

CARIBBEAN ASSURANCE BROKERS LIMITED

UNAUDITED FINANCIAL STATEMENTS

30 JUNE 2020

CARIBBEAN ASSURANCE BROKERS LIMITED

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UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

Company Performance for the Quarter Ended 30 June 2020

At the end of the 2nd Quarter, the Company earned gross revenues of J\$71.6 million compared to J\$75.7 million in the prior comparable quarter 2019; a decline of \$4.1 million. The net decline in Commission Income of \$3.5 million resulted from the reduction in commissions earned from the Individual life Division of \$7 million; however, this was partially offset by increases in commission from the General Insurance Division of \$2.4 million and Employee Benefits Division \$1 million.

Operating expenses was \$77.9 million for 2020 Q2, compared to \$83.4 million in the 2019 corresponding period; a reduction of \$5.5 million. This was attributable to reduced commission expenses and advertising expenses along with administrative expenses being curtailed. Operating Losses decreased by \$1.43 million moving from \$7.71 million for the 2019 quarter, to \$6.29 million for the current period. With the addition of finance charges of \$1.34 million, Loss Before Tax was \$7.66 million.

The Company had a Tax Charge of \$1.14 million which resulted in Net Loss of \$8.81 million for the 2nd Quarter compared to Net Loss of \$9.9 million for the comparable quarter in 2019.

The Company's Balance Sheet reported Total Assets for Q2 2020 of J\$639.9 million compared to J\$465 million for 2019 Q2; an increase of J\$174.9 million or 37.61%. This increase was mainly attributed to (1) increase in property plant & equipment due to an increase in valuation of the office building; (2), increase in receivables associated with increased premiums from clients, and (3) increased cash and bank balance at the end of the period.

Total liabilities for Q2 2020 was \$352.5 million compared to \$341.3 million for the corresponding period of 2019; a \$11.2 million increase due to growth in payables.

The Company's Total Equity was J\$287.4 million as at June 2020, compared to \$123.6 million at the same period in 2019. This is an increase of J\$163.8 million, or 132.5%, primarily attributable to an increase in share capital with the company being listed on the Jamaica Stock Exchange (JSE) Junior Market in March 2020.

Year to Date Review

For the six months ended 30 June 2020, the company earned gross revenues of \$154.2 million compared to \$167.6 million in June 2019; a decline of \$13.4 million. The decline resulted mainly from a \$12.8 million reduction in commissions from the Individual Life Division and a \$4.7 million

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UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

reduction in foreign exchange gain. The General Insurance & Employee Benefit Division had increases in commission in excess of 5%.

Operating expenses of \$162.8 million for the six months ended June 2020 was a reduction of \$7.3 million or 4% compared with June 2019 YTD and the resulting Operating Losses \$8.6 million. With the addition of finance charges of \$2.7 million, Loss Before Tax was \$11.4 million.

The Company had a tax charge of \$2 million which resulted in Net Loss for the six months amounting to \$13.4 million compared to \$5.6 million for the comparable period in 2019.

The Company's Balance Sheet reported an increase of its total assets to J\$639.9 million from J\$476.5 million for 2019-year end; an increase of J\$163.4 million or 34.2%. This increase was mainly attributed to increase in receivables and cash & bank balances.

The Company's total Equity has grown to J\$287.4 million at June 2020, up from J\$212 million for 2019-year end; this represents an increase of J\$75.4 million or 35.57%. The increased Equity is mainly due to an increase in share capital with the company being listed on the JSE Junior Market in March 2020.

The onset of COVID-19 has created a negative impact on some of our lines of business. The full impact of the Pandemic cannot be fully measured but the company strives to rise above the challenges and work with our partners and customers through this time of uncertainty.

A handwritten signature in black ink, appearing to read "R. Walker".

Raymond Walker
Chairman/CEO

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CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	3 Months	3 Months	6 Months	6 Months	Audited 12 Months Ended December 2019
	Ended June 2020	Ended June 2019	Ended June 2020	Ended June 2019	
	\$	\$	\$	\$	\$
REVENUE	69,515,435	73,087,833	139,614,414	147,999,992	401,478,272
Other operating income	2,125,813	2,593,607	14,541,388	19,572,953	33,745,758
	71,641,248	75,681,440	154,155,802	167,572,945	435,224,030
Administrative and other expenses	55,848,714	57,261,951	111,699,355	119,865,174	239,393,974
Selling expenses	22,078,002	26,133,784	51,099,748	50,254,936	141,662,509
	77,926,716	83,395,735	162,799,103	170,120,110	381,056,483
OPERATING (LOSS)/PROFIT	(6,285,468)	(7,714,295)	(8,643,301)	(2,547,165)	54,167,547
Finance costs	1,373,411	2,248,026	2,717,182	3,207,315	7,872,310
(LOSS)/PROFIT BEFORE TAXATION	(7,658,879)	(9,962,321)	(11,360,483)	(5,754,480)	46,295,237
Taxation	1,147,328	-	2,086,897	-	7,660,475
NET (LOSS)/PROFIT FOR THE PERIOD	(8,806,207)	(9,962,321)	(13,447,380)	(5,754,480)	38,634,762
Other Comprehensive Income					
Item that may not be reclassified to profit or loss:					
Unrealised gain on revalued lease equipment & building	-	-	-	-	47,499,134
TOTAL COMPREHENSIVE (LOSS)/INCOME	(8,806,207)	(9,962,321)	(13,447,380)	(5,754,480)	86,133,896
EARNINGS PER STOCK UNIT	(0.04)	(0.04)	(0.06)	(0.02)	0.16

