

CARIBBEAN ASSURANCE BROKERS LIMITED

UNAUDITED FINANCIAL STATEMENTS

31 MARCH 2020

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Management Discussion & Analysis

UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

Company Performance for the Quarter Ended 31 March 2020

For the quarter ended 31 March 2020, the Company earned gross revenues of J\$82.5 million compared to J\$91.9 million in the prior comparable quarter 2019; a decline of \$9.38 million. The largest single contributor to the decline was Foreign Exchange Gain which declined by \$4.44 million.

Commission Income declined by \$4.81 million (6.4%) and was contributed to by declines in our International Division \$2.96M, Individual Life Division \$3.97M and General Insurance Division \$0.66 M; but offset by increase of \$2.78 million in the Employee Benefit Division.


The decline in overall commission income was the result of a 2% reduction in International Health Commission rate, and adjustments in the economy due to the sudden advent of the COVID-19 Pandemic. Operating expenses of \$84.87 million for the Quarter was a reduction of \$1.9 million or 2% compared with the 2019 Quarter and the resulting Operating Losses \$2.36 million. With the addition of finance charges of \$1.34 million, Loss Before Tax was \$3.7 million.

The Company had a tax charge of \$0.94 thousand which resulted in Net Loss for the Quarter of \$4.64 million compared to Net Profit of \$4.2 million for the comparable quarter in 2019.

The Company's Balance Sheet reported an increase of its total assets to J\$515.2 million from J\$476.5 million for 2019-year end; an increase of J\$38.7 million or 8.12%. This increase was mainly attributed to increase cash and cash equivalents due to funds raised from the company IPO launched in February 2020.

The Company's total Equity has grown to J\$296 million at March 2020, up from J\$212 million for 2019-year end; this represents an increase of J\$84 million or 40%. The increased Equity is mainly due to an increase in share capital with the company being listed on Junior Stock Exchange in March 2020.

In March, Jamaica recorded its first confirmed Covid-19 case. Since then, CAB has implemented rostered work-from-home protocols and all mandated social distancing and hygiene directives from the Government to curtail the spread of the virus. While the virus has had far reaching impact on the economy and our business directly, we anticipate some level of normalcy by the start of the third Quarter, as the economy and our business prepare for gradual re-opening. Indeed, our loyal and productive sales representatives, who have been on a virtual leash due to Covid-19, are now raring to enhance their productivity, armed with the inherent will to achieve established targets, along with newly tested technology tools that will facilitate their sales activities as they observe established public health protocols.


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 QUARTER ENDED 31 MARCH 2020

	Unaudited 3 Months Ended <u>31 March 2020</u>	Unaudited 3 Months Ended <u>31 March 2019</u> \$	Audited 12 Months Ended <u>31 December 2019</u> \$
REVENUE	70,098,979	74,912,159	401,478,272
Other operating income	<u>12,415,575</u>	<u>16,979,346</u>	<u>33,745,758</u>
	<u>82,514,554</u>	<u>91,891,505</u>	<u>435,224,030</u>
Administrative and other expenses	(55,853,511)	(62,603,222)	(239,393,974)
Selling expenses	<u>(29,021,746)</u>	<u>(24,121,152)</u>	<u>(141,662,509)</u>
	<u>(84,875,257)</u>	<u>(86,724,374)</u>	<u>(381,056,483)</u>
OPERATING(LOSS)/ PROFIT	(2,360,703)	5,167,131	54,167,547
Finance costs	(1,340,901)	(959,289)	(7,872,310)
(LOSS)/PROFIT BEFORE TAXATION	(3,701,604)	4,207,842	46,295,237
Taxation	(939,569)	-	(7,660,475)
NET (LOSS)/ PROFIT FOR THE PERIOD	(4,641,173)	4,207,842	38,634,762
OTHER COMPREHENSIVE INCOME:			
Item that may not be reclassified to profit or loss			
Unrealised gain on revaluation of property	<u>-</u>	<u>-</u>	<u>47,499,134</u>
TOTAL COMPREHENSIVE (LOSS)/ INCOME	<u>(4,641,173)</u>	<u>4,207,842</u>	<u>86,133,896</u>
EARNINGS PER STOCK UNIT	<u>(0.02)</u>	<u>\$0.02</u>	<u>\$0.16</u>

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

31 MARCH 2020

	Note	Unaudited March 2020 ₤	Unaudited March 2019 ₤	Audited December 2019 ₤
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment		235,282,562	191,796,154	234,130,383
Deferred tax asset		14,969,002	7,354,934	15,908,571
Right of use asset		<u>8,522,865</u>	<u>-</u>	<u>9,915,131</u>
		<u>258,774,429</u>	<u>199,151,088</u>	<u>259,954,085</u>
CURRENT ASSETS:				
Receivables		115,288,726	111,774,071	138,096,421
Taxation recoverable		2,129,660	10,107,151	2,622,018
Cash and bank balances		<u>139,030,961</u>	<u>46,035,798</u>	<u>75,799,379</u>
		<u>256,449,347</u>	<u>167,917,020</u>	<u>216,517,818</u>
		<u>515,223,776</u>	<u>367,068,108</u>	<u>476,471,903</u>
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	5	137,589,247	48,765,008	48,765,008
Retained earnings		110,194,564	83,908,817	114,835,737
Capital reserve		<u>48,424,370</u>	<u>925,236</u>	<u>48,424,370</u>
		<u>296,208,181</u>	<u>133,599,061</u>	<u>212,025,115</u>
NON-CURRENT LIABILITIES:				
Long term loan		77,903,866	113,301,427	86,547,672
Lease liability		<u>6,296,122</u>	<u>-</u>	<u>6,296,122</u>
		<u>84,199,988</u>	<u>113,301,427</u>	<u>92,843,794</u>
CURRENT LIABILITIES:				
Payables		123,849,256	106,996,723	157,133,091
Bank overdraft		7,251,901	-	1,421,118
Short term loan		1,121,306	13,170,897	-
Current portion of long term loan		-	-	3,261,197
Current portion of lease liability		2,593,144	-	3,958,557
Taxation		<u>-</u>	<u>-</u>	<u>5,829,031</u>
		<u>134,815,607</u>	<u>120,167,620</u>	<u>171,602,994</u>
		<u>515,223,776</u>	<u>367,068,108</u>	<u>476,471,903</u>

