



HEAD OFFICE

112 Broad Street, P.O. Box 2276, Lagos
Tel: 01-8964888, 7227666
info@africanallianceinsurance.com
www.africanallianceinsurance.com
Branches all over the nation
HOTLINE: 01-7433471

2008

Annual Report & Accounts



RC 2176

**African Alliance
Insurance Plc.**



The Life Assurance Specialist
...we're with you for life

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FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	The Group		The Company	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
Major Balance Sheet items:				
Total Assets	20,542,714	4,647,033	19,259,037	4,058,490
Cash and Bank Deposits	76,154	63,426	70,050	63,426
Investments	3,153,943	758,591	5,151,602	756,256
Statutory Deposits	200,000	200,000	200,000	200,000
Life Insurance Funds	1,007,554	286,112	1,007,551	286,112
Shareholders' Funds	16,731,961	3,520,573	15,511,823	2,944,834
Major Profit and Loss Account items:				
Net written Premiums	916,192	664,354	916,126	664,354
Direct Claims paid	(310,127)	(408,920)	(310,109)	(408,920)
Management Expenses	(825,399)	(301,464)	(639,720)	(289,130)
Loss before Taxation and Exceptional Items	(901,385)	48,137	(978,529)	64,103
Taxation	(11,021)	(45,312)	(9,221)	(40,062)
Loss after Taxation	(7,933,737)	2,825	(8,009,072)	24,041
Information per 50k ordinary share:				
	N	N	N	N
(Loss)/Earnings (basic)	(49.59)	1.88	(50.06)	16.03
Net Assets	1.05	23.47	0.97	19.63
Total Assets	1.28	30.98	1.20	27.06
<hr/>				
Number of Branches/Agencies and Subsidiaries	18	17	16	17
Number of Staff	106	93	65	93
Number of Shares in issue (thousand)	16,000,000	150,000	16,000,000	150,000

NOTICE OF 46TH ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of **African Alliance Insurance Plc** will be held at **Universal Hotel at Plot 3, Aguleri Street, Independence Layout, Enugu, Enugu State on Thursday, 12th April, 2012 at 12noon** to transact the following businesses:

ORDINARY BUSINESS:

1. To receive the Report of the Directors and the Audited Financial Statements for the years ended December 31, 2008, December 31, 2009 and December 31, 2010.
2. (i) To elect/re-elect Directors.
(ii) Pursuant to Section 256 of the Companies and Allied Matters Act, CAP C20 LFN 2004, Special Notice is hereby given that Chief Abel Nwankwo, who is retiring by rotation and offering himself for re-election at this meeting is above 70 years old.
3. To appoint and fix the remuneration of the Auditors and the appointment of the members of the Audit Committee.
4. To authorize the Directors to fix the remuneration of the Auditors.

SPECIAL BUSINESS:

To amend Clause 97 of the Memorandum and Articles of Association to read:

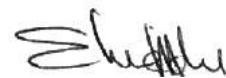
"Unless and until otherwise determined by the Company in General Meeting the number of Directors shall not be less than five or more than fifteen. The first Directors shall be appointed in writing by a majority of the subscribers of the Memorandum of Association of the Company"

NOTES:

1. **Proxy**
A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a party to attend and vote in his/her stead. A proxy need not be a member of the company. To be valid for the purpose of the Meeting, the proxy Form which will be attached to individual Notices should be completed, duly stamped by The Commissioner of Stamp Duties and submitted to The Registrar, Mainstreet Bank Registrars Limited, 2 Gbagada Expressway, Anthony Village, Lagos not later than 48 hours before the Meeting.
2. **Closure of Register**
The Register of Members and Transfer Books will be closed from Tuesday 3rd April 2012 to Thursday 12th April 2012, both days inclusive, for the purpose of preparing an up-to-date Register.
3. **Audit Committee**
The Audit Committee comprise of 3 Directors and 3 Shareholders' representatives. In accordance with Section 359(5) of the Companies and Allied Matters Act, any Shareholder may nominate a Shareholder for election to the Audit Committee by giving notice of such nomination in writing to the Company Secretary at least 21 days before the Annual General Meeting.

Dated this 8th Day of March 2012.

BY ORDER OF THE BOARD



Mosun Ehiedu
Company Secretary
Lagos, Nigeria



CORPORATE PROFILE

FOR THE YEAR ENDED 31 DECEMBER 2008

African Alliance Insurance Plc was incorporated as a Private Limited Liability Company on May 6th 1960 and was the first Indigenous Insurance Company to carry out the business of Life Assurance in Nigeria.

The Company was originally set up in partnership with Munich Reinsurance Company of Germany, the largest Reinsurance Company in the world. Munich-Re still provides technical support to the Company on a need basis.

In 2005, African Alliance Insurance went into a Joint Venture with First Securities Discount House Limited (FSDH) to set up Pensions Alliance Limited (PAL), a licensed Pension Fund Administrator.

Also in 2005 African Alliance Insurance Plc pioneered the sale of Takaful (Islamic Insurance) in Nigeria; through a robust selection of Sharia - compliant insurance and investment products.

The Company has a well structured Reinsurance Treaty arrangement led by African-Re, the foremost Reinsurance Company in the African Sub-Region, to manage risk mitigation on behalf of the Company.

African Alliance has 100% equity in Axiom Air Limited, Frenchies Foods (Nigeria) Limited and Alert and General Insurance in Monrovia, Liberia; a Cargo Airline Company, a Restaurant and Catering Services Company and a General Business Insurance Company respectively. The Company also has a 96% stake in Ghana Life Insurance Company Limited, located in Accra, the oldest indigenous Life Assurance Company in Ghana.

Over the years, we have established a solid reputation for excellent customer service and prompt claims settlement.

Our marketing efforts are co-ordinated through a network of 17 Branch Offices manned by experienced managers and highly motivated sales personnel for effective field coverage of the entire Country. In our bid to increase sales coverage and activity, January 2008 saw the opening of a new Sales Office in Abakaliki, Ebonyi State to aid grass-root penetration of the uninsured public in the Eastern Part of the Country.

CORPORATE INFORMATION AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2008

BOARD OF DIRECTORS

Chief Cyril Ajagu	-	Chairman Appointed 26 March 2007
Alphonse O. Okpor	-	Managing Director/CEO
Chief (Dr.) Abel Nwankwo (JP)	-	Member Appointed 24 April, 2008
Alhaji Rasaki Oladejo	-	Member
Dave Emenike Uduanu	-	Member Resigned 24 April, 2008
Dr. Timi Austen-Peters	-	Member Resigned 24 April, 2008
Adekoyejo Edu	-	Member Resigned 24 April, 2008
Jasper Nduagwuike	-	Non-Executive Director
Chinedu Eze	-	Non-Executive Director

MANAGEMENT TEAM

Alphonse O. Okpor	-	Managing Director/CEO
Vincent I. Emezi	-	DGM, Marketing
Mrs. Olufunmilayo Abimbola Omo	-	AGM, Technical
Emmanuel Kayode Ogunyinka	-	Financial Controller
Mrs. Olabisi A. Adekola	-	Controller, Internal Controls
Phillips Emaeyak	-	Controller, Information Technology
Prince 'Biodun Salami	-	Controller, Abuja Operations
Ms. Ngozi Onuora	-	Controller, Corporate Services

MAJOR BANKERS

Access Bank Plc
First Bank of Nigeria Plc
Guaranty Trust Bank Plc
Union Bank of Nigeria Plc

AUDITORS

Akintola Williams Deloitte
Chartered Accountants
235, Ikorodu Road, Ilupeju
P.O. Box 965
Lagos

LEGAL ADVISER AND COMPANY SECRETARY

Mrs. Olayemi Anyanечи
112, Broad Street, Lagos.

CONSULTING ACTUARY

HR Nigeria Limited
(Consulting Actuaries)
AllCO Plaza, Afribank Street,
P.O. Box 75399,
Victoria Island Lagos.

REGISTERED OFFICE

112, Broad Street,
Lagos.

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008



Distinguished Shareholders, Guests, Ladies and Gentlemen.

It is with great pleasure that I welcome you to the 46th Annual General Meeting of our Company holding at the Universal Hotel, Enugu.

In presenting the Report and Accounts for the year ended 31st December 2008, I would like to first make a brief review of the business environment in which your company operated and the attendant effects on its performance during the year under review.

BUSINESS ENVIRONMENT

The lingering financial crisis posed a serious challenge to the world's economy in 2008. The meltdown had devastating effects particularly on developing economies whose resources of foreign exchange earnings were with less value added. As expected the Nigerian economy is not immune to global occurrences, the Country continued to witness political stability resulting from the seamless transition of democratic institution from one elected civilian administration to another in 2007, unfortunately no significant improvement in infrastructural development was witnessed during the year under review. The cost of doing business continued to rise as investors in manufacturing and other sectors of the economy were

faced with immense challenges, occasioned by the epileptic power supply, inadequate and weak infrastructural facilities and influx of inferior and substandard products.

THE INSURANCE INDUSTRY

The Insurance Industry braced up to face the challenges despite the global economic meltdown. The slow compliance on the mandatory group life insurance affected the growth of group life insurance business and the effect of Pension Reform Act 2004 on Annuity business is yet to manifest.

However, our various retail businesses has continued to impact on the achievement made by the company and will ensure that this is improved upon for us to stay ahead of competitors in all our lines of insurance operations.

Our research and business development team is working assiduously on new products and exploring other cost effective distribution channels that will complement our present agency network.

OPERATING RESULT

The 2008 global economic crisis unarguably took its toll on the country's economy and our company was not completely isolated from the effects of the harsh economic environment which increased the loss position of the company to N7.933billion in 2008 as against a profit of N2.825million in year 2007 due to diminution in share prices at the Nigerian Stock Exchange. It is particularly worthy to note that our premium income rose to N918,182 million representing an increase of 38% over 2007 premium of N667.701 million. Total Income increased to N2.124billion in 2008 from N1.115billion in 2007 representing an increase of 91%. Our investment income was N937.404 million in 2008 as against N450.965 million in 2007.

We assure our esteemed shareholders that we will remain focused in our strategy for innovative product offerings with efficient and excellent customer service.

BOARD OF DIRECTORS

The following Board Members resigned as members and new members were appointed as replacement.

