

2009

Annual Report & Accounts



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African Alliance Insurance Plc.



RC 2176

The Life Assurance Specialist

...we're with you for life



CONTENTS

Financial Highlights	1
Notice of 46th Annual General Meeting	2
Corporate Profile	3
Corporate Information and Professional Advisers	4
Chairman's Statement	5
The Board	7
Report of The Directors	9
Report of The Independent Auditors	12
Report of The Audit Committee	13
Statement of Significant Accounting Policies	14
Balance Sheet	18
Group Profit and Loss Account	19
Group Revenue Account	20
Life Profit and Los Account	21
Revenue Account on Deposit Administration	22
Statement of Cash Flows	23
Notes to The Financial Statements	24
Group Statement of Value Added	42
Company Statement of Value Added	43
Group Five Year Financial Summary	44
Company Five Year Financial Summary	45
Office Address	46
Mandate Form	47
Admission Form	49
CSCS Account Notification	51
Proxy Form	53

FINANCIAL HIGHLIGHTS

for the year ended 31 December 2009

	The Group			The Company		
	2009 N'000	2008 N'000	% change	2009 N'000	2008 N'000	% change
Major Balance Sheet items:						
Total Assets	16,479,714	20,966,181	(21)	15,493,702	19,259,031	(20)
Cash and Bank Deposits	261,561	91,001	187	249,988	70,050	257
Investments	2,174,463	2,844,112	(24)	7,135,840	4,796,041	49
Statutory Deposits	217,228	200,000	9	200,000	200,000	-
Life insurance Funds	1,904,336	1,757,486	8	1,107,983	1,007,569	10
Shareholders' Funds	10,464,244	16,397,092	(36)	10,543,455	15,511,799	(32)
Major Profit and Loss account items:						
Net written Premiums	1,405,523	1,227,308	15	1,082,458	916,126	18
Net Claims incurred	(750,392)	(574,795)	31	(503,662)	(402,884)	25
Loss before Taxation and Exceptional item	(4,469,899)	(730,799)	512	(3,754,785)	(781,877)	380
Taxation	(290,555)	(13,873)	1,994	(285,886)	(9,221)	3,000
Loss after Taxation	(5,449,243)	(7,967,674)	(32)	(4,730,672)	(8,009,096)	(41)
Information per 50k ordinary share:						
Loss per share	(26.47)	(49.80)	(47)	(22.98)	(50.06)	(54)
Net Assets	0.51	2.05	(75)	0.51	1.94	(74)
Total Assets	0.80	139.77	(99)	0.75	128.39	(99)
Number of Branches/Agencies and Subsidiaries	19	17	12	18	16	13
Number of Staff	114	106	8	68	65	5
Number of shares in issue (thousand)	20,585,000	16,000,000	29	20,585,000	16,000,000	29



NOTICE OF 46TH ANNUAL GENERAL MEETING

for the year ended 31 December 2009

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, *S p e c i a l* 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 o f 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 3nd 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 2009

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.

The Company's marketing efforts remain co-ordinated through a network of 15 Branch Offices manned by experienced managers and highly motivated sales personnel for effective field coverage of the entire Country. In furtherance of this goal, May 2009 saw a new Sales Offices being commissioned by the Company at the ultra-modern ASPAMDA Market, Badagary, Lagos. Located next door to the Lagos Trade Fair Complex and a few kilometres away from the Seme Border, the area is a hub of business and trade from all over West Africa and the location selected at optimizing the teeming opportunities which abound in the Market and surrounding areas.

Unfortunately, the year also saw one of the Company's oldest offices, the Zaria Sales Office, closed in May 2009 for logistic and security reasons.

in 2009, the Company made concerted efforts to upgrade its' IT infrastructure and automate many of its' processes in order to enhance speed of customer service transactions and reduce cost of spending on paper stationery and related costs.

Other recent capacity-building efforts and performance enhancers embarked on the Company's Management include intensive investment in various manpower and personnel capacity development initiatives across all grades of personnel, as well as extensive in-house and off-site training and mentoring activities.

CORPORATE INFORMATION AND PROFESSIONAL ADVISERS

for the year ended 31 December 2009

BOARD OF DIRECTORS

Chief Cyril Ajagu	- Chairman
Alphonse O. Okpor	- Managing Director/CEO
Chief Abel Nwankwo (JP)	- Member
Alhaji Rasaki Oladejo	- Member
Jasper Nduagwuike	- Non-Executive Director
Chinedu Eze	- Non-Executive Director Resigned 28 August, 2009

MANAGEMENT TEAM

Alphonse O. Okpor	- Managing Director/CEO
Vincent I. Emezi	- DGM, Marketing
Mrs Olufunmilayo Omo	- AGM Technical
Mrs. Olabisi A. Adekola	- Financial Controller
Wisdom E. Phillips	- Controller, Information Technology
Ms. Ngozi Onuora	- Controller, Corporate Services
Miss Ayodele Dada	- Controller, Technical
Mrs. Amaka Okafor	- Deputy Controller, Abuja Operations

MAJOR BANKERS

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

AUDITORS

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

LEGAL ADVISER AND COMPANY SECRETARY

Mrs. Mosunmola Ehiedu
Tope Adebayo & Co.
5th Floor L'Monarch Plaza
65c Opebi Road,
Ikeja, Lagos

CONSULTING ACTUARY

HR Nigeria Limited
(Consulting Actuaries)
AIICO 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 2009



I welcome you to the 46th Annual General Meeting of African Alliance Insurance Plc, and present to you a review of our operating environment and a summary of the Company's performance for the financial year ended December 31, 2009.

Operating Environment

Whilst the global economy (led by China and India) seemed to commence recovery from the meltdown which started in 2007 and exacerbated during 2008, the contagion finally hit our shores with a great impact. In August 2009, the nation woke up to the news that 5 local banks (3 of them being amongst the largest Nigerian banks) were technically insolvent. The announcement within a few weeks of some other banks being adjudged equally insolvent naturally made the bad situation worse. As a result of this, credit availability to the real sector was affected negatively and this in turn affected transactions in both the financial and real sectors.

Share Capital

Subsequent to our application to the Securities and Exchange Commission to increase our capital base via a private placement exercise in 2008, which was concluded, we immediately followed up with an application to list the Company's shares on the Nigerian Stock Exchange and were able to achieve this on the historic date in **September 17th, 2009**

Financial Results

During a year which I would like to classify as stormy, the Company was able to record many positive indices. We recorded a total income of N2.002 billion for the financial year under review as against N2.752 billion recorded for the corresponding period in 2008 representing a decline of 28% over the previous year. Premium Income however grew by 17% from N1.229 billion in 2008 to N1.430 billion in 2009.

Our investment income suffered a decline of 75% from N1.005 billion in 2008 to N258 million in 2009. This was as a result of the downturn in the investment climate especially the massive drop in the NSE ASI in 2009. Most of the decline we suffered came as a result of losses sustained in the capital market.

Staff

We have continued to invest in the development of our staff in order to ensure they remain on the cutting edge of innovation and service delivery in the nation's insurance industry. In return, our staff have continued to show unalloyed loyalty and commitment to the Company.

CHAIRMAN'S STATEMENT CONT'D

for the year ended 31 December 2009

The Board

In the year under review, Barr. Chinedu Eze resigned as a member of the Board in August 28, 2009.

THE BOARD MEETINGS AND COMMITTEES

Meetings held by the Board and its Committees are stated as follows.

Establishment, Compensation & Governance Committee

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

Audit & Compliance Committee

The need for the Committee was established, it was therefore duly constituted by the Board. 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

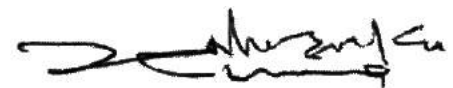
Directors	Board	Establishment, Compensation & Governance Committee	Audit & Compliance Committee	Enterprise Risk Management Committee
Number of Meetings	3	N/A	N/A	N/A
Engr. Cyril Ajagu	3	N/A	N/A	N/A
Mr. Chinedu Eze	1	N/A	N/A	N/A
Alhaji Razak Oladejo	2	N/A	N/A	N/A
Chief Abel Nwankwo	3	N/A	N/A	N/A
Mr. Jasper Nduagwuike	2	N/A	N/A	N/A

Future Outlook

The storm of 2009 has left indelible marks in the sands of time in our nation's economic history. Erstwhile great institutions have fallen whilst others have tethered but remain standing but we shall also continue to broaden our distribution channels to boost sales and bring our innovative products to more Nigerians from all walks of life. In this regard, we shall also be improving our visibility to our teeming existing and potential customers across the country.

Finally, my sincere appreciation goes to our customers for their loyal patronage and to you shareholders for your continued support to the Company.

May the Lord in his infinite mercies continue to bless everyone.



Chief Cyril Ajagu
Group Chairman

THE BOARD

for the year ended 31 December 2009



CHIEF ABEL NWANKWO, JP
DIRECTOR



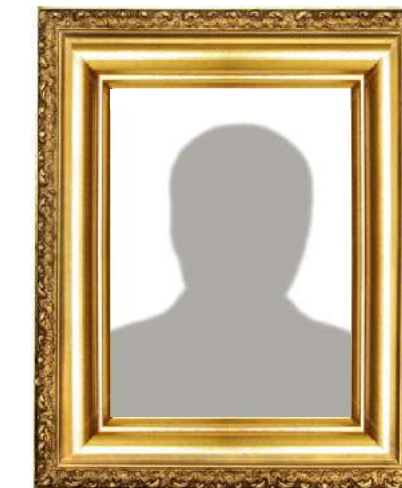
CHIEF CYRIL AJAGU
CHAIRMAN



MR. OKPOR
MANAGING DIRECTOR



BARR. JASPER NDUAGWUIKE
DIRECTOR



ALHAJI RASAKI OLADEJO
DIRECTOR



BARR. CHINEDU EZE
DIRECTOR

Financials

REPORT OF THE DIRECTORS

for the year ended 31 December 2009

The Directors have pleasure in submitting to the members their report and audited financial statements of the Company for the year ended 31 December 2009.

1. RESULTS

	N'000
The Group loss for the year after taxation and non-controlling share of subsidiary loss	5,449,243
Loss transferred to general reserve	<u>5,463,547</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. The company became a Public Liability Company following the successful completion of the private placement exercise undertaken by the company in June 2008. On the 17 September 2009, the company became listed on the Nigerian Stock Exchange.

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 12 on pages 24 and 25.

