

annual

report & accounts **2010**



HEAD OFFICE

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



RC 2176

African Alliance Insurance Plc

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

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FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2010



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	The Group			The Company		
	2010 N'000	2009 N'000	% change	2010 N'000	2009 N'000	% change
Major Balance Sheet items:						
Total Assets	13,159,603	15,698,397	(16)	13,496,521	15,493,702	(13)
Cash and Bank Deposits	47,605	258,343	(82)	36,077	249,988	(86)
Long Term Investments	2,279,873	2,135,788	7	6,279,925	6,135,840	2
Statutory Deposits	200,000	200,000	-	200,000	200,000	-
Life Insurance Funds	1,160,320	1,107,983	5	1,160,320	1,107,983	5
Shareholders' Funds	7,724,305	10,569,382	(27)	8,351,856	10,543,455	(21)
Major Profit and Loss Account items:						
Net written Premiums	1,354,472	1,088,551	24	1,354,472	1,088,551	24
Net Claims Incurred	(651,543)	(503,662)	29	(651,543)	(503,662)	29
Loss before Taxation and Exceptional item	(3,213,547)	(4,126,550)	(22)	(2,352,391)	(3,754,785)	(37)
Exceptional item	144,085	(690,001)	(121)	144,085	(690,001)	(121)
Taxation	(21,268)	(294,867)	(93)	16,707	(285,886)	(106)
Loss after Taxation	(3,090,730)	(5,111,418)	(40)	(2,191,599)	(4,730,672)	(54)
Information per 50k Ordinary Share:						
Loss per Share	(15.01)	(24.83)	(40)	(10.65)	(22.98)	(54)
Net Assets	0.38	0.51	(27)	0.41	0.51	(21)
Total Assets	0.64	104.66	(99)	0.66	103.29	(99)
Number of Branches/Agencies and Subsidiaries	18	17	6	18	16	13
Number of Staff	198	114	74	75	68	10
Number of Shares in Issue (thousand)	20,585,000	20,585,000	-	20,585,000	20,585,000	-

NOTICE OF 46TH ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 31 DECEMBER 2010



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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

NOTES:

1. Proxy

A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a party to attend and vote in his/her stead. A proxy need not be a member of the company. To be valid for the purpose of the Meeting, the proxy Form which will be attached to individual Notices should be completed, duly stamped by The Commissioner of Stamp Duties and submitted to The Registrar, Mainstreet Bank Registrars Limited, 2 Gbagada Expressway, Anthony Village, Lagos not later than 48 hours before the Meeting.

2. Closure of Register

The Register of Members and Transfer Books will be closed from Tuesday 3rd April 2012 to Thursday 12th April 2012, both days inclusive, for the purpose of preparing an up-to-date Register.

3. Audit Committee

The Audit Committee comprise of 3 Directors and 3 Shareholders' representatives. In accordance with Section 359(5) of the Companies and Allied Matters Act, any Shareholder may nominate a Shareholder for election to the Audit Committee by giving notice of such nomination in writing to the Company Secretary at least 21 days before the Annual General Meeting.

Dated this 8th Day of March 2012.

BY ORDER OF THE BOARD

Mosun Ehiedu
Company Secretary



CORPORATE PROFILE

FOR THE YEAR ENDED 31 DECEMBER 2010



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

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

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

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

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

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

Over the years, we have established a solid reputation for excellent customer service and prompt claims settlement. Our marketing efforts are co-ordinated through a network of 16 Branch Offices manned by experienced managers and highly motivated sales personnel for effective field coverage of the entire Country. To enhance this, in June 2010 the African Alliance Insurance Plc's Port-Harcourt Office was relocated from D' Line, Port-Harcourt to its' newly acquired property located strategically along the Aba-Port-Harcourt Expressway, the former site of the Shell (Nigeria) Recruitment Centre. Also and in line with the Company's current strategy to tap into the vast potential of the Lagos market which commenced last year May with the opening of the ASPAMDA Office, a new Sales Office was opened in the high-brow business district of Allen Avenue, Ikeja in October 2010.

Other recent capacity-building efforts and performance enhancers embarked on the Company's Management include the installation of VSAT infrastructure to establish a Wide Area Network (WAN) to link our offices nationwide. This remains ongoing and is being done with a view to providing an even more excellent standard of service delivery through improved on-line, real-time customer Claim and Policy handling processes.



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BOARD OF DIRECTORS

Chief Cyril Ajagu
Alphonse O. Okpor
Chief Abel Nwankwo (JP)
Alhaji Rasaki Oladejo