Chief (Dr.) Abel Nwankwo (JP)	-	Member Appointed 24 April, 2008
Alhaji Rasaki Oladejo	-	Member Appointed 24 April, 2008
Jasper Nduagwuike	-	Member Appointed 24 April, 2008

CHAIRMAN'S STATEMENT (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

Dave Emenike Uduanu - Member Resigned 24 April 2008
 Dr. Timi Austen-Peters - Member Resigned 24 April, 2008
 Adekoyejo Edu - Member Resigned 24 April, 2008

THE BOARD MEETINGS AND COMMITTEES

Attendance at the Board meetings are as shown below.

Establishment, Compensation & Governance Committee

The Committee was not yet in existence this year and therefore did not hold any meetings.

Audit & Compliance Committee

The committee was not yet in existence this year and therefore did not hold any meetings. Section 359 (6) of the Companies and Allied Matters Act cap C 20, Laws of the Federation of Nigeria, 2004 provides for the functions of the Committee.

Enterprise Risk Management Committee

The Committee was not yet in existence this year and therefore did not hold any meetings.

DIRECTORS ATTENDANCE AT MEETINGS

Directors	Board	Establishment, Compensation & Governance Committee	Audit & Compliance Committee	Enterprise Risk Management Committee
Number of Meetings	2	N/A	N/A	N/A
Engr. Cyril Ajagu	2	N/A	N/A	N/A
Mr. Chinedu Eze	2	N/A	N/A	N/A
Alhaji Razak Oladejo	-	N/A	N/A	N/A
Chief Abel Nwankwo	-	N/A	N/A	N/A
Mr. Jasper Nduagwuike	2	N/A	N/A	N/A
Mr Dave Emenike Uduanu	-	N/A	N/A	N/A
Dr Timi Austen-Peters	-	N/A	N/A	N/A
Mr Adekoyejo Edu	-	N/A	N/A	N/A

STAFF

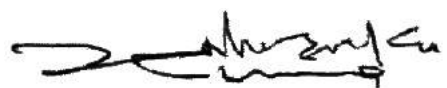
I am pleased to report that our employees demonstrated good understanding in the face of the prevailing, harsh economic conditions. Cordial industrial relations based on mutual understanding between the Management and the Unions also sustained a conducive working atmosphere.

The Company continues to value staff training and development and will sustain its desire to ensure that the staff is best able to cope with the challenges of our business environment. In addition, staff welfare and improved competitive remuneration will continue to receive management attention for higher productivity.

CONCLUSION

My sincere gratitude and appreciation goes to our Shareholders, Clients, Brokers, Staff, Management and other interest groups for their continued support which has enabled our company to improve on its operations despite all odds.

Thank you all and God bless everyone.



CHIEF (ENGR.) CYRIL AJAGU
 CHAIRMAN, BOARD OF DIRECTORS

THE BOARD

FOR THE YEAR ENDED 31 DECEMBER 2008



CHIEF (ENGR.) CYRIL AJAGU
 CHAIRMAN



MR. ALPHONSE O. OKPOR
 MANAGING DIRECTOR



CHIEF ABEL NWANKWO, (JP)



BARR. JASPER NDUAGWUIKE



ALHAJI RASAKI OLADEJO
 DIRECTOR



BARR. CHINEDU EZE

Financials

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors have pleasure in submitting to the members their report and audited financial statements of the Company for the year ended 31 December 2008.

1. RESULTS

	N'000
The Group loss for the year after taxation and exceptional item	7,933,737
Retained loss transferred to general reserve	<u>7,942,919</u>

2. LEGAL FORM

The Company was incorporated as a private limited liability company in 1960 under the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004 with RC No. 2176.

3. PRINCIPAL ACTIVITIES

The Company market life and pensions businesses. On need basis, Munich Reinsurance provides technical services under an agreement with the Company.

4. BUSINESS REVIEW AND FUTURE DEVELOPMENT

During the year, the Company carried out its business activities in accordance with its Memorandum and Articles of Association.

5. FIXED ASSETS

Movement in fixed assets during the year are as shown in note 9 on pages 19 to 21.

6. DIRECTORS

In accordance with Section 259 (1) of the Companies and Allied Matters Act, CAP C20 LFN 2004, Dr. Timi A. Austen-Peters, and Messrs Mustapha Edu Adekoyejo and Emenike Dave Uduanu retired. The following persons were appointed new directors in the course of the year:- Chief (Dr.) Abel Nwankwo and Alhaji Rasaki Oladejo.

7. DIRECTOR'S INTERESTS

The interests of the Directors in the issued share capital of the Company as recorded in the register of Directors' shareholding at 31 December 2008 are as follows:

	Direct	Number of ordinary share of 50k each held	Direct
Chief Cyril Ajagu	-		6,700,000,000
Mr. Jasper Nduagwuie	-		-
Mr. Chinedu Eze	-		-
Chief (Dr.) Abel Nwankwo	-		1,200,000,000
Alhaji Rasaki Oladejo	-		-
		Indirect Interest Represented	
Chief Cyril Ajagu			Conau Limited
Mr. Jasper Nduagwuie			-
Mr. Chinedu Eze			-
Chief (Dr.) Abel Nwankwo			Universal Insurance Plc
Alhaji Rasaki Oladejo			-

REPORT OF THE DIRECTORS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

None of the Directors has notified the Company for the purposes of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, of any disclosable interest in contract in which the Company was involved as at 31 December 2008.

8. FRAUD/FORGERY

There was no fraud recorded during the financial year under review.

9. ANALYSIS OF SHAREHOLDINGS

The shares of the Company were fully owned by Nigerian citizens and associations.

The range of shareholding as at 31 December 2008 is as follows:

Range of holding	No. of share holders	No. of share held	% Holdings
1 - 7,000,000	278	649,445,000	3.89
7,000,001 - 15,000,000	44	432,500,000	2.59
15,000,001 - 40,000,000	14	360,500,000	2.16
40,000,000 and above	33	15,257,555,000	91.36
Total	369	16,700,000,000	100.00

10. EMPLOYMENT AND EMPLOYEES

a. Welfare of Employees

The Company provides allowances to its employees at all levels for medical, transportation and housing.

b. Employees involvement and Training

The Company ensures that employees are informed in respect of the Company's activities especially in areas that concern them.

The Company also invests in training its workforce at various levels both in-house and external courses. This has resulted in enhancing the technical expertise of the workforce.

11. DONATIONS

The Company did not make any donations to charitable organisations during the year under review.

12. AUDITORS

Messrs Akintola Williams Deloitte having indicated their willingness will continue in office as the Company's auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed at the Annual General Meeting to authorise the Directors to determine their remuneration.

BY THE ORDER OF THE BOARD

Mrs. Olayemi Anyanечи
112, Broad Street, Lagos

30 March, 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN ALLIANCE INSURANCE COMPANY PLC

Akintola Williams Deloitte
235 Ikorodu Road, Ilupeju
PO Box 965, Marina
Lagos
Nigeria
Tel: +234 (1) 271 7800
Fax: +234 (1) 271 7801
WWW.deloitte.com/ng

Report on the Financial Statements

We have audited the accompanying financial statements of **African Alliance Insurance Company Plc** as at 31 December 2008, set out on pages 8 to 35 which have been prepared on the basis of the significant accounting policies on pages 8 to 10 and other explanatory notes on pages 15 to 31.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Insurance Act, CAP I17 LFN 2004. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the Company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Insurance Act, CAP I17 LFN 2004. The financial statements give a true and fair view of the financial position of **African Alliance Insurance Company Plc** as at 31 December, 2008, and of its financial performance and its cash flows for the year then ended in accordance with the Statements of Accounting Standards issued by the Nigerian Standards Board.



Chartered Accountants
Lagos, Nigeria

30 March, 2009

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Member of Deloitte Touche Tohmatsu Limited



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2008

The following are the statement of significant accounting policies adopted by the Company in the preparation of its financial statements.

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain land and buildings (own premises only). The life business is accounted for on the fund accounting basis.

(b) Basis of Consolidation

i. Subsidiaries

The Group financial statements incorporate the financial statements of the company and all its subsidiaries namely: African Alliance Realty Company Limited, Frenchies Nigeria Limited, and Ghana Life Insurance Limited. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All the financial statements are made up to 31 December.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

ii. Investments in associated companies

Investments in associated company are carried on the Balance Sheet at cost. Profit and losses of the financial statements of the company are integrated into the consolidated financials to the extent of the Group's interest in the associated company.

(c) Income recognition

Premium income is stated on cash basis net of re-insurance. Income from investments is stated at gross and is recognised in the accounts on an accrual basis.

(d) Actuarial valuation of Life Fund

Actuarial valuation of life fund is carried out triennially for purpose of determining the surplus/deficit at the end of the three year period. The latest available actuarial valuation of the life funds was as at 31 December 2008. Surplus/deficit arising on valuation is reflected in the profit and loss account of the immediate succeeding year following that in which the valuation is carried out.

(e) Reserve for unexpired risks

Reserves for unexpired risks are those proportions of the premium written in a year, less reinsurance, that relate to the period of risks from the period of cover to the subsequent date of expiry of the policies and have been computed in accordance with Section 20(1) of the Insurance Act CAP 117 LFN 2004, which stipulates that the provision for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year.

(f) Claims incurred but not reported

Provisions are made for claims incurred but not reported to the Company at the balance sheet date in accordance with Section 19(2) (ii) of the Insurance Act CAP 117 LFN 2004 on the basis of 10% of net outstanding claims.

(g) Contingency reserve

Contingency reserve is calculated at the higher of 3% of total premium receivable during the year or 20% of net profits (whichever is greater) in accordance with Section 24(2)(iii) of the Insurance Act CAP 117 LFN 2004 plus any additional amount which circumstances dictate should be so set aside. The additional contingency reserve required in any year is allocated to the different revenue reserve on the basis of premiums written.

(h) Investments

Investments are classified as short term or long term.

i. Short Term Investments

Placements and deposits with banks, debts and securities held for a period not exceeding one year are classified as short-term investments. Short term investments are valued at lower of cost and market value. The amount by which cost exceeds market value is charged to the income statement for the period.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

ii. Long Term Investments

Investments intended to be held for over a period exceeding one year, which are held to maturity. Long term investments are stated at cost and provision are made for permanent diminution in value.

(i) Investment properties

Investment properties are stated at market value and are not occupied substantially for use in the operations of the company. They are not subjected to periodic charges for depreciation. Gains and losses arising from changes in the fair value of such investment properties are transferred to investment properties revaluation reserve.

