

MANAGING DIRECTOR'S REVIEW

I am pleased to advise that our Consolidated Net Income for the six month period to 30th June, 2010 increased by 30% to \$5.649M compared to \$4.330M reported for the same period last year. As a result, Net Income attributable to Equity Holders of the Company increased by 26% from \$3.367M to \$4.253M and Earnings per Share increased from 42 cents to 53 cents.

Total Income increased by 10% to \$16.299M due to an 18% increase in Net Commission and Fees from \$9.544M to \$11.266M. This is due primarily to new business acquisition and additional Profit Commissions and Fees.

Total Expenses increased marginally from \$10.532M to \$10.650M. Although Staff Costs and Other Expenses continued to rise, these increases were somewhat offset by reductions in Reinsurance Costs and Net Unrealised Losses on investments in securities.

On the Balance Sheet side, the increase in Accounts Receivables is due mainly to timing differences in processing and new business acquired late in the second quarter. Obviously, this also affects Accounts Payable.

With regard to the Segment Report, the Agency and Brokerage results are flat but the Underwriting side continues to perform well as Insurance Company of the Bahamas had another strong quarter.

Finally, I am happy to report that the acquisition of the Soldier Road premises was completed during the quarter.



Marvin V. Bethell, FCII
Managing Director

CONSOLIDATED BALANCE SHEET As at 30 June, 2010 (amounts expressed in Bahamian dollars \$'000)

	December 31 2009	
ASSETS		
Cash and bank balances	\$ 5,291	3,594
Term deposits	9,403	7,894
Accounts receivable	18,580	10,684
Due from insurance carriers	751	1,833
Investments in securities		
- fair value through profit or loss	2,647	2,775
- held-to-maturity	7,766	7,868
- available for sale	2,613	2,613
Prepayments and other assets	1,829	1,541
Prepaid reinsurance premiums	16,779	18,367
Reinsurance recoveries	11,696	12,947
Investment property	3,304	1,984
Property, plant and equipment	7,717	7,983
Total assets	\$ 88,376	80,083
LIABILITIES		
General insurance funds:		
Unearned premium reserve	\$ 20,600	22,622
Outstanding claims	13,999	15,341
	34,599	37,963
Other liabilities:		
Due to related parties	4,353	654
Accounts payable	6,936	3,937
Due to reinsurers	5,882	4,252
Accrued expenses and other liabilities	3,619	3,145
Unearned commission reserve	4,326	4,564
Total liabilities	59,715	54,515
Net assets	\$ 28,661	25,568
EQUITY		
Share capital		
Authorized, issued and fully paid:-		
8,000,000 ordinary shares of		
\$0.01 each	\$ 80	80
Retained earnings	19,168	17,471
Interest in own shares	(85)	(85)
	19,163	17,466
Non-controlling interest	9,498	8,102
Total equity	\$ 28,661	25,568

(unaudited)

LOCATIONS

Nassau	
Collins Avenue	242.322.2341
Thompson Boulevard	242.325.8776
Soldier Road	242.393.6286
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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CONSOLIDATED STATEMENT OF INCOME
For the six months to 30 June, 2010
(amounts expressed in Bahamian dollars \$'000)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months to 30 June, 2010
(amounts expressed in Bahamian dollars \$'000)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months to 30 June, 2010
(amounts expressed in Bahamian dollars \$'000)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	30 June 2009	
INCOME		
Net commission & fees	11,266	9,544
Net premiums earned	4,193	4,501
Investment income	822	817
Profit on sale of property, plant & equipment	18	-
Total income	16,299	14,862
EXPENSES		
Salaries and employees benefits	4,815	4,548
Net claims incurred	974	800
Excess of loss reinsurance	1,845	2,315
Depreciation	340	337
Net unrealized loss on investments in securities	128	371
Other operating expenses	2,548	2,161
Total expenses	10,650	10,532
Net income	5,649	4,330
Attributable to:		
Equity holders of the Company	4,253	3,367
Non-controlling interests	1,396	963
	5,649	4,330
Earnings per share for the profit attributable to the equity holders of the Company (six months)	\$ 0.53	\$ 0.42

