

MANAGING DIRECTOR'S REVIEW

Earnings per share rose 6 cents this quarter from \$0.33 cents to \$0.39 cents. This increase has tripled last quarter's 2 cent increase and shows that the company is gaining some strength in 2013.

Our Agency business has performed extremely well, with net income increasing from 2.2M in 2012 to 2.9M in 2013. A significant part of this upsurge was due to an increase in net commission and fees and reduced expenses. Conversely, our Underwriting business suffered an increase in insurance expenses due to the unexpected flooding in May, primarily on the Eastern end of New Providence, and a reduction in net premiums earned which subdued its performance for the quarter.

Overall, despite an increase in net claims and other expenses, net income increased by 11%. Net commissions and fees showed the biggest improvement moving by 15% from 8,470,128 to 9,757,060. An upturn in business has improved profitability and thus we look forward to this continuing for the remainder of the year.



Alister I. McKellar, FCII
Managing Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at June 30, 2013 (amounts expressed in Bahamian dollars)

	June 2013	December 2012
ASSETS		
Cash and bank balances	\$ 7,482,150	2,874,309
Term deposits	9,368,660	12,137,415
Accounts receivable	14,894,880	9,393,685
Due from insurance carriers	-	2,065,839
Investments in securities		
- fair value through profit or loss	2,951,320	2,782,123
- held-to-maturity	8,423,464	8,353,238
- available for sale	2,322,000	2,000,000
Prepayments and other assets	1,448,628	1,541,492
Prepaid reinsurance premiums	18,083,819	17,860,119
Reinsurance recoveries	15,007,232	12,207,893
Intangible asset	328,304	366,698
Investment properties	1,636,936	1,642,326
Property, plant and equipment	8,723,010	8,740,963
Total assets	\$ 90,670,403	81,966,100
LIABILITIES		
General insurance funds:		
Unearned premium reserve	\$ 21,460,932	21,438,748
Outstanding claims	16,738,178	14,136,537
	38,199,110	35,575,285
Other liabilities:		
Bank overdraft	-	172,645
Due to related parties	4,265,164	382,656
Accounts payable	3,698,399	2,536,329
Due to reinsurers	4,958,278	2,814,700
Accrued expenses and other liabilities	1,442,262	3,061,173
Unearned commission reserve	4,787,523	4,576,074
Total liabilities	57,350,736	49,118,862
Net assets	\$ 33,319,667	32,847,238
EQUITY		
Share capital		
Authorized, issued and fully paid:-		
8,000,000 ordinary shares		
of \$0.01 each	\$ 80,000	80,000
Retained earnings	21,824,466	21,242,938
Interest in own shares	(84,600)	(84,600)
	21,819,866	21,238,338
Non-controlling interest	11,499,801	11,608,900
Total equity	\$ 33,319,667	32,847,238

(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
----------------	--------------

www.jsjohnson.com

COVERAGE YOU CAN COUNT ON

Homeowners • Automobile • Annuities • Pensions

Marine • Aviation • Crime • Office • Travel

Computers • Life & Health • Special Risks

Bankers' Bonds • Personal Accident

Directors & Officers • Commercial Liability

Professional Indemnity • Sports

SECOND QUARTER INTERIM REPORT 2013



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

 For the six months to June 30, 2013
 (amounts expressed in Bahamian dollars)

	June 2013	June 2012
INCOME		
Net commission and fees	9,757,060	8,470,128
Net premiums earned	3,080,874	3,703,613
Investment income	854,973	917,448
Change in net unrealized gain on investments in securities	85,058	-
Revaluation gain on investment properties	-	39,375
Total income	13,777,965	13,130,564
EXPENSES		
Salaries and employees benefits	4,968,200	5,081,675
Net claims incurred	1,315,295	784,193
Excess of loss reinsurance	1,480,123	1,656,031
Depreciation and amortization	369,758	367,275
Interest expense	-	8,414
Change in net unrealized loss on investments in securities	-	121,072
Other operating expenses	2,139,837	1,948,601
Total expenses	10,273,213	9,967,261
Net income and total comprehensive income	3,504,752	3,163,303
Attributable to:		
Equity holders of the Company	3,137,689	2,590,568
Non-controlling interests	367,063	572,735
	3,504,752	3,163,303
Earnings per share for the profit attributable to the equity holders of the Company (six months)	\$ 0.39	\$ 0.33

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

 For the six months to June 30, 2013
 (amounts expressed in Bahamian dollars)