6. DIRECTORS

In accordance with Section 259 (1) of the Companies and Allied Matters Act, CAP C20 LFN 2004, Barrister Chinedu Eze resigned as a Director of the Company with effect from 28 August 2009.

7. DIVIDEND

No dividend was proposed for year ended 31 December 2009.

8. 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 2009 are as follows:

	Number of ordinary shares of 50K each held	
	Direct	Indirect
Chief Cyril Ajagu	-	11,285,000,000
Mr. Jasper Nduagwuike	-	-
Mr. Chinedu Eze	-	-
Chief Abel Nwankwo (JP)	-	1,200,000,000
Alhaji Rasaki Oladejo	-	-

REPORT OF THE DIRECTORS CONT'D

for the year ended 31 December 2009

Director	Indirect Interest Represented
Chief Cyril Ajagu Mr. Jasper Nduagwuike Mr. Chinedu Eze	Conau Limited -
Chief (Dr.) Abel Nwankwo Alhaji Rasaki Oladejo	- Universal Insurance Plc -

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 2009.

9. FRAUD/FORGERY

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

10. ANALYSIS OF SHAREHOLDINGS

The shares of the Company were fully owned by Nigerian citizens and associations.
The range of shareholding as at 31 December 2009 is as follows:

Range of Holdings	No. of Shareholders	No. of Shares held	% Holdings
1 - 7,000,000	600	741,277,680	3.60
7,000,001 - 15,000,000	58	572,406,519	2.78
15,000,001 - 40,000,000	15	391,092,371	1.90
40,000,000 and Above	33	18,880,223,430	91.72
Total	706	<u>20,585,000,000</u>	<u>100.00</u>

11. 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.

12. DONATIONS AND CHARITABLE GIFTS

The following are donations and charitable gifts made to non political, charitable and educational organisations during the 2009 year.

BENEFICIARY	AMOUNT
	=N=
Corona School Trust	120,000.00
Bluefield Academy	100,000.00
Intra-West Africa	<u>1,100,000.00</u>
Total	<u>1,320,000.00</u>

REPORT OF THE DIRECTORS CONT'D

for the year ended 31 December 2009

13. 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. Mosunmola Ehiedu
Tope Adebayo & Co.
Lagos

30 November, 2010

REPORT OF THE INDEPENDENT AUDITORS

for the year ended 31 December 2009



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

Report on the financial statements

We have audited the accompanying group financial statements of **African Alliance Insurance Plc (the Company) and its subsidiary companies (together 'the Group')**, set out on pages 8 to 40, which comprise the balance sheet as at 31 December 2009, the income statement, statement of cash flows, statement of value added for the year then ended, summary of significant accounting policies, financial summary and other explanatory information.

Directors' Responsibility 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, Insurance Act, CAP I17, LFN 2004, and relevant National Insurance Commission (NAICOM) guidelines and circulars and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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' judgement, 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 financial statements present fairly, in all material respects, the financial position of **African Alliance Insurance Plc (the Company) and its subsidiary companies (together 'the Group')** as at 31 December 2009, and of its financial performance and its cash flows for the year then ended; the company has kept proper books of account, which are in agreement with the balance sheet and income statement, in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, Insurance Act, CAP I17, LFN 2004, and relevant National Insurance Commission (NAICOM) guidelines and circulars and, in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board

Emphasis of the matter

We draw attention to note 2 in the financial statements which indicates that the company incurred an accumulated loss of N15.5billion as at 31 December 2009, due to the general diminution in the value of shares in the capital market and provision for the outstanding balance unpaid on the company's year 2008 private placement. The conditions set forth in this note draw attention to the company's uncertainty to continue as a going concern. Our opinion is not qualified in respect of this matter.

Akintola Williams Deloitte

Chartered Accountants

Lagos, Nigeria
30 November, 2010

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REPORT OF THE AUDIT COMMITTEE

for the year ended 31 December 2009

To the members of African Alliance Insurance Plc

In compliance with the requirements of section 359 (6) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria, 2004, we confirm that we have examined the Financial Statements and the Auditors Report's thereon in respect of the financial year ended 31 December 2009.

In our opinion, the accounting policies of the Company are in accordance with legal requirements and agreed ethical practices.

The scope and planning of the audit for the year were adequate and departmental responses to the Auditor's findings on management matters were satisfactory.

Chief Abel Nwankwo, JP
Chairman, Audit Committee
30 November 2010

MEMBERS OF THE AUDIT COMMITTEE

Chief Abel Nwankwo, JP (Chairman)
Chief Rasaki Oladejo (Member)
Mrs Adekola Olabisi (Member)
Mr Akinbode Raji (Internal Auditor)



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2009

The following are the statement of significant accounting policies adopted by the Group and 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) and quoted investments, and comply with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board (NASB).

The financial statements for the life business have been accounted for under the fund accounting basis.

(b) Basis of Consolidation

i. Subsidiaries

The Group financial statements incorporate the financial statements of the company and its subsidiaries namely: African Alliance Realty Company Limited, Axiom Air Limited, Frenchies Food 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. The financial statements of the subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. All the financial statements are made up to 31 December.

Intra-group transactions, balances, income and expenses and any unrealized gains or losses arising from intra-group transactions are eliminated on consolidation.

Investment in the subsidiaries is stated at cost in the separate financial statements of the company.

ii. Investments in associated companies

Investments in associated company are carried on the balance sheet on equity basis. Profit and losses are eliminated to the extent of the group's interest in the associated company.

(c) Income Recognition

i. Gross Premium Earned

Premium income is stated on cash basis. Gross premium is recognised at the point of attachment of risk to a policy before deducting cost of reinsurance cover. Gross premium earned is written premium after the deduction of the unearned portion of the premium.

ii. Investment Income

Income from investments comprise of income earned on quoted and unquoted investments and is recognised in the accounts on an accrual basis.

iii. Interest Income

Interest income comprise of interest earned on short term deposits and bankers' acceptances. It is accounted for on accrual basis.

iv. Air Freight and Cargo

Income from freight and cargo represents charges on the air freight of cargo from Nigeria to outside the country and from outside Nigeria into the country.

(c) Income Recognition (cont'd)

v. Income from Restaurant

Income from restaurant business represents the value of sales invoiced to third parties less discounts.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

for the year ended 31 December 2009

(d) Actuarial valuation of Life Fund

The life fund is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

Actuarial valuation of life fund is carried out on a yearly basis for purpose of determining the surplus/deficit at the end of each year. Surplus arising on valuation is distributed between the life revenue account and the shareholders, or as otherwise advised by the actuaries. Deficit arising therefrom is charged to the Profit and loss account wholly.

(e) Contingency Reserve

Contingency reserve is calculated at the higher of 1% of total premium receivable during the year or 10% of net profits (whichever is greater) in accordance with Section 24(2)(iii) of the Insurance Act CAP I17 LFN 2004. The additional contingency reserve required in any year is allocated to the different revenue reserve on the basis of premiums written.

(f) Stock

Stock represents raw materials and other store items used in the normal course of business. Stocks are stated at the lower of cost and net realizable value. Finished goods include appropriate proportion of production overheads.

(g) 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 profit and loss account.

ii. Long Term Investments

Quoted Investments

Quoted investments are stated at their market and fair value. Excess of the cost over and above the market value are transferred to the investments revaluation reserve account. Shortfalls are however transferred to the investments revaluation reserve account up to the extent of which the balance in the reserve account can accommodate. Any amount above this is charged to the profit and loss account.

Unquoted Investments

Unquoted investments are stated at cost. Where in the opinion of the Directors of the Company, the value of any of the investments falls below its cost, an appropriate allowance for diminution in value thereof is charged against Profit and Loss Account.

h) Investment Properties

Investments properties are stated at market value and revalued periodically at least once within three years, 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.

(i) Fixed Assets

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

(j) Depreciation

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

for the year ended 31 December 2009

Motor Vehicles	25
Office Furniture and Equipment	10
Freehold land and Buildings	2
Plant and Machinery	10
Aircraft	3 ¹ / ₃

(k) Debtors

Debtors are stated after making allowance for specific balances considered doubtful of recovery.

In accordance with the National Insurance Commission (NAICOM) guidelines, provision is made on premium debtors on the following basis:

Period	% Provision
Up to 3 months	Nil
3 - 6 months	25%
6 - 9 months	50%
9 - 12 months	75%
Above 12 months	100%

(l) Gross Claims Incurred

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognised when the company records the liability for the claims. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

(m) Loans on Policies

Loans and other insured financing are granted on the basis of the insured sum of the client. The loans are recoverable at the maturity of the policies. Bad and doubtful debts are provisioned in line with the NAICOM guidelines on Premium debtors.

(n) Foreign Currencies

The consolidated financial statements are presented in Nigerian Naira, which is the Bank's reporting currency.

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.

The results and financial position of foreign subsidiaries are translated as follows:

- Assets and liabilities for each balance sheet are translated at the closing rate as the date of that balance sheet;
- Income and expenditures balances are translated at the average exchange rates, except where such average rates are considered not representative of the prevailing conditions of such balances;
- Resultant exchange differences are recognised as exchange difference reserve on the balance sheet, as part of the shareholders' funds.

(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 and Gratuity Scheme

The Company complied with the Pension Reform Act 2004 with effect from 1 January 2005. Arrangement for

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

for the year ended 31 December 2009

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) Provision

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.

(r) Deposit Administration

Funds received from life assure clients under the deposit administration scheme are recognized as liabilities and held strictly for investment purpose in the financial statements. Guaranteed interest payable on the fund is credited to the deposit account annually at predetermined rates agreed mutually with the respective clients and charged to the profit and loss account while interest earned on the investments are credited to the account.

(s) Segment Reporting

A segment is a distinguishable component of the Company and Group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment information is presented in respect of the company's and Group's businesses and geographical segments. The business segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(t) Dividend

Dividend distribution to the shareholders of the company is recognized as a liability in the financial statements in the year in which the dividend is approved by the shareholders as they do not meet the criteria of present obligations.

(u) Deferred acquisition costs

Acquisition costs comprise of all direct and indirect costs arising from the writing of insurance contracts. Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during the financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

(v) Reinsurance costs

Reinsurance premiums payable are recognized in the profit and loss account as outflows in accordance with the tenor of the reinsurance contract. Unexpired reinsurance costs are determined on a time apportionment basis and are accounted for as prepaid reinsurance premiums.

