

# SECOND QUARTER

## INTERIM REPORT

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### MANAGING DIRECTOR'S REVIEW

While we continue to adjust to the new norm of Covid-19, we're ever reminded of the seasonal potential for nature's wrath. In early August, Hurricane Isaias—the season's ninth named storm—passed eerily close to the same track as Matthew (2016). Thankfully the storm barely reached Category 1 status and the Bahamas suffered only minimal damage.

At the time of this writing, tropical storms Josephine and Kyle are harmlessly churning away from land in the Atlantic, which is welcomed news for us all.

We will adapt to the ever-changing landscape of 2020 and beyond, but more than ever we remain committed to providing the highest quality service possible to all our clients. Our online platform provides a ready means to interact with us, as we move to enhance our remote access capabilities.

As you might expect, Covid has inflicted serious economic damage on the Bahamas already. All lines of business are down during the quarter, negatively impacting our operating results. Some of this may be temporary, with premium payment deferrals introduced under the Emergency Orders, but much is lost business that will continue throughout the year. Overall lower revenue has led to a drop in Net Income—from \$3,679,402 to \$3,012,788—a decline of some 18%.

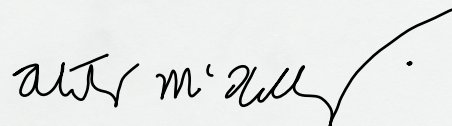
For our Agency division, the double hit from Dorian and Covid in our Abaco and Freeport markets

has also severely limited business activities and contributed to an 11% decrease in Net Revenue—from \$9,946,002 to \$8,875,111. This revenue falloff translated into a decrease in Net Income from \$2,772,907 to \$1,906,398. Unfortunately, a corresponding decline in Total Expenses was not enough to counteract that loss.

Results from our Underwriting section remained steady for the quarter, but future revenue may be affected by the fallout from the pandemic and worsening economic conditions in the country. Also, the ever-present threat of the weather is with us, as we move into the peak of the 2020 hurricane season.

The only certainty during these times seems to be uncertainty, which is why I'd like to express my deepest gratitude to all our shareholders and clients for your continued support. On behalf of the entire JS Johnson team, I hope you keep well and remain safe.

Let's all work together to pull through this, while we continue to adhere to the "Three Musts": wash your hands, wear your mask, and keep your distance.



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, 2020 (amounts expressed in Bahamian dollars)

	June 2020	December 2019
<b>ASSETS</b>		
Cash and bank balances	\$ 51,231,257	74,940,376
Term deposits	7,120,158	7,079,247
Accounts receivable	21,042,376	15,055,628
Due from insurance carriers	10,169	928,153
Investments in securities		
- fair value through profit or loss	8,413,477	8,797,749
- Amortized costs	11,319,713	11,810,813
Prepayments and other assets	1,683,700	2,110,101
Prepaid reinsurance premiums	20,557,273	21,355,421
Reinsurance recoveries	56,201,149	149,577,324
Right of use asset	514,532	605,337
Investment properties	787,774	787,774
Property, plant and equipment	8,085,877	8,215,068
<b>Total assets</b>	<b>\$ 186,967,455</b>	<b>301,262,991</b>
<b>LIABILITIES</b>		
General insurance funds:		
Unearned premium reserve	\$ 23,906,750	25,298,812
Outstanding claims	56,870,125	146,289,255
	<u>80,776,875</u>	<u>171,588,067</u>
Other liabilities:		
Due to related parties	3,546,663	2,545,350
Accounts payable	29,896,044	37,123,417
Due to reinsurers	22,581,243	40,124,199
Lease liability	518,486	613,227
Accrued expenses and other liabilities	1,485,073	1,344,576
Unearned commission reserve	5,351,616	5,725,488
<b>Total liabilities</b>	<b>\$ 144,156,000</b>	<b>259,064,324</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	26,664,011	26,774,645
Interest in own shares	(84,600)	(84,600)
	<u>26,659,411</u>	<u>26,770,045</u>
Non-controlling interest	16,152,044	15,428,622
<b>Total equity</b>	<b>\$ 42,811,455</b>	<b>42,198,667</b>
<b>Total liabilities and equity</b>	<b>\$ 186,967,455</b>	<b>301,262,991</b>

(unaudited)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months to June 30, 2020 (amounts expressed in Bahamian dollars)

