

MANAGING DIRECTOR'S REVIEW

The third quarter was strong for the Company as a whole with income rising to \$5,674,433, an impressive increase of over \$1 million in the year to date results. Contributing to this increase was an overall 12% growth in net commissions and fees from \$12,726,391 to \$14,285,454.

Expenses remained flat demonstrating our efforts to keep costs down. There was an increase in net claims incurred which climbed by 31% due to the unexpected torrential rains and flooding in May as previously mentioned in our last quarterly report. This position should however improve in the final quarter.

Both our Agency and Underwriting arms are reporting positive results for the year to date. Our Agency business increased overall by 21% and Underwriting by 22%. Both arms have shown increases in net income. Our Agency business reported a slight increase in total expenses as a result of improvements made to the head office building on Collins Ave.

Overall, the Company has performed well in a difficult market and we look forward to finishing the year off on this positive note.



Alister I. McKellar, FCII
Managing Director

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

	September 2013	December 2012
ASSETS		
Cash and bank balances	\$ 5,648,073	2,874,309
Term deposits	9,430,297	12,137,415
Accounts receivable	14,787,923	9,393,685
Due from insurance carriers	-	2,065,839
Investments in securities		
- fair value through profit or loss	2,985,815	2,782,123
- held-to-maturity	8,428,507	8,353,238
- available for sale	2,822,000	2,000,000
Prepayments and other assets	1,681,622	1,541,492
Prepaid reinsurance premiums	19,613,739	17,860,119
Reinsurance recoveries	12,376,623	12,207,893
Intangible asset	291,290	366,698
Investment properties	1,634,242	1,642,326
Property, plant and equipment	8,662,174	8,740,963
Total assets	\$ 88,362,305	81,966,100
LIABILITIES		
General insurance funds:		
Unearned premium reserve	\$ 23,451,018	21,438,748
Outstanding claims	13,476,787	14,136,537
	36,927,805	35,575,285
Other liabilities:		
Bank overdraft	-	172,645
Due to related parties	2,047,408	382,656
Accounts payable	3,650,534	2,536,329
Due to reinsurers	4,551,444	2,814,700
Accrued expenses and other liabilities	1,781,281	3,061,173
Unearned commission reserve	5,192,565	4,576,074
Total liabilities	54,151,037	49,118,862
Net assets	\$ 34,211,268	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	22,573,602	21,242,938
Interest in own shares	(84,600)	(84,600)
	22,569,002	21,238,338
Non-controlling interest	11,642,266	11,608,900
Total equity	\$ 34,211,268	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
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THIRD QUARTER INTERIM REPORT 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

 For the nine months to September 30, 2013
 (amounts expressed in Bahamian dollars)

	September 2013	September 2012
INCOME		
Net commission and fees	14,285,454	12,726,391
Net premiums earned	4,888,475	5,591,581
Investment income	1,478,218	1,380,624
Change in net unrealized gain on investments in securities	119,552	-
Profit on sale of property plant & equipment	-	6,000
Revaluation gain on investment properties	-	39,375
Total income	20,771,699	19,743,971
EXPENSES		
Salaries and employees benefits	7,738,550	7,763,003
Net claims incurred	1,535,910	1,176,826
Excess of loss reinsurance	2,219,882	2,494,987
Depreciation and amortization	569,915	542,265
Interest expense	-	8,414
Change in net unrealized loss on investments in securities	-	112,045
Other operating expenses	3,033,009	2,974,074
Total expenses	15,097,266	15,071,614
Net income	5,674,433	4,672,357
Attributable to:		
Equity holders of the Company	5,164,905	4,245,883
Non-controlling interests	509,528	426,474
	5,674,433	4,672,357
Earnings per share for the profit attributable to the equity holders of the Company (nine months)	\$ 0.65	\$ 0.53

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

 For the nine months to September 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	-	4,245,883	-	4,245,883	426,474	4,672,357
Distributions to owners:						
Dividends	-	(3,994,001)	-	(3,994,001)	(208,832)	(4,202,833)
Balance at September 30, 2012	80,000	21,101,755	(84,600)	21,097,155	10,561,568	31,658,723
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	-	5,164,905	-	5,164,905	509,528	5,674,433
Distributions to owners:						
Dividends	-	(3,834,241)	-	(3,834,241)	(476,162)	(4,310,403)
Balance at September 30, 2013	80,000	22,573,602	(84,600)	22,569,002	11,642,266	34,211,268