(j) Fixed Assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

(k) Depreciation

Depreciation is calculated to write off the cost of fixed assets in equal instalments over their estimated useful lives as follows:

	%
Motor Vehicles	25
Office Furniture and Equipment	10
Land and Buildings	2
Plant and Machinery	10

(l) Debtors

Bad debts are written off and specific provisions are made for any debts considered doubtful of recovery.

(m) Foreign currencies

Transactions in foreign currencies are recorded in Naira at the rate of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currencies are converted into Naira at the rates of exchange ruling on the Balance Sheet date. All exchange gains and losses arising therefrom are included in the Profit and Loss Account.

(n) Outstanding Claims

Outstanding claims are calculated in accordance with the provisions of the Insurance Act CAP 117 LFN 2004.

(o) Taxation

Income tax is provided on taxable profit at the current statutory rate.

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets and their corresponding tax written down value.

(p) Pension Scheme

The Company complied with the Pension Reform Act 2004 with effect from 1 January 2005. Arrangement for retirement benefits for members of staff is based on the provisions of the staff pension scheme, which is contributory. The matching contribution of 7.5% each by staff and the Company are based on current salaries, designated allowances, and charged to the profit and loss.

(q) Dividend

Proposed dividend for the year is recognised as a liability only when declared and approved by the shareholders at the Annual General Meeting.

(r) Provisions

Provision is recognized when the Company has a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations in accordance with the Statements of Accounting Standard 23.

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	GROUP		COMPANY	
		2008 N'000	2007 N'000	2008 N'000	2007 N'000
ASSETS					
Cash and bank balances	2	76,154	63,426	70,050	63,426
Placement with banks	3	2,261,514	1,287,724	2,261,466	1,287,724
Long term investments	4	3,153,943	758,591	5,151,602	756,256
Investment properties	5	4,089,088	117,709	4,089,070	117,709
Debtors and prepayments	6	3,630,208	1,118,321	3,440,435	1,118,322
Due from related company	7	2,800,000	105	2,800,000	1,897
Due from Reinsurance		11,822	-	11,822	-
Statutory deposit	8	200,000	200,000	200,000	200,000
Fixed assets	9	3,319,991	1,101,157	1,234,592	513,156
Goodwill	10	999,994	-	-	-
TOTAL ASSETS		20,542,714	4,647,033	19,259,037	4,058,490
LIABILITIES					
Bank overdrafts		690	295,747	-	295,747
Creditors and accruals	11	468,557	138,944	422,601	131,876
Life funds	12	1,007,554	286,112	1,007,551	286,112
Tax payable	13	74,468	49,779	58,021	44,043
Deferred taxation	14	434	10,529	-	10,529
Term loans	15	13,614	105,000	13,614	105,000
Liabilities for administered deposits	16	2,245,427	240,349	2,245,427	240,349
		3,810,744	1,126,460	3,747,214	1,113,656
CAPITAL AND RESERVES					
Share capital	17	8,000,000	150,000	8,000,000	150,000
Share Premium	18	14,365,133	-	14,365,133	-
Deposit for shares		2,292,500	2,292,500	2,292,500	2,292,500
Capital reserve	10	353,064	-	-	-
Contingency reserve	19	35,859	26,677	35,858	26,677
General reserve	20	(10,409,846)	(43,473)	(10,447,307)	(5,600)
Core capital		14,636,710	2,425,704	14,246,184	2,463,577
Fixed assets revaluation reserve	21	1,931,841	1,000,860	1,102,229	387,248
Investment properties revaluation reserve	22	163,410	94,009	163,410	94,009
Shareholders' funds		16,731,961	3,520,573	15,511,823	2,944,834
Minority interest		9	-	-	-
Shareholders' funds and minority interest		16,731,970	3,520,573	15,511,823	2,944,834
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		20,542,714	4,647,033	19,259,037	4,058,490

The financial statements on pages 8 to 35 were approved by the Board of Directors on 30 March 2009 and signed on its behalf by:


 Chief Cyril Ajagu } Chairman

 Alphonse O. Okpor } Managing Director

The accounting policies on pages 8 to 10 and the notes on pages 15 to 31 form part of these financial statements.

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 N'000	2007 N'000
INCOME			
Gross premiums written	23	918,182	667,701
Outward reinsurance premiums	24	(1,990)	(3,347)
Net premiums income		916,192	664,354
Net income from restaurant etc		270,672	-
Investment and other income	25	937,404	450,965
		2,124,268	1,115,319
Increase in liabilities for administered deposits	16	-	-
Commission received		478	2,122
		2,124,746	1,117,441
EXPENSES			
Direct claims paid	26	(310,127)	(408,920)
Withdrawals on other insurance products	27	(92,775)	(170,164)
Increase in life assurance fund	12	(453,845)	-
Management expenses	28	(825,399)	(301,464)
Interest on overdrafts		(18,128)	(40,025)
Other charges	32	(180,000)	-
Provision for doubtful accounts	29	(713,051)	(60,467)
Underwriting expenses:			
- Acquisition cost		(13,366)	(10,221)
- Maintenance cost		(419,440)	(78,043)
(Loss)/profit before taxation & exceptional item		(901,385)	48,137
Exceptional item:			
- Provision for diminution in value of investments	4.1.1	(7,021,322)	-
(Loss)/profit before taxation	30	(7,922,707)	48,137
Taxation	13	(11,021)	(45,312)
		(7,933,728)	2,825
Minority interest		(9)	-
Loss/(profit) after taxation attributable to group shareholders		(7,933,737)	2,825
Appropriations:			
Transfer to contingency reserve	19	9,182	6,677
Loss transferred to general reserve	20	(7,942,919)	(3,852)
		(7,933,737)	2,825
(Loss)/Earnings per share (kobo) - Basic	31	(49.59)	1.88

The accounting policies on pages 8 to 35 and the notes on pages 15 to 31 form part of these financial statements.

COMPANY LIFE REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 N'000	2007 N'000
INCOME			
Gross premium written	23	918,116	667,701
Outward reinsurance premiums	24	(1,990)	(3,347)
Net written premiums		916,126	664,354
Decrease in liabilities for administered deposits	16	-	-
Commission received		478	2,122
Investment and other income	25	929,051	450,965
TOTAL INCOME		1,845,655	1,117,441
EXPENSES			
Direct claims paid	26	(310,109)	(408,920)
Withdrawals on other insurance products	27	(92,775)	(170,164)
Increase in life assurance fund	12	(453,842)	-
Management expenses	28	(639,720)	(289,130)
Interest on overdrafts		(93)	(40,025)
Other charges	32	(180,000)	-
Provision for doubtful accounts	29	(714,843)	(59,208)
		(2,391,382)	(967,447)
UNDERWRITING EXPENSES:			
- Acquisition cost		(13,366)	(10,220)
- Maintenance cost		(419,436)	(75,671)
TOTAL EXPENSES		(2,824,184)	(1,053,338)
(Loss)/profit before taxation & exceptional item		(978,529)	64,103
Exceptional item:			-
- Provision for diminution in value of investments	4.1.1	(7,021,322)	
(Loss)/profit after exceptional item before taxation	30	(7,999,851)	64,103
Taxation	13	(9,221)	(40,062)
(Loss)/profit after taxation		(8,009,072)	24,041
Appropriations:			
Transfer to contingency reserve	19	9,181	6,677
(Loss)/profit transferred to general reserve	20	(8,018,253)	17,364
		(8,009,072)	24,041
(Loss)/Earnings per share (kobo) - Basic	31	(50.06)	16.03

The accounting policies on pages 8 to 10 and the notes on pages 15 to 31 form part of these financial statements.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	GROUP		COMPANY	
		2008 N'000	2007 N'000	2008 N'000	2007 N'000
Cash flows from operating activities					
Premiums received from policy holders	23	918,182	667,701	918,116	667,701
Other operating income		270,672	-	-	-
Cash paid to suppliers and employees		(244,183)	(89,860)	(155,967)	(89,860)
Re-insurance commission		478	2,122	478	2,122
Other operating cash payments		(722,752)	(183,927)	(633,409)	(185,923)
Commissions paid		(432,806)	(88,264)	(432,802)	(85,891)
Claims paid	26	(310,127)	(408,920)	(310,109)	(408,920)
Administered deposits		(378,237)	(280,546)	(378,237)	(280,546)
Esusu and takaful withdrawals		(92,775)	(170,164)	(92,775)	(170,164)
Income tax paid	13	(5,772)	-	(5,772)	-
Net cash used in operating activities	33	(997,320)	(551,858)	(1,090,477)	(551,481)
Cash flows from investing activities					
Purchase of fixed assets	9	(39,124)	(9,390)	(37,609)	(9,390)
Deposits for investments		(165,000)	(1,093,729)	(165,000)	(1,093,729)
Proceeds on sale of investments		1,022,420	538,746	1,022,420	538,746
Purchase of investments		(8,227,868)	-	(8,159,529)	-
Investment properties		(3,901,978)	-	(3,901,960)	-
Proceeds on sale of fixed assets		935	42	935	42
Statutory deposits		-	(185,000)	-	(185,000)
Dividend and interest received		110,149	47,139	109,937	47,139
Net cash used in investing activities		(11,200,466)	(702,192)	(11,130,806)	(702,192)
Cash flows from financing activities					
Proceeds from private placements		14,000,000	-	14,000,000	-
Share issue expenses		(411,125)	-	(411,125)	-
Loan receipt		-	105,000	-	105,000
Loan repayment		(91,386)	-	(91,386)	-
Deposit for shares		-	2,292,500	-	2,292,500
Interest paid		(18,128)	(40,025)	(93)	(40,025)
Net cash flow from financing activities		13,479,361	2,357,475	13,497,396	2,357,475
Net increase/(decrease) in cash and cash equivalents					
		1,281,575	1,103,425	1,276,113	1,103,802
Cash and cash equivalents at 1 January		1,055,403	(48,022)	1,055,403	(48,399)
Cash and cash equivalents at 31 December	34	2,336,978	1,055,403	2,331,516	1,055,403

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

4. Long term investments (cont'd)

4.5 Provision for doubtful investments

At 1 January	113,054	87,063	115,441	89,450
Additions during the year (note 29)	117,364	25,991	117,364	25,991
At 31 December	230,418	113,054	232,805	115,441

4.6 Pension Alliance Limited

This represents the Company's 49% holding in Pensions Alliance Limited. The company's holding was increased by N82.553 million during the year. The company is engaged in the provision of pension services.