The calculation of earnings per share for 2019 has been adjusted to reflect the shares issued and listed on the JSE Junior Market on 9 March 2020 along with the stock split on 21 January 2020. This has been done for comparative purposes. The weighted average number of shares was used to calculate both periods.

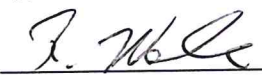
CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF FINANCIAL POSITION

30 JUNE 2020

	Note	Un-Audited June 2020 \$	Un- Audited June 2019	Audited Dec. 2019 \$
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment		235,288,519	189,167,775	234,130,383
Deferred tax asset		13,821,674	7,354,934	15,908,571
Right of use asset		7,323,441	-	9,915,131
		<u>256,433,634</u>	<u>196,522,709</u>	<u>259,954,085</u>
CURRENT ASSETS:				
Receivables		238,623,617	189,551,851	138,096,421
Taxation recoverable		2,993,562	11,019,528	2,622,018
Cash and bank balances		141,807,504	67,891,175	75,799,379
		<u>383,424,683</u>	<u>268,462,554</u>	<u>216,517,818</u>
		<u>639,858,317</u>	<u>464,985,263</u>	<u>476,471,903</u>
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	5	137,589,247	48,765,008	48,765,008
Retained earnings		101,388,357	73,946,495	114,835,737
Capital reserve		48,424,370	925,236	48,424,370
		<u>287,401,974</u>	<u>123,636,739</u>	<u>212,025,115</u>
NON-CURRENT LIABILITIES:				
Long term loan		80,562,387	116,617,931	86,547,672
Lease liability		6,296,122	-	6,296,122
		<u>86,858,509</u>	<u>116,617,931</u>	<u>92,843,794</u>
CURRENT LIABILITIES:				
Payables		260,503,106	224,730,593	157,133,091
Bank overdraft		3,891,030	-	1,421,118
Short term loan		-	-	-
Current portion of long term loan		-	-	3,261,197
Current portion of lease liability		1,203,698	-	3,958,557
Taxation		-	-	5,829,031
		<u>265,597,834</u>	<u>224,730,593</u>	<u>171,602,994</u>
		<u>639,858,317</u>	<u>464,985,263</u>	<u>476,471,903</u>

Approved for issue by the Board of Directors on 10 August 2020 and signed on its behalf by:


 Raymond Walker - Director


 Barrington Whyte - Director

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD ENDED 30 JUNE 2020

	<u>Note</u>	<u>Share Capital</u> \$	<u>Capital Reserve</u> \$	<u>Accumulated Surplus</u> \$	<u>Total</u> \$
BALANCE AT 1 JANUARY 2019		48,765,008	925,236	79,700,975	129,391,219
Total Comprehensive Income					
Net loss		-	-	(5,754,480)	(5,754,480)
BALANCE AT 30 JUNE 2019		<u>48,765,008</u>	<u>925,236</u>	<u>73,946,495</u>	<u>123,636,739</u>
BALANCE AT 1 JANUARY 2020		48,765,008	48,424,370	114,835,737	212,025,115
Total Comprehensive Income					
Net loss		-	-	(13,447,380)	(13,447,380)
Issue of shares, net transaction cost	5	<u>88,824,239</u>	<u>-</u>	<u>-</u>	<u>88,824,239</u>
BALANCE AT 30 JUNE 2020		<u>137,589,247</u>	<u>48,424,370</u>	<u>101,388,357</u>	<u>287,401,974</u>

