

**KENYA REINSURANCE CORPORATION LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30TH JUNE 2011**

	Long-term Business 30.06.2011 Shs'000'	Short-term Business 30.06.2011 Shs'000'	Unaudited Total 30.06.2011 Shs'000'	Unaudited Total 30.06.2010 Shs'000'	Audited Total 31.12.2010 Shs'000'
<b>INCOME</b>					
Gross premiums written	385,155	2,355,059	2,740,215	2,276,314	4,980,900
Less unearned premiums	-	(141,983)	(141,983)	(42,023)	(426,994)
Less retrocession premiums	(59,997)	(221,445)	(281,442)	(142,569)	(279,993)
<b>NET EARNED PREMIUMS</b>	<b>325,158</b>	<b>1,991,631</b>	<b>2,316,789</b>	<b>2,091,722</b>	<b>4,273,913</b>
Investment income	169,534	530,220	699,754	497,197	1,683,210
Commissions receivable	12,991	127	13,118	18,744	29,229
Fair value gains on revaluation of investment properties	-	-	-	-	378,064
Other income	-	22,565	22,565	16,569	64,945
<b>NET INCOME</b>	<b>507,683</b>	<b>2,544,543</b>	<b>3,052,226</b>	<b>2,624,232</b>	<b>6,429,361</b>
Gross claims incurred	(111,031)	(1,032,213)	(1,143,244)	(838,231)	(2,198,438)
Amounts recoverable from retrocessionaires	(11,709)	168,932	157,223	38,141	151,460
<b>NET CLAIMS INCURRED</b>	<b>(122,740)</b>	<b>(863,282)</b>	<b>(986,021)</b>	<b>(800,090)</b>	<b>(2,046,978)</b>
Commissions payable	(100,709)	(610,032)	(710,741)	(598,721)	(1,276,881)
Operating expenses	(42,500)	(281,312)	(323,812)	(304,469)	(698,273)
Provision for doubtful debts	-	-	-	-	(350,000)
Provision for doubtful debts	-	(3,110)	(3,110)	(27,492)	(476,484)
<b>OPERATING AND OTHER EXPENSES</b>	<b>(143,209)</b>	<b>(894,454)</b>	<b>(1,037,663)</b>	<b>(930,682)</b>	<b>(2,801,638)</b>
<b>PROFIT FROM OPERATIONS</b>	<b>241,735</b>	<b>786,807</b>	<b>1,028,542</b>	<b>893,460</b>	<b>1,580,745</b>
SHARE OF PROFIT IN ASSOCIATE COMPANY	-	-	-	-	79,271
<b>PROFIT BEFORE TAXATION</b>	<b>241,735</b>	<b>786,807</b>	<b>1,028,542</b>	<b>893,460</b>	<b>1,660,016</b>
TAXATION CHARGE	(25,407)	(157,361)	(182,768)	(142,815)	(118,625)
<b>PROFIT FOR THE YEAR</b>	<b>216,328</b>	<b>629,446</b>	<b>845,774</b>	<b>750,645</b>	<b>1,541,391</b>
<b>OTHER COMPREHENSIVE GAIN/LOSS</b>					
Fair value loss arising on revaluation of available-for-sale financial assets	-	(33,417)	(33,417)	301,353	502,750
Reclassification adjustments relating to available-for-sale financial assets disposed in the year	-	-	-	-	(430,824)
Share of movement in associate reserves	-	-	-	-	160,260
<b>TOTAL OTHER COMPREHENSIVE GAIN/LOSS FOR THE YEAR NET OF TAX</b>	<b>-</b>	<b>(33,417)</b>	<b>(33,417)</b>	<b>301,353</b>	<b>232,186</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>216,328</b>	<b>596,029</b>	<b>812,357</b>	<b>1,051,998</b>	<b>1,773,577</b>
EARNINGS PER SHARE – basic and diluted			1.41	1.25	2.57