4.7 African Alliance Realty Company Limited

This company is established to engage in the business of property development, rental and management. It is a wholly owned subsidiary of the company. The amount represents 100% holdings in the company of 26,250 units of ordinary shares at N2.00 each.

4.8 Frenchies Limited

This is a wholly owned investment of the Company. It was purchased from the former owners in the month of June 2008. The Company is in the business of providing restaurant and catering services.

4.9 Ghana Life Insurance Company Limited, Ghana

This is a 98% investment in the company, which is located at 17 Aviation Road, Airport Residential Area, Greater Accra Region, Ghana. The ownership of the company was transferred in July 2008. Ghana Life is involved in the provision of life assurance products and services.

5. Investment properties

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
At 1 January	117,709	23,700	117,709	23,700
Movements during the year:				
- Revaluation increase	69,401	94,009	69,401	94,009
Additions during the year: (note 5.1)	3,901,978	-	3,901,960	-
At 31 December	4,089,088	117,709	4,089,070	117,709

5.1 Additions during the year:

Additions during the year is made up of the following:

	Amount N'000			
Land at Beach Front Plot 12 Block A4, Lekki Phase 1	400,000	-	400,000	-
Land at Pankere Villiage, Abijo, Ibeju Lekki	2,000,000	-	2,000,000	-
Property at 17 Aviation road, Accra, Ghana	214,000	-	214,000	-
2 Nos. Presidential Mansions, Cantonment Area, Accra, Ghana	132,000	-	132,000	-
One 4-bedroom Town House, Cantonment Area, Accra, Ghana	54,000	-	54,000	-
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	500,000	-	500,000	-
5 Nos. duplexes, Plot 2220 Suez Canal Crescent, Sani Abacha Estate, Abuja	600,000	-	600,000	-
Others	1,978	-	1,960	-
	3,901,978	-	3,901,978	-

Investment properties represent buildings and un-developed land acquired for subsequent disposal in the near future and not occupied substantially by the company or members of the group of the holding company. They are not subjected to periodic charges for depreciation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

The property located at No 73, Oyemekun Street, Akure, Ondo State in the sum of N2,343,100 was professionally valued on 20 December 2006 at N6 million by Rasaq Anafi & Partners, Estate Surveyors, Valuers & Property Consultants. The valuation was based on open market value.

The developmental land scheme located at Phase 1, Lekki Penninsula, Block 2, Plot 6, CBD, Lekki Lagos in the sum of N1,927,908 was professionally valued on 20 December 2006 at N75 million by Rasaq Anafi & Partners, Estate Surveyors, Valuers & Property Consultants. The valuation was based on open market value.

Also, the property was revalued on 6 December 2008 in the sum of N81.07million by A. C. Otegbulu & Partners, Estate Surveyors & Valuers. The valuation was based on open market value.

The property located at Millenium Estate, Block B, House 9B, Oba Adeyinka Oyekan Housing Estate, Lekki Lagos State in the sum of N17,719,500 was professionally valued on 20 December 2006 at N35 million by Rasaq Anafi & Partners, Estate Surveyors, Valuers & Property Consultants. The valuation was based on open market value.

The parcel of land at Lekki Seagate Estate, Block J, Plots 15 & 17 Lekki, Lagos in the sum of N1,709,434 was professionally valued on the 6 December 2008 at N67 million by A. C. Otegbulu & Partners, Estate Surveyors & Valuers. The valuation was based on open market value.

Revaluation of land is carried out at the discretion of the directors and it is considered as and when necessary.

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
6. Debtors and prepayments				
Due from agents	15,342	1,150	15,342	1,150
Investment income receivable	26,120	26,120	26,120	26,120
Prepayment - Rent	21,517	8,080	21,517	8,080
Prepayment - Others	15,311	6,112	13,855	6,112
Staff accounts receivable	33,398	16,046	15,353	16,046
Deposit for investments (note 6.2)	192,091	1,093,729	192,091	1,093,729
Trade debtors	101,819	-	-	-
Stock of raw materials & consumables	60,638	-	1,673	-
Staff share loan	3,200,000	-	3,200,000	-
Staff mortgage loans	50,581	48,919	50,581	48,919
Other debit balances	61,060	9,952	49,992	8,373
	3,777,877	1,210,108	3,586,524	1,208,529
Provision for doubtful accounts (note 6.1)	(147,669)	(91,787)	(146,089)	(90,207)
	3,630,208	1,118,321	3,440,435	1,118,322

6.1 Provision for doubtful balance

At 1 January	91,787	65,837	90,207	65,140
Additions during the year (note 29)	55,882	25,950	55,882	25,067
At 31 December	147,669	91,787	146,089	90,207

6.2 Deposit for investments

This is made up of the following:

- The sum of N27,091 represent deposit for shares in MP Budget Limited for which share certificates has not been issued.
- The sum of N120million represent deposit for investment in First Ghana Building Company Limited, Ghana. The company is in the business of mortgage services.
- N45 million represent deposit for investment in Paramount Hotel, Ghana. The company is in the provision of recreation and hotel services.

6.3 Staff Share Loan

The amount is made up of African Alliance Insurance Company Plc shares purchased during the Private Placement exercise on behalf of staff by the Directors of the Company. The allocation to specific staff is yet to be done by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
7. Due from related company				
African Alliance Holding Limited	8,150	8,150	8,150	8,150
Universal Insurance Plc (note 7.2)	2,800,000	-	2,800,000	-
African Alliance Trustees Limited	105	105	105	105
African Alliance Realty Company Limited	-	-	1,792	1,792
	<u>2,808,255</u>	<u>8,255</u>	<u>2,810,047</u>	<u>10,047</u>
Provision for doubtful balance (7.1)	<u>(8,255)</u>	<u>(8,150)</u>	<u>(10,047)</u>	<u>(8,150)</u>
	<u>2,800,000</u>	<u>105</u>	<u>2,800,000</u>	<u>1,897</u>
7.1 Provision for doubtful balances				
At 1 January	8,150	-	8,150	-
Additions during the year (note 29)	105	8,150	1,897	8,150
At 31 December	<u>8,255</u>	<u>8,150</u>	<u>10,047</u>	<u>8,150</u>

7.1 Universal Insurance Plc

During the year the Company embarked on a private placement. Universal Insurance Plc bought part of the shares on behalf of its staff. This however has not yet been paid for.

8. Statutory Deposit

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17 LFN 2004.

9. Fixed Assets

9.1 The Group

	Freehold Land and Building N'000	Motor Vehicles N'000	Office Furniture & Equipment N'000	Plant & Machinery N'000	Total N'000
Cost / Valuation					
At 1 January	1,069,650	58,475	118,767	-	1,246,892
Additions from new subsidiaries	1,273,002	3,851	18,837	90,018	1,385,708
Additions during the year	15	20,800	16,809	1,500	39,124
Eliminated on revaluation	(1,069,650)	-	-	-	(1,069,650)
Revaluation	1,976,500	-	-	-	1,976,500
Disposals	-	(7,779)	(4,947)	-	(12,726)
At 31 December	<u>3,249,517</u>	<u>75,347</u>	<u>149,466</u>	<u>91,518</u>	<u>3,565,848</u>
Depreciation					
At 1 January	24,131	46,434	75,170	-	145,735
Additions from new subsidiaries	-	3,454	14,804	79,462	97,720
Eliminated on revaluation	(24,131)	-	-	-	(24,131)
Charge for the year	9,404	11,137	12,284	5,624	38,449
On Disposal	-	(7,450)	(4,466)	-	(11,916)
At 31 December	<u>9,404</u>	<u>53,575</u>	<u>97,792</u>	<u>85,086</u>	<u>245,857</u>
Net book value					
At 31 December, 2008	<u>3,240,113</u>	<u>21,772</u>	<u>51,674</u>	<u>6,432</u>	<u>3,319,991</u>
At 31 December, 2007	<u>1,045,519</u>	<u>12,041</u>	<u>43,597</u>	<u>-</u>	<u>1,101,157</u>
Cost	<u>1,317,676</u>	<u>75,347</u>	<u>149,466</u>	<u>91,518</u>	<u>1,634,007</u>
Valuation	<u>1,931,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,931,841</u>
	<u>3,249,517</u>	<u>75,347</u>	<u>149,466</u>	<u>91,518</u>	<u>3,565,848</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

9. Fixed Assets

9.2 The Company

	Freehold Land and Building N'000	Motor Vehicles N'000	Office Furniture & Equipment N'000	Total N'000
Cost / Valuation				
At 1 January	469,651	58,475	116,443	644,569
Additions during the year	-	20,800	16,809	37,609
Eliminated on revaluation	(469,651)	-	-	(469,651)
Revaluation	1,172,500	-	-	1,172,500
Disposals	-	(7,779)	(4,947)	(12,726)
At 31 December	<u>1,172,500</u>	<u>71,496</u>	<u>128,305</u>	<u>1,372,301</u>
Depreciation				
At 1 January	12,132	46,435	72,846	131,413
Eliminated on revaluation	(12,132)	-	-	(12,132)
Charge for the year	9,404	10,922	10,018	30,344
On Disposal	-	(7,450)	(4,466)	(11,916)
At 31 December	<u>9,404</u>	<u>49,907</u>	<u>78,398</u>	<u>137,709</u>
Net Book Value				
At 31 December, 2008	<u>1,163,096</u>	<u>21,589</u>	<u>49,907</u>	<u>1,234,592</u>
At 31 December, 2007	<u>457,519</u>	<u>12,040</u>	<u>43,597</u>	<u>513,156</u>
Cost	<u>70,271</u>	<u>71,496</u>	<u>128,305</u>	<u>270,072</u>
Valuation	<u>1,102,229</u>	<u>-</u>	<u>-</u>	<u>1,102,229</u>
	<u>1,172,500</u>	<u>71,496</u>	<u>128,305</u>	<u>1,372,301</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

9. Fixed Assets (Cont'd)

On 4 February 2004, a leasehold building with a net book value of N71,629,863 was professionally valued at N250,000,000 by Messrs Soji Olaniyi Partnership, a professional firm of estate surveyors and valuers on the basis of open market value. The sum of N178,370,137 was recognised as fixed assets revaluation reserve in the financial statements.