	June 2020	June 2019
<b>INCOME</b>		
Net revenue from contracts with customers	8,869,313	9,355,756
Net premiums earned	2,304,486	2,095,168
Investment income	779,549	863,168
Profit on sale of property plant & equipment	-	22,000
Total income	11,953,348	12,336,092
<b>EXPENSES</b>		
Salaries and employees benefits	5,160,782	5,170,047
Net claims incurred	807,516	691,229
Depreciation and amortization	382,530	279,689
Change in net unrealised loss on investments in securities	366,410	26,921
Other operating expenses	2,223,322	2,488,804
Total expenses	8,940,560	8,656,690
<b>Net income</b>	<b>3,012,788</b>	<b>3,679,402</b>
<b>Total comprehensive income</b>	<b>3,012,788</b>	<b>3,679,402</b>
Equity holders of the Company	\$ 2,289,366	3,092,850
Non-controlling interests	723,422	586,552
	<b>3,012,788</b>	<b>3,679,402</b>
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.29	\$ 0.39

(unaudited)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months to June 30, 2020 (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, 2018	80,000	25,355,007	(84,600)	25,350,407	15,932,826	41,283,233
Total comprehensive income for the year:						
Net income	-	3,092,850	-	3,092,850	586,552	3,679,402
Unrealised gain on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(2,396,400)	-	(2,396,400)	(311,175)	(2,707,575)
<b>Balance at June 30, 2019</b>	<b>80,000</b>	<b>26,051,457</b>	<b>(84,600)</b>	<b>26,046,857</b>	<b>16,208,203</b>	<b>42,255,060</b>
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 loss 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>

(unaudited)

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months to June 30, 2020 (amounts expressed in Bahamian dollars)

	June 2020	June 2019
<b>Cash flows from operating activities:</b>		
Net income for the period	3,012,788	3,679,402
<b>Adjustments for:</b>		
Unearned premium reserve	(96,731)	(216,278)
Depreciation and amortization	382,530	279,689
Realized gain on disposal of fixed asset	-	(22,000)
Change in net unrealized losses on investments in securities	366,410	26,921
Interest income	(512,032)	(404,772)
Dividend income	(174,456)	(328,059)
Bad debts	24,000	24,000
<b>Cash from operations before changes in assets and liabilities</b>	<b>3,002,509</b>	<b>3,038,903</b>
<b>(Increase)/decrease in assets:</b>		
Accounts receivable	(6,010,748)	(2,155,149)
Due from insurance carriers	917,985	(70,182)
Prepayments and other assets	426,401	(248,684)
Prepaid reinsurance premiums	798,148	(677,147)
Reinsurance recoveries	93,376,175	903,523
<b>Increase/(decrease) in liabilities:</b>		
Unearned premium reserve	(1,295,331)	868,241
Outstanding claims	(89,419,130)	(1,075,023)
Due to related parties	1,001,313	741,584
Accounts payable, accrued expenses and other liabilities	(7,086,878)	1,345,297
Due to reinsurers	(17,542,956)	1,310,692
Unearned commission reserve	(373,872)	232,678
<b>Net cash (used in)/provided by operating activities</b>	<b>(22,206,384)</b>	<b>4,214,733</b>
<b>Cash flows from investing activities:</b>		
Net placement of term deposits	(140,587)	(2,161,029)
Purchase of property, plant and equipment	(162,533)	(216,617)
Proceeds from sale of property, plant and equipment	-	22,000
Sale of investments in securities	530,735	63,814
Interest received	589,935	525,970
Dividends received	174,456	328,059
<b>Net cash provided by/(used in) investing activities</b>	<b>992,006</b>	<b>(1,437,803)</b>
<b>Cash flows from financing activities:</b>		
Dividends paid to shareholders	(2,400,000)	(2,396,400)
Principal payment of lease liability	(94,741)	-
Dividends paid to non-controlling interest	-	(311,175)
<b>Net cash used in financing activities</b>	<b>(2,494,741)</b>	<b>(2,707,575)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23,709,119)</b>	<b>69,355</b>
Cash and cash equivalents at beginning of period	74,940,376	9,700,629
<b>Cash and cash equivalents at end of period</b>	<b>51,231,257</b>	<b>9,769,984</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, 2019.

### 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, 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 results for the period ended June 30, 2019 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$ 9,946,002	(590,246)	9,355,756
Net premiums earned	-	2,095,168	2,095,168
Interest Income	36,246	368,525	404,771
Dividend Income	49,485	278,573	328,058
Other income	39,414	90,925	130,339
Profit on sale of property, plant & equipment	-	22,000	22,000
	<b>\$ 10,071,147</b>	<b>2,264,945</b>	<b>12,336,092</b>
Insurance expenses	-	691,229	691,229
Depreciation & amortization	259,153	20,536	279,689
Change in net unrealized loss on investment in securities	-	26,921	26,921
Other expenses	7,039,087	619,764	7,658,851
	<b>\$ 7,298,240</b>	<b>1,358,450</b>	<b>8,656,690</b>
<b>NET INCOME</b>	<b>\$ 2,772,907</b>	<b>906,495</b>	<b>3,679,402</b>

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

The segment assets and liabilities as at June 30, 2019 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 35,311,865	60,504,772	95,816,637
Total liabilities	18,505,198	35,056,379	53,561,577