  
Mr. Jadhav Mwarania  
Principal Officer

  
Mrs. Nelius Kariuki  
Chairman

  
Mr. Everest Lenjo  
Director

**KENYA REINSURANCE CORPORATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30.06.2011**

	Long-term Business 30.06.2011	Short-term Business 30.06.2011	Unaudited Total 30.06.2011	Audited Total 31.12.2010
	Shs'000'	Shs'000'	Shs'000'	Shs'000'
<b>ASSETS</b>				
Investment properties	856,000	3,760,500	4,616,500	4,616,500
Equipment	-	77,693	77,693	86,277
Intangible asset	-	14,879	14,879	19,286
Investment in associate	-	952,730	952,730	952,730
Deferred taxation asset	-	214,368	214,368	214,368
Deferred acquisition cost	-	530,677	530,677	498,938
Unquoted equity instruments available for sale	-	90,256	90,256	66,287
Inventories	-	37,957	37,957	37,957
Non current assets held for sale	-	186,858	186,858	186,858
Mortgage loans	-	358,498	358,498	362,616
Receivables arising out of reinsurance arrangements	100,693	1,283,564	1,384,257	1,228,234
Premium and loss reserves	-	545,949	545,949	508,045
Other receivables	-	249,049	249,049	125,214
Corporate bonds	-	51,209	51,209	51,209
Quoted equity instruments	-	2,626,288	2,626,288	2,567,509
Government securities – held to maturity	1,194,959	2,264,506	3,459,465	2,776,617
Deposits with financial institutions	1,232,628	1,639,551	2,872,179	2,693,330
Cash and cash equivalents	651	199,643	200,294	248,954
<b>TOTAL ASSETS</b>	<b>3,384,931</b>	<b>15,084,175</b>	<b>18,469,106</b>	<b>17,240,929</b>
<b>EQUITY</b>				
Share capital	-	1,500,000	1,500,000	1,500,000
Revaluation reserve	-	8,291	8,291	8,291
Fair value reserve	-	1,587,518	1,587,518	1,620,935
Translation reserve	-	82,136	82,136	82,136
Statutory reserve	1,233,042	-	1,233,042	1,016,714
Retained earnings	-	6,974,872	6,974,872	6,345,426
<b>Shareholders' funds</b>	<b>1,233,042</b>	<b>10,152,817</b>	<b>11,385,859</b>	<b>10,573,502</b>
<b>LIABILITIES</b>				
Long term reinsurance liabilities	2,150,640	-	2,150,640	2,150,640
Short term insurance contracts:				
-Outstanding claims	-	2,212,251	2,212,251	2,212,251
-Unearned premiums	-	1,785,416	1,785,416	1,643,433
Payables arising out of reinsurance arrangements	1,249	427,647	428,896	288,097
Defined benefit liability	-	137,751	137,751	137,751
Other payables	-	313,026	313,026	182,411
Tax payable	-	55,267	55,267	52,844
<b>TOTAL LIABILITIES</b>	<b>2,151,889</b>	<b>4,931,358</b>	<b>7,083,247</b>	<b>6,667,427</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,384,931</b>	<b>15,084,175</b>	<b>18,469,106</b>	<b>17,240,929</b>

**MESSAGE FROM THE DIRECTORS**

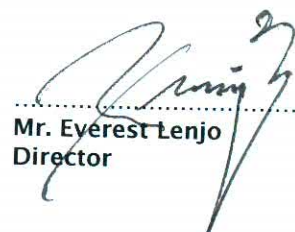
The above statements of comprehensive income and financial position are extract from the Company's unaudited financial statements as at 30th June 2011 and have been approved by the Board of Directors on 11th August 2011. The Directors do not recommend payment of an interim dividend for the period.



Mr. Jadhah Mwarania  
Principal Officer



Mrs. Nelius Kariuki  
Chairman



Mr. Everest Lenjo  
Director

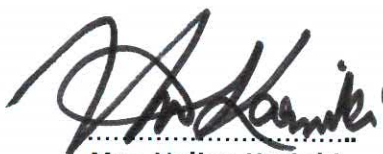
**KENYA REINSURANCE CORPORATION LIMITED**

**CASH FLOWS STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2011**

	30.06.2011 Sh'000'	31.12.2010 Sh'000'
<b>Operating activities</b>		
Cash generated from operations	805,766	1,471,032
Interest received on corporate bond	2,963	2,922
Interest received on government securities	180,452	292,774
Tax paid	(140,392)	(28,335)
<b>Net cash from operating activities</b>	<b>848,788</b>	<b>1,738,393</b>
<b>Investing activities</b>		
Purchase of equipment	-	(69,838)
Proceeds on equipment	-	-
Purchase of intangibles	-	-
Purchase of government securities	(682,848)	(427,578)
Sale of government securities	-	208,012
Purchase of quoted equity instruments	(11,783)	(494,773)
Purchase of corporate bond	-	-
Purchase of unquoted shares	(23,969)	-
Proceeds on sale of quoted equity instruments	-	621,422
Proceeds on disposal of inventories	-	19,338
Purchase of investment property	-	(83,436)
<b>Net cash used in investing activities</b>	<b>(718,600)</b>	<b>(226,853)</b>
<b>Financing activities</b>		
Dividends paid	-	(300,000)
<b>Net increase in cash and cash equivalents</b>	<b>130,188</b>	<b>1,211,540</b>
Cash and cash equivalents at 1 January	2,942,284	1,730,744
<b>Cash and cash equivalents at 30 June/31 December</b>	<b>3,072,472</b>	<b>2,942,284</b>



Mr. Jadhah Mwarania  
Principal Officer



Mrs. Nelius Kariuki  
Chairman



Mr. Everest Lenjo  
Director

KENYA REINSURANCE CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 30 JUNE 2011

	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 2010</b>	1,500,000	10,460	1,539,783	69,609	706,710	5,273,363	9,099,925
Profit for the year	-	-	-	-	310,004	1,231,387	1,541,391
Other comprehensive income (loss)/income	-	(1,175)	81,152	12,527	-	139,682	232,186
Total comprehensive income	-	(1,175)	81,152	12,527	310,004	1,371,069	1,773,577
Dividends declared - 2009	-	-	-	-	-	(300,000)	(300,000)
Transfer of excess depreciation	-	(1,242)	-	-	-	1,242	-
Deferred taxation thereon	-	248	-	-	-	(248)	-
<b>At 31 December 2010</b>	1,500,000	8,291	1,620,935	82,136	1,016,714	6,345,426	10,573,502
<b>At 1 January 2011 - As stated</b>	1,500,000	8,291	1,620,935	82,136	1,016,714	6,345,426	10,573,502
Profit for the year	-	-	-	-	216,328	629,446	845,774
Other comprehensive income	-	-	(33,417)	-	-	-	(33,417)
<b>Total comprehensive income</b>	-	-	(33,417)	-	216,328	629,446	812,357
Dividends declared - 2010	-	-	-	-	-	-	-
<b>At 30 June 2011</b>	1,500,000	8,291	1,587,518	82,136	1,233,042	6,974,872	11,385,859



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