Approved for issue by the Board of Directors on 12 May 2020 and signed on its behalf by:


Raymond Walker - Director


Barrington Whyte - Director

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CHANGES IN EQUITY

PERIOD ENDED 31 MARCH 2020

	<u>Note</u>	<u>Share Capital</u> \$	<u>Capital Reserve</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
BALANCE AT 31 DECEMBER 2018		<u>48,765,008</u>	<u>925,236</u>	<u>79,700,975</u>	<u>129,391,219</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>4,207,842</u>	<u>4,207,842</u>
BALANCE AT 31 MARCH 2019		<u>48,765,008</u>	<u>925,236</u>	<u>83,908,817</u>	<u>133,599,061</u>
BALANCE AT 31 DECEMBER 2019		<u>48,765,008</u>	<u>48,424,370</u>	<u>114,835,737</u>	<u>212,025,115</u>
TOTAL COMPREHENSIVE INCOME					
Net loss		<u>-</u>	<u>-</u>	<u>(4,641,173)</u>	<u>(4,641,173)</u>
Issue of shares, net transaction cost	5	<u>88,824,239</u>	<u>-</u>	<u>-</u>	<u>88,824,239</u>
BALANCE AT 31 MARCH 2020		<u>137,589,247</u>	<u>48,424,370</u>	<u>110,194,564</u>	<u>296,208,181</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss)/profit	(4,641,173)	4,207,842	38,634,762
Items not affecting cash resources:			
Exchange gain on foreign balances	(3,593,647)	546,092	(6,640,606)
Amortization of right of use asset	1,392,266	-	5,569,060
Depreciation	766,369	3,079,031	10,917,104
Loss on disposal of property, plant and equipment	-	-	77,037
Interest income	(526,582)	(136,563)	(2,249,183)
Interest expense	1,169,378	959,289	6,954,082
Interest expense on right of use asset	171,523	-	918,228
Taxation expense	<u>939,569</u>	<u>-</u>	<u>7,660,475</u>
	(4,322,297)	8,655,691	61,840,959
Changes in operating assets and liabilities:			
Receivables	24,227,598	106,281,129	85,981,937
Payables	<u>(32,691,861)</u>	<u>(34,368,411)</u>	<u>16,456,165</u>
	(12,786,560)	80,568,409	164,279,061
Taxation paid	<u>(5,336,674)</u>	<u>(850,408)</u>	<u>(3,750,344)</u>
Cash (used in)/provided by operating activities	<u>(18,123,234)</u>	<u>79,718,001</u>	<u>160,528,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	526,582	136,563	2,249,183
Short term and long term investments	-	-	-
Purchase of property, plant and equipment	<u>(1,918,548)</u>	<u>(152,955,173)</u>	<u>(155,705,377)</u>
Cash used in investing activities	<u>(1,391,966)</u>	<u>(152,818,610)</u>	<u>(153,456,194)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid on right of use asset	(171,523)	-	(918,228)
Interest paid	(1,169,378)	(959,289)	(6,954,082)
Principal paid on right of use assets	(1,365,412)	-	(5,229,512)
Loan repayments	(13,688,042)	(2,112,665)	(44,912,976)
Loan proceeds	2,904,345	90,799,255	96,936,101
Net proceeds from issue of shares	88,824,239	-	-
Dividends paid	<u>-</u>	<u>-</u>	<u>(3,500,000)</u>
Cash provided by financing activities	<u>75,334,229</u>	<u>87,727,301</u>	<u>35,421,303</u>
INCREASE IN CASH AND CASH EQUIVALENTS	55,819,029	14,626,692	42,493,826
Effects of exchange rate translation on cash and cash equivalents	<u>1,581,770</u>	<u>(661,531)</u>	<u>(186,202)</u>
Cash and cash equivalents at beginning of year	57,400,799	13,965,161	42,307,624
	<u>74,378,261</u>	<u>32,070,637</u>	<u>32,070,637</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>131,779,060</u>	<u>46,035,798</u>	<u>74,378,261</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

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.

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>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

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>
<u>Directors</u>		
Raymond Walker	107,100,000	40.80
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>112,073,500</u>	<u>42.69</u>
<u>Senior Officers:</u>		
Donnisha Brooks	989,962	0.38
Hopelyn Brown	130,000	0.05
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
Mark Brissett	53,000	0.02
Godfrey Heron	<u>1,759</u>	<u>-</u>
	<u>1,454,869</u>	<u>0.55</u>