	Share Capital	Retained Earnings	Interest in own Shares	Total Shareholder Equity	Non- Controlling Interest	Total Equity
Balance at January 1, 2012	80,000	20,849,873	(84,600)	20,845,273	10,343,926	31,189,199
Total comprehensive income for the year:						
Net income	-	2,590,568	-	2,590,568	572,735	3,163,303
Distributions to owners:						
Dividends	-	(2,715,921)	-	(2,715,921)	(208,832)	(2,924,753)
Balance at June 30, 2012	80,000	20,724,520	(84,600)	20,719,920	10,707,829	31,427,749
Balance at January 1, 2013	80,000	21,242,938	(84,600)	21,238,338	11,608,900	32,847,238
Total comprehensive income for the year:						
Net income	-	3,137,689	-	3,137,689	367,063	3,504,752
Distributions to owners:						
Dividends	-	(2,556,161)	-	(2,556,161)	(476,162)	(3,032,323)
Balance at June 30, 2013	80,000	21,824,466	(84,600)	21,819,866	11,499,801	33,319,667

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

 For the six months to June 30, 2013
 (amounts expressed in Bahamian dollars)

	June 2013	June 2012
Cash flows from operating activities:		
Net income for the period	3,504,752	3,163,303
Adjustments for:		
Unearned premium reserve	201,515	120,193
Depreciation and amortization	369,758	367,275
Change in net unrealized (gains)/losses on investments in securities	(85,058)	121,072
Revaluation (gain)/loss on investment properties	-	(39,375)
Interest income	(476,596)	(553,059)
Dividend income	(187,501)	(183,478)
Interest expense	-	8,414
Bad Debts	50,000	3,557
Cash from operations before changes in assets and liabilities	3,376,870	3,007,902
(Increase)/decrease in assets:		
Accounts receivable	(5,551,195)	(5,059,787)
Due from insurance carriers	2,065,839	159,343
Prepayments and other assets	92,863	(1,003,264)
Prepaid reinsurance premiums	(223,700)	302,511
Reinsurance recoveries	(2,799,339)	5,162,228
Increase/(decrease) in liabilities:		
Unearned premium reserve	(179,331)	(302,511)
Outstanding claims	2,601,641	(5,730,121)
Due to related parties	3,882,508	5,851,144
Accounts payable, accrued expenses and other liabilities	(456,841)	2,987,082
Due to reinsurers	2,143,578	2,036,711
Unearned commission reserve	211,449	(21,276)
Net cash provided by operating activities	5,164,342	7,389,962
Cash flows from investing activities:		
Net maturity of term deposits	2,662,581	30,465
Maturity of investment property	-	3,256
Purchase of property, plant and equipment	(308,021)	(343,605)
(Purchase)/maturity of investments in securities	(467,925)	687,393
Interest received	574,331	605,580
Dividends received	187,501	185,368
Net cash provided by investing activities	2,648,467	1,168,457
Cash flows from financing activities:		
Dividends paid to shareholders	(2,556,161)	(2,715,921)
Dividends paid to non-controlling interest	(476,162)	(208,832)
Interest paid	-	(8,414)
Net cash used in financing activities	(3,032,323)	(2,933,167)
Net Increase in cash and cash equivalents	4,780,486	5,625,252
Cash and cash equivalents at beginning of period	2,701,664	6,426,316
Cash and cash equivalents at end of period	7,482,150	12,051,568

(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, 2012.

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, 2013 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Net commission & fees	\$ 9,646,600	110,460	9,757,060
Net premiums earned	-	3,080,874	3,080,874
Interest Income	64,831	411,765	476,596
Dividend Income	50,006	137,495	187,501
Other income	69,029	121,847	190,876
Change in net unrealized gain on investments in securities	-	85,058	85,058
\$ 9,830,466	3,947,499	13,777,965	

Insurance expenses	-	2,795,418	2,795,418
Depreciation & amortization	349,156	20,602	369,758
Other expenses	6,571,900	536,137	7,108,037
\$ 6,921,056	3,352,157	10,273,213	
NET INCOME	\$ 2,909,410	595,342	3,504,752

The segment results for the period ended June 30, 2012 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Net commission & fees	\$ 8,860,975	(390,847)	8,470,128
Net premiums earned	-	3,703,613	3,703,613
Interest Income	103,256	449,803	553,059
Dividend Income	50,005	133,473	183,478
Other income	73,080	107,831	180,911
Revaluation gain on investment properties	-	39,375	39,375
\$ 9,087,316	4,043,248	13,130,564	

Insurance expenses	-	2,440,224	2,440,224
Depreciation & amortization	336,967	30,308	367,275
Change in net unrealized loss on investments in securities	-	121,072	121,072
Interest expense	-	8,414	8,414
Other expenses	6,528,208	502,068	7,030,276
\$ 6,865,175	3,102,086	9,967,261	
NET INCOME	\$ 2,222,141	941,162	3,163,303

The segment assets and liabilities as at June 30, 2013 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Total assets	\$ 30,886,117	59,784,286	90,670,403
Total liabilities	15,708,746	41,641,990	57,350,736

The segment assets and liabilities as at June 30, 2012 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Total assets	\$ 36,906,938	51,515,221	88,422,159
Total liabilities	22,323,451	34,670,959	56,994,410

PEACE OF MIND