





## *Apollo Investments*

AIL is the holding company of the group and is responsible for the Group's centralised functions including strategic direction, financial and risk management, marketing and communications, group human resources and corporate social responsibility. Its net asset value as at 2011 was KES 2.8 billion.

*Directors: Daniel Ndonye (Chairman), Mugo Kibati, Ashok Shah, Doug Lacey, Prabulhulal J Shah, Budhichand Shah, Shashikant Shah, Richard Ashley*



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# Board of directors

PRATUL SHAH  
DIRECTOR:

- Apollo Life Assurance Ltd
- Apollo Investment Ltd
- Apollo Asset Management Co. Ltd
- Gordon court Ltd

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## Senior Management

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"I wish to express our sincere gratitude to our clients, insurance intermediaries, business partners, suppliers, service providers, shareholders and the regulatory authorities in Kenya and Uganda for the business and support throughout the year."

Daniel Ndonye - AIL Chairman





## Chairman's Statement

"I wish to express our sincere gratitude to our clients, insurance intermediaries, business partners, suppliers, service providers, shareholders and the regulatory authorities in Kenya, Tanzania and Uganda for the business and support throughout the year."

I am pleased to present the 2011 annual report and financial statements for APA Insurance Limited.

### Structural changes

I alluded to the impending structural changes to the group in my last statement. The planned changes were accomplished in the course of 2011 and APA is now a wholly owned subsidiary of Apollo Investments. May I register my appreciation to all other stakeholders that made this exercise come to fruition. The strong relationship created with the former shareholders, Pan Africa group will continue to be harnessed for the mutual benefit of the two institutions.

The new strategic investors via our holding company, LeapFrog Financial Inclusion Fund is a specialist investment fund focused on providing insurance to under-served people and markets and they bring a wealth of experience especially in the emerging and fast growing micro insurance sector. We believe that their contribution is of immense advantage to our group and the industry as a whole.

Chairman's Statement (continued) The new strategic investors via our holding company, LeapFrog Financial Inclusion Fund is a specialist investment fund focused on providing insurance to under-served people and markets and they bring a wealth of experience especially in the emerging and fast growing micro insurance sector. We believe that their contribution is of immense advantage to our group and the industry as a whole.

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**APOLLO ASSET  
MANAGEMENT**