(w) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the separable net assets of subsidiaries acquired, at the date of the acquisition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might have been impaired. Impairment losses are recognised in the profit and loss account in the period in which they arise.

(x) Earnings /(Loss) per Share

The Group basic earnings or (loss) per share are calculated based on its ordinary shares. Basic earnings or (loss) per share are calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted number of ordinary shares outstanding during the year.





BALANCE SHEET

for the year ended 31 December 2009

		GROUP		COMPANY	
	Note	2009 N'000	2008 N'000	2009 N'000	2008 N'000
ASSETS					
Cash and Bank Balances	3	261,561	91,001	249,988	70,050
Placement with Banks	4	506,566	2,706,237	205,040	2,261,466
Long term Investments	5	2,174,463	2,844,112	7,135,840	4,796,041
Loans on policies	6	86,395	10,161	71,027	172
Investment in associated Company	7	128,128	115,315	355,389	355,389
Investment Properties	8	4,574,998	4,089,070	4,094,120	4,089,070
Debtors and Prepayments	9	2,394,803	3,892,113	1,871,244	3,440,429
Due from related Company	10	-	2,799,895	29,511	2,800,000
Due from Reinsurance		28	11,849	-	11,822
Statutory Deposit	11	217,228	200,000	200,000	200,000
Fixed Assets	12	5,665,129	3,319,991	1,281,543	1,234,592
Goodwill on consolidation	13	470,415	886,437	-	-
TOTAL ASSETS		16,479,714	20,966,181	15,493,702	19,259,031
LIABILITIES					
Bank Overdrafts	18.1	149,902	1,192	131,470	-
Due to related parties	10	63,522	-	-	-
Due to Reinsurance		14,666	136	14,240	-
Creditors and Accruals	14	570,786	486,503	396,887	422,601
Life Insurance Funds	15	1,904,336	1,757,486	1,107,983	1,007,569
Tax Payable	16	151,923	74,333	130,942	58,021
Deferred Taxation	17	218,301	5,336	212,965	-
Term Loans	18	1,120	13,614	1,120	13,614
Liabilities for Administered Deposits	19	2,954,640	2,245,427	2,954,640	2,245,427
		6,029,196	4,584,027	4,950,247	3,747,232
CAPITAL AND RESERVES					
Share Capital	20	10,292,500	8,000,000	10,292,500	8,000,000
Share Premium	21	14,365,133	14,365,133	14,365,133	14,365,133
Deposit for Shares		-	2,292,500	-	2,292,500
Contingency Reserve	22	65,164	50,860	46,924	35,858
General Reserve	23	(17,019,977)	(11,158,617)	(15,426,741)	(10,447,331)
Core Capital		7,702,820	13,549,876	9,277,816	14,246,160
Fixed Assets Revaluation Reserve	24	2,731,488	2,639,384	1,102,229	1,102,229
Exchange difference Reserve		(133,474)	44,422	-	-
Investment Properties Revaluation Reserve	25	163,410	163,410	163,410	163,410
Attributable to equity holders of the parent		10,464,244	16,397,092	10,543,455	15,511,799
Non controlling interest	26	(13,726)	(14,938)	-	-
Total shareholders equity		10,450,518	16,382,154	10,543,455	15,511,799
TOTAL LIABILITIES AND EQUITY		16,479,714	20,966,181	15,493,702	19,259,031

The financial statements on pages 8 to 40 were approved by the Board of Directors on 30 November, 2010 and signed on its behalf by:


 _____ } Director

 _____ } Director

The accounting policies on pages 8 to 12 and the notes on pages 19 to 36 form part of these financial statements.



GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2009

	Note	2009 N'000	2008 N'000
INCOME			
Gross Premiums written	27	1,430,404	1,229,485
Reinsurance cost	28	(24,881)	(2,177)
Net premiums Income		1,405,523	1,227,308
Commission received		6,093	478
		1,411,616	1,227,786
Income from Restaurant Operations		239,406	477,473
Air freight Income		96,051	-
Transfer from Group Revenue Account		(16,156)	26,143
Share of Associate Profits		12,813	14,972
Investment and other Income	29	258,610	1,005,782
		2,002,340	2,752,156
EXPENSES			
Direct Claims paid	30	(552,642)	(482,020)
Maturity Claims	31	(201,293)	(92,775)
		(753,935)	(574,795)
Reinsurance Recoveries		3,543	-
Claims incurred		(750,392)	(574,795)
Underwriting and other expenses:			
- Acquisition Expenses		(14,062)	(49,912)
- Maintenance Expenses		(257,630)	(228,524)
Guaranteed interest on deposit administration		(232,134)	(227,458)
Shareholders' contribution to Life Fund deficit		-	(450,073)
Cost of sales - Restaurant		(122,950)	(206,800)
Direct operating cost- Air freight		(97,253)	-
Management Expenses	32	(1,047,552)	(1,026,390)
Impairment of goodwill		(416,022)	-
Interest on Cverdrafts		(14,593)	(18,128)
Other charges	36	(50,000)	(180,000)
Provision for Doubtful Accounts	33	(3,469,652)	(520,875)
Loss before Taxation & Exceptional item		(4,469,899)	(730,799)
Exceptional item:			
- Provision for diminution in value of investments	5.1.1	(690,001)	(7,217,998)
Loss before Taxation	34	(5,159,900)	(7,948,797)
Taxation	16	(290,555)	(13,873)
		(5,450,455)	(7,962,670)
Non controlling share of subsidiary Loss\ (Profit)		1,212	(5,004)
Loss after Taxation attributable to Group Shareholders		(5,449,243)	(7,967,674)
Appropriations:			
Transfer to contingency reserve	22	14,304	12,295
Loss transferred to general reserve	23	(5,463,547)	(7,979,969)
		(5,449,243)	(7,967,674)
Loss per share (kobo)	35	(26.47)	(49.80)

The accounting policies on pages 8 to 12 and the notes on pages 19 to 36 form part of these financial statements.



GROUP REVENUE ACCOUNT

for the year ended 31 December 2009

		GROUP		COMPANY	
	Note	2009 N'000	2008 N'000	2009 N'000	2008 N'000
INCOME					
Gross Premium written	27	1,430,404	1,229,485	1,106,607	918,116
Reinsurance cost	28	(24,881)	(2,177)	(24,149)	(1,990)
Premium Earned		1,405,523	1,227,308	1,082,458	916,126
Commission received		6,093	478	6,093	478
Net Premium		1,411,616	1,227,786	1,088,551	916,604
Investment and other income	29.2	194,891	231,352	24,371	156,773
TOTAL INCOME		1,606,507	1,459,138	1,112,922	1,073,377
EXPENSES					
Direct Claims & surrenders paid	30	(552,642)	(482,020)	(305,912)	(310,109)
Maturity Claims	31	(201,293)	(92,775)	(201,293)	(92,775)
Gross Claims incurred		(753,935)	(574,795)	(507,205)	(402,884)
Reinsurance recoveries		3,543	-	3,543	-
Claims incurred		(750,392)	(574,795)	(503,662)	(402,884)
UNDERWRITING EXPENSES:					
- Acquisition cost		(10,145)	(10,025)	(10,145)	(10,025)
- Maintenance cost		(224,496)	(208,769)	(189,711)	(172,223)
Management expenses		(490,780)	(594,155)	(308,990)	(484,458)
TOTAL EXPENSES		(1,475,813)	(1,387,744)	(1,012,508)	(1,069,590)
Transfer to Group Profit and Loss Account		16,156	(26,143)	-	-
Increase in Life Fund	15	146,850	45,251	100,414	3,787

LIFE PROFIT AND LOS ACCOUNT

for the year ended 31 December 2009

	Note	2009 N'000	2008 N'000
INCOME			
Gross Premium written	27	1,106,607	918,116
Investment Income		27,815	660,691
Shareholders' contribution to Life Fund deficit		-	(450,073)
		27,815	210,618
Loss on Deposit Administration		(278,685)	(161,901)
Management expenses	32.2	(151,678)	(132,334)
Interest on overdrafts		(14,593)	(93)
Other charges	36	(50,000)	(180,000)
Provision for doubtful accounts	33	(3,287,644)	(518,167)
TOTAL EXPENSES		(3,782,600)	(992,495)
Loss before taxation & exceptional items	34	(3,754,785)	(781,877)
Exceptional item:			
- Provision for diminution in value of investments	5.1.1	(690,001)	(7,217,998)
Loss after exceptional item before taxation		(4,444,786)	(7,999,875)
Taxation	16	(285,886)	(9,221)
Loss after Taxation		(4,730,672)	(8,009,096)
Appropriations:			
Transfer to contingency reserve	22	11,066	9,181
Loss transferred to general reserve	23	(4,741,738)	(8,018,277)
		(4,730,672)	(8,009,096)
Loss per Share (kobo)	35	(22.98)	(50.06)

The accounting policies on pages 8 to 12 and the notes on pages 19 to 36 form part of these financial statements.

REVENUE ACCOUNT ON DEPOSIT ADMINISTRATION

for the year ended 31 December 2009

	Note	2009 N'000	2008 N'000
INCOME			
Investment Income		20,051	54,876
Profit on disposal of Investments		-	56,711
	29.3	20,051	111,587
EXPENSES			
Acquisition Expenses		3,917	3,342
Maintenance cost		33,335	19,755
Guaranteed Interest	19	232,134	227,458
Management Expenses	32.3	29,350	22,933
TOTAL EXPENSES		298,736	273,488
Loss on Deposit Administration		(278,685)	(161,901)

