



A New Dimension in Insurance

Leading General Insurer posts KShs. 460 Million in pre-tax profit.

A P A Insurance Limited yesterday announced its results of KShs 460 million pre-tax profit for the year ended 31 December, 2005. This was a 970.90% growth from the KShs 43 million recorded in 2004. Turnover was up by 6.9 % being at KShs 1.504 billion compared to the previous year where it stood at KShs 1.406 billion.

A P A's overall total assets base grew to KShs 3.031 billion at the close of the year. This was a growth of nearly Kshs 600 million from KShs 2.440 billion in 2004. The total shareholders funds rose to KShs 884 million from the original KShs 425 million. The board of directors recommended paying a dividend to shareholders of KShs 18 million, which is a 20% increase over what was paid in the previous year.

The company's Chairman, Mr. John Simba, stated that the impressive results are a reflection of the Board and management's philosophy to be the dominant player in the General Insurance sector. A P A is grateful for the very positive support we have received from our clients, brokers, agents and reinsurers. "It is with their support that we are able to command a leading place in the market and achieve the results reported. We are credited as being the first innovative insurance company in coming up with products that meet our clients needs and as a result of this we have managed to get and retain clients in general insurance," says Simba.

Mr. Simba pointed out that the current economic growth, despite continued political uncertainty, was a sign that investors had regained confidence in the country. "Our business, like all others, depends on the general economic trends and although the economy performed well, other factors including security concerns and infrastructure continued to be a major challenge," added Mr. Simba.

The company's Chief Executive, Mr. Ashok Shah added that A P A's success in 2005 is a confirmation of the renewed commitment from the management and staff in initiating and executing products that meet the growing client base. Our claims management and handling was further enhanced which as a result, increased the customer satisfaction. This trend, of speedy settlement of claims, has been the hallmark of A P A since its formation 2 years ago by the amalgamation of the General Insurance Businesses of Apollo and Pan Africa.

"Last year, the company launched new products which include; Vetcare, Livestock and Floriculture insurances to offer comprehensive problem oriented solutions, tailored to meet the needs of various agricultural sectors. The company is developing further products that will be targeted at particular sectors and these will be released into the market in due course", adds Mr. Shah.

Balance Sheet

as at 31 December 2005

	2005 Shs 000	2004 Shs 000
Capital Employed		
Share capital	150,000	150,000
Share premium	93,840	93,840
Revaluation reserve for land and buildings	8,981	1,694
Retained earnings	625,305	165,161
Proposed dividends	-	15,000
Shareholders' Funds	<u>878,126</u>	<u>425,695</u>
Represented by:		
Assets		
Property and equipment	105,849	103,231
Investments	1,889,318	1,285,923
Receivables arising out of reinsurance arrangements	155,029	114,643
Receivables arising out of direct insurance arrangements	356,511	433,621
Reinsurers' share of insurance liabilities	364,243	343,992
Deferred acquisition costs	60,635	41,116
Other receivables	42,937	55,335
Deferred income tax	15,956	18,351
Current income tax prepayment	13,583	13,473
Cash and bank balances	20,843	30,433
Total Assets	<u>3,024,904</u>	<u>2,440,118</u>
Liabilities		
Insurance contract liabilities	1,260,163	1,003,445
Provisions for unearned premium and unexpired risks	664,615	649,596
Creditors arising from reinsurance arrangements	74,353	229,213
Other payables	91,037	94,281
Borrowings	56,610	37,888
Total Liabilities	<u>2,146,778</u>	<u>2,014,423</u>
Net Assets	<u>878,126</u>	<u>425,695</u>

Profit & Loss Account

for year ended 31 December 2005

	2005 Shs 000	2004 Shs 000
Gross written premium	<u>1,504,367</u>	<u>1,406,873</u>
Gross earned premiums	1,429,682	1,305,286
Less: reinsurance premium ceded	(165,153)	(243,320)
Net earned premiums	<u>1,264,529</u>	<u>1,061,966</u>
Investment income	530,239	144,042
Commissions earned	22,764	38,383
Other income	8,988	11,108
Net income	<u>1,826,520</u>	<u>1,255,499</u>
Net Claims incurred	(900,483)	(823,650)
Operating and other expenses	(315,394)	(254,665)
Commissions payable	(151,227)	(133,272)
Profit before tax	<u>459,416</u>	<u>43,912</u>
Income tax credit	728	19,077
Profit for the year after tax	<u>460,144</u>	<u>62,989</u>

The Balance Sheet and Profit and Loss account are extracts from the financial statements that were audited by Deloitte & Touche, Certified Public Accountants, and received an unqualified opinion. The financial statements were approved by the Board of Directors on 1st March 2006 and signed on behalf of the Board by:

J. P. N. Simba

A. K. M. Shah

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