

CARIBBEAN ASSURANCE BROKERS LIMITED

UNAUDITED FINANCIAL STATEMENTS

30 JUNE 2021

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UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

Company Performance for the Quarter Ended 30 June 2021

At the end of the 2nd Quarter, the Company earned total income of J\$80.7 million compared to J\$71.6 million in the prior comparable quarter 2020; an increase of \$9.1 million or 12.7%. All our four divisions had growth in commission over the previous quarter.

The net increase in Commission Income of \$6.7 million (9.6%) resulted from the increase in commissions earned from the General Insurance Division of \$2.7 million, Int'l Ins. Division \$2.5 million, Employee Benefits Division \$918K and Individual life Division of \$0.511 thousand.

Operating expenses for the period increased by \$15.0 million (19.3%) compared 2nd quarter 2020. We had increases in expenses such as staff costs related to succession planning and to drive revenue growth in key areas of the business. Advertising and promotion increased due to the promotion of our revamped Credit Union Gold Series Members Plan. Depreciation due to addition to property, plant & equipment also increased over previous quarter.

Finance charge for Q2 was \$1.5 million, and Loss Before Tax was \$13.7 million.

The Company had tax credit of \$0.302 thousand which resulted in Net Loss of \$13.4 million for the 2nd Quarter compared to Net Loss of \$8.8 million for the comparable quarter in 2020.

The total assets of the Company for Q2 2021 increased to J\$702.3 million compared to J\$639.9 million for 2020 Q2; an increase of J\$62.4 million or 9.8%. This increase was mainly attributed to: (1) increase in property plant & equipment due to assets purchased; (2) right of use assets for an operating lease and (3) increase in cash and bank balances at the end of the period.

Total liabilities for Q2 2021 were \$391.2 million compared to \$352.5 million for the corresponding period of 2020; a \$38.7 million increase due to increase in lease liability & payables.

The Company's Total Equity was J\$311.1 million as at June 2021, compared to \$287.4 million at the same period in 2020. This is an increase of J\$23.7 million, or 8.2%, the increased Equity is mainly due to increase in retained earnings.

Year to Date Review

For the six months ended 30 June 2021, the company earned total income of \$168.0 million compared to \$154.2 million in June 2020; an increase of \$13.8 million (8.9%). The increase resulted mainly from a \$11.7 million increase in commission income from three of our four divisions. The net increases were from Int'l Insurance Division, General Insurance Division and Employee Benefits Division.

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UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

Operating expenses of \$186.2 million for the six months ended June 2021 was an increase of \$23.4 million or 14.4% compared with June 2020 YTD. Areas that contributed to the increases in expenses included staff costs, product development initiatives, repairs & maintenance, registration fees arising from increased licence and regulatory fees and depreciation for addition to property, plant & equipment.

Finance charges for the six months ended June 2021 was \$2.98 million, Loss Before Tax was \$21.2 million.

The Company had a tax charge of \$0.147 thousand which resulted in Net Loss for the six months amounting to \$21.3 million compared to \$13.4 million for the comparable period in 2020.

The total asset of the Company increased to J\$702.3 million from J\$592 million for 2020-year end; an increase of J\$110.3 million or 18.6%. This increase was mainly attributed to increase in receivables and cash & bank balances.

The Company's total Equity had decrease to J\$311.1 million at June 2021, from J\$332.4 million for 2020-year end; this represents a decrease of J\$21.3 million or 6.4%.

Total liabilities increased by \$131.5 million or 50.6% due to increase in payables as a result of an increase in premiums booked for the 2nd quarter.

The company revamped one of its products i.e., the Credit Union Gold Series Member Plan. The plan was redesigned by Caribbean Assurance Brokers Ltd. and insured by Guardian Life Limited. We currently have an open enrolment period for new applicants to join the plan through participating credit unions Island wide without any medical questions being asked. The improvement done to the plan is quite timely as over the last year many young persons may have lost jobs because of the COVID 19 pandemic, and this provides an opportunity for members of the public, who are now self-employed, to access affordable health, life, and personal accident insurance coverage through their credit unions in these difficult times.

We thank our staff for their dedication and wish to thank our customers for their continued support of our business.



Raymond Walker
Chairman/CEO

We want you to LOVE doing business with us!