STATEMENT OF CASHFLOWS

for the year ended 31 December 2009

	Note	GROUP		COMPANY	
		2009 N'000	2008 N'000	2009 N'000	2008 N'000
Cash Flows from Operating Activities					
Premiums received from policy holders	27	1,430,404	1,229,485	1,106,607	918,116
Other Operating Income		490,128	594,229	15,840	50,557
Re-insurance commission		6,093	478	6,093	478
Operating cash Payments		(1,675,383)	(1,301,681)	(373,483)	(789,375)
Commissions paid		(503,826)	(505,894)	(469,242)	(432,803)
Claims paid	30	(552,642)	(482,020)	(305,912)	(310,109)
Administered Deposits		239,407	(378,237)	239,407	(378,237)
Esusu and Takaful withdrawals		(201,293)	(92,775)	(201,293)	(92,775)
Income Tax paid	16	-	(5,772)	-	(5,772)
		(767,112)	(942,187)	18,017	(1,039,920)
Input Value Added Tax (VAT)		14,795	8,645	1,563	3,638
Output Value Added Tax (VAT)		(33,768)	(10,743)	(4,017)	(4,360)
Net cash (used in)\provided by Operating activities	37	(786,085)	(944,285)	15,563	(1,040,642)
Cash Flows from Investing Activities					
Purchase of Fixed Assets	12	(2,453,628)	(39,124)	(77,891)	(37,609)
Deposits for Investments		(1,167,110)	(165,000)	(1,182,110)	(165,000)
Proceeds on sale of Investments		-	1,022,420	-	1,022,420
Purchase of Investments		-	(7,224,025)	(3,008,214)	(7,602,451)
Investment properties	8	(405,050)	(3,901,960)	(405,050)	(3,901,960)
Proceeds on sale of Fixed Assets		6,677	935	934	935
Statutory Deposits		(17,228)	-	-	-
Dividend and interest received		58,210	119,111	55,825	109,064
Net cash used in investing activities		(3,978,129)	(10,187,643)	(4,616,506)	(10,574,601)
Cash Flows from Financing Activities					
Proceeds from Private Placements		2,249,163	14,000,000	2,249,163	14,000,000
Share issue Expenses		-	(634,867)	-	(634,867)
Loan repayment		(12,494)	(91,386)	(12,494)	(91,386)
Interest paid		(14,593)	(18,128)	(14,593)	(93)
Net Cash Provided by Financing Activities		2,222,076	13,255,619	2,222,076	13,273,654
Net (decrease)/increase in cash and cash equivalents		(2,542,138)	2,123,691	(2,378,867)	1,658,411
Cash and cash equivalents at 1 January		3,179,094	1,055,403	2,713,814	1,055,403
Cash and cash equivalents at 31 December	38	636,956	3,179,094	334,947	2,713,814

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

1. The Company

a. Legal Form

African Alliance Insurance Company Plc was incorporated as a private limited liability company in 1960. The Company was converted to a public limited liability company on the 19 June, 2008. The shares of the Company are 100% held by Nigerians.

b. Principal Activities

Its primary objective is to undertake Life and Pensions Businesses.

2. Going Concern Consideration

The company had an accumulated loss of N15.5 billion at 31 December 2009 due to the general diminution in the value of shares in the capital market and provision for the outstanding balance unpaid on the Company's year 2008 private placement with Universal Insurance Plc and the staff of the Company. Management is however of the view that with the level of investments it has carried out in the last two years, it is confident that the company would start to realize investment income. Also, it is hopeful that the Nigerian Capital Market would sustain its level of gradual growth in the stock prices which would result to the write back of the diminution in the value of quoted stocks held by management. These and other marketing efforts of the management would help to improve the profitability of the company.

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
3. Cash and Bank Balances				
Union Bank of Nigeria Plc	2,075	4,155	2,075	4,155
Access Bank Plc	80,242	7,234	80,242	7,234
Ecobank Nigeria Plc	62,533	27	62,533	27
Guaranty Trust Bank Plc	20,664	55,634	12,439	55,634
First Bank of Nigeria Plc	94,318	3,502	94,318	3,157
Others	12,152	24,280	1,867	3,329
	271,984	94,832	253,474	73,536
Provision for doubtful balance (note 3.1)	(10,423)	(3,831)	(3,486)	(3,486)
	261,561	91,001	249,988	70,050
3.1 Provision for doubtful balance				
At 1 January	3,831	3,831	3,486	3,486
Additions during the year (note 3.3)	6,592	-	-	-
At 31 December	10,423	3,831	3,486	3,486
4. Placement with Banks				
Union Bank of Nigeria Plc	73,014	551,994	73,014	551,994
Access Bank Plc	-	15,000	-	15,000
Guaranty Trust Bank Plc	-	1,615,557	-	1,559,647
First City Monument Bank Plc.	-	132,616	-	132,616
Oceanic Bank Plc	50,000	36,333	50,000	36,333
First Bank of Nigeria Plc	50,376	31,442	50,000	-
Diamond Bank Plc	12,051	21,335	12,051	21,335
Zenith Bank Plc	184,036	167,730	15,000	-
Wema Bank Plc	2,512	-	2,512	-
Intercontinental Bank Plc	134,982	190,094	2,463	-
Others	7,903	323,353	7,903	323,353
	514,874	3,085,454	212,943	2,640,278
Provision for doubtful balance (note 4.1)	(8,308)	(379,217)	(7,903)	(378,812)
	506,566	2,706,237	205,040	2,261,466

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
4.1 Provision for doubtful balance				
At 1 January	379,217	36,193	378,812	35,788
(Write back)\Additions during the year (note 3.3)	(370,909)	343,024	(370,909)	343,024
At 31 December	8,308	379,217	7,903	378,812
5. Long Term Investments				
5.1 Quoted Investments				
Ordinary shares [Market Value - N2,119,185,433 (2008 - N2,810,729,175)]	10,027,184	10,028,727	9,988,509	9,988,509
Provision for diminution in value of investments (note 5.1.1)	(7,907,999)	(7,217,998)	(7,907,999)	(7,217,998)
	2,119,185	2,810,729	2,080,510	2,770,511
Treasury bills	-	7,905	-	-
Debenture stocks	1,787	1,787	1,787	1,787
	2,120,972	2,820,421	2,082,297	2,772,298
5.1.1 Provision for Diminution in Value of quoted Investments				
At 1 January	7,217,998	-	7,217,998	-
Additions during the year:				
- Diminution in value	690,001	7,021,322	690,001	7,021,322
- Unsubstantiated investments (units)	-	196,676	-	196,676
Per Profit and Loss account	690,001	7,217,998	690,001	7,217,998
At 31 December	7,907,999	7,217,998	7,907,999	7,217,998
5.2 Subsidiaries Investment				
African Alliance Realty Company Limited (note 5.5)	-	-	52	52
Frenchies Foods Nigeria Limited (note 5.6)	-	-	1,000,000	1,000,000
Axiom Air Limited (note 5.7)	-	-	3,000,000	-
Ghana Life Insurance Company Limited (note 5.8)	-	-	1,000,000	1,000,000
	-	-	5,000,052	2,000,052
5.3 Unquoted Investments				
At 1 January	162,095	162,095	162,095	162,095
Transferred from deposit for investment (note 9.2)	27,030	-	27,030	-
	189,125	162,095	189,125	162,095
Provision for doubtful investments (note 5.4)	(135,634)	(138,404)	(135,634)	(138,404)
At 31 December	53,491	23,691	53,491	23,691
	2,174,463	2,844,112	7,135,840	4,796,041
5.4 Provision for Doubtful Investments				
At 1 January	138,404	68,630	138,404	68,630
(Write back)\additions during the year (note 3.3)	(2,770)	69,774	(2,770)	69,774
At 31 December	135,634	138,404	135,634	138,404
5.5 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 a 100% holdings in the Company of 26,250 units of ordinary shares at N2.00 each.				
5.6 Frenchies Foods Nigeria Limited				
This is a wholly owned subsidiary of the Company. It was purchased from the former owners in the month of June 2008. The Company is in the business of restaurant and catering services.				
5.7 Axiom Air Limited				
The Company was incorporated on the 17 July 2008 to carry on the business of airline owners and managers; to provide air transport for public use; to provide all necessary and or desirable services incidental to the aforementioned object, including booking, reservation, routing and ticketing services, baggage management, in-flight catering and entertainment and provision of hotel accommodation. The Company is wholly owned.				

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

5. Long Term Investments (cont'd)

5.8 Ghana Life Insurance Company Limited, Ghana

This Company has 98% holding 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. The company is involved in the provision of life assurance products and services.

	GROUP		COMPANY	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
6. Loans on Policies				
Long-term Loans	3,000	3,000	3,000	3,000
Loans on Mortgage	21,138	22,670	21,138	22,670
Loans on Policies	42,748	36,009	27,380	21,520
Short-term Loans	51,269	47,383	51,269	47,383
	118,155	109,062	102,787	94,573
Provision for doubtful balances (note 6.1)	(31,760)	(98,901)	(31,760)	(94,401)
	86,395	10,161	71,027	172

6.1 Provision for Doubtful Loans & Advances

At 1 January	98,901	46,811	94,401	46,811
Additions during the year (note 33)	(67,141)	52,090	(62,641)	47,590
At 31 December	31,760	98,901	31,760	94,401

7. Associate (Unquoted)

Pension Alliance Limited (note 7.1)	128,128	115,315	355,389	355,389
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7.1 Movement in net Investment in Associates

At 1 January,	115,315	355,389	-	-
Opening reserve of the associate	-	(539,849)	-	-
Half-year profit for year ended 30 June 2008	-	19,346	-	-
	-	(520,503)	-	-
Share of Opening Reserves	-	(255,046)	-	-
	115,315	100,343	-	-
Share of Profit after Tax				
- Profit for year ended 30 June 2008	-	38,692	-	-
- Profit for year ended 30 June 2009	22,419	22,419	-	-
- Profit for six months ended 31 December 2009	29,880	-	-	-
	52,299	61,111	-	-
Aggregate Profit for 1 January to 31 December	26,150	30,556	-	-
Share of Profit (49%)	12,813	14,972	-	-
Value of Investments 31 December,	128,128	115,315	-	-

This represents the Company's 49% holding in Pensions Alliance Limited. The associated company is Engaged in the provision of pension services in accordance with the Pension Reform Act.

The associated company financial year end is 30 June. In line with SAS 28, using the latest audited financial statements will be wrong as it is more than 3 months from the year of the Group Financial Statements. Therefore, the management account for the period ended 31 December 2009 have been consolidated to this financial statement after reviewing the assumptions made by management in the preparation of the accounts.

