



# ZAMBIA REINSURANCE PLC

(Incorporated in the Republic of Zambia under company registration number 63239)

Share Code: ZAMBIA RE

ISIN : ZMW0000000326

("Zambia Re" or "the company")

## SUMMARY OF UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2024

In compliance with the requirements of the Securities Act No.41 of 2016 and the Listing Rules of the Lusaka Securities Exchange (LuSE), Zambia Reinsurance Plc announces the unaudited results for the period ended 30 June 2024.

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2024

	2024 ZMW	2023 ZMW
Reinsurance Premium Revenue	48,110,507	50,935,579
Retrocession Premium	(15,656,846)	(26,450,580)
<b>Reinsurance service result from reinsurance contracts issued</b>	<b>32,453,661</b>	<b>24,484,999</b>
Reinsurance Service Expense	(30,104,744)	(25,152,593)
Retrocession Service income	12,458,517	13,587,734
Reinsurance Finance expense	(6,106,242)	649,485
Retrocession Finance income	5,361,938	(121,824)
<b>Net Reinsurance Service Expense</b>	<b>(18,390,531)</b>	<b>(11,037,199)</b>
Operating Expenses	(13,109,539)	(11,006,329)
<b>Total Service and Operating Expenses</b>	<b>(31,500,070)</b>	<b>(22,043,528)</b>
<b>Other Operating income</b>	<b>1,512,252</b>	<b>3,747,491</b>
<b>Profit before tax</b>	<b>2,465,843</b>	<b>6,188,962</b>
Income tax expense	(1,048,407)	(1,257,500)
<b>Profit for the year</b>	<b>1,417,436</b>	<b>4,931,462</b>
Other comprehensive income (net of tax) Item that will not be reclassified subsequently to profit or loss	1,333,368	1,160,600
<b>Total comprehensive income for the year</b>	<b>2,750,804</b>	<b>6,092,062</b>
Basic and Diluted earning per share	0.06	0.14

#### Economic and Regulatory Environment

The overall outlook of the economic landscape for the country has been cautiously positive even though the adverse impact of the recent drought has had a knock-on effect on key macro economic parameters.

The implementation of Insurance Act No. 38 of 2021 in December 2022 has continued to reshape the insurance sector. A key component of this Act is the requirement for localizing the placement of risks in Zambia, which is expected to drive the company's growth in the domestic market.

This year also marks the second consecutive year of applying the new International Financial Reporting Standard (IFRS) 17, which replaced IFRS 4 effective January 1, 2023. IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. A significant impact of IFRS 17 is that reinsurance revenue now reflects the amount the reinsurer expects to receive for services rendered, recognized only as the services are provided.

#### Financial Highlights

The half-year results are compliant with IFRS 17, using the Premium Allocation Approach (PAA). The comparative figures for the prior half-year 2023 have been restated to ensure compliance. The financial highlights are summarised below:

- Revenue:** For the period ending 30th June 2024, revenue was K48.11 million, compared to K50.94 million for the same period prior year reinsurance revenue was subdued with a negative variance of 6%, primarily due to high reinsurance premiums written but not yet earned, i.e., unearned premium reserve (UPR), in accordance with IFRS 17.
- Retrocession Service Expense:** This expense, which covers costs incurred by a reinsurer when ceding some of its risk to another reinsurer, declined from K25.45 million as at 30th June 2023 to K15.66 million as at 30th June 2024. The decrease is attributed to increased retention of business.
- Reinsurance Service Expenses:** These costs, associated with providing reinsurance coverage including underwriting, administration, and servicing of contracts, increased to K30.10 million as at 30th June 2024 from K25.15 million in the same period prior year. This rise was driven mainly by outstanding claims as well as paid claims.
- Retrocession Service Income:** This income, which comes from commissions received for retrocession services, fell from K13.59 million as at 30th June 2023 to K12.49 million as at 30th June 2024 due to increase in brokerage costs.
- Reinsurance Finance Expense:** The cost related to the time value of money and financial risks associated with reinsurance contracts rose to K6.11 million as at 30th June 2024, compared to a recovery of K0.65 million in the same period prior year. This is due to an increase in the actuarial discount factor and adjustments in risk margins.

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	2024 ZMW	2023 ZMW
<b>ASSETS</b>		
Non Current Assets	26,077,083	26,193,844
Current Assets	143,792,324	114,843,633
<b>TOTAL ASSETS</b>	<b>169,869,407</b>	<b>141,037,477</b>
Capital and Reserves	108,143,261	103,762,377
Total Liabilities	61,726,146	37,275,100
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>169,869,407</b>	<b>141,037,477</b>

### CONDENSED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 JUNE 2024

	2024 ZMW	2023 ZMW
Net cash generated from operating activities	4,996,702	8,955,400
Net cash (outflow)/inflow on investment activities	(165,285)	(4,822,188)
Net cash outflow on financing activities	-	(2,017,150)
Increase in cash and cash equivalents	4,831,417	2,116,062
Cash and cash equivalents at of period	67,543,502	63,878,938
Cash and cash equivalents at end of Period	72,374,919	65,955,000

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024

	2024 ZMW	2023 ZMW
Balance as 1 January 2024	105,392,457	88,819,689
Total comprehensive (loss)/Income	2,750,804	18,597,768
Dividends paid	-	(2,025,000)
Balance as 30 June 2024	108,143,261	105,392,457

Shareholders are advised to exercise caution when dealing in the company's securities until publication of the results of the year-end audited financial statements.

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- Exchange Rate Effects:** Expenses denominated in USD increased due to deterioration in exchange rate when compared to the prior year. Similarly, other operating income declined to K1.51 million as at 30th June 2024 from K3.75 million in the same period in prior year, driven by exchange losses.
- Profit Before Tax:** As a result of the above factors, the Company reported a half-year profit before tax of K1.42 million as at 30th June 2024, a decrease from K6.09 million in the same period prior year.
- Earnings Per Share (EPS):** Consequently, EPS decreased from K0.14 as at 30th June 2023 to K0.06 as at 30th June 2024.
- Total assets:** Total assets increased by 20%, rising from K141.04 million in 2023 to K169.87 million in 2024. This growth was attributed to an increase in the Investments, Cash and Cash equivalents as well as an increase in reinsurance receivables.

#### Outlook

The company's outlook is positive, with expected growth arising from anticipated business acquisitions in the energy, mining, and construction sectors. Additionally, premiums that are currently recorded as unearned will be earned towards the year-end coupled with improved premium collections as a result of enhanced collection efforts.

#### Dividend

The Directors have recommended that no interim dividend be proposed for the period ended 30 June 2024.

By Order of the Board  
Choice Corporate Services Limited - SECRETARY

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