

## KENYA REINSURANCE CORPORATION LIMITED

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	Long-Term Business	Short-Term Business	Unaudited Consolidated	Unaudited Total
	30.06.2016	30.06.2016	30.06.2016	30.06.2015
	sh'000'	sh'000'	sh'000'	sh'000'
<b>INCOME</b>				
Gross Written Premium	842,110	6,254,216	7,096,326	6,203,753
Outward Reinsurance Premium	(35,042)	(342,335)	(377,376)	(306,425)
<b>Net Written Premium</b>	<b>807,068</b>	<b>5,911,881</b>	<b>6,718,950</b>	<b>5,897,328</b>
Change in unearned premiums	-	(243,450)	(243,450)	(465,037)
<b>Net Earned Premium</b>	<b>807,068</b>	<b>5,668,431</b>	<b>6,475,500</b>	<b>5,432,291</b>
Investment Income	293,774	1,427,132	1,720,906	1,433,081
Acquisition cost recoveries	9,714	51	9,764	20,526
Other Income	-	18,695	18,695	14,394
<b>Total Income</b>	<b>1,110,556</b>	<b>7,114,309</b>	<b>8,224,865</b>	<b>6,900,292</b>
<b>OUTGO</b>				
Claims & Policyholder benefits	(382,326)	(3,172,798)	(3,555,123)	(2,740,243)
Less: Reinsurers' share of claims	3,100	2,350	5,449	26,054
<b>Net claims and policyholders benefits</b>	<b>(379,226)</b>	<b>(3,170,448)</b>	<b>(3,549,674)</b>	<b>(2,714,189)</b>
Cedant acquisition costs	(293,546)	(1,611,606)	(1,905,152)	(1,607,565)
Operating & other expenses	(95,378)	(462,386)	(557,764)	(453,337)
<b>Total outgo</b>	<b>(768,150)</b>	<b>(5,244,440)</b>	<b>(6,012,590)</b>	<b>(4,775,091)</b>
Profit before tax	342,406	1,869,869	2,212,275	2,125,201
Income tax expense	(87,226)	(560,961)	(648,187)	(623,257)
<b>Profit for the period after Tax</b>	<b>255,180</b>	<b>1,308,908</b>	<b>1,564,088</b>	<b>1,501,944</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>				
Fair value gain on available for sale financial assets, net of tax	-	(239,457)	(239,457)	(218,806)
Reclassification adjustments relating to available for sale financial assets disposed in the year	-	-	-	94,623
<b>Total other comprehensive income/(loss) for the period</b>	<b>-</b>	<b>(239,457)</b>	<b>(239,457)</b>	<b>(124,183)</b>
<b>Total comprehensive income</b>	<b>255,180</b>	<b>1,069,451</b>	<b>1,324,631</b>	<b>1,377,761</b>
Earnings per Share			2.23	2.15