	GROUP		COMPANY	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
8. Investment Properties				
At 1 January	4,089,070	117,709	4,089,070	117,709
Movements during the year:				
- Revaluation increase (note 29)	58,415	69,401	-	69,401
Transferred from Fixed Assets (note 12.1)	22,463	-	-	-
Transferred to Deposit for Investments (note 9.4)	-	-	(400,000)	-
Additions during the year	405,050	3,901,960	405,050	3,901,960
At 31 December	4,574,998	4,089,070	4,094,120	4,089,070

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
8.1 Summary of Investment Properties				
A brief descriptions of the properties held by the Company are as follows:				
Land at Beach Front Plot 12 Block A4, Lekki Phase 1	400,450	400,000	400,450	400,000
Land at Pankere Villiage, Abijo, Ibeju Lekki	2,000,000	2,000,000	2,000,000	2,000,000
Property at 17 Aviation Road, Accra, Ghana	272,415	214,000	-	214,000
2 Nos. Presidential Mansions, Cantonment Area, Accra, Ghana	132,000	132,000	-	132,000
One 4-bedroom Town House, Cantonment Area, Accra, Ghana	76,463	54,000	-	54,000
Plot C4, Rumuogba Layout, Aba Road, Port Harcourt	500,000	500,000	500,000	500,000
5 Nos. duplexes, Plot 2220 Suez Canal Crescent, Sani Abacha Estate, Abuja	600,600	600,000	600,000	600,000
75 Oyemekun Street, Akure	6,000	6,000	6,000	6,000
Property at Lekki Phase 1	81,070	81,070	81,070	81,070
Property at Lekki Seagate	67,000	67,000	67,600	67,000
Property at Millenium Housing Estate	35,000	35,000	35,000	35,000
35 Marple Street, London	360,000	-	360,000	-
4 Bedroom Duplex, Ajah Road, Ajah, Lagos	44,000	-	44,000	-
	4,574,998	4,089,070	4,094,120	4,089,070

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 or holding company. They are not subjected to periodic charges for depreciation. Valuation is carried out at least once in three (3) years.

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.

	GROUP		COMPANY	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
9. Debtors and Prepayments				
Due from Agents	21,671	75,221	21,671	15,342
Investment Income Receivable	45,731	26,120	26,121	26,120
Prepayment - Rent	56,205	22,359	28,520	21,517
Prepayment - Others	22,526	15,347	22,526	13,855
Staff Accounts Receivable	48,054	117,172	24,063	15,347
Deposit for Investments (note 9.1)	1,359,201	192,091	1,774,201	192,091
Deposit for Aircraft	737,200	-	-	-
Trade Debtors	219,402	230,207	-	-
Stock of Raw Materials & Consumables	73,014	60,638	936	1,673
Staff Share Loan (note 9.2)	2,150,716	3,200,000	2,150,716	3,200,000
Staff Mortgage Loans	49,379	50,581	49,379	50,581
Other Debit Balances	63,237	50,046	44,940	49,992
	4,846,336	4,039,782	4,143,073	3,586,518
Provision for doubtful accounts (note 9.3)	(2,451,533)	(147,669)	(2,271,829)	(146,089)
	2,394,803	3,892,113	1,871,244	3,440,429

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
9.1 Deposit for Investments				
MP Budget Limited (note 5.3)	-	27,030	-	27,030
First Ghana Building Company Limited, Ghana.	120,000	120,000	120,000	120,000
Ghana Life Insurance Company Limited (note 9.4)	-	-	415,000	-
Paramount Hotel, Ghana.	45,000	45,000	45,000	45,000
Deposit for the purchase of Nail producing machine	175,000	-	175,000	-
Frenchies Foods Nigeria Limited	13,000	-	13,000	-
Fanison - Nigeria Police Housing Project	600,000	-	600,000	-
Fanison International - MBCC Cement	134,000	-	134,000	-
PriceWyse BDC Limited	250,000	-	250,000	-
Alert General Insurance Limited, Liberia	22,140	-	22,140	-
Fountain Trust Limited	36	36	36	36
Golden Securities Limited	25	25	25	25
	1,359,201	192,091	1,774,201	192,091

9.2 Staff Share Loan

The amount is made up of African Alliance Insurance Company Plc shares purchased during the Private Placement exercise on behalf of specific staff of the company. The shares are managed by a Staff Trust. The shares are not disposable to third parties. On resignation or otherwise of a staff the shares are transferred to other members of the Trust. The Trust Deed is yet to be registered and was consequently provided for.

9.3 Provision for Doubtful Balance

At 1 January	147,669	91,787	146,089	90,207
Additions during the year (note 33)	2,303,864	55,882	2,125,740	55,882
At 31 December	2,451,533	147,669	2,271,829	146,089

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
9.4 Ghana Life Insurance Company Limited				
Transfer from investment properties (note 8)	-	-	400,000	-
Cash deposit for investment	-	-	15,000	-
	-	-	415,000	-

10. Due from Related Company

African Alliance Holding Limited	8,150	8,150	8,150	8,150
Universal Insurance Plc (note 10.2)	1,600,121	2,800,000	1,600,121	2,800,000
Axiom Air Limited	-	-	43,164	-
African Alliance Trustees Limited	-	-	105	105
	1,608,271	2,808,150	1,651,540	2,808,255

- Due to Related Companies

Conau Limited	(62,822)	-	-	-
Pricewyse BDC Limited	(700)	-	-	-
African Alliance Realty Company Limited	-	-	(13,758)	1,792

	1,544,749	2,808,150	1,637,782	2,810,047
Provision for Doubtful Balance (10.1)	(1,608,271)	(8,255)	(1,608,271)	(10,047)
	(63,522)	2,799,895	29,511	2,800,000

10.1 Provision for Doubtful Balances

At 1 January	8,255	8,150	10,047	8,150
Additions during the year (note 33)	1,600,016	105	1,598,224	1,897
At 31 December	1,608,271	8,255	1,608,271	10,047

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

10.2 Universal Insurance Plc

This represent the balance on the private placement of African Alliance Insurance Company Plc subscribed to by the Company. Universal Insurance Plc is a listed company on the Nigerian Stock Exchange and has common core investors with African Alliance Insurance Plc. This balance has been fully provisioned in these financial statements as the balance could not be confirmed to the audited financial statements of Universal Insurance Plc for the year ended 31 December 2009.

11. 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.

12. Fixed Assets

12.1 The Group	Freehold Land and Buildings N'000	Motor Vehicles N'000	Construction Progress N'000	Office Furniture & Plant & Equipment/Machinery N'000	Air Craft N'000	Total N'000
Cost/Valuation						
At 1 January	3,249,517	75,347	-	149,466	91,518	- 3,565,848
Additions during the year	101,893	83,428	13,770	118,987	6,548	2,129,002 2,453,628
Transfer to Investment properties (note 8)	(22,463)	-	-	-	-	- (22,463)
Revaluation gains (note 24)	92,104	-	-	-	-	- 92,104
Disposals	-	(6,433)	-	(4,614)	(3,766)	- (14,813)
At 31 December	3,421,051	152,342	13,770	263,839	94,300	2,129,002 6,074,304
Depreciation						
At 1 January	9,404	53,575	-	97,792	85,086	- 245,857
Charge for the year	12,468	18,747	-	51,905	6,710	82,681 172,511
On Disposal	-	(4,516)	-	(3,814)	(863)	- (9,193)
At 31 December	21,872	67,806	-	145,883	90,933	82,681 409,175
Net book value						
At 31 December, 2009	3,399,179	84,536	13,770	117,956	3,367	2,046,321 5,665,129
At 31 December, 2008	3,240,113	21,772	-	51,674	6,432	- 3,319,991
Cost	1,489,210	152,342	13,770	263,839	94,300	2,129,002 4,142,463
Valuation	1,931,841	-	-	-	-	- 1,931,841
	3,421,051	152,342	13,770	263,839	94,300	2,129,002 6,074,304

12.2 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	1,172,500	71,496	128,305	1,372,301
Additions during the year	3,560	54,970	19,361	77,891
Disposals	-	(5,963)	(1,225)	(7,188)
At 31 December	1,176,060	120,503	146,441	1,443,004
Depreciation				
At 1 January	9,404	49,907	78,398	137,709
Charge for the year	9,439	10,766	10,373	30,578
On Disposal	-	(5,963)	(863)	(6,826)
At 31 December	18,843	54,710	87,908	161,461
Net book value				
At 31 December, 2009	1,157,217	65,793	58,533	1,281,543
At 31 December, 2008	1,163,096	21,589	49,907	1,234,592
Cost	73,831	120,503	146,441	340,775
Valuation	1,102,229	-	-	1,102,229
	1,176,060	120,503	146,441	1,443,004

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

12. 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 Rasaq 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 Rasaq 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 Rasaq 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 2009

	GROUP	
	2009 N'000	2008 N'000
13. Goodwill		
At 1 January	886,437	-
Arising during the year	-	886,437
Impairment of goodwill	(416,022)	-
At 31 December	470,415	886,437
- Ghana Life Insurance Company Limited:		
Based on audited financial statements as at 31 December 2009 & 2008 respectively:		
Net Asset	333,607	252,003
Purchase Consideration	-	1,000,000
	333,607	747,997
Minority Interest - 2% of Net assets	6,672	5,040
Goodwill impaired	326,935	742,957
- Frenchies Limited:		
Based on audited financial statements as at 31 December 2009 & 2008 respectively:		
Net Asset	873,858	856,520
Purchase Consideration	-	1,000,000
Goodwill	873,858	143,480
Impairment of Goodwill charged to Profit and Loss account	416,022	-

The impairment testing was based on the comparison between the fair value of the income or cash generating assets invested in by the company at the date of investment and the book value of these assets as at 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
14. Creditors and Accruals				
Trade Creditors	107,653	24,031	-	-
Premium Deposits	51,820	77,307	51,820	59,450
Private Placement Issuing fees (note 14.1)	167,167	223,742	167,167	223,742
Agent Savings	19,579	14,298	19,579	14,298
PAYE and other Taxes	42,608	6,152	6,423	6,152
Insurance Special Fund	-	900	-	900
Other Creditors	152,261	99,179	130,254	99,194
Provision for Legal Liabilities	4,010	4,010	4,010	4,010
Outstanding Claims	5,778	5,185	-	-
Provisions and Accruals	16,581	31,699	14,305	14,855
Staff Pension Scheme (note 14.2)	3,329	-	3,329	-
	570,786	486,503	396,887	422,601

14.1 Private Placement Issuing fees

This represents the outstanding balance of the private placement fees due to the Issuing Houses and professional advisers.

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
14.2 Staff Pension Scheme				
At 1 January	-	5,854	-	-
Additions	25,819	23,350	25,819	10,350
Remittance to PFAs	(22,490)	(29,204)	(22,490)	(10,350)
At 31 December	3,329	-	3,329	-

14.3 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. No provision for NITDA has been included in this financial statements as the Company recorded a loss position before taxation for the year.