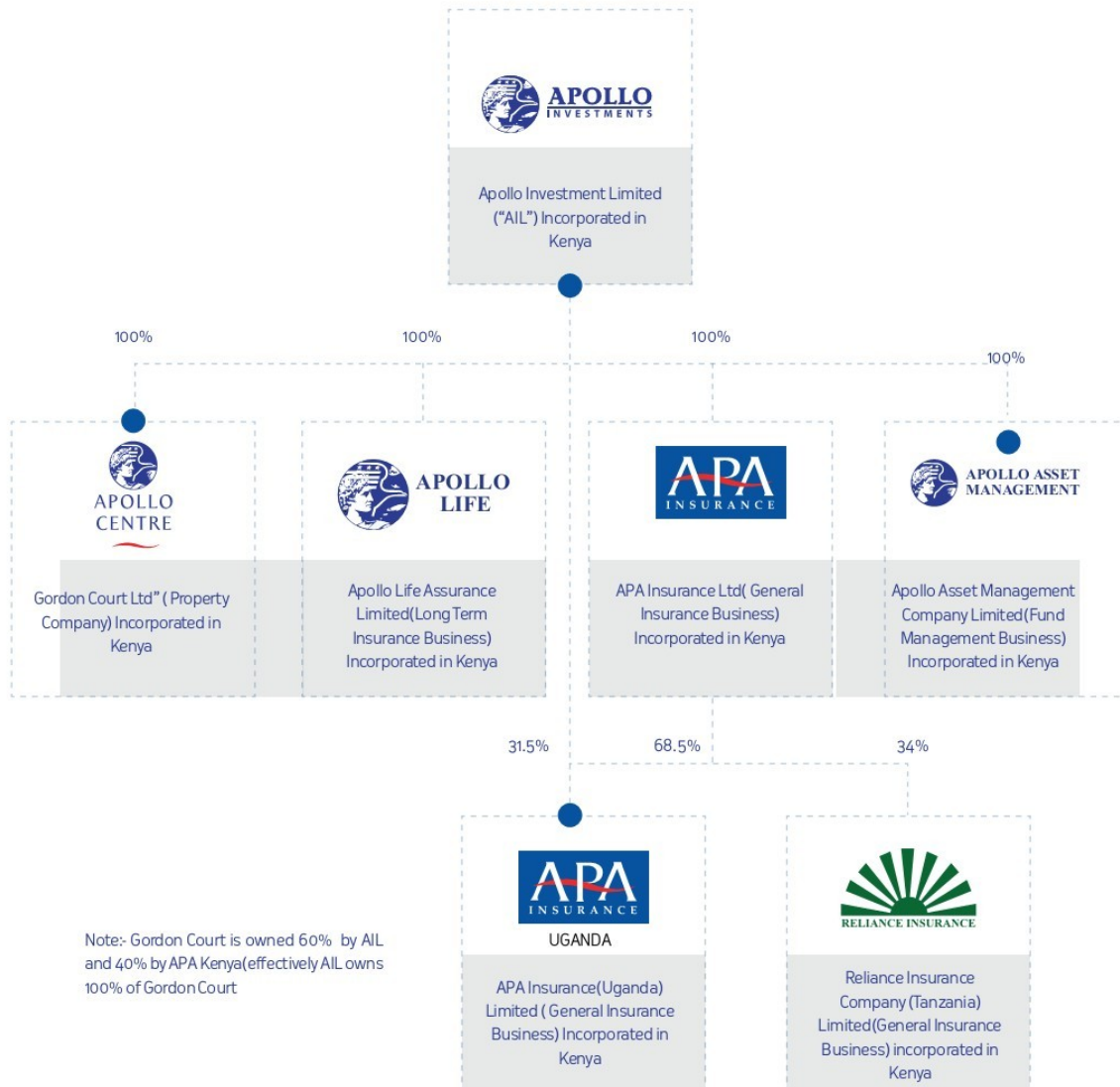
## *Investment Management*

Apollo Asset Management Company (“AAMC”) is focused exclusively on meeting needs of institutional investors such as pension schemes and high net worth investors. AAMC is licensed by the Capital Markets Authority (CMA) and the Retirement Benefits Authority (RBA) to conduct Fund Management and Investment Advisory Services. The investments of APA and Apollo Life are managed by AAMC.

*Directors: Daniel Ndonge (Chairman), Mugo Kibati, Ashok Shah, Doug Lacey, Prabulhulal J Shah, Budhichand Shah, Shashikant Shah, Richard Ashley*



# Group Structure



Apollo Investments Limited ("AIL" or "the Apollo Group") is the holding company for APA Insurance (Kenya and Uganda), Apollo Life Assurance, Apollo Asset Management and Gordon Court. It also owns a 34% stake in Reliance Insurance (Tanzania). AIL has achieved an impressive growth over the years to become one of the leading financial groups in East Africa thanks to its sound management policies, commitment to service and focus on maintaining the confidence of policyholders.

In 2011, LeapFrog Investments ("LeapFrog"), a strategic specialist insurance fund focused on providing insurance to under-served people and markets, made a significant investment in AIL to expand the businesses in all the territories in the East Africa region. More information on LeapFrog can be found on [www.leapfroginvest.com](http://www.leapfroginvest.com).



KENYA

## *General Insurance*

The flagship company, APA Insurance was formed in 2003 after the merger of the general insurance businesses of Apollo Insurance Company and Pan Africa Insurance. From its inception, APA has today become one of the largest general insurance companies in Kenya offering a diverse range of general insurance and health insurance products to both corporate and individual clients. Its gross written premium surpassed KES 5 billion in 2011. Currently it has over 20 branches & liaison offices as well as a direct sales force of over 200 tied agents countrywide and continues to grow its branch and agency network each year. APA continues to receive major industry awards for its innovative and marketing prowess.

