

CfC Insurance Holdings

The Board of Directors of CfC Insurance Holdings Limited is pleased to announce the unaudited Group Financial Statements for half year ended 30 June 2011

Consolidated Statement of Financial Position

	30 June 2011	31 December 2010	30 June 2010
	Shs'000	Shs'000	Shs'000
Ordinary share capital	515,270	515,270	515,270
Ordinary share premium	1,701,239	1,701,239	1,701,239
Revenue reserves	555,023	284,277	486,707
Other reserves	1,509,297	2,462,097	2,134,038
Equity attributable to equity holders	4,280,829	4,942,884	4,837,254
Non-controlling interest	308,469	289,191	284,185
Total equity	4,589,298	5,232,075	5,121,439
REPRESENTED BY:			
Assets			
Property and equipment	1,122,056	1,092,963	1,064,843
Intangible assets	139,667	167,050	202,822
Goodwill	1,254,995	1,254,995	1,254,995
Investment property	530,553	545,000	412,000
Investments in associates	378,417	313,180	319,436
Financial investments	14,785,092	15,329,894	13,949,523
Receivables arising from reinsurance	224,062	155,715	329,587
Receivables arising from direct insurance	711,007	544,816	685,736
Reinsurers' share of insurance liabilities	1,855,531	1,410,496	1,639,698
Deferred acquisition costs	165,667	169,941	102,481
Other receivables	291,730	170,737	220,199
Deferred income tax	16,103	16,095	12,943
Tax recoverable	79,456	71,429	103,596
Deposits with financial institutions	1,696,579	2,181,279	2,435,924
Cash and bank balances	579,536	648,923	483,912
Total Assets	23,632,471	24,072,513	23,217,675
Liabilities			
Insurance contract liabilities	6,183,448	5,716,983	5,553,287
Payable under deposit administration contracts	9,087,167	8,703,273	8,182,852
Unearned premium reserve	2,044,792	1,853,053	2,075,829
Creditors arising from direct insurance	57,037	88,197	72,540
Creditors arising from reinsurance	223,402	276,284	582,407
Deferred acquisition income	79,826	62,858	97,760
Other payables	672,988	1,210,210	681,892
Deferred income tax	82,104	73,391	71,827
Current income tax payable	37,927	33,364	17,978
Special dividend payable	-	231,034	231,034
Bank overdraft	74,482	108,811	28,830
Borrowings	500,000	500,000	500,000
Total Liabilities	19,043,173	18,840,438	18,996,238
Net Assets	4,589,298	5,232,075	5,121,439

Consolidated Income Statement

	30 June 2011	31 December 2010	30 June 2010
	Shs'000	Shs'000	Shs'000
Gross earned premium revenue	3,100,427	4,819,293	1,776,899
Less: Outward reinsurance	(972,996)	(1,287,384)	(394,808)
Net Insurance premium revenue	2,127,431	3,531,909	1,382,091
Commissions earned	231,844	217,184	81,931
Investment income	939,402	1,591,130	482,642
Administration fees	7,485	17,079	4,928
Other income	17,639	27,351	202,071
Total Income	3,323,801	5,374,653	2,153,663
Claims and policy holder benefits payable	(2,052,494)	(2,804,362)	(1,162,015)
Change in insurance contract liabilities	(6,793)	(182,732)	(23,108)
Amounts recoverable from reinsurers	628,208	272,622	147,636
Net Insurance benefits and claims	(1,431,079)	(2,714,472)	(1,038,387)
Total expenses and commissions	(1,479,036)	(2,214,028)	(886,457)
Commissions payable	(438,849)	(638,652)	(218,632)
Other operating expenses	(1,040,189)	(1,575,376)	(667,825)
Result of operating activities	413,684	446,153	228,819
Share of income from associates	26,121	36,782	23,699
Profit before taxation	441,805	482,935	252,518
Income tax expense	(107,298)	(222,921)	(59,368)
Profit for the period	334,507	260,014	193,150
Attributable to:			
Owners of the parent	307,265	225,741	166,929
Non-controlling interest	27,242	34,273	23,221
Earnings per share basic and diluted(Shs)	0.66	0.54	0.42

Consolidated Statement of Comprehensive Income

	30 June 2011	31 December 2010	30 June 2010
	Shs'000	Shs'000	Shs'000
Profit for the period	334,507	260,014	193,150
Other comprehensive income/(loss) for the period	(858,753)	1,655,715	1,225,161
Exchange loss on translation of foreign operations	103	(32,348)	1,736
Gain/(loss) on fair valuation of available for sale(AFS) financial assets	(958,856)	1,642,852	1,223,425
Impairment loss on AFS equity securities charged through income statement	-	32,153	-
Gain on property revaluations	-	13,058	-
Total comprehensive income/(loss) for the period	(624,246)	1,915,729	1,418,311
Total comprehensive income/(loss) attributable to:			
Equity holders of parent	(662,055)	1,770,029	1,395,090
Non-controlling interest	37,809	145,700	23,221
Total comprehensive income/(loss) for the period	(624,246)	1,915,729	1,418,311

Consolidated Statement of Cashflows

	30 June 2011	31 December 2010	30 June 2010
	Shs'000	Shs'000	Shs'000
Cash flow from operating activities	(35,602)	951,022	(36,195)
Income tax paid	(110,728)	(260,484)	(157,789)
Cash flow from operating activities	(146,330)	690,538	(193,984)
Cash flows used in investing activities	(121,652)	(819,470)	270,163
Cash flows from financing activities	(249,565)	736,345	736,545
Currency translation differences	(211)	22,109	(13,587)
Net increase in cash and cash equivalents	(517,758)	629,522	799,137
Cash acquired on acquisition	-	1,437,424	1,437,424
Cash and cash equivalents at 1 January	2,721,391	654,445	654,445
Cash and cash equivalents at end of period	2,203,633	2,721,391	2,891,006

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Revenue reserves	Other reserves	Non-controlling interest	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January 2011	515,270	1,701,239	284,277	2,462,097	289,191	5,232,075
Net profit for the period	-	-	307,265	-	27,242	334,507
Dividend	-	-	-	-	(18,531)	(18,531)
Other comprehensive income/(loss)	-	-	(16,520)	(952,800)	10,567	(958,753)
At 30 June 2011	515,270	1,701,239	555,023	1,509,297	308,469	4,589,298

Message from the Directors

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity are extracts from the unaudited financial statements of CfC Insurance Holdings Limited. CfC Insurance Holdings Limited is the holding company of the following operating entities: CfC Life Assurance Limited and Heritage Insurance Company Limited.

CfC Insurance Holdings Limited consolidated profit after tax for the half year is Shs 335 Million. The improved performance compared to prior periods is mainly the result of operational strategies delivering on the synergy objectives. The acquisition of the Heritage Group on 30 April 2010 and listing at the Nairobi Stock Exchange(NSE) on 21 April 2011 were key stages of the strategy. The reduction in the Group's comprehensive income is mainly because of a decline in fair values of the equities listed on the NSE and rising interest rates that has negatively affected the valuation of the Group's investments in Government bonds.

The Group's operations are undergoing significant change in line with our strategic intent of becoming the leading Wealth Management Group within East Africa. The majority of changes are associated with improvement to the current distribution channels and introduction of new alternative distribution channels for our products in addition to enhancement of processes and technology.

The above financial statements were approved by the Board of Directors of CfC Insurance Holdings Limited on 29 August 2011 and signed on its behalf by:-

J G Kariuki
Chairman

M L du Toit
Managing Director