

## MANAGING DIRECTOR'S REVIEW

Net income declined for the first quarter from \$1,630,544 to \$1,437,188. The major contributing factor to this decrease was a reduction in our net commissions and fees. There was also a net unrealized loss on investments in securities.

Looking at our segment results, our Underwriting side increased slightly with an improvement in total income rising from \$1,720,114 to \$2,137,640. This however was minimized by an increase in overall expenses from \$928,363 to \$1,341,576. Our Agency business saw a decline due to the aforementioned fall off in commissions and fees.

Even though our results were not as good as last year, we remain committed to paying our standard 16 cents dividend per share. Predicting the future is difficult with varying economic and environmental factors, however we do anticipate that there will be a turnaround in the future quarters.



Alister I. McKellar, FCII  
Managing Director

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2014 (amounts expressed in Bahamian dollars)

	March 2014	December 2013
<b>ASSETS</b>		
Cash and bank balances	\$ 6,866,139	5,592,087
Term deposits	10,514,397	9,509,260
Accounts receivable	9,140,302	10,108,955
Due from insurance carriers	241,302	334,050
Investments in securities		
- fair value through profit or loss	3,163,214	3,123,521
- held-to-maturity	9,443,953	9,428,539
- available for sale	3,072,000	3,072,000
Prepayments and other assets	1,646,106	1,101,377
Prepaid reinsurance premiums	17,440,794	18,114,441
Reinsurance recoveries	11,620,564	11,674,880
Intangible assets	266,557	298,589
Investment property	1,628,852	1,631,548
Property, plant and equipment	8,189,356	8,226,916
<b>Total assets</b>	<b>\$ 83,233,536</b>	<b>82,216,163</b>
<b>LIABILITIES</b>		
General insurance funds:		
Unearned premium reserve	\$ 20,642,910	21,540,372
Outstanding claims	12,827,443	12,715,977
	33,470,353	34,256,349
Other liabilities:		
Due to related parties	789,581	917,364
Accounts payable	2,902,858	2,659,416
Due to reinsurers	4,828,076	3,473,922
Accrued expenses and other liabilities	1,971,399	1,682,645
Unearned commission reserve	4,704,740	4,817,126
<b>Total liabilities</b>	<b>48,667,007</b>	<b>47,806,822</b>
<b>Net assets</b>	<b>\$ 34,566,529</b>	<b>34,409,341</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	21,452,583	21,771,848
Interest in own shares	(84,600)	(84,600)
	21,447,983	21,767,248
Non-controlling interest	13,118,546	12,642,093
<b>Total equity</b>	<b>\$ 34,566,529</b>	<b>34,409,341</b>

(unaudited)

## LOCATIONS

### Nassau

Collins Avenue	242.397.2100
Thompson Boulevard	242.676.6300
Soldier Road	242.676.6301

### Family Islands

Freeport	242.352.7119
Abaco	242.367.2688
Exuma	242.336.2420

### Turks and Caicos Islands

Providenciales	649.946.4761
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# FIRST QUARTER INTERIM REPORT 2014



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three months to March 31, 2014

(amounts expressed in Bahamian dollars)

	March 2014	March 2013
<b>INCOME</b>		
Net commission and fees	3,956,293	4,184,566
Net premiums earned	1,792,502	1,297,166
Investment income	453,120	460,982
<b>Total income</b>	<b>6,201,915</b>	<b>5,942,714</b>
<b>EXPENSES</b>		
Salaries and employees benefits	2,520,531	2,402,750
Net claims incurred	406,771	(24,434)
Excess of loss reinsurance	657,798	742,105
Depreciation and amortization	150,119	179,960
Change in net unrealized loss/(gains) on investments in securities	13,657	(52,954)
Other operating expenses	1,015,851	1,064,743
<b>Total expenses</b>	<b>4,764,727</b>	<b>4,312,170</b>
<b>Net income</b>	<b>1,437,188</b>	<b>1,630,544</b>
<b>Attributable to:</b>		
Equity holders of the Company	960,735	1,158,309
Non-controlling interests	476,453	472,235
	<b>1,437,188</b>	<b>1,630,544</b>
Earnings per share for the profit attributable to the equity holders of the Company (3 months)	\$ 0.12	\$ 0.15

(unaudited)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three months to March 31, 2014

(amounts expressed in Bahamian dollars)

	Share Capital	Retained Earnings	Interest in own Shares	Total Shareholder Equity	Non- Controlling Interest	Total Equity
<b>Balance at December 31, 2012</b>	80,000	21,242,938	(84,600)	21,238,338	11,608,900	32,847,238
Total comprehensive income for the year: Net income	-	1,158,309	-	1,158,309	472,235	1,630,544
Distributions to owners: Dividends	-	(1,278,080)	-	(1,278,080)	-	(1,278,080)
<b>Balance at March 31, 2013</b>	<b>80,000</b>	<b>21,123,167</b>	<b>(84,600)</b>	<b>21,118,567</b>	<b>12,081,135</b>	<b>33,199,702</b>
<b>Balance at December 31, 2013</b>	<b>80,000</b>	<b>21,771,848</b>	<b>(84,600)</b>	<b>21,767,248</b>	<b>12,642,093</b>	<b>34,409,341</b>
Total comprehensive income for the year: Net income	-	960,735	-	960,735	476,453	1,437,188
Distributions to owners: Dividends	-	(1,280,000)	-	(1,280,000)	-	(1,280,000)
<b>Balance at March 31, 2014</b>	<b>80,000</b>	<b>21,452,583</b>	<b>(84,600)</b>	<b>21,447,983</b>	<b>13,118,546</b>	<b>34,566,529</b>