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	3 Months	3 Months	6 Months	6 Months	Audited
	Ended June	Ended June	Ended June	Ended June	12 Months
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	Ended
	\$	\$	\$	\$	December
					<u>2020</u>
					\$
REVENUE	76,214,689	69,515,435	151,289,935	139,614,414	370,639,035
Other operating income	4,491,836	2,125,813	16,752,376	14,541,388	26,283,204
	80,706,525	71,641,248	168,042,311	154,155,802	396,922,239
Administrative and other expenses	(63,611,702)	(55,848,714)	(126,911,275)	(111,699,355)	(232,816,203)
Selling expenses	(29,332,778)	(22,078,002)	(59,319,109)	(51,099,748)	(121,233,919)
	(92,944,480)	(77,926,716)	(186,230,384)	(162,799,103)	(354,050,122)
OPERATING (LOSS)/PROFIT	(12,237,955)	(6,285,468)	(18,188,073)	(8,643,301)	42,872,117
Finance costs	(1,500,584)	(1,373,411)	(2,982,956)	(2,717,182)	(5,284,490)
(LOSS)/PROFIT BEFORE TAXATION	(13,738,539)	(7,658,879)	(21,171,029)	(11,360,483)	37,587,627
Taxation	301,679	(1,147,328)	(147,073)	(2,086,897)	(6,035,089)
NET (LOSS)/PROFIT FOR THE PERIOD	(13,436,860)	(8,806,207)	(21,318,102)	(13,447,380)	31,552,538
EARNINGS PER STOCK UNIT	(0.06)	(0.04)	(0.09)	(0.06)	0.13


CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF FINANCIAL POSITION


30 JUNE 2021

	Note	<u>Un-Audited</u> <u>June 2021</u>	<u>Un- Audited</u> <u>June 2020</u>	<u>Audited</u> <u>Dec. 2020</u>
		\$		\$
<u>ASSETS</u>				
NON-CURRENT ASSETS:				
Property, plant and equipment		249,987,126	235,288,519	255,732,243
Deferred tax asset		12,015,149	13,821,674	12,162,221
Right of use asset		18,281,411	7,323,441	21,517,847
		<u>280,283,686</u>	<u>256,433,634</u>	<u>289,412,311</u>
CURRENT ASSETS:				
Receivables		231,009,557	238,623,617	144,085,587
Taxation recoverable		2,853,765	2,993,562	2,733,163
Cash and bank balances		188,126,664	141,807,504	155,791,576
		<u>421,989,986</u>	<u>383,424,683</u>	<u>302,610,326</u>
		<u>702,273,672</u>	<u>639,858,317</u>	<u>592,022,637</u>
<u>EQUITY AND LIABILITIES</u>				
EQUITY:				
Share capital	5	137,589,247	137,589,247	137,589,247
Retained earnings		125,070,173	101,388,357	146,388,275
Capital reserve		48,424,370	48,424,370	48,424,370
		<u>311,083,790</u>	<u>287,401,974</u>	<u>332,401,892</u>
NON-CURRENT LIABILITIES:				
Long term loan		85,456,337	80,562,387	75,198,594
Lease liability		15,767,035	6,296,122	15,767,035
		<u>101,223,372</u>	<u>86,858,509</u>	<u>90,965,629</u>
CURRENT LIABILITIES:				
Payables		286,647,704	260,503,106	155,580,912
Bank overdraft		-	3,891,030	-
Short term loan		168,592	-	-
Current portion of long term loan		-	-	6,881,813
Current portion of lease liability		3,150,214	1,203,698	6,192,391
		<u>289,966,510</u>	<u>265,597,834</u>	<u>168,655,116</u>
		<u>702,273,672</u>	<u>639,858,317</u>	<u>592,022,637</u>

Approved for issue by the Board of Directors on 10 August 2021 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 2021

	<u>Note</u>	<u>Share Capital</u> \$	<u>Capital Reserve</u> \$	<u>Accumulated Surplus</u> \$	<u>Total</u> \$
BALANCE AT 31 DECEMBER 2019		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		88,824,239	-	-	88,824,239
		<u>88,824,239</u>	<u>-</u>	<u>(13,447,380)</u>	<u>75,376,859</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>
 BALANCE AT 31 DECEMBER 2020		137,589,247	48,424,370	146,388,275	332,401,892
Total Comprehensive Income					
Net loss		-	-	(21,318,102)	(21,318,102)
Issue of shares, net transaction cost		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 BALANCE AT 30 JUNE 2021		<u>137,589,247</u>	<u>48,424,370</u>	<u>125,070,173</u>	<u>311,083,790</u>