STATEMENT OF CASHFLOW

PERIOD ENDED 30 JUNE 2020

	Un-Audited <u>June 2020</u> \$	Un-Audited <u>June 2019</u> \$	Audited <u>Dec. 2019</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss)/profit	(13,447,380)	(5,754,480)	38,634,762
Items not affecting cash resources:			
Exchange (gain)/loss on foreign balances	(8,059,446)	(10,080,873)	(6,640,606)
Amortization of right of use asset	2,591,690	6,244,351	5,569,060
Depreciation	2,847,113	-	10,917,104
Loss on disposal of property, plant and equipment	-	-	77,037
Interest income	(866,474)	(906,879)	(2,249,183)
Interest expense	2,353,237	3,207,315	6,954,082
Interest on right of use asset	363,945	-	918,228
Taxation expense	2,086,897	-	7,660,475
	<u>(12,130,418)</u>	<u>(7,290,566)</u>	<u>61,840,959</u>
Changes in operating assets and liabilities:			
Receivables	(97,714,909)	48,814,460	85,981,937
Payables	104,662,848	67,560,658	16,456,165
	<u>(5,182,479)</u>	<u>109,084,552</u>	<u>164,279,061</u>
Taxation paid	<u>(6,200,575)</u>	<u>(1,762,772)</u>	<u>(3,750,344)</u>
Net cash (used in)/provided by operating activities	<u>(11,383,054)</u>	<u>107,321,780</u>	<u>160,528,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	866,474	906,879	2,249,183
Purchase of property, plant and equipment	<u>(4,005,249)</u>	<u>(153,492,116)</u>	<u>(155,705,377)</u>
Net cash used in investing activities	<u>(3,138,775)</u>	<u>(152,585,237)</u>	<u>(153,456,194)</u>
CASH FLOW FROM FINANCING ACTIVITIES:			
Interest paid on right of use asset	(363,945)	-	(918,228)
Interest paid	(2,353,237)	-	(6,954,082)
Principal paid on right of use asset	(2,754,858)	-	(5,229,512)
Loan repayment	(12,150,828)	(15,858,589)	(44,912,976)
Loan proceeds	2,904,345	94,690,775	96,936,101
Net proceeds from the issue of shares	88,824,239	(3,207,315)	-
Dividend Paid	-	-	(3,500,000)
Net cash provided by financing activities	<u>74,105,716</u>	<u>75,624,871</u>	<u>35,421,303</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>59,583,887</u>	<u>30,361,414</u>	<u>42,493,826</u>
EFFECT OF EXCHANGE RATE TRANSLATION ON CASH AND CASH EQUIVALENTS	<u>3,954,326</u>	<u>5,459,124</u>	<u>(186,202)</u>
	<u>63,538,213</u>	<u>35,820,538</u>	<u>42,307,624</u>
Cash and cash equivalents at beginning of period/year	<u>74,378,261</u>	<u>32,070,637</u>	<u>32,070,637</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR	<u><u>137,916,474</u></u>	<u><u>67,891,175</u></u>	<u><u>74,378,261</u></u>

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1 IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Caribbean Assurance Brokers Limited is a limited liability company incorporated and domiciled in Jamaica and is regulated by the Financial Services Commission of Jamaica. The registered office of the company is 94d Old Hope Road, Kingston 6, St. Andrew, Jamaica.
- (b) The principal activity of the company is to search the insurance market place for a company in which to place the insured's business for the lowest cost to the insured.
- (c) The company became listed on the Junior Market of the Jamaica Stock Exchange on 9 March 2020. Consequently the company is entitled to a remission of taxes for ten (10) years in proportions set out below, provided the shares remain listed for at least 15 years.

Years 1-5	100%
Years 6-10	50%

2 REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3 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.

4 EARNINGS PER STOCK UNIT:

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at end of period.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

30 JUNE 2020

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5 SHARE CAPITAL:

	<u>2020</u>	<u>2019</u>
	\$	\$
Authorised		
Unlimited ordinary shares of no par value (2019-50,000,000)		
Issued and fully paid		
262,500,000 ordinary shares of no par value (2019 - 35,000,000) (Net of transaction costs)	<u>137,589,247</u>	<u>48,765,008</u>

6 TOP TEN SHAREHOLDERS:

	<u>Shares Held</u>	<u>% of Issued Shares</u>
Raymond Walker	107,100,000	40.80
Rion Hall & Veviene Hall	31,668,724	12.06
C&WJ Co-op Credit Union Limited	21,680,616	8.26
Dr. Karen Rajpat	18,899,952	7.20
Gail Minott	13,402,600	5.10
Mayberry Jamaican Equities Limited	13,043,985	4.97
Dr. Paul L. Brown	12,781,740	4.87
Errol Duhaney	7,219,900	2.75
Sandra Kenny	2,801,586	1.07
Barrington Whyte	1,701,500	0.65
Norman Minott	<u>1,701,500</u>	<u>0.65</u>
Total	<u>232,002,103</u>	<u>88.38</u>
Total Issued shares	<u>262,500,000</u>	<u>100.00</u>

7 DIRECTORS & SENIOR OFFICERS:

	<u>Shares Held</u>	<u>% of Issued Shares</u>
Directors:		
Raymond Walker	107,100,000	40.80
Rion Hall	31,668,724	12.06
Barrington Whyte	1,701,500	0.65
Norman Minott	1,701,500	0.65
Tania Waldron-Gooden	<u>1,570,500</u>	<u>0.59</u>
	<u>143,742,224</u>	<u>54.75</u>
Senior Officers:		
Donnisha Brooks	989,962	0.38
Carlton Raymond	78,400	0.03
Heather Muirhead-Brown	78,000	0.03
Michelle Harris	67,900	0.02
Krystal Gayle	55,848	0.02
Godfrey Heron	<u>1,759</u>	<u>-</u>
	<u>1,271,869</u>	<u>0.48</u>