*Directors: John Simba (Chairman), Daniel Ndonge, Ashok Shah, Doug Lacey, Budhichand Shah, Shashikant Shah, James Gitoho*



AIL has a sound base of people focussed on achieving the Group's objectives, which comprise the following:

- Improving the operating margins in underwriting and focus on profitable revenue growth.
- Improving the quality of service and satisfy the Group's clients.
- Enhancing the returns from our investments and developing the Group's properties.
- Expanding penetration and foot print in the East African region.
- Improving total shareholder returns and return on capital.

**The Group's medium term goals include:**

- Increase its market share in all existing operations
- increase business through new channels including Microinsurance and Bancassurance
- Expand individual life business in Kenya and commence life insurance business in Uganda and Tanzania.
- Explore opportunities for insurance business in Rwanda and South Sudan.
- Invest in property development and enhance returns from its property portfolio.

The group has appointed diversified Boards of Directors to govern each entity and they bring a wealth of experience to the group from their different backgrounds. Several of them sit on various publically listed companies.

**Key Milestones**

1977 Apollo Insurance Company Limited ("Apollo") was established with a share capital of KES 1.2 million and was one of the first locally owned insurance companies.

2003 The general insurance businesses of Apollo Insurance Company and Pan Africa Insurance were merged to form APA Insurance Limited ("APA") with 60% shareholding retained by Apollo. As part of the merger, 34% stake in Reliance Insurance Company (Tanzania) Limited was transferred to APA. APA is the single largest shareholder.

2009 APA Insurance (Uganda) Limited, a wholly owned subsidiary of APA (Kenya) commenced operations as a general insurance company in Uganda.

Apollo Asset Management Company Limited, a wholly owned subsidiary of Apollo, was licensed by the CMA to undertake asset management services.

The Group relocated its headquarters to the ultra modern offices at Apollo Centre in Westlands. This property is owned by the group through its subsidiary, Gordon Court Limited.

2010 The life insurance business of Apollo Insurance Company was transferred to Apollo Life Assurance Limited, a wholly owned subsidiary of Apollo. Apollo Insurance Company changed its name to Apollo Investments Limited.

2011 AIL entered into a strategic partnership with LeapFrog who invested in excess of KES 1.1 billion in the Group.

AIL acquired the 40% shareholding in APA from Pan Africa Securities Limited, thus making APA a wholly owned subsidiary of the Group.

In addition the Group has significant investment in land and buildings, with some substantial development potential and going forward the Group intends to maximise returns from all its properties as part of its group strategy.



UGANDA

## *General Insurance*

APA Uganda was licensed in 2009 to undertake general insurance business and completed its third full year of operations in 2012. The company's market share and ranking has improved over the three years. In the three years it has now become one of the leading underwriters and is ranked in the top ten. It has gained industry recognition for its best claims service. It has two branches outside Kampala.

*Directors: John Simba (Chairman), Ashok Shah, Dipankar Mahalanobis*



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APOLLO  
CENTRE

## *Conference Facilities*

Gordon Court Limited owns Apollo Centre, a commercial building in the Westlands area of Nairobi. The tenants of Apollo Centre include the Apollo Group companies and three commercial banks. Apollo Centre also offers modern conference facilities including private meeting rooms and custom designed training rooms fitted with state of the art equipment.

*Directors: Budhichand Shah (Chairman), John Simba, Shashikant Shah, James Gitoho, Pratul Shah*





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	2011	2010	2009
	Shs'000	Shs'000	Shs'000
Gross Premiums - General Insurance	5,315,510	4,781,202	3,691,866
Gross Premiums - Life Insurance	246,201	214,859	125,545
Gross Premium Income - Total	5,561,711	4,996,061	3,817,411
Profit before tax	404,606	419,590	354,588
Shareholders' funds (excluding minorities)	2,812,445	2,340,925	1,620,964
<b>Total investments</b>	<b>7,754,652</b>	<b>7,409,330</b>	<b>5,323,464</b>