On 18 December 2006, the entity's property at 112, Broad Street, Lagos with the net book value of N407,950,594 was professionally valued by Rasaan Anafi and Partners, Estate Surveyors, Valuers and Property Consultants at N600 million, producing a surplus of N192,049,406. The valuation was based on open market value. The valuation was incorporated into these financial statements and the surplus arising therefrom was credited into fixed assets revaluation reserve.

The same property was revalued on 6 December 2008 by A. C. Otegbule & Partners in the sum of N804million. The valuation was based on open market value. The valuation has been incorporated in these financial statements.

On 20 December 2006, the entity's property at 13/17, Breadfruit Street, Lagos with a book value of N250 million was professionally valued by Rasaan Anafi and Partners, Estate Surveyors, Valuers and Property Consultants at N320 million, producing a surplus of N70 million. The valuation was based on open market value between a willing buyer and a willing seller. The valuation was incorporated into these financial statements and the surplus arising therefrom was credited into fixed assets revaluation reserve.

The same property was revalued on 6 December 2008 by A. C. Otegbule & Partners in the sum of N1.005 billion. The valuation was based on open market value. The valuation has been incorporated in these financial statements.

On 18 December 2006, the entity's property at 34, Association Avenue, Ilupeju, Lagos in the sum of N52,855,000 was professionally valued by Rasaan Anafi and Partners, Estate Surveyors, Valuers and Property Consultants at N150 million, producing a surplus of N97,145,000. The valuation was based on open market value between a willing buyer and a willing seller. The valuation was incorporated into these financial statements and the surplus arising therefrom was credited into fixed assets revaluation reserve.

The same property was revalued on 6 December 2008 by A. C. Otegbule & Partners in the sum of N167.5 million. The valuation was based on open market value. The valuation has been incorporated in these financial statements.

Revaluation of land and buildings is carried out at the discretion of the directors and it is considered as and when necessary.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

10. Goodwill

- Ghana Life Insurance Company Limited:

Based on audited financial statements as at 31 December 2007:

Assets:

	GHc 000	N 000
Fixed assets	248	4
Long term investments	100	2
Loans and advances	138	2
Accounts receivable	579	9
Short term investments	3,676	59
Cash and bank balances	205	3
Liabilities:		
Bank overdraft	(59)	(1)
Due to Re-insurers	(1)	-
Accounts payable	(177)	(3)
Life fund	(6,336)	(102)
Outstanding claims	(95)	(1)

Net liabilities	<u>(1,722)</u>	<u>(28)</u>
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% of investment taken up:	<u>96%</u>
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Relative investment

Consideration	1,000,000
	1,000,027

Investment during the year	<u>(2,717)</u>	<u>(33)</u>
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Goodwill	<u>999,994</u>
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- Frenchies Limited:

Based on audited financial statements as at 31 December 2007:

Assets:

Fixed assets	14,983
Stocks	44,805
Debtors	105,634
Cash & Bank balances	3,646
Liabilities:	
Creditors	(79,660)
Taxation	(9,344)

Net asset per audited financial statements as at 31 December 2007	80,064
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Fair value of building taken up	<u>1,273,000</u>
	1,353,064

Consideration	<u>1,000,000</u>
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Capital reserve	<u>(353,064)</u>
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
11. Creditors and Accruals				
Trade Creditors	29,998	55,112	-	55,112
Reinsurance Premium	-	5,177	-	5,177
Premium Deposits	59,450	16,453	59,450	16,453
Private Placement Issuing Fees (note 11.1)	223,742	-	223,742	-
Agent Savings	14,298	8,831	14,298	8,831
PAYE and other Taxes	6,152	4,409	6,152	3,320
Insurance Special Fund	900	6,000	900	6,000
Other Creditors	14,057	11,823	14,053	9,068
Uncleared effects	85,141	16,403	85,141	16,403
Provision for Legal Liabilities	4,010	4,010	4,010	4,010
Provisions and Accruals	30,809	10,245	14,855	6,855
Information Technology Development Levy (note 11.3)	-	481	-	647
	468,557	138,944	422,601	131,876

11.1 Private Placement Issuing Fees

This represents the outstanding balance of the private placement fees due to the Issuing Houses and professional advisers. It has not been paid as at date.

11.2 Staff Pension Scheme

At 1 January	-	5,854	-	5,854
Additions	10,350	6,882	10,350	6,882
Remittance to PFA'S	(10,350)	(12,736)	(10,350)	(12,736)
At 31 December	-	-	-	-

11.3 The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April 2007. Section 12(2a) of the Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the company has provided for NITDA levy at the specified rate.

12. Life Assurance Fund

	2008 N'000	2007 N'000	2008 N'000	2007 N'000
At 1 January	286,112	286,112	286,112	286,112
Prior year's adjustment (note 20.1)	267,597	-	267,597	-
Increase during the year	453,845	-	453,842	-
At 31 December	1,007,554	286,112	1,007,551	286,112

The latest actuarial valuation of the life fund was as at 31 December 2008 by HR Nigeria Limited. At that date, the book value of the life fund including unrealised capital appreciation less a provision for tax was N1,007.551million. Therefore, the surplus of N54.781million has not been recognised in the profit and loss account in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
13. Tax Payable				
13.1 Per Profit and Loss account				
Income tax:				
Income tax for the year	21,116	42,914	19,750	40,062
Prior years' under provision	-	2,398	-	-
	21,116	45,312	19,750	40,062
Deferred Tax	(10,095)	-	(10,529)	-
	11,021	45,312	9,221	40,062

The tax computed for the year is based on the minimum tax provision in line with the Companies Income Tax Act CAP C21 LFN 2004 as amended to date.

13.2 Per Balance Sheet Income Tax:

At 1 January	49,779	4,467	44,043	3,981
From consolidated new subsidiaries	9,345	-	-	-
Based on profit for the year	21,116	45,312	19,750	40,062
	80,240	49,779	63,793	44,043
Payments during the year	(5,772)	-	(5,772)	-
At 31 December	74,468	49,779	58,021	44,043

14. Deferred Taxation

At 1 January	10,529	10,529	10,529	10,529
(Release)/charge for the year	(10,095)	-	(10,529)	-
At 31 December	434	10,529	-	10,529

Deferred taxation resulted into aggregate deferred tax assets of N883,751,769 as at 31 December 2008. This was not adjusted for, in these financial statements.

15. Term Loans

The balance represents loan from First Bank of Nigeria Plc (N16 million) which was used to finance the purchase of Fixed asset for the Company at an interest rate of 25.2%. The facilities were secured against lien on the company's blue chip shares. The Facility as been fully liquidated after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
16. Liabilities on administered deposits				
At 1 January	240,349	520,895	240,349	520,895
Prior year's adjustment (note 20.1)	2,155,857	-	2,155,857	-
Deposit received during the year	658,512	342,639	658,512	342,639
Withdrawals in the year	(1,036,749)	(623,185)	(1,036,749)	(623,185)
Guaranteed interest	227,458	-	227,458	-
Deficit through actuarial valuation	-	-	-	-
At 31 December	2,245,427	240,349	2,245,427	240,349

The latest available actuarial valuation of the liabilities for administered deposits as at 31 December 2008 was carried out by HR Nigeria Limited. At that date, the book value of the liabilities for administered deposits including unrealised capital appreciation less a provision for tax was N2,245.427 million.

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
17. Share Capital				
Authorised:				
30 billion ordinary shares of 50 kobo each (2007 - 200,000,000 ordinary shares of N1 each)	15,000,000	500,000	15,000,000	500,000
Issued and Fully Paid:				
Ordinary shares at 50kobo each: (2007 N1.00 each)				
At 1 January,	150,000	150,000	150,000	150,000
Arising during the year:				
- Private placements	3,500,000	-	3,500,000	-
- Share exchanged for Universal Insurance Plc shares (note 17.1)	2,850,000	-	2,850,000	-
	6,500,000	150,000	6,500,000	150,000
Issued But Not Paid:				
- Allotted but not yet paid	1,500,000	-	1,500,000	-
	8,000,000	150,000	8,000,000	150,000

At the Extra-Ordinary General Meeting of the Company held on 10 May 2006, the authorised share capital of the Company was increased from N200million to N500million by the creation of additional 300million units of ordinary shares of N1.00 each ranking in all respects parri passu with the existing ordinary shares of the Company. The increase was registered with the Corporate Affairs Commission on 8 March 2007.

At the meeting of the board of directors held on the 21 March 2008, the authorised share capital of the company consisting of 500million units of shares at N1.00 each was sub-divided into 1billion units of shares of 50kobo each.

At the Extra-ordinary General Meeting of the members of the Company held on 9 April 2008, the authorised share capital of the company was increased from N500million to N15billion by the creation of additional 29billion units of shares of 50kobo each. This has been duly registered with the Corporate Affairs Commission.

During the year, the Company made a private placement offer of 10billion units of ordinary shares at a price of N2.00 per share to selected subscribers.

The private placement was 100% successful. The allotment of the shares resulted to share premium of N14billion net of issuing expenses as stated in note 18.

A total of 1.6billion units of shares was purchased by the board of directors on behalf of the staff of the company. Also, Universal Insurance Plc purchased a total of 1.4billion units of shares. These shares have not yet been paid for.

17.1 Share Exchange

The Company offered a total units of 5.7 billion units of shares as consideration for a total of 1.140 billion units of shares of Universal Insurance Plc valued at N2.50 per share, as approved by the board of directors.