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Long-Term Business	Short-Term Business	Unaudited Consolidated	Audited Total
	30.06.2016	30.06.2016	30.06.2016	31.12.2015
	sh'000'	sh'000'	sh'000'	sh'000'
<b>SHAREHOLDERS FUNDS</b>				
Share Capital	-	1,749,873	1,749,873	1,749,873
Revaluation Reserve	-	4,049	4,049	4,049
Fair Value Reserve	-	794,831	794,831	1,034,288
Translation reserve	-	269,107	269,107	269,107
Statutory Reserve	3,250,353	-	3,250,353	2,995,173
Retained Earnings	-	17,189,283	17,189,283	15,880,375
<b>TOTAL SHAREHOLDERS FUNDS</b>	<b>3,250,353</b>	<b>20,007,142</b>	<b>23,257,495</b>	<b>21,932,865</b>
<b>ASSETS</b>				
Investment Property	1,300,000	6,751,456	8,051,456	8,025,000
Property & Equipment	-	90,971	90,971	68,688
Intangible Assets	-	120,718	120,718	123,419
Investment in Associate	-	3,436,180	3,436,180	3,436,180
Defined benefit asset	-	-	-	-
Deferred acquisition costs	-	1,306,472	1,306,472	1,223,150
Unquoted equity instruments	-	202,231	202,231	202,231
Inventory	-	33,037	33,037	32,846
Non current assets held for sale	-	28,098	28,098	28,098
Tax Recoverable	-	-	-	44,435
Mortgage loans	-	670,168	670,168	648,104
Receivables arising out of reinsurance arrangements	163,143	4,003,626	4,166,768	3,199,969
Premium and loss reserves	-	394,671	394,671	298,977
Other Receivables	-	682,651	682,651	112,786
Corporate bonds	-	495,519	495,519	494,146
Quoted equity instruments	-	2,358,444	2,358,444	2,553,572
Government Securities	2,272,706	7,986,271	10,258,977	9,186,523
Deposits in financial institutions	2,951,601	2,336,094	5,287,695	5,957,281
Cash & Bank Balances	95,937	329,021	424,958	318,729
<b>TOTAL ASSETS</b>	<b>6,783,387</b>	<b>31,225,629</b>	<b>38,009,016</b>	<b>35,954,134</b>
<b>LIABILITIES</b>				
Long term reinsurance Contract Liabilities	2,179,836	-	2,179,836	2,179,836
Short term reinsurance Contract Liabilities	-	5,232,619	5,232,619	5,166,290
Unearned Premiums	-	4,804,044	4,804,044	4,560,594
Payables arising out of reinsurance arrangements	69,832	832,487	902,319	512,496
Deferred tax liability	1,283,366	(379,248)	904,118	904,118
Defined benefit liability	-	81,105	81,105	81,105
Other payables	-	365,650	365,650	616,830
Tax payable	-	281,830	281,830	-
<b>TOTAL LIABILITIES</b>	<b>3,533,034</b>	<b>11,218,487</b>	<b>14,751,521</b>	<b>14,021,269</b>
<b>NET ASSETS</b>	<b>3,250,353</b>	<b>20,007,142</b>	<b>23,257,495</b>	<b>21,932,865</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	Share capital Sh'000'	Revaluation reserve Sh'000'	Fair value reserve Sh'000'	Translation reserve Sh'000'	Statutory reserve Sh'000'	Retained earnings Sh'000'	TOTAL Sh'000'
<b>At 1 January 2015</b>	1,749,873	6,965	1,910,902	305,003	2,576,743	13,441,918	19,991,404
Profit for the year	-	-	-	-	418,430	3,135,820	3,554,250
Other comprehensive income	-	344	(876,614)	(35,896)	-	(210,659)	(1,122,825)
<b>Total comprehensive income</b>	-	344	(876,614)	(35,896)	418,430	2,925,161	2,431,425
Dividends declared - 2014	-	-	-	-	-	(489,964)	(489,964)
Transfer of excess depreciation	-	(4,657)	-	-	-	4,657	-
Deferred taxation thereon	-	1,397	-	-	-	(1,397)	-
<b>At 31 December 2015</b>	1,749,873	4,049	1,034,288	269,107	2,995,173	15,880,375	21,932,865
<b>At 1 January 2016</b>	1,749,873	4,049	1,034,288	269,107	2,995,173	15,880,375	21,932,865
Profit for the period 30.06.2016	-	-	-	-	255,179	1,308,908	1,564,087
Other comprehensive income (loss)/income	-	-	(239,457)	-	-	-	(239,457)
<b>At 30 June 2016</b>	1,749,873	4,049	794,831	269,107	3,250,352	17,189,283	23,257,495