(unaudited)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three months to March 31, 2014

(amounts expressed in Bahamian dollars)

	March 2014	March 2013
<b>Cash flows from operating activities:</b>		
Net income for the period	1,437,188	1,630,544
<b>Adjustments for:</b>		
Unearned premium reserve	223,814	338,975
Depreciation and amortization	150,119	179,960
Change in net unrealized (gains)/losses on investments in securities	13,657	(52,954)
Interest income	(257,079)	(244,155)
Dividend income	(96,605)	(78,743)
Bad debts	12,000	-
<b>Cash from operations before changes in assets and liabilities</b>	<b>1,483,094</b>	<b>1,773,627</b>
<b>(Increase)/decrease in assets:</b>		
Accounts receivable	956,653	(1,649,482)
Due from insurance carriers	92,748	882,018
Prepayments and other assets	(544,729)	250,942
Prepaid reinsurance premiums	673,647	183,720
Reinsurance recoveries	54,316	(123,327)
<b>Increase/(decrease) in liabilities:</b>		
Unearned premium reserve	(1,121,276)	(852,052)
Outstanding claims	111,466	(385,369)
Due to related parties	(127,783)	910,674
Accounts payable, accrued expenses and other liabilities	532,196	626,696
Due to reinsurers	1,354,154	808,509
Unearned commission reserve	(112,386)	46,860
<b>Net cash provided by operating activities</b>	<b>3,352,100</b>	<b>2,472,816</b>
<b>Cash flows from investing activities:</b>		
Net (placement)/maturity of term deposits	(1,203,055)	1,294,144
Purchase of property, plant and equipment	(77,831)	(111,047)
Purchase of investments in securities	(32,335)	(322,000)
Interest received	418,568	372,166
Dividends received	96,605	78,742
<b>Net cash provided by (used) in investing activities</b>	<b>(798,048)</b>	<b>1,312,005</b>
<b>Cash flows from financing activities:</b>		
Dividends paid to shareholders	(1,280,000)	(1,278,080)
<b>Net cash used in financing activities</b>	<b>(1,280,000)</b>	<b>(1,278,080)</b>
<b>Net Increase in cash and cash equivalents</b>	<b>1,274,052</b>	<b>2,506,741</b>
Cash and cash equivalents at beginning of period	5,592,087	2,701,664
<b>Cash and cash equivalents at end of period</b>	<b>6,866,139</b>	<b>5,208,405</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, 2013.

**2. SEGMENT INFORMATION**

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

The segment results for the period ended March 31, 2014 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Net commission & fees	\$ 3,942,492	13,801	3,956,293
Net premiums earned	-	1,792,502	1,792,502
Interest Income	46,367	210,712	257,079
Dividend Income	23,840	72,765	96,605
Other income	51,576	47,860	99,436
	<b>\$ 4,064,275</b>	<b>2,137,640</b>	<b>6,201,915</b>

Insurance expenses	-	1,064,569	1,064,569
Change in net unrealized losses on investments in securities	-	13,657	13,657
Depreciation & amortization	142,604	7,515	150,119
Other expenses	3,280,547	255,835	3,536,382
	<b>\$ 3,423,151</b>	<b>1,341,576</b>	<b>4,764,727</b>
<b>NET INCOME</b>	<b>\$ 641,124</b>	<b>796,064</b>	<b>1,437,188</b>

The segment results for the period ended March 31, 2013 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Net commission & fees	\$ 4,141,882	42,684	4,184,566
Net premiums earned	-	1,297,166	1,297,166
Interest Income	31,114	213,041	244,155
Dividend Income	23,985	54,758	78,743
Other income	25,619	112,465	138,084
	<b>\$ 4,222,600</b>	<b>1,720,114</b>	<b>5,942,714</b>

Insurance expenses	-	717,671	717,671
Depreciation & amortization	169,686	10,274	179,960
Change in net unrealized (gains) losses on investments in securities	-	(52,954)	(52,954)
Other expenses	3,214,121	253,372	3,467,493
	<b>\$ 3,383,807</b>	<b>928,363</b>	<b>4,312,170</b>
<b>NET INCOME</b>	<b>\$ 838,793</b>	<b>791,751</b>	<b>1,630,544</b>

The segment assets and liabilities as at March 31, 2014 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Total assets	\$ 25,251,255	57,982,281	83,233,536
Total liabilities	11,625,937	37,041,070	48,667,007

The segment assets and liabilities as at March 31, 2013 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Total assets	\$ 27,375,689	56,264,524	83,640,213
Total liabilities	13,304,443	37,136,068	50,440,511