#### INCOME STATEMENT (GROUP CONSOLIDATED)

APOLLO INVESTMENT LIMITED	2011	2010	2009
INCOME STATEMENT	Shs'000	Shs'000	Shs'000
Income			
Gross Premium income	5,561,711	4,996,061	3,817,411
Gross earned premiums	5,331,694	4,495,020	3,525,689
Less Reinsurance premium ceded	(858,706)	(753,580)	(601,971)
Net earned premiums	4,472,988	3,741,440	2,923,718
Net investment income	593,051	734,615	360,115
Management fees / Commissions earned	193,981	148,846	126,821
Other income	3,248	10,432	6,651
<b>Total Income</b>	<b>5,263,268</b>	<b>4,635,333</b>	<b>3,417,305</b>
Outgo			
Claims and policyholders' benefits	(3,197,692)	(2,755,965)	(1,991,870)
Commissions payable	(656,174)	(553,040)	(415,446)
Operating and other expenses	(985,649)	(919,458)	(671,314)
Total Expenses	(4,839,515)	(4,228,463)	(3,078,630)
Results from operations	423,753	406,870	338,675
Share of after tax profit / (loss) from associate	(19,147)	12,720	15,913
Profit before tax	404,606	419,590	354,588
Tax charge	(58,013)	(87,645)	(72,744)
<b>Profit for the year before other comprehensive income</b>	<b>346,593</b>	<b>331,945</b>	<b>281,844</b>
Other Comprehensive income			
Changes in fair value of available for sale assets	(776,239)	630,052	(89,973)
Surplus on revaluation of property & equipment	89,000	98,000	54,231
Exchange differences on translation of foreign operations	(2,169)	1,222	(1,318)
Deferred income tax relating to components of other comprehensive income	(24,000)	(25,500)	(16,269)
Total other comprehensive (loss)/ income for the year	(713,408)	703,774	(53,329)
<b>Total comprehensive (loss) / income for the year</b>	<b>(366,815)</b>	<b>1,035,719</b>	<b>228,515</b>

Source: Audited Accounts



# Financial Highlights

ASSETS	Shs 000	Shs 000	Shs 000
Property and equipment	959,466	873,829	764,788
Goodwill	45,823		
Intangible assets	18,249	5,083	6,331
Investment property	1,025,765	926,765	819,215
Equity investments available for sale	1,954,198	2,634,646	2,120,917
- Unquoted shares	150,937	150,937	49,805
Investment in associates	54,137	73,501	59,943
Investment in Unit link trusts	41,496	38,155	24,151
Loans receivable	71,388	53,804	38,265
Life policy loans	3,503	3,047	3,021
Insurance Receivables	2,256,567	1,741,176	1,815,677
Other receivables	163,403	227,828	154,763
Current Tax	42,002	20,845	19,874
Government securities - held to maturity	2,091,787	689,362	308,143
Government securities - available for sale	980,429	1,780,870	880,785
Corporate bonds and short term notes	121,993	129,647	142,371
Deposits with financial institutions	656,291	400,995	393,493
Cash and bank balances	88,292	118,844	102,453
<b>Total</b>	<b>10,725,726</b>	<b>9,869,334</b>	<b>7,703,995</b>
<b>EQUITY</b>			
Share capital	190,888	150,000	150,000
Share premium	812,447	-	-
Statutory reserve	135,489	231,886	145,396
Properties revaluation surplus	265,873	200,873	128,373
Investment revaluation reserve	(795,831)	(150,865)	(490,883)
Contingency reserves	8,653	2,738	699
Translation reserves	(6,423)	(4,254)	(791)
Retained earnings	2,201,349	1,910,547	1,688,171
Attributable to equity holders of the company	2,812,445	2,340,925	1,620,964
Minority Interest		818,596	529,001
<b>Shareholders' funds</b>	<b>2,812,445</b>	<b>3,159,522</b>	<b>2,149,965</b>
<b>LIABILITIES</b>			
Insurance liabilities	6,326,642	5,227,451	4,283,182
Payables under deposit administration contracts	881,596	730,458	566,298
Other payables	409,305	392,002	335,846
Current Tax Liability	1,717	57,429	20,038
Deferred tax	120,822	92,716	84,074
Bank loan	142,857	171,428	200,000
Bank overdraft	30,342	38,328	64,592
Total liabilities	7,913,281	6,709,812	5,554,030
<b>Total equity &amp; liabilities</b>	<b>10,725,726</b>	<b>9,869,334</b>	<b>7,703,995</b>