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
15. Life Assurance Fund				
At 1 January	1,757,486	286,112	1,007,569	286,112
Arising from new Subsidiary	-	708,453	-	-
Prior year's Adjustment (note 22.1)	-	267,597	-	267,597
Transfer from Revenue Account	146,850	45,251	100,414	3,787
Shareholders' contribution to Life Fund deficit	1,904,336	1,307,413	1,107,983	557,496
At 31 December	1,904,336	1,757,486	1,107,983	1,007,569

The latest actuarial valuation of the Life Fund was as at 31 December 2009 by HR Nigeria Limited. At that date, the book value of the Life Fund including unrealised capital appreciation less a provision for tax was N990,966,000. Based on the recommendation of the Actuaries the surplus of N117,017,000 has not been appropriated in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
16. Tax payable				
16.1 Per Profit and Loss Account				
Income Tax:				
Income Tax for the year	77,590	23,493	72,921	19,750
Education Tax	-	475	-	-
	77,590	23,968	72,921	19,750
Deferred Tax (note 17)	212,965	(10,095)	212,965	(10,529)
	290,555	13,873	285,886	9,221

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.

16.2 Per Balance Sheet

At 1 January	74,333	46,792	58,021	44,043
From newly consolidated subsidiaries	-	9,345	-	-
Based on Profit for the year	77,590	23,968	72,921	19,750
	151,923	80,105	130,942	63,793
Payments during the year	-	(5,772)	-	(5,772)
At 31 December	151,923	74,333	130,942	58,021

17. Deferred Taxation

At 1 January	5,336	10,529	-	10,529
From newly consolidated subsidiaries	-	4,902	-	-
Charge\release for the year (note 16.1)	212,965	(10,095)	212,965	(10,529)
At 31 December	218,301	5,336	212,965	-

18. Term Loans

At 1 January	13,614	105,000	13,614	105,000
Additions during the year	-	17,259	-	17,259
Interest Charges	-	977	-	977
	13,614	123,236	13,614	123,236
Payments	(12,494)	(109,622)	(12,494)	(109,622)
	1,120	13,614	1,120	13,614

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 with lien on the original title to properties of the company.

18.1 Bank Overdraft

The bank overdraft was obtained from Guaranty Trust Bank Plc at an interest rate of 21%. The facility was secured by a lien on the company's investment in shares of blue chip companies.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
19. Liabilities on Administered Deposits				
At 1 January	2,245,427	240,349	2,245,427	240,349
Prior year's adjustment (note 19.1)	237,672	2,155,857	237,672	2,155,857
Deposit received during the year	1,005,204	658,512	1,005,204	658,512
Withdrawals in the year	(765,797)	(1,036,749)	(765,797)	(1,036,749)
Guaranteed interest	232,134	227,458	232,134	227,458
At 31 December	2,954,640	2,245,427	2,954,640	2,245,427

19.1 Prior year's adjustment is in respect of interest on the deposit administration accounts not recognised in the respective period now credited to the clients' account.

The latest available actuarial valuation of the liabilities for administered deposits as at 31 December 2009 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 N2,954.640 million.

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
20. Share Capital				
Authorised:				
30 billion ordinary shares of 50 kobo each	15,000,000	15,000,000	15,000,000	15,000,000
Issued and Fully Paid:				
20,585,000,000 (2008 - 16 billion)				
ordinary shares at 50 kobo each:				
At 1 January	8,000,000	150,000	8,000,000	150,000
Arising during the year:				
- Private Placements	-	3,500,000	-	3,500,000
- Share Exchanged for Universal Insurance Plc Shares	-	2,850,000	-	2,850,000
Transfer from deposit for Shares	2,292,500	-	2,292,500	-
	10,292,500	6,500,000	10,292,500	6,500,000
Issued But Not Paid:				
- Allotted but not yet paid	-	1,500,000	-	1,500,000
	10,292,500	8,000,000	10,292,500	8,000,000

The shares were allotted to Conau Limited and approved by the Board of Directors at its meeting dated 4 December, 2008 and approved by the Corporate Affairs Commission (CAC) on the 8 April, 2009. The shares were made up of 4,585,000,000 ordinary shares of 50 kobo at 50 kobo per share. The placing of these shares with Conau Limited was approved by the Securities and Exchange Commission (SEC) through its approval dated 27 January 2010.

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
21. Share Premium				
At 1 January	14,365,133	-	14,365,133	-
Arising from private placements:				
- Paid	-	10,500,000	-	10,500,000
- Not yet paid	-	4,500,000	-	4,500,000
Share issue expenses	-	(634,867)	-	(634,867)
At 31 December	14,365,133	14,365,133	14,365,133	14,365,133

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
22. Contingency Reserve				
At 1 January	50,860	26,677	35,858	26,677
Newly consolidated subsidiary	-	11,888	-	-
Transfers during the year	14,304	12,295	11,066	9,181
At 31 December	65,164	50,860	46,924	35,858
23. General Reserve				
At 1 January	(11,158,617)	(28,926)	(10,447,331)	(5,600)
Share of Associate Company Opening Reserve	-	(255,046)	-	-
Arising on consolidation	(160,141)	(471,222)	-	-
Prior years Adjustment:				
- Life Insurance Fund (note 15)	-	(267,597)	-	(267,597)
- Liabilities on Administered Deposit (note 19)	(237,672)	(2,155,857)	(237,672)	(2,155,857)
Loss for the year	(5,463,547)	(7,979,969)	(4,741,738)	(8,018,277)
At 31 December	(17,019,977)	(11,158,617)	(15,426,741)	(10,447,331)
24. Fixed Assets Revaluation Reserve				
At 1 January	2,639,384	809,953	1,102,229	387,248
Newly consolidated subsidiary	-	923,000	-	-
Movements during the year:				
- Cost	-	(1,069,650)	-	(469,651)
- Accumulated depreciation	-	24,131	-	12,132
Additions in the year (note 12.1)	92,104	1,951,950	-	1,172,500
At 31 December	2,731,488	2,639,384	1,102,229	1,102,229
25. Investment Properties Revaluation Reserve				
At 1 January	163,410	94,009	163,410	94,009
Additions in the year	-	69,401	-	69,401
At 31 December	163,410	163,410	163,410	163,410
26. Non Controlling Interest				
At 1 January,	(14,938)	-		
Share of Net Asset -				
Ghana Life Insurance Company Limited	-	(9,934)		
Transfer from Profit and Loss Account	1,212	(5,004)		
	(13,726)	(14,938)		
27. Gross Premium written				
Individual Life Business	800,555	701,583	476,758	390,214
Group life Business	400,533	380,368	400,533	380,368
	1,201,088	1,081,951	877,291	770,582
Other Insurance Products:				
Takaful contribution	85,219	71,906	85,219	71,906
Esusu contribution	144,097	75,628	144,097	75,628
	1,430,404	1,229,485	1,106,607	918,116
27.1 Net written Premiums				
Gross Premium written	1,430,404	1,229,485	1,106,607	918,116
Outward Reinsurance Premiums (note 28)	(24,881)	(2,177)	(24,149)	(1,990)
	1,405,523	1,227,308	1,082,458	916,126
28. Outward Reinsurance Premiums				
Individual Life Business	1,108	291	376	104
Group Life Business	23,773	1,886	23,773	1,886
	24,881	2,177	24,149	1,990

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
29. Investment and other income				
Gains on Sale of Shares	-	768,432	-	768,432
Dividend - Quoted and unquoted Investments	14,027	2,032	14,027	2,032
Interest on Bankers' acceptance	30,474	96,057	30,474	96,057
Profit on disposal of Fixed Assets	1,057	610	572	125
Interest on Statutory Deposit	4,942	7,549	4,942	7,549
Interest on Term Deposits	120,811	116,756	15,840	50,557
Income on Investment Properties	-	873	-	873
Net gain on Revaluation	58,415	-	-	-
Rental Income	20,117	-	-	-
Sundry Revenue	8,767	13,473	6,382	3,426
	258,610	1,005,782	72,237	929,051
Investment and other income is broken into the following:				
29.1 Life Business				
Gains on Sale of Shares			-	612,044
Interest on bankers acceptance			22,873	41,098
Interest on Statutory Deposit			4,942	7,549
			27,815	660,691
29.2 Revenue Account				
Gains on Sale of Shares	-	99,677	-	99,677
Dividend - Quoted	6,828	2,032	6,828	2,032
Interest on Bankers' acceptance	3,131	31,236	3,089	31,236
Profit on disposal of Fixed Assets	572	125	572	125
Interest on Term Deposits	112,471	85,603	7,500	19,404
Income on Investment Properties	-	873	-	873
Net Gain on Revaluation	58,415	-	-	-
Rental Income	6,374	-	-	-
Sundry Revenue	7,100	11,806	6,382	3,426
	194,891	231,352	24,371	156,773
29.3 Deposit Administration				
Gains on Sale of Shares			-	56,711
Dividend - Unquoted			7,199	-
Interest on Bankers' Acceptance			4,512	23,723
Interest on Term Deposits			8,340	31,153
			20,051	111,587
30. Direct Claims and Surrenders paid				
Direct Claims paid	533,137	465,225	292,093	297,178
Surrenders	19,505	16,795	13,819	12,931
	552,642	482,020	305,912	310,109
31. Maturity Claims				
Takaful withdrawals	64,454	19,933	64,454	19,933
Esusu withdrawals	136,839	72,842	136,839	72,842
	201,293	92,775	201,293	92,775
32. Management Expenses				
Staff Cost	436,638	345,068	223,182	175,519
Bank Charges	19,539	31,447	13,943	18,414
Other Charges and Expenses	193,930	171,996	128,324	70,264
General Maintenance and running costs	153,705	126,387	72,471	57,511
Legal and Professional Fees	39,478	21,994	11,109	21,994
NAICOM Supervision Fees	10,411	16,269	10,411	11,923
Depreciation	172,511	59,048	30,578	30,344
Loss on sale of Fixed Assets	-	416	-	-
Exchange Difference	21,340	15	-	-
Stamp Duty	-	253,750	-	253,750
	1,047,552	1,026,390	490,018	639,719

