic Product and frustrating efforts to reduce stubbornly high unemployment rates. The year also saw hurricane Joaquin move through our southern Islands leaving in her wake millions of dollars' worth of damage which devastated some of our communities. On the operations side, our Company had to deal with the introduction of Value Added Tax ("VAT") on 1 July, 2015, an increasingly competitive sales climate throughout the industry and cost containment initiatives to preserve profits. It is a tribute to the management and staff of J S Johnson that in spite of these difficulties, we paid to our shareholders in 2015 an aggregate annual dividend of 64 cents which represented a dividend return of 5.42%. This was the highest dividend return in the market in 2015 and only slightly behind last year's figure of 5.52%. I remind our shareholders that this is the eighth consecutive year that J S Johnson has paid an aggregate annual dividend of 64 cents.

Your Directors remain focused on delivering shareholder value and I am pleased to report that in 2015 the Company's share price increased from \$11.60 to \$11.81. The strength and resilience of J S Johnson is again demonstrated in its financial results and in a year which was plagued by anemic economic performance in most sectors, the Net income of the Company in 2015 was \$7,548,638. This was lower than the exceptional income figure in 2014 of \$8,009,450 but higher than the Net income figure for 2012 and 2013. The Company also had a modest increase in the Agency & Brokerage business in 2015 over the previous year which was a significant accomplishment under the prevailing economic conditions.

Senior management of the Company reported that the implementation of VAT was achieved without any major operational, administrative or technological difficulties. To date, the impact of VAT on the Company's business appears to have been marginal but the full effect of the newly introduced tax on insurance products will not be known until next year after the completion of an entire sales cycle.

Throughout 2015 the Company continued its commitment to enhancing its service platform and developing new and innovative technological applications to improve efficiencies, reduce costs and generally make it easier for customers to conduct business with our staff. In this regard, the Company will shortly be introducing a new online service center which will increase accessibility to information for policyholders and assist them in carrying out certain functions. Also, in 2015 the Company began the automated emailing of customer statements and a project to re-engineer its website to better serve the needs of our policyholders and the general public.

All of us at J S Johnson understand that the upcoming years will require companies in this market to adapt to dynamic changing circumstances both locally and internationally. It will not be 'business as usual'. We must be innovative, disciplined and open to strategic and operational reforms in all aspects of

our business as we navigate through the inevitable challenges over the next three to five years. Throughout this process, J S Johnson will continue to provide the market with a full portfolio of modern and customized insurance products, competitive pricing and high levels of expertise and service. Indeed, the Company is ideally postured to benefit from what is expected to be a flight to excellence in the market place.

I would like to convey to our shareholders and policyholders our gratitude for your continued loyalty to the Company and the confidence which you have reposed in the Directors, senior management and staff of J S Johnson. We remain committed to serving your best interests in the conduct of the Company's business. Again, I acknowledge the invaluable contribution of our able and dedicated senior management team led by the Managing Director, Mr. Alister McKellar, who continue to produce impressive financial results in a flat economy. They are supported by a cadre of competent and loyal staff members who represent the best of our Company. On behalf of the Board, I publicly thank them all for their hard work, support and achievements in 2015.

Later this year, Mr. Barrett McDonald, one of our senior executives, will be retiring after 45 years of service to the Company. Throughout his more than four decades with J S Johnson he has seen major changes at almost every level and has contributed to the growth and development of the Company in his role as a member of the senior management team. I applaud Barrett's loyalty, his professionalism, his competence and his contributions to the Company and I thank him for all his efforts on behalf of J S Johnson. On behalf of the Directors, management and staff of the Company, I wish him and his family all the best in the future.

Finally, I express my gratitude to the Directors of the Company for their diligence, commitment, wisdom and support during the past year. The Company greatly benefits from their acumen, expertise and experience in business affairs.

J S Johnson is an established, stable and consistent market leader in the insurance industry with a proven record of producing value for our shareholders, service and results for our customers and a rewarding and meaningful career for our staff. We intend to maintain that position as we move forward in the future.



Brian M. Moree QC
Chairman