STATEMENT OF CASHFLOW

PERIOD ENDED 30 JUNE 2021

	Un-Audited <u>June 2021</u> \$	Un-Audited <u>June 2020</u> \$	Audited <u>Dec. 2020</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss)/profit	(21,318,102)	(13,447,380)	31,552,538
Items not affecting cash resources:			
Exchange (gain)/loss on foreign balances	(6,713,084)	(8,059,446)	(9,248,696)
Amortization of right of use asset	3,236,435	2,591,690	4,487,285
Depreciation	6,171,729	2,847,113	8,676,828
Gain on disposal of property, plant and equipment	(12,499)	-	52,386
Interest income	(1,253,532)	(866,474)	(3,766,171)
Interest expense	2,258,442	2,353,237	4,625,319
Interest on right of use asset	724,514	363,945	659,171
Taxation expense	147,073	2,086,897	6,035,089
	<u>(16,759,024)</u>	<u>(12,130,418)</u>	<u>43,073,749</u>
Changes in operating assets and liabilities:			
Receivables	(85,698,103)	(97,714,909)	(2,406,725)
Payables	132,005,827	104,662,848	173,418
	<u>29,548,700</u>	<u>(5,182,479)</u>	<u>40,840,442</u>
Taxation paid	(120,602)	(6,200,575)	(8,228,915)
Net cash provided by/(used in) operating activities	<u>29,428,098</u>	<u>(11,383,054)</u>	<u>32,611,527</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,253,532	866,474	3,766,171
Proceed from Sale of Fixed Asset	12,500	-	410,703
Purchase of property, plant and equipment	(426,613)	(4,005,249)	(30,741,777)
Net cash provided by/(used in) investing activities	<u>839,419</u>	<u>(3,138,775)</u>	<u>(26,564,903)</u>
CASH FLOW FROM FINANCING ACTIVITIES:			
Interest paid on right of use asset	(724,514)	(363,945)	(659,171)
Interest paid	(2,258,442)	(2,353,237)	(4,625,319)
Principal paid on right of use asset	(3,042,177)	(2,754,858)	(4,385,254)
Loan repayment	(3,288,706)	(12,150,828)	(14,905,176)
Loan proceeds	6,833,228	2,904,345	7,176,714
Net proceeds from the issue of shares	-	88,824,239	88,824,239
Net cash(used in)/ provided by financing activities	<u>(2,480,611)</u>	<u>74,105,716</u>	<u>71,426,033</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>27,786,906</u>	<u>59,583,887</u>	<u>77,472,657</u>
Effect of exchange rate translation on cash and cash equivalents	4,548,182	3,954,326	3,940,658
	<u>32,335,088</u>	<u>63,538,213</u>	<u>81,413,315</u>
Cash and cash equivalents at beginning of period/year	<u>155,791,576</u>	<u>74,378,261</u>	<u>74,378,261</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR	<u><u>188,126,664</u></u>	<u><u>137,916,474</u></u>	<u><u>155,791,576</u></u>

30 JUNE 2021

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 2021

5 SHARE CAPITAL:

	<u>2021</u>	<u>2020</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 (2020 - 262,500,000) (Net of transaction costs)	<u>137,589,247</u>	<u>137,589,247</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
Mayberry Jamaican Equities Limited	13,639,395	5.20
Gail Minott	13,402,600	5.10
Dr. Paul L. Brown	12,781,740	4.87
Errol Duhaney	6,985,412	2.66
Sandra Kenny	2,801,586	1.07
Everton J. Smith	<u>2,656,411</u>	<u>1.01</u>
Total	<u>231,616,436</u>	<u>88.23</u>
Total Issued shares	<u>262,500,000</u>	<u>100.00</u>

30 JUNE 2021

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>0.60</u>
	<u>143,742,224</u>	<u>54.76</u>
Senior Officers:		
Donnisha Brooks	959,962	0.37
Carlton Raymond	78,400	0.03
Heather Muirhead-Brown	78,000	0.03
Michelle Harris	67,900	0.02
Krystal Gayle	17,200	0.01
Godfrey Heron	<u>1,759</u>	<u>-</u>
	<u>1,203,221</u>	<u>0.46</u>