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
32. Management Expenses				
Management Expenses are distributed as follows:				
32.1 Revenue				
Staff Cost	204,525	123,953	113,675	78,217
Bank Charges	18,440	23,631	9,760	12,890
Other Charges and Expenses	161,647	100,098	98,532	54,362
General Maintenance and running costs	52,941	47,740	50,730	40,256
Legal and Professional Fees	7,776	15,396	7,776	15,396
NAICOM Supervision Fees	10,082	8,346	7,113	8,346
Depreciation	35,369	21,241	21,405	21,241
Stamp Duty	-	253,750	-	253,750
	490,780	594,155	308,990	484,458
32.2 Life Business				
Staff Cost			103,538	93,103
Bank Charges			2,789	3,683
Other Charges and Expenses			22,515	11,194
General Maintenance and running costs			14,494	11,502
Legal and Professional Fees			2,222	4,399
NAICOM Supervision Fees			5	2,385
Depreciation			6,116	6,069
			151,678	132,334
32.3 Deposit Administration				
Staff Cost			5,969	4,199
Bank Charges			1,394	1,841
Other Charges and Expenses			7,278	4,715
General Maintenance and running costs			7,247	5,751
Legal and Professional Fees			1,111	2,199
NAICOM Supervision Fees			3,293	1,192
Depreciation			3,058	3,034
			29,350	22,933
33. Provision for Doubtful Account Balances				
Cash and Bank (note 3.1)	6,592	-	-	-
Short term Investments (note 4.1)	(370,909)	343,024	(370,909)	343,024
Long term Investments (note 5.4)	(2,770)	69,774	(2,770)	69,774
Loans on Policies (note 6.1)	(67,141)	52,090	(62,641)	47,590
Debtors and Prepayments (note 9.1)	2,303,864	55,882	2,125,740	55,882
Due from related Companies (note 10.1)	1,600,016	105	1,598,224	1,897
	3,469,652	520,875	3,287,644	518,167
34. Loss before Taxation				
Loss before Tax is stated after charging:				
Staff Pension Cost	25,819	10,350	25,819	10,350
Insurance Supervision Levy	10,411	11,923	10,411	11,923
Directors Emoluments	1,378	1,763	1,378	1,763
Depreciation	172,511	59,048	30,578	30,344
Profit on disposal of Fixed Assets	1,057	610	572	125
Exchange Loss	21,340	15	-	-
Auditors' Remuneration	15,229	11,500	11,000	11,000

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
35. Loss per share				
Net loss attributable to shareholders (N'million)	(5,449,243)	(7,967,674)	(4,730,672)	(8,009,096)
Number of ordinary shares in issue as at year end (millions)	20,585,000	16,000,000	20,585,000	16,000,000
Loss per share (kobo)	(26.47)	(49.80)	(22.98)	(50.06)
Loss per share is calculated by dividing the net loss attributable to shareholders by the average number of ordinary shares in issue during the year.				
36. Other Charges				
- Registration/office rentals	-	80,000	-	80,000
- Nonrefundable deposit for Guinea House	50,000	-	50,000	-
- Advertisement in Foreign media	-	100,000	-	100,000
	50,000	180,000	50,000	180,000
During the year the Company made and won the bid for the purchase of the Guinea House owned by the Delta State Government and managed by the State's Ministry of Housing, via the letter dated 13 August 2009. The bid price was agreed at N500million out of which the Company paid a non-refundable deposit of N50million. The Company could not meet with the balance of the bid price, therefore on the 17 March, 2010, the award was withdrawn by the Ministry, and the initial deposit forfeited.				
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
37. Reconciliation of loss after tax to net cashflow from operating activities:				
Loss after Tax	(5,450,455)	(7,962,670)	(4,730,672)	(8,009,096)
Adjustments to Reconcile Profit after Tax to Net Cash Flows from Operating Activities				
Depreciation of Fixed Assets	172,511	59,048	30,578	30,344
Provision for Bad and Doubtful Debts	3,469,652	520,875	3,287,644	518,167
Goodwill Impairment	416,022	-	-	-
Revaluation gains	(58,415)	-	-	-
Profit on Disposal of Investment	-	(768,432)	-	(768,432)
Provision for diminution in value of investments	690,001	7,217,998	690,001	7,217,998
Profit on Disposal of Fixed Assets	(1,057)	(610)	(572)	(125)
Deferred Taxation	212,965	(10,095)	212,965	(10,529)
Share of associated Profits	(12,813)	(14,972)	-	-
Non-Controlling Interest in Subsidiary	1,212	(5,004)	-	-
Increase in Tax Payable	77,590	24,554	72,921	13,978
Changes in Operating Assets and Liabilities				
Decrease in Debtors and Prepayments	(1,182,831)	(308,896)	(290,470)	(245,304)
Increase/(decrease) in Creditors and Accruals	84,283	347,559	(25,714)	295,747
Increase in due from Related Parties	(63,522)	(2,799,790)	(43,164)	(2,798,103)
Decrease in due from Reinsurance	(11,821)	(11,849)	(11,822)	(11,822)
Increase in due to Reinsurance	14,530	-	14,240	-
Increase in Liabilities for Administered Deposits	709,213	2,005,078	709,213	2,005,078
Increase in Life Insurance Fund	146,850	762,921	100,414	721,457
	(786,085)	(944,285)	15,563	(1,040,642)
38. Cash and Cash Equivalents				
Cash and Bank Balances	271,984	94,832	253,474	73,536
Short term Investments	514,874	3,085,454	212,943	2,640,278
Bank Overdrafts	(149,902)	(1,192)	(131,470)	-
	636,956	3,179,094	334,947	2,713,814

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
39. Chairman's and Directors' Emoluments				
.1 Directors				
Emoluments of Directors' were as follows:				
Fees	1,378	1,763	1,378	1,763
Other emoluments as Executive Director	-	10,500	-	10,500
	1,378	12,263	1,378	12,263
The Chairman's Fees amounted to:	738	738	738	738
Highest paid Director	10,500	10,500	10,500	10,500
.2 The number of Directors excluding the Chairman, whose emoluments were within the following ranges were:				
	The Company			
	2009 Number	2008 Number		
N				
50,001 - N100,000	-	-		
100,001 and above	5	7		
	5	7		
40. 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:				
	2009 Number	2008 Number	2009 Number	2008 Number
N				
100,000 - 150,000	-	-	-	-
150,001 - 200,000	15	12	-	-
200,001 - 250,000	12	17	-	7
250,001 - 300,000	14	10	6	10
300,001 - 350,000	8	5	14	3
350,001 - 400,000	7	3	9	-
400,001 - 450,000	12	11	12	11
450,001 - 500,000	4	6	8	6
500,001 - 550,000	8	4	3	2
550,001 and above	34	38	8	26
.2 The number of persons employed as at the end of the year were as follows:				
Managerial	24	21	8	8
Senior Staff	50	47	36	32
Junior Staff	40	38	24	25
	114	106	68	65

NOTES TO THE FINANCIAL STATEMENTS CONT'D

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
40. Employees (Cont'd)				
40.3 The related staff costs amounted to:				
Staff Salaries, Wages and Bonuses	367,459	284,961	157,902	145,617
Staff Pension Costs	25,819	23,350	25,819	10,350
	393,278	308,311	183,721	155,967

41. 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.

42. Contingent Liabilities

There were no contingent liabilities at 31 December 2009 (2008: Nil).

43. Capital Expenditure

There were no capital commitments at 31 December 2009 (2008: Nil).

44. Related Parties

.1 Conau Limited

One of the major shareholders in African Alliance Insurance Plc. The Company has about 50% of the share capital of African Alliance Insurance Plc. Conau Limited Obtained Power of Attorney by a resolution of the Board of Directors to act and carry out business activities on behalf of African Alliance Insurance Plc. In the purchase of investments and other transactions.

.2 Axiom Air Limited

African Alliance Insurance Plc has 100% interest in the company. During the year, African Alliance Insurance Plc. Availed Axiom Air Limited a loan without interest and collateral amounting to N43million.

.3 Universal Insurance Plc

Universal Insurance Plc is a related company. Conau Limited has interest in both companies as majority shareholder. Also, the companies have shareholding interest in each other.

.4 Ghana Life Insurance Company Limited

African Alliance Insurance Plc has a 96% stake in the Ghana Company. During the year African Alliance Insurance Plc transferred its properties in Ghana as deposit for shares in the Company. The properties transferred and their various locations is stated below:

1 No 4 Bedroom Town-House Cantonments, Ghana
2 Nos Presidential Mansion, Accra Ghana
Plot 17, Aviation Road, Accra Ghana

45. Comparative Figures

Certain balances for the prior year have been reclassified to conform with current classification and restated based on updated information.

46. 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, 2009 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 2009

47. Segment Information:

.1 By Business Segment:

	Life Insurance N'000	Catering N'000	Air Freight N'000	2009 Total N'000	2008 Total N'000
Income:					
Gross Income	1,395,460	239,406	96,051	1,730,917	1,227,786
Share of Associate Income	12,813	-	-	12,813	14,972
Investment and Other Income	242,757	15,853	-	258,610	1,509,398
Total Income	1,651,030	255,259	96,051	2,002,340	2,752,156
Expenses:					
Underwriting Expenses:					
- Acquisition Cost	14,062	-	-	14,062	49,912
- Maintenance Cost	257,630	-	-	257,630	228,524
Interest on Deposit Administration	232,134	-	-	232,134	227,458
Cost of Sales	-	122,950	97,253	220,203	206,800
Management Expenses	711,766	127,717	258,069	1,097,552	1,206,390
Claims Incurred	750,392	-	-	750,392	574,795
Increase in Life Assurance Fund	-	-	-	-	450,073
Impairment of Goodwill	416,022	-	-	416,022	0
Provision for Doubtful Debts	3,467,769	-	1,883	3,469,652	520,875
Interest on Overdraft	14,593	-	-	14,593	18,128
Diminution in Value of Investments	690,001	-	-	690,001	7,217,998
	6,554,369	250,667	357,205	7,162,241	10,700,953

Loss after exceptional item before Taxation	(4,903,338)	4,592	(261,154)	(5,159,900)	(7,948,797)
Total assets employed	13,544,207	49,110	2,886,397	16,479,714	20,966,181
Depreciation	78,838	6,710	86,963	172,511	59,048
Gross profit margin	85	94	100	86	45

.2 By geographic segment:

	Nigeria N'000	Ghana N'000	2009 Total N'000	2008 Total N'000
Income				
Net Premium income	1,072,395	323,065	1,395,460	1,227,786
Investment income	88,090	170,520	258,610	1,005,782
Other income	348,270	-	348,270	518,588
Total income	1,508,755	493,585	2,002,340	2,752,156
Expenses				
Claims incurred	503,662	246,730	750,392	574,795
Interest on deposit administration	232,134	-	232,134	227,458
Operating and general expenses	4,857,116	216,575	5,073,692	2,680,702
Impairment of goodwill	416,022	-	416,022	-
Provision for diminution in value of investments	690,001	-	690,001	7,217,998
	6,698,935	463,305	7,162,241	10,700,953
Loss before Taxation	(5,190,180)	30,280	(5,159,900)	(7,948,797)
Total Assets	15,486,173	993,541	16,479,714	20,966,181
Total Liabilities	5,262,828	766,368	6,029,196	4,584,027