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

 For the nine months to September 30, 2013
 (amounts expressed in Bahamian dollars)

	September 2013	September 2012
Cash flows from operating activities:		
Net income for the period	5,674,433	4,672,357
Adjustments for:		
Unearned premium reserve	(258,651)	648,095
Depreciation and amortization	569,915	542,265
Profit on sale of property plant & equipment	-	(6,000)
Change in net unrealized (gains)/losses on investments in securities	(119,552)	112,045
Revaluation (gain)/loss on investment properties	-	(39,375)
Interest income	(764,753)	(847,898)
Dividend income	(283,365)	(260,849)
Interest expense	-	8,414
Bad Debts	50,000	-
Cash from operations before changes in assets and liabilities	4,868,027	4,829,054
(Increase)/decrease in assets:		
Accounts receivable	(5,444,238)	(6,227,450)
Due from insurance carriers	2,065,839	(1,035,717)
Prepayments and other assets	(140,130)	(1,289,132)
Prepaid reinsurance premiums	(1,753,620)	(2,297,722)
Reinsurance recoveries	(168,730)	5,146,728
Increase/(decrease) in liabilities:		
Unearned premium reserve	2,270,921	2,297,722
Outstanding claims	(659,750)	(5,884,707)
Due to related parties	1,664,752	2,431,846
Accounts payable, accrued expenses and other liabilities	(165,688)	5,160,880
Due to reinsurers	1,736,744	2,916,924
Unearned commission reserve	616,491	576,623
Net cash provided by operating activities	4,890,618	6,625,049
Cash flows from investing activities:		
Net maturity/(placement) of term deposits	2,642,452	(963,426)
Purchase of investment property	-	6,850
Purchase of property, plant and equipment	(407,635)	(342,218)
(Purchase)/maturity of investments in securities	(965,281)	1,468,158
Interest received	813,293	864,794
Dividends received	283,365	262,739
Net cash provided by (used) in investing activities	2,366,194	1,296,897
Cash flows from financing activities:		
Dividends paid to shareholders	(3,834,241)	(3,994,001)
Dividends paid to non-controlling interest	(476,162)	(208,832)
Interest paid	-	(8,414)
Net cash used in financing activities	(4,310,403)	(4,211,247)
Net increase in cash and cash equivalents	2,946,409	3,710,699
Cash and cash equivalents at beginning of period	2,701,664	6,426,316
Cash and cash equivalents at end of period	5,648,073	10,137,015

(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 September 30, 2013 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Net commission & fees	\$ 14,982,979	(697,525)	14,285,454
Net premiums earned	-	4,888,475	4,888,475
Interest Income	151,893	612,860	764,753
Dividend Income	73,990	209,375	283,365
Other income	193,290	236,810	430,100
Change in net unrealized gain on investments in securities	-	119,552	119,552
	\$ 15,402,152	5,369,547	20,771,699

Insurance expenses	-	3,755,792	3,755,792
Depreciation & amortization	541,423	28,492	569,915
Other expenses	10,010,466	761,093	10,771,559
	\$ 10,551,889	4,545,377	15,097,266
NET INCOME	\$ 4,850,263	824,170	5,674,433

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

	Agents & Brokers	Underwriting	TOTAL
Net commission & fees	\$ 14,134,915	(1,408,524)	12,726,391
Net premiums earned	-	5,591,581	5,591,581
Interest Income	186,884	661,014	847,898
Dividend Income	69,030	191,819	260,849
Other income	99,158	178,719	277,877
Revaluation gain on investment properties	-	39,375	39,375
	\$ 14,489,987	5,253,984	19,743,971

Insurance expenses	-	3,671,813	3,671,813
Depreciation & amortization	496,780	45,485	542,265
Change in net unrealized loss on investments in securities	-	112,045	112,045
Interest expense	-	8,414	8,414
Other expenses	9,995,982	741,095	10,737,077
	\$ 10,492,762	4,578,852	15,071,614
NET INCOME	\$ 3,997,225	675,132	4,672,357

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

	Agents & Brokers	Underwriting	TOTAL
Total assets	\$ 29,436,610	58,925,695	88,362,305
Total liabilities	13,600,315	40,550,722	54,151,037

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

	Agents & Brokers	Underwriting	TOTAL
Total assets	\$ 36,591,427	55,267,866	91,859,293
Total liabilities	21,514,787	38,685,783	60,200,570