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30.06.2016 Sh'000'	31.12.2015 Sh'000'
<b>Operating activities</b>		
Cash generated from operations	(536,383)	(134,891)
Interest received on corporate bond	5,371	55,709
Interest received on government securities	334,248	971,866
Tax paid	(319,852)	(798,762)
<b>Net cash generated from operating activities</b>	<b>(516,616)</b>	<b>93,922</b>
<b>Investing activities</b>		
Purchase of property & equipment	(33,581)	(3,585)
Purchase of intangibles	(13,159)	(56,383)
<b>Net cash used in investing activities</b>	<b>(46,740)</b>	<b>(59,968)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(489,964)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(563,356)</b>	<b>(456,010)</b>
At the beginning of period	6,276,010	6,732,020
<b>At the end of period</b>	<b>5,712,654</b>	<b>6,276,010</b>

**I CAN'T WALK.  
BUT I CAN GET AROUND  
FASTER THAN YOU.**

**NIKO  
FITI  
NA KENYA RE**

*Ability Beyond Disability*

## KENYA REINSURANCE CORPORATION LIMITED

### COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	Long-Term Business 30.06.2016 sh'000'	Short-Term Business 30.06.2016 sh'000'	Unaudited Company 30.06.2016 sh'000'	Unaudited Total 30.06.2015 sh'000'
<b>INCOME</b>				
Gross Written Premium	837,314	5,994,662	6,831,976	6,203,753
Outward Reinsurance Premium	(35,042)	(342,335)	(377,377)	(306,425)
<b>Net Written Premium</b>	<b>802,272</b>	<b>5,652,327</b>	<b>6,454,599</b>	<b>5,897,328</b>
Change in unearned premiums	-	(203,956)	(203,956)	(465,037)
<b>Net Earned Premium</b>	<b>802,272</b>	<b>5,448,371</b>	<b>6,250,643</b>	<b>5,432,291</b>
Investment Income	293,774	1,427,004	1,720,778	1,433,081
Acquisition cost recoveries	9,714	51	9,765	20,526
Other Income	-	18,421	18,421	14,394
<b>Total Income</b>	<b>1,105,760</b>	<b>6,893,847</b>	<b>7,999,607</b>	<b>6,900,292</b>
<b>OUTGO</b>				
Claims & Policyholder benefits	(382,326)	(3,106,021)	(3,488,347)	(2,740,243)
Less: Reinsurers' share of claims	3,100	2,350	5,450	26,054
<b>Net claims and policyholders benefits</b>	<b>(379,226)</b>	<b>(3,103,671)</b>	<b>(3,482,897)</b>	<b>(2,714,189)</b>
Cedant acquisition costs	(293,109)	(1,551,025)	(1,844,134)	(1,607,565)
Operating & other expenses	(95,378)	(436,240)	(531,618)	(453,337)
<b>Total outgo</b>	<b>(767,713)</b>	<b>(5,090,936)</b>	<b>(5,858,649)</b>	<b>(4,775,091)</b>
Profit before tax	338,047	1,802,911	2,140,958	2,125,201
Income tax expense	(87,226)	(540,873)	(628,099)	(623,256)
<b>Profit for the period after Tax</b>	<b>250,821</b>	<b>1,262,038</b>	<b>1,512,859</b>	<b>1,501,945</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>				
Fair value gain on available for sale financial assets, net of tax	-	(239,457)	(239,457)	(218,806)
Reclassification adjustments relating to available for sale financial assets disposed in the year	-	-	-	94,623
<b>Total other comprehensive income/(loss) for the period</b>	<b>-</b>	<b>(239,457)</b>	<b>(239,457)</b>	<b>(124,183)</b>
<b>Total comprehensive income</b>	<b>250,821</b>	<b>1,022,581</b>	<b>1,273,402</b>	<b>1,377,762</b>
Earnings per Share			2.16	2.15

### COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Long-Term Business 30.06.2016 sh'000'	Short-Term Business 30.06.2016 sh'000'	Unaudited Company 30.06.2016 sh'000'	Audited Total 31.12.2015 sh'000'
<b>SHAREHOLDERS FUNDS</b>				
Share Capital	-	1,749,873	1,749,873	1,749,873
Revaluation Reserve	-	4,049	4,049	4,049
Fair Value Reserve	-	794,831	794,831	1,034,288
Translation reserve	-	269,107	269,107	269,107
Statutory Reserve	3,245,343	-	3,245,343	2,994,521
Retained Earnings	-	17,022,434	17,022,434	15,760,396
<b>TOTAL SHAREHOLDERS FUNDS</b>	<b>3,245,343</b>	<b>19,840,293</b>	<b>23,085,635</b>	<b>21,812,234</b>
<b>ASSETS</b>				
Investment Property	1,300,000	6,751,456	8,051,456	8,025,000
Property & Equipment	-	88,729	88,729	66,445
Intangible Assets	-	120,718	120,718	123,419
Investment in Associate	-	3,436,180	3,436,180	3,436,180
Investments in Subsidiary-Ivory Coast	-	4,186	4,186	4,186
Investments in Subsidiary-Zambia	-	102,000	102,000	-
Deferred acquisition costs	-	1,254,260	1,254,260	1,183,769
Unquoted equity instruments	-	202,231	202,231	202,231
Inventories	-	32,395	32,395	32,017
Tax Recoverable	-	-	-	47,235
Non current assets held for sale	-	28,098	28,098	28,098
Mortgage loans	-	670,386	670,386	643,290
Receivables arising out of reinsurance arrangements	163,143	3,545,988	3,709,131	2,858,326
Premium and loss reserves	-	325,421	325,421	233,541
Due from related parties	-	191,920	191,920	196,805
Other Receivables	-	458,580	458,580	93,878
Corporate bonds	-	495,519	495,519	494,146
Quoted equity instruments	-	2,343,204	2,343,204	2,553,572
Government Securities	2,272,706	7,986,271	10,258,977	9,186,523
Deposits in financial institutions	2,946,591	2,265,433	5,212,024	5,881,609
Cash & Bank Balances	95,937	287,614	383,551	281,925
<b>TOTAL ASSETS</b>	<b>6,778,377</b>	<b>30,590,588</b>	<b>37,368,965</b>	<b>35,572,195</b>
<b>LIABILITIES</b>				
Long term reinsurance Contract Liabilities	2,179,836	-	2,179,836	2,179,836
Short term reinsurance Contract Liabilities	-	5,143,605	5,143,605	5,077,277
Unearned Premiums	-	4,611,349	4,611,349	4,407,392
Payables arising out of reinsurance arrangements	69,832	686,020	755,852	376,698
Defined benefit liability	1,283,366	(379,248)	904,118	904,118
Defined benefit liability	-	81,105	81,105	81,105
Other payables	-	346,452	346,452	733,535
Tax payable	-	261,012	261,012	-
<b>TOTAL LIABILITIES</b>	<b>3,533,034</b>	<b>10,750,295</b>	<b>14,283,329</b>	<b>13,759,961</b>
<b>NET ASSETS</b>	<b>3,245,343</b>	<b>19,840,293</b>	<b>23,085,635</b>	<b>21,812,234</b>

### COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	Share capital Sh'000'	Revaluation reserve Sh'000'	Fair value reserve Sh'000'	Translation reserve Sh'000'	Statutory reserve Sh'000'	Retained earnings Sh'000'	TOTAL Sh'000'
<b>At 1 January 2015</b>	<b>1,749,873</b>	<b>6,965</b>	<b>1,910,902</b>	<b>305,003</b>	<b>2,576,743</b>	<b>13,441,918</b>	<b>19,991,404</b>
Profit for the year	-	-	-	-	417,778	3,015,841	3,433,619
Other comprehensive income	-	344	(876,614)	(35,896)	-	(210,659)	(1,122,825)
<b>Total comprehensive income</b>	<b>-</b>	<b>344</b>	<b>(876,614)</b>	<b>(35,896)</b>	<b>417,778</b>	<b>2,805,182</b>	<b>2,310,794</b>
Dividends declared – 2014	-	-	-	-	-	(489,964)	(489,964)
Transfer of excess depreciation	-	(4,657)	-	-	-	4,657	-
Deferred taxation thereon	-	1,397	-	-	-	(1,397)	-
<b>At 31 December 2015</b>	<b>1,749,873</b>	<b>4,049</b>	<b>1,034,288</b>	<b>269,107</b>	<b>2,994,521</b>	<b>15,760,396</b>	<b>21,812,234</b>
<b>At 1 January 2016</b>	<b>1,749,873</b>	<b>4,049</b>	<b>1,034,288</b>	<b>269,107</b>	<b>2,994,521</b>	<b>15,760,396</b>	<b>21,812,234</b>
Profit for the period 30.06.2016	-	-	-	-	250,821	1,262,038	1,512,859
Other comprehensive income (loss)/income	-	-	(239,457)	-	-	-	(239,457)
<b>At 30 June 2016</b>	<b>1,749,873</b>	<b>4,049</b>	<b>794,831</b>	<b>269,107</b>	<b>3,245,342</b>	<b>17,022,434</b>	<b>23,085,636</b>

### CONDENSED COMPANY CASH FLOW STATEMENT

	30.06.2016 Sh'000'	31.12.2015 Sh'000'
<b>Operating activities</b>		
Cash generated from operations	(540,986)	(247,856)
Interest received on corporate bond	5,371	55,709
Interest received on government securities	334,248	971,866
Tax paid	(319,852)	(798,762)
<b>Net cash generated from operating activities</b>	<b>(521,219)</b>	<b>(19,043)</b>
<b>Investing activities</b>		
Purchase of property & equipment	(33,581)	(3,096)
Purchase of intangibles	(13,159)	(56,383)
<b>Net cash used in investing activities</b>	<b>(46,740)</b>	<b>(59,479)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(489,964)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(567,959)</b>	<b>(568,486)</b>
At the beginning of period	6,163,534	6,732,020
<b>At the end of period</b>	<b>5,595,575</b>	<b>6,163,534</b>

The financial statements were approved by the Board of Directors on 29th August 2016 and were signed on its behalf by:

**Jadiah Mwarania**  
**PRINCIPAL OFFICER**

**David Kemei**  
**CHAIRMAN**

**Anthony Munyao**  
**DIRECTOR**

### PERFORMANCE COMMENTARY FINANCIAL HIGHLIGHTS

- Gross Premiums Written grew by 14% for the six months period ended 30th June 2016 from KShs. 6.2 billion to KShs. 7.1 billion. This growth was achieved due to aggressive marketing efforts in the international market where there is bigger growth opportunities. The Corporation received increased business shares from across its markets.
- Investment Income grew by 20% from KShs. 1.4 billion as at 30th June 2015 to KShs. 1.7 billion. The main drivers for growth were capital gain from equity instruments, Interest from fixed income instruments and rent.
- Net Claims incurred grew by 31% from KShs. 2.7 billion to KShs. 3.5 billion increase is attributable to higher claims reported during the 1st Half 2016
- Cedant acquisition costs grew by 19% from KShs. 1.6 billion to KShs. 1.9 billion in line with growth in premium written.
- Overall Operating expenses increased by 23% compared to 1st Half 2015 from KShs. 453 million to KShs. 557 million.
- Profit before tax increased by 4% from KShs. 2.1 billion to KShs. 2.2 billion.
- Total Assets increased by 6% from KShs. 35.9 billion in December 2015 to KShs. 38 billion in June 2016.
- Shareholders' Funds increased from KShs. 21.9 billion in December 2015 to KShs. 23.2 billion as at June 2016.

### DIVIDENDS

The Board of Directors do not recommend payment of an interim dividend to shareholders.

### By Order of the Board

**Charles Kariuki**  
**COMPANY SECRETARY**