GROUP STATEMENT OF VALUE ADDED

for the year ended 31 December 2009

	2009		2008	
	N'000	%	N'000	%
Premium less reinsurance	1,430,404		667,701	
Reinsurance commission	6,093		2,122	
	1,436,497		669,823	
Investment income	258,610		1,005,782	
Total Income	1,695,107		1,675,605	
Provision for bad and doubtful debts	(4,159,653)		(7,738,873)	
Claims, Maturities, Surrenders,				
Commissions and Services:				
- Local	(1,741,332)		(1,227,733)	
- Foreign	(372,427)		(277,313)	
Value consumed	(4,578,306)	(100)	(7,568,314)	(100)
Applied as follows:				
To pay Employees:				
- Salaries and other benefits	393,278	9	308,311	4
To pay Government:				
- Taxation	77,590	2	23,968	-
To pay providers of capital:				
- Interest on loans and overdrafts	14,593	-	18,128	-
Consumed for the future replacement of assets and expansion of business				
- Deferred Taxation	212,965	5	(10,095)	-
- Contingency Reserve Fund	14,304	-	12,295	-
- Depreciation	172,511	4	59,048	1
- Loss for the year	(5,463,547)	(120)	(7,979,969)	(105)
	(4,578,306)	(100)	(7,568,314)	(100)

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

COMPANY STATEMENT OF VALUE ADDED

for the year ended 31 December 2009

	2009		2008	
	N'000	%	N'000	%
Premium less reinsurance	1,082,458		916,126	
Reinsurance commission	6,093		478	
	1,088,551		916,604	
Investment income	72,237		929,051	
Total income	1,160,788		1,845,655	
Provision for bad and doubtful debts	(3,977,645)		(7,736,165)	
Claims, Maturities, Surrenders,				
Commissions and Services - Local	(1,394,368)		(1,922,961)	
Value consumed	(4,211,225)	(100)	(7,813,471)	(100)
Applied as follows:				
To pay Employees:				
- Salaries, allowances and other benefits	183,721	4	155,967	2
To pay Government:				
- Taxation	77,590	2	19,750	-
To pay providers of Capital:				
- Interest on loans and overdrafts	14,593	-	93	-
Consumed for the future replacement of assets and expansion of business				
- Deferred Taxation	212,965	5	(10,529)	-
- Contingency Reserve Fund	11,066	-	9,181	-
- Depreciation	30,578	1	30,344	1
- Loss for the year	(4,741,738)	(112)	(8,018,277)	(103)
	(4,211,225)	(100)	(7,813,471)	(100)

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

GROUP FIVE YEAR FINANCIAL SUMMARY

for the year ended 31 December 2009

	2009 N'000	2008 N'000	2007 N'000	2006 N'000	2005 N'000
Assets:					
Cash and Bank Deposits	261,561	91,001	63,426	189,047	168,198
Short Term Investments	506,566	2,706,237	1,287,724	-	-
Long Term Investments	2,174,463	2,844,112	657,165	698,848	578,974
Loan on Policies	86,395	10,161	101,426	126,510	115,765
Investment in Associated Company	128,128	115,315	-	-	-
Investment Properties	4,574,998	4,089,070	117,709	23,700	23,700
Debtors and Prepayments	2,394,803	3,892,113	1,118,321	86,386	208,460
Due from Related Company	-	2,799,895	105	8,150	-
Due from Reinsurance	28	11,849	-	-	-
Statutory Deposit	217,228	200,000	200,000	15,000	35,000
Goodwill	470,415	886,437	-	-	-
Fixed Assets	5,665,129	3,319,991	1,101,157	772,126	939,995
	16,479,714	20,966,181	4,647,033	1,919,767	2,070,092
Liabilities:					
Bank Overdrafts	149,902	1,192	295,747	237,069	99,845
Creditors and Accruals	570,786	486,503	138,944	87,561	89,212
Due to related Company	63,522	-	-	-	-
Due to Reinsurance	14,666	136	-	-	-
Outstanding Claims	-	-	-	-	15,379
Insurance Funds	1,904,336	1,757,486	286,112	286,112	273,465
Tax Payable	151,923	74,333	49,779	4,467	9,085
Deferred Taxation	218,301	5,336	10,529	10,529	9,059
Term Loan	1,120	13,614	105,000	-	73,333
Liabilities for Deposit Administration Fund	2,954,640	2,245,427	240,349	520,895	577,362
	6,029,196	4,584,027	1,126,460	1,146,633	1,146,740
Capital and Reserves:					
Share Capital	10,292,500	8,000,000	150,000	150,000	150,000
Share Premium	14,365,133	14,365,133	-	-	-
Deposit for Shares	-	2,292,500	2,292,500	-	-
Capital Reserve	-	-	-	-	22,496
Contingency Reserve	65,164	50,860	26,677	20,000	25,330
General Reserve	(17,019,977)	(11,158,617)	(43,473)	(38,532)	(6,922)
Core Capital	7,702,820	13,549,876	2,425,704	131,468	190,904
Fixed Assets Revaluation Reserve	2,731,488	2,639,384	1,000,860	641,666	641,666
Exchange Difference Reserve	(133,474)	44,422	-	-	-
Investment Properties Revaluation Reserve	163,410	163,410	94,009	-	-
Shareholders' Funds	10,464,244	16,397,092	3,520,573	773,134	832,570
Non-Controlling Interest	(13,726)	(14,938)	-	-	90,782
	10,450,518	16,382,154	3,520,573	773,134	923,352
	16,479,714	20,966,181	4,647,033	1,919,767	2,070,092
Gross Insurance Premium	1,430,404	1,229,485	667,701	945,908	849,096
(Loss)/Profit before Taxation & Exceptional item	(4,469,899)	(730,799)	48,137	(4,778)	2,473
Exceptional item	(690,001)	(7,217,998)	-	-	-
Taxation	(290,555)	(13,873)	(45,312)	(13,615)	(17,644)
(Loss)/Profit after Taxation & Exceptional item	(5,450,455)	(7,962,670)	2,825	(18,393)	(15,171)
Per Share data (Kobo)					
Net Assets per Share	0.51	2.05	23.47	5.15	5.55
Loss per Share (kobo)	(26.47)	(49.80)	1.88	(12.26)	(10.11)

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 2009

	2009 N'000	2008 N'000	2007 N'000	2006 N'000	2005 N'000
Assets:					
Cash and Bank Deposits	249,988	70,050	63,426	188,670	154,486
Short Term Investments	205,040	2,261,466	1,287,724	-	-
Long Term Investments	7,135,840	4,796,041	654,830	698,901	661,940
Loans on Policies	71,027	172	101,426	126,510	115,765
Investment in Associated Company	355,389	355,389	-	-	-
Investment Properties	4,094,120	4,089,070	117,709	23,700	23,700
Debtors and Prepayments	1,871,244	3,440,429	1,118,322	84,082	98,781
Due from Re-insurance	-	11,822	-	-	-
Due from Related Company	29,511	2,800,000	1,897	8,150	-
Other Current Assets	-	-	-	1,405	4,866
Statutory Deposit	200,000	200,000	200,000	15,000	15,000
Fixed Assets	1,281,543	1,234,592	513,156	364,174	389,764
	15,493,702	19,259,031	4,058,490	1,510,592	1,464,302
Liabilities:					
Creditors and Accruals	396,887	422,601	131,876	84,867	69,227
Bank Overdrafts	131,470	-	295,747	237,069	99,845
Due to Reinsurance	14,240	-	-	-	-
Life Assurance Fund	1,107,983	1,007,569	286,112	286,112	258,187
Tax payable	130,942	58,021	44,043	3,981	2,867
Deferred Taxation	212,965	-	10,529	10,529	-
Term Loan	1,120	13,614	105,000	-	73,333
Liabilities for Deposit Administration Fund	2,954,640	2,245,427	240,349	520,895	577,362
	4,950,247	3,747,232	1,113,656	1,143,453	1,080,821
Capital and Reserves:					
Share Capital	10,292,500	8,000,000	150,000	150,000	150,000
Share Premium	14,365,133	14,365,133	-	-	-
Deposit for Shares	-	2,292,500	2,292,500	-	-
Contingency Reserve	46,924	35,858	26,677	20,000	20,000
General Reserve	(15,426,741)	(10,447,331)	(5,600)	(22,964)	(6,622)
Core Capital	9,277,816	14,246,160	2,463,577	147,036	163,378
Fixed Assets Revaluation Reserve	1,102,229	1,102,229	387,248	220,103	220,103
Investment Properties Revaluation Reserve	163,410	163,410	94,009	-	-
Shareholders' Funds	10,543,455	15,511,799	2,944,834	367,139	383,481
	15,493,702	19,259,031	4,058,490	1,510,592	1,464,302
Gross Insurance Premium	1,106,607	918,116	667,701	965,807	859,492
(Loss)/Profit before Taxation & Exceptional item	(3,754,785)	(781,877)	64,103	-	-
Exceptional item	(690,001)	(7,217,998)	-	-	-
Taxation	(285,886)	(9,221)	(40,062)	(16,342)	(5,542)
(Loss)/Profit after Taxation	(4,730,672)	(8,009,096)	24,041	(16,342)	(5,542)
Per Share data (kobo):					
Net Assets/(Liabilities) per Share	0.51	1.94	19.63	2.45	2.56
(Loss)/Earnings per Share	(22.98)	(50.06)	16.03	(10.89)	(3.69)

(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.



OFFICE ADDRESSES

for the year ended 31 December 2009

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

ASPAMDA
3RD FLOOR
BLOCK 14
ZONE B
ASPAMDA
01-882 1014, 0702 771 5840

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

CALABAR
PLOT 38 MCC (ANASA) ROAD
CALABAR
087 222 340

ENUGU
4 RIDGEWAY / STATION ROAD
STATE SECRETARIAT, GRA
ENUGU
042 339 996; 081 837 44930

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
PLOT C8
UNITY BANK DRIVE
MOGADISHU LAYOUT
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

MANDATE FORM

for the year ended 31 December 2009

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 2009

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]

for the year ended 31 December 2009

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

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 2009

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.