	Share Capital	Retained Earnings	Interests in own Shares	Total Shareholder's Equity	Non-Controlling Interest	Total Equity
Balance at January 1, 2009	80	15,729	(85)	15,724	6,248	21,972
Net income		3,367		3,367	963	4,330
Dividends		(2,556)		(2,556)	-	(2,556)
Balance at 30 June, 2009	80	16,540	(85)	16,535	7,211	23,746
Balance at January 1, 2010	80	17,471	(85)	17,466	8,102	25,568
Net income		4,253		4,253	1,396	5,649
Dividends		(2,556)		(2,556)	-	(2,556)
Balance at 30 June, 2010	80	19,168	(85)	19,163	9,498	28,661

(unaudited)

	June 2009	
Cash flows from operating activities:		
Net income for the period	\$ 5,649	4,330
Adjustments for:		
Unearned premium reserve	250	(175)
Depreciation	340	337
Profit on sale of property, plant and equipment	(18)	-
Change in net unrealized losses(gains) on investments in securities	128	363
Interest income	(405)	(651)
Dividend income	(141)	(136)
Bad debts	10	-
Cash from operations before changes in assets and liabilities	5,813	4,068
(Increase)/decrease in current assets:		
Accounts receivable	(7,907)	(2,957)
Due from insurance carriers	1,082	705
Due from related parties	433	-
Prepayments and other assets	(720)	(569)
Prepaid reinsurance premiums	1,588	1,421
Reinsurance recoveries	1,251	1,179
Increase/(decrease) in current liabilities:		
Unearned premium reserve	(2,022)	(1,605)
Outstanding claims	(1,342)	(1,234)
Due to related parties	3,698	99
Accounts payable, accrued expenses and other liabilities	3,474	725
Due to reinsurers	1,630	1,380
Unearned commission reserve	(238)	(344)
Net cash provided by operating activities	6,740	2,868
Cash flows from investing activities		
Net maturity/(placement) of term deposits	(1,692)	160
Proceeds from sale of property, plant and equipment	18	-
Purchase of investment property	(1,320)	-
Purchase of property, plant and equipment	(74)	(228)
(Purchase)/maturity of investments in securities	252	(1,040)
Interest received	329	766
Net cash (used) in investing activities	(2,487)	(342)
Cash flows from financing activities		
Dividends paid to shareholders	\$ (2,556)	(2,556)
Net cash used in financing activities	(2,556)	(2,556)
Net Increase/(Decrease) in cash and cash equivalents		
	1,697	(30)
Cash and cash equivalents at beginning of period	3,594	3,943
Cash and cash equivalents at end of period	\$ 5,291	3,913

(unaudited)

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, 2009.

2. SEGMENT INFORMATION

The Group is organized into two business segments; Insurance Agents & Brokers and General Insurance.

The segment results for the period ended 30 June, 2010 are as follows:

	Agents & Brokers	Underwriting	TOTAL
INCOME			
Net commission & fees \$	8,731	2,535	11,266
Net premiums earned	-	4,192	4,192
Other income	234	607	841
	\$ 8,965	7,334	16,299
Insurance expenses	-	2,819	2,819
Other expenses \$	6,421	1,410	7,831
	\$ 6,421	4,229	10,650
NET INCOME \$	2,544	3,105	5,649

The segment results for the period ended 30 June, 2009 are as follows:

	Agents & Brokers	Underwriting	TOTAL
INCOME			
Net commission & fees \$	8,388	1,156	9,544
Net premiums earned	-	4,501	4,501
Other income	270	176	446
	\$ 8,658	5,833	14,491
Insurance expenses	-	3,115	3,115
Other expenses \$	6,105	941	7,046
	\$ 6,105	4,056	10,161
NET INCOME \$	2,553	1,777	4,330

The segment assets and liabilities as at 30 June, 2010 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Total assets \$	34,775	53,601	88,376
Total liabilities	21,641	38,074	59,715

The segment assets and liabilities as at June 30, 2009 are as follows:

	Agents & Brokers	Underwriting	TOTAL
Total assets \$	29,027	54,174	83,201
Total liabilities	16,876	42,578	59,454

PEACE OF MIND