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
18. Share Premium				
At 1 January	-	-	-	-
Arising from Private Placements	15,000,000	-	15,000,000	-
Share Issue Expenses	(634,867)	-	(634,867)	-
At 31 December	14,365,133	-	14,365,133	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
19. Contingency reserve				
At 1 January	26,677	20,000	26,677	20,000
Transfers during the year	9,182	6,677	9,181	6,677
At 31 December	35,859	26,677	35,858	26,677
20. General reserve				
At 1 January	(43,473)	(38,532)	(5,600)	(22,964)
Prior years adjustment:				
- Life insurance fund (note 20.1)	(267,597)	-	(267,597)	-
- Deposit Administration (note 20.1)	(2,155,857)	-	(2,155,857)	-
- VAT payable on fees receivable	-	(1,089)	-	-
(Loss)/profit for the year	(7,942,919)	(3,852)	(8,018,253)	17,364
At 31 December	(10,409,846)	(43,473)	(10,447,307)	(5,600)
20.1 Prior year Adjustment				
Balance represent adjustment that was carried out on the Life insurance fund and the Deposit Administration to agree with the report of the Actuarial valuation as at 31 December 2007 (See notes 12 and 16 for details)				
21. Fixed Assets Revaluation Reserve				
At 1 January	1,000,860	641,666	387,248	220,103
Movements during the year:				
- Cost	(1,069,650)	-	(469,651)	-
- Accumulated depreciation	24,131	-	12,132	-
Additions in the year	1,976,500	359,194	1,172,500	167,145
At 31 December	1,931,841	1,000,860	1,102,229	387,248
22. Investment Properties Revaluation Reserve				
At 1 January	94,009	94,009	94,009	94,009
Additions in the year	69,401	-	69,401	-
At 31 December	163,410	94,009	163,410	94,009
23. Gross Premium written				
Individual LifeBusiness	390,280	247,244	390,214	247,244
Group Life Business	380,368	286,319	380,368	286,319
Other insurance products:				
Takaful contribution (note 23.2)	71,906	24,060	71,906	24,060
Esusu contribution	75,628	110,078	75,628	110,078
	918,182	667,701	918,116	667,701
23.1 Net written premiums				
Gross premium written	918,182	667,701	918,116	667,701
Outward reinsurance premiums (note 24)	(1,990)	(3,347)	(1,990)	(3,347)
	916,192	664,354	916,126	664,354
23.2 Contributions received from Takaful Products were invested in Ashaka Cement Plc, Jaiz International Plc, Hygeia Nigeria Limited, Flour Mills Nigeria Plc, Nestle Foods Plc, West African Portland Cement Nigeria Plc, UAC Property Development Company Plc and Mobil Nigeria Plc.				
24. Outward reinsurance premiums				
Individual life business	104	-	104	-
Group life business	1,886	3,347	1,886	3,347
	1,990	3,347	1,990	3,347

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
25. Investment and other Income				
Gains on Sale of Shares	768,432	391,407	768,432	391,407
Dividend from other Companies	2,032	13,613	2,032	13,613
Interest on Bankers Acceptance	96,057	1,074	96,057	1,074
Profit on disposal of Fixed Assets	125	7	125	7
Interest on Statutory Deposit	7,549	7,634	7,549	7,634
Interest on Term Deposits	58,698	18,857	50,557	18,857
Income on Investment Properties	873	4,778	873	4,778
Sundry Revenue	3,638	13,595	3,426	13,595
	937,404	450,965	929,051	450,965
26. Direct Claims paid				
Direct Claims paid	297,196	270,273	297,178	270,273
Surrenders	12,931	138,647	12,931	138,647
	310,127	408,920	310,109	408,920
27. Withdrawals on other Insurance Products				
Takaful withdrawals	19,933	9,738	19,933	9,738
Esusu withdrawals	72,842	160,426	72,842	160,426
	92,775	170,164	92,775	170,164
28. Management Expenses				
Staff Cost	270,940	104,729	175,519	104,729
Bank Charges	24,629	2,035	18,414	14,782
Other Charges and Expenses	59,919	61,184	47,467	44,019
General Maintenance and running costs	122,387	41,932	68,386	41,932
Legal and Professional Fees	31,464	39,650	21,994	39,650
NAICOM Supervision Fees	11,923	6,000	11,923	6,000
Depreciation	38,449	39,518	30,344	27,518
Loss on Sale of Fixed Assets	-	416	-	-
Insurance Supervision Fund	11,923	6,000	11,923	6,000
Exchange Difference	15	-	-	-
Stamp Duty	253,750	-	253,750	4,500
	825,399	301,464	639,720	289,130
29. Provision for Doubtful Accounts				
Cash and Bank	-	-	-	-
Short Term Investments	343,024	376	343,024	-
Quoted Investments	196,676	-	196,676	-
Long Term Investments	117,364	25,991	117,364	25,991
Debtors and Prepayments	55,882	25,950	55,882	25,067
Due from Related Companies	105	8,150	1,897	8,150
	713,051	60,467	714,843	59,208
30. (Loss)/Profit before Taxation				
(Loss)/Profit before Tax is stated after charging:				
Staff Pension Cost	10,350	6,882	10,350	6,882
Insurance Supervision Levy	11,923	6,000	11,923	6,000
Directors Emoluments	1,763	20,179	1,763	20,179
Depreciation	38,449	-	30,344	27,518
Profit on disposal of Fixed Assets	125	7	125	7
Exchange Loss	15	-	-	-
Auditors' Remuneration	13,701	5,500	11,000	5,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

31. Earnings per share

(Loss)/Earnings per share is calculated based on the loss or profit after tax and the number of ordinary shares issued and fully paid at 31 December of every year.

	GROUP		COMPANY	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
32. Other Charges				
These relate to various charges and expenses incurred by the executive board in the year. These include:				
- Registration/office rentals	80,000	-	80,000	-
- Advertisement in Foreign media	100,000	-	100,000	-
	180,000	-	180,000	-
33. Reconciliation of (Loss)/Profit after Tax to Net Cash Flow from Operating Activities:				
(Loss)/Profit after Tax	(7,933,737)	2,825	(8,009,072)	24,041
Adjustments to reconcile Profit after Tax to Net Cash Flows from Operating Activities				
Depreciation of Fixed Assets	38,449	39,518	30,344	27,518
Provision for Bad and Doubtful Debts	713,051	60,467	714,843	59,208
Profit on disposal of Investment	(768,432)	(391,407)	(768,432)	(391,407)
Provision for Diminution in Investments	7,021,322	-	7,021,322	-
Profit on disposal of Fixed Assets	(125)	(7)	(125)	(7)
Deferred Taxation	(10,095)	-	(10,529)	-
Increase/(Decrease) in Tax Payable	(34,291)	36,091	(30,841)	40,062
Changes in Operating Assets and Liabilities				
Decrease in Debtors and Prepayments	(267,878)	69,780	(245,304)	22,075
Increase/(Decrease) in Creditors and Accruals	329,613	(88,579)	290,725	(58,678)
Decrease/(Increase) in due to Related Parties	(2,799,895)	-	(2,798,103)	6,253
Increase in due from Reinsurance	(11,822)	-	(11,822)	-
Increase/(Decrease) in Liabilities for Administered Deposits	2,005,078	(280,546)	2,005,078	(280,546)
Increase in Life Insurance Fund	721,442	-	721,439	-
	(997,320)	(551,858)	(1,090,477)	(551,481)
34. Cash and Cash Equivalents				
Cash and Bank Balances	76,154	63,426	70,050	63,426
Short Term Investments	2,261,514	1,287,724	2,261,466	1,287,724
Bank Overdrafts	(690)	(295,747)	-	(295,747)
	2,336,978	1,055,403	2,331,516	1,055,403
35. Chairman's and Directors' Emoluments				
.1 Directors				
Emoluments of Directors' were as follows:				
Fees		1,763	9,679	
Other emoluments as Executive Director		-	10,500	
		1,763	20,179	
The Chairman's Fees Amounted to:		738	738	
Highest paid Director		10,500	10,500	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

35. Chairman's and Directors' emoluments (Cont'd)

.2 The number of Directors excluding the Chairman, whose emoluments were within the following ranges were:

N		N		The Company	
				2008	2007
				Number	Number
50,001	-	N100,000		-	-
100,001	-	and above		7	7

36. Employees

.1 Employees remunerated at higher rates:

The number of employees excluding directors in receipt of emoluments excluding allowances and pension contributions within the following ranges were:

N		N		GROUP		COMPANY	
				2008	2007	2008	2007
				Numbers	Numbers	Numbers	Numbers
100,000	-	150,000		-	-	-	-
150,001	-	200,000		12	11	-	11
200,001	-	250,000		17	15	7	15
250,001	-	300,000		10	5	10	5
300,001	-	350,000		5	2	3	2
350,001	-	400,000		3	5	0	5
400,001	-	450,000		11	3	11	3
450,001	-	500,000		6	6	6	6
500,001	-	550,000		4	11	2	11
550,001	-	and above		38	35	26	35

.2 The number of persons employed as at the end of the year were as follows:

	N'000	N'000	N'000	N'000
Managerial	21	8	8	8
Senior staff	47	29	32	29
Junior staff	38	56	25	56
	<u>106</u>	<u>93</u>	<u>65</u>	<u>93</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

36. Employees (Cont'd)

36.3 The related staff costs amounted to:

	GROUP		COMPANY	
	2008	2007	2008	2007
	N'000	N'000	N'000	N'000
Staff salaries, wages and bonus	145,617	82,978	145,617	82,978
Staff pension costs	10,350	6,882	10,350	6,882
	<u>155,967</u>	<u>89,860</u>	<u>155,967</u>	<u>89,860</u>

37. Financial commitments

The Directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of the financial statements under review. These liabilities are relevant in assessing the company's state of affairs.

38. Contingent Liabilities

There were no contingent liabilities at 31 December 2008 (2007 Nil).

39. Capital Expenditure

There were no capital commitments at 31 December 2008 (2007 Nil).

40. Related Parties

.1 Conau Limited

One of the major shareholders in African Alliance Insurance Company Plc. The Company obtained power of attorney by a resolution of the Board of Directors to act and carry out business activities on behalf of the Company. Details of the transactions carried out during the year by the Company include the following:

- Private Placement of 10 billion units of shares at N2.00 each. N20 billion
- Purchase of investments and other expenses N6.065billion

.2 Subsidiaries

Details regarding transactions entered into with the various subsidiaries of the Company are as stated in notes 4.6 to 4.9.

.3 Universal Insurance Plc

Details of the transactions carried out with the company include the following:

- Exchange of shares between the companies N2.85billion
 - Purchase of African Alliance Insurance Company Plc shares N2.8billion
- The N2.8billion shares have not yet been paid for as at date.

41. Comparative Figures

Certain balances for the prior year have been reclassified to conform with current classification.

42. Subsequent Events Review

There are no post-Balance Sheet events which could have had material effect on the state of affairs of the Company as at 31 December, 2008 and the loss for the year ended on that date which have not been adequately provided for or disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

43. SEGMENT INFORMATION BY FUNCTION DISTRIBUTION

Below is the segments reporting by business.

	Life Insurance N'000	Catering N'000	2008 Total N'000	2007 Total N'000
Income				
Gross income	916,192	477,473	1,393,665	664,354
Investment and other income	929,529	8,353	937,882	453,087
	<u>1,845,721</u>	<u>485,826</u>	<u>2,331,547</u>	<u>1,117,441</u>
Expenses				
Underwriting Expenses:				
- Acquisition Cost	13,366	-	13,366	10,221
- Maintenance Cost	419,440	-	419,440	78,043
Administered Deposits	-	-	-	-
Cost of sales	-	206,800	206,800	-
Management Expenses	819,749	185,651	1,005,400	301,464
Direct Claims Paid	310,127	-	310,127	408,920
Withdrawals on Insurance Products	92,775	-	92,775	170,164
Increase in Life Assurance Fund	453,845	-	453,845	0
Provision for Doubtful Debts	713,051	-	713,051	60,467
Interest on Overdraft	93	18,035	18,128	40,025
	<u>2,822,446</u>	<u>410,486</u>	<u>3,232,932</u>	<u>1,069,304</u>
	<u>(976,725)</u>	<u>75,340</u>	<u>(901,385)</u>	<u>48,137</u>
Total Assets employed	<u>19,259,532</u>	<u>1,283,182</u>	<u>20,542,714</u>	<u>4,647,033</u>

GROUP STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008		2007	
	N'000	%	N'000	%
Premium less reinsurance	918,182		667,701	
Reinsurance commission	<u>478</u>		<u>2,122</u>	
	918,660		669,823	
Investment Income	<u>937,404</u>		<u>450,965</u>	
Total income	1,856,064		1,120,788	
Claims, Maturities, Surrenders, Commissions and Services - Local	<u>(9,557,054)</u>		<u>(906,619)</u>	
Consumed in Business	<u>(7,700,990)</u>	<u>100</u>	<u>214,169</u>	<u>100</u>
Applied as follows:				
To pay Employees:				
- Salaries and other benefits	155,967	(2)	89,860	42
To pay Government:				
- Taxation	21,116	-	45,312	21
- Information Technology Levy	-	-	481	1
To pay Providers of Capital:				
- Interest on Overdrafts	18,128	-	40,025	19
Retained for future replacement of Assets and Expansion of Business				
- Deferred Taxation	(10,095)	-	(10,529)	(5)
- Contingency Reserve Fund	9,182	-	6,677	3
- Depreciation	38,449	(1)	39,518	18
- (Loss)/Profit for the year	<u>(7,933,737)</u>	<u>103</u>	<u>2,825</u>	<u>1</u>
	<u>(7,700,990)</u>	<u>100</u>	<u>214,169</u>	<u>100</u>

Value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among employees, shareholders, government and that retained for future creation of more wealth.

COMPANY STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008		2007	
	N'000	%	N'000	%
Premium less reinsurance	916,126		664,354	
Reinsurance commission	478		2,122	
	<u>916,604</u>		<u>666,476</u>	
Investment Income	929,051		450,965	
Total income	1,845,655		1,117,441	
Claims, Maturities, Surrenders, Commissions and Services - Local	(9,648,741)		(968,661)	
Wealth (Consumed)/created in business	<u>(7,803,086)</u>	<u>100</u>	<u>148,780</u>	<u>100</u>
Applied as follows:				
To pay Employees:				
- Salaries, allowances and other benefits	155,967	(2)	89,860	60
To pay Government:				
- Taxation	21,116	-	40,062	27
- Information Technology Levy	-	-	647	1
To pay providers of Capital:				
- Interest on Overdrafts	(93)	-	(40,025)	(27)
Retained for the expansion of business:				
- Deferred Taxation	(10,529)	-	-	-
- Contingency Reserve Fund	9,181	-	6,677	4
- Depreciation	30,344	(1)	27,518	18
- (Loss)/Profit for the year	<u>(8,009,072)</u>	<u>103</u>	<u>24,041</u>	<u>16</u>
	<u>(7,803,086)</u>	<u>100</u>	<u>148,780</u>	<u>100</u>

Value Added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among employees, shareholders, Government and that retained for future creation of more wealth.

GROUP FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 N'000	2007 N'000	2006 N'000	2005 N'000	2004 N'000
Assets:					
Cash and Bank Deposits	76,154	63,426	189,047	168,198	218,662
Short term Investments	2,261,514	1,287,724	-	-	-
Long term Investments	3,153,943	758,591	825,358	694,739	554,598
Investment Properties	4,089,088	117,709	23,700	23,700	23,700
Debtors and Prepayments	3,630,208	1,118,321	86,386	208,460	201,382
Due from related Company	2,800,000	105	8,150	-	3,500
Due from reinsurance	11,822	-	-	-	-
Statutory Deposit	200,000	200,000	15,000	35,000	35,000
Goodwill	999,994	-	-	-	-
Fixed Assets	3,319,991	1,101,157	772,126	939,995	630,273
	<u>20,542,714</u>	<u>4,647,033</u>	<u>1,919,767</u>	<u>2,070,092</u>	<u>1,667,115</u>
Liabilities:					
Creditors and Accruals	468,557	138,944	87,561	89,212	105,005
Outstanding Claims	-	-	-	15,379	3,265
Insurance Funds	1,007,554	286,112	286,112	273,465	37,791
Bank Overdrafts	690	295,747	237,069	99,845	171,903
Tax Payable	74,468	49,779	4,467	9,085	6,282
Deferred Taxation	434	10,529	10,529	9,059	765
Term Loan	13,614	105,000	-	73,333	-
Liabilities for Deposit Administration Fund	2,245,427	240,349	520,895	577,362	587,081
	<u>3,810,744</u>	<u>1,126,460</u>	<u>1,146,633</u>	<u>1,146,740</u>	<u>912,092</u>
Capital and Reserves:					
Share Capital	8,000,000	150,000	150,000	150,000	150,000
Share Premium	14,365,133	-	-	-	-
Deposit for Shares	2,292,500	2,292,500	-	-	-
Capital Reserve	353,064	-	-	22,496	19,064
Contingency Reserve	35,859	26,677	20,000	25,330	24,701
General Reserve	(10,409,846)	(43,473)	(38,532)	(6,922)	9,549
Core Capital	14,636,710	2,425,704	131,468	190,904	203,314
Fixed Assets Revaluation Reserve	1,931,841	1,000,860	641,666	641,666	463,296
Investment Properties Revaluation Reserve	163,410	94,009	-	-	-
Shareholders' Funds/(deficit)	16,731,961	3,520,573	773,134	832,570	666,610
Minority Interest	9	-	-	90,782	88,413
	<u>16,731,970</u>	<u>3,520,573</u>	<u>773,134</u>	<u>923,352</u>	<u>755,023</u>
	<u>20,542,714</u>	<u>4,647,033</u>	<u>1,919,767</u>	<u>2,070,092</u>	<u>1,667,115</u>
Gross Insurance Premium	918,182	667,701	945,908	849,096	733,145
(Loss)/Profit before Taxation & Exceptional item	(901,385)	48,137	(4,778)	2,473	19,224
Exceptional item	(7,021,322)	-	-	-	-
Taxation	(11,021)	(45,312)	(13,615)	(17,644)	(4,701)
(Loss)/Profit after Taxation & Exceptional item	<u>(7,933,728)</u>	<u>2,825</u>	<u>(18,393)</u>	<u>(15,171)</u>	<u>14,523</u>
Per Share Data (Kobo)					
Net Assets/(Liabilities) per share	1.05	23.47	5.15	5.55	4.44
(Loss)/Earnings per share	<u>(49.59)</u>	<u>1.88</u>	<u>(12.26)</u>	<u>(10.11)</u>	<u>9.68</u>
Note:					
(Loss)/Earnings per share are based on (loss)/profit after tax and the number of issued ordinary shares at 31 December.					
Net Assets per share are based on the net assets and number of issued and fully paid ordinary shares at 31 December of every year.					

COMPANY FIVE YEAR FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 N'000	2007 N'000	2006 N'000	2005 N'000	2004 N'000
Assets:					
Cash and Bank Deposits	70,050	63,426	188,670	154,486	213,258
Short term Investments	2,261,466	1,287,724	-	-	-
Long term Investments	5,151,602	756,256	825,411	777,705	534,508
Investment Properties	4,089,070	117,709	23,700	23,700	-
Debtors and Prepayments	3,440,435	1,118,322	84,082	98,781	98,270
Due from Re-insurance	11,822	-	-	-	-
Due from Related Company	2,800,000	1,897	8,150	-	120,377
Other Current Assets	-	-	1,405	4,866	9,015
Statutory Deposit	200,000	200,000	15,000	15,000	15,000
Fixed Assets	1,234,592	513,156	364,174	389,764	69,312
	19,259,037	4,058,490	1,510,592	1,464,302	1,059,740
Liabilities:					
Creditors and Accruals	422,601	131,876	84,867	69,227	84,111
Bank Overdrafts	-	295,747	237,069	99,845	3,265
Life Assurance Fund	1,007,551	286,112	286,112	258,187	171,903
Tax Payable	58,021	44,043	3,981	2,867	2,727
Deferred Taxation	-	10,529	10,529	-	-
Term Loan	13,614	105,000	-	73,333	-
Liabilities for Deposit administration fund	2,245,427	240,349	520,895	577,362	2,407,890
	3,747,214	1,113,656	1,143,453	1,080,821	2,669,896
Capital and Reserves:					
Share Capital	8,000,000	150,000	150,000	150,000	150,000
Share Premium	14,365,133	-	-	-	-
Deposit for Shares	2,292,500	2,292,500	-	-	-
Contingency Reserve	35,858	26,677	20,000	20,000	20,000
General Reserve	(10,447,307)	(5,600)	(22,964)	(6,622)	(1,821,889)
Core Capital	14,246,184	2,463,577	147,036	163,378	(1,651,889)
Fixed assets revaluation reserve	1,102,229	387,248	220,103	220,103	41,733
Investment properties revaluation reserve	163,410	94,009	-	-	-
Shareholders' Funds/(Deficit)	15,511,823	2,944,834	367,139	383,481	(1,610,156)
	19,259,037	4,058,490	1,510,592	1,464,302	1,059,740
Gross Insurance premium	918,116	667,701	965,807	859,492	945,908
(Loss)/Profit before Taxation					
exceptional item	(978,529)	64,103	-	-	-
Exceptional item	(7,021,322)	-	-	-	-
Taxation	(9,221)	(40,062)	(16,342)	(5,542)	(1,789)
(Loss)/Profit after Taxation	(8,009,072)	24,041	(16,342)	(5,542)	(1,789)
Per Share Data (kobo)					
Net Assets/(Liabilities) per share.	0.97	19.63	2.45	2.56	(10.73)
(Loss)/Earnings per share	(50.06)	16.03	(10.89)	(3.69)	(1.19)

Note:

(Loss)/Earnings per share are based on (loss)/profit after tax and the number of issued ordinary shares at 31 December.

Net Assets per share are based on net assets and the number of issued and fully paid ordinary shares at 31 December of every year.

OFFICE ADDRESSES

FOR THE YEAR ENDED 31 DECEMBER 2008

ABA

1, JULIBEE ROAD
0803 218 1930

ABAKALI

11 NEW MARKET ROAD
ABAKALI
0803 806 9050

ABUJA

79 ADETOKUNBO ADEMOLA CRESCENT
WUSE II
ABUJA
09 523800-1

AKURE

75 OYEMEKUN ROAD
P.O. BOX 122
AKURE
034-231417

BENIN

140 NEW LAGOS ROAD
BENIN CITY
052 250 604; 0803 841 8027

CALABAR

PLOT 38 MCC (ANASA) ROAD
CALABAR
087 222 340

ENUGU

17/23 OGUI ROAD
ENUGU
042 311 559

IBADAN

1 NAVADA PLAZA
LIBERTY ROAD
IBADAN
02 213 8387

ILUPEJU

34 ASSOCIATION AVENUE
ILUPEJU
01 817 0171; 896 4856;
896 4856

JOS

22 AHMADU BELLO WAY
OPP AP FILLING STATION
JOS
073 453 900

KADUNA

1 AHMADU BELLO WAY
KADUNA
062 372 344; 0802 789 9740

KANO

10/12 LAGOS STREET
CFAO HOUSE
KANO
064 632 612

ONITSHA

109 UPPER NEW MARKET ROAD
BY D.M.G.S ROUNDABOUT
ONITSHA
046 187 0714; 046 187 0712

PORT HARCOURT

25 MBONU STREET
PORT HARCOURT
084 335 426

WARRI

218 WARRI / SAPELE ROAD
OPP G.K.S.
WARRI

ZARIA

2 MAIN STREET
ZARIA
069 - 333057



MANDATE FORM
FOR THE YEAR ENDED 31 DECEMBER 2008

Date _____

The Registrars
Mainstreet Bank Registrars Limited
No 2A, Gbagada Expressway,
Anthony Village, Lagos.

Dear Sir,

Mandate Form for E-Bonus and E-Dividend

I/We hereby mandate you to include my/our shareholding in The African Alliance Insurance PLC. among the e-bonus beneficiaries for future bonus issues. My/our Shareholding particulars are:

Surname _____

Other Name _____

Address _____

Signature _____

Telephone _____

CSCS Clearing House No. _____

Account number _____

Note: please ensure that names are identical with those on you Share Certificates.

I/We will also like to receive my/our future dividends directly into my/our bank account electronically through e-dividend. My/Our bank account details are as stated below:

Bank _____

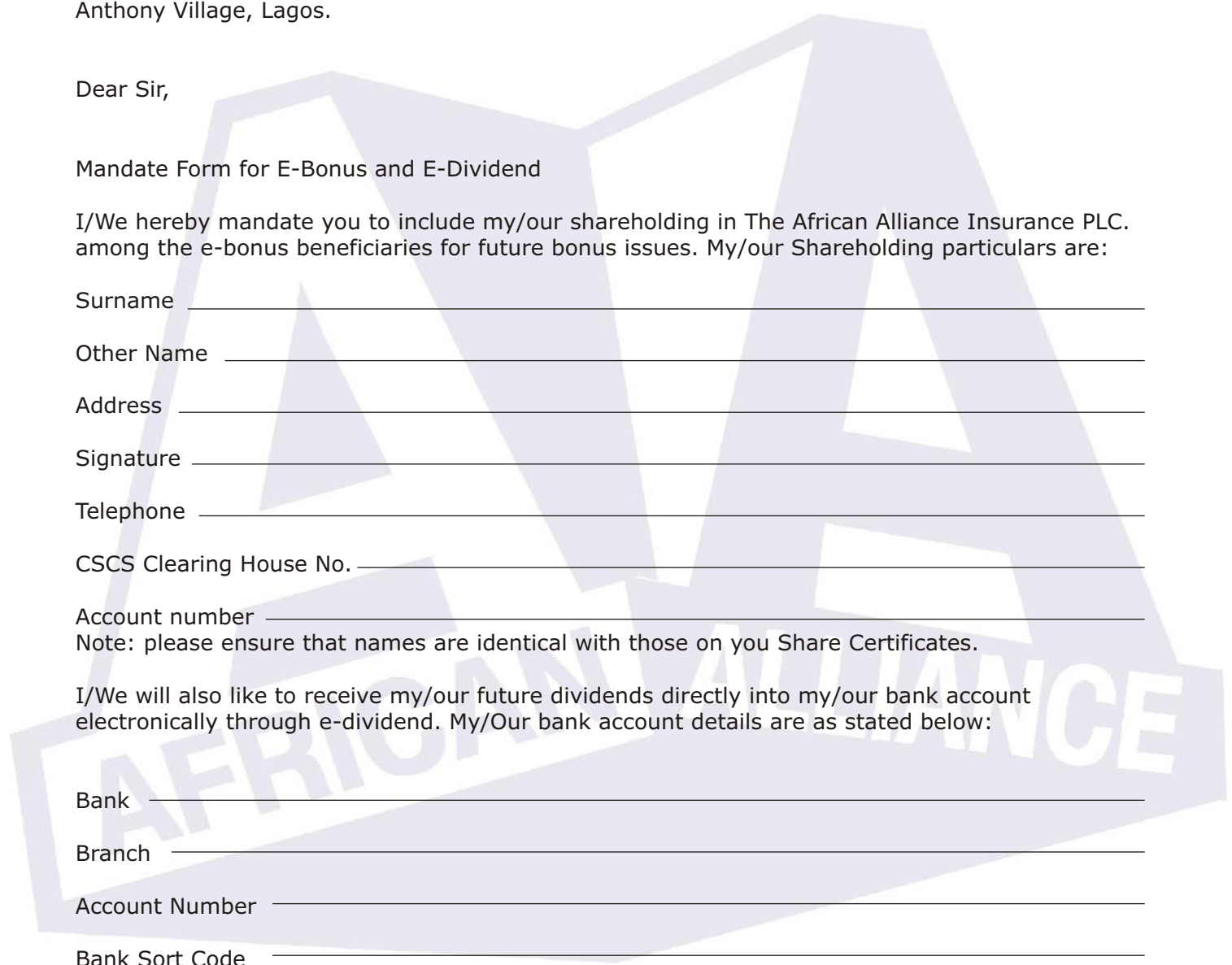
Branch _____

Account Number _____

Bank Sort Code _____

Yours Faithfully,

Signature (s) of the Shareholder(s)





ADMISSION FORM
FOR THE YEAR ENDED 31 DECEMBER 2008

Please Admit:

Shareholder's Full Name _____

To be completed in advance by Shareholder or his duly appointed proxy to the Annual General Meeting of AFRICAN ALLIANCE INSURANCE PLC. which will be held at the

.....

1. This Admission Card must be produced by the Shareholder or his proxy to obtain entrance to the meeting.
2. Shareholders or proxies are requested to sign the Admission Card before the meeting.

Number of Shares held _____
[To be completed by the Company's Officials]

[Company Secretary]

AFRICAN ALLIANCE INSURANCE PLC.

Annual General Meeting holding at the -----
-----April 12th 2012

Number of Shares held _____
[To be completed by the Company's Officials]

Shareholder's Full Name _____
[To be completed in advance by Shareholder]

Signature of Person attending
[To be signed in the presence of the Company's Official at the entrance of the Hall]



CSCS ACCOUNT NOTIFICATION
 FOR THE YEAR ENDED 31 DECEMBER 2008

The Registrar
 Mainstreet Bank [Registrars] Limited,
 2A Gbagada Expressway,
 Lagos.

Please credit my account at Central Securities Clearing Systems Limited (CSCS) with all subsequent allotments and bonuses due to me from holdings in the companies as indicated in the right-hand column

Personal Data

Surname _____

Other Names _____

Address _____

Mobile Phone _____

Email _____

Shareholder's Signature

1. _____

2. _____

Corporate Seal/Stamp (for Corporate Shareholders)

CSCS Details
 Stockbroker

Clearing House Number _____

Authorised Signature & Stamp of Stockbroker

Name of Company	Account Number

Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.



PROXY FORM
FOR THE YEAR ENDED 31 DECEMBER 2008

PROXY FORM FOR VOTING AT THE AGM

All members of AAPlc have the right to vote at the AAPlc AGM.

If a Member is unable to attend, the Member may complete the Proxy Form below, or a similar document with the same information, to authorize another Member to vote on the absent Member's behalf.

**AFRICAN ALLIANCE INSURANCE PLC (AAIPLC)
ANNUAL GENERAL MEETING (AGM)**

APRIL 12TH, 2012

That the undersigned, an ordinary/preference shareholder of African Alliance Insurance Plc (the "AAIPlc"), hereby nominate, constitutes and appoints _____, as Proxy to represent the undersigned, and vote _____ ordinary/preference share(s) owned by, and/or registered in the name of the undersigned in the books of AAIPlc for all matters to be taken up at the annual general meeting of AAIPlc and at any adjournment thereof, as fully and for all intents and purposes, as the undersigned might or could do if present and acting in person, and hereby ratifies and confirms any and all actions taken on matters which may properly come before said meeting or any adjournment thereof.

This Proxy shall continue to be in effect until and unless withdrawn by written notice delivered to the Secretary, but shall not apply in instances wherein the undersigned personally attends the meeting.

IN WITNESS WHEREOF, the undersigned has executed this Proxy this _____ day of _____ 2012

(Printed Name of Shareholder)

(Authorized Signatory/Signature)

(Address)

Date: _____

****A person giving a proxy may revoke it at any time before it is exercised. A proxy may be revoked by:**

- (a) The filing with the Corporate Secretary, on or before the termination of the proxy validation proceedings scheduled before the meeting, a written notice revoking it;
- (b) Attending the meeting and voting in person. Mere attendance at the meeting will not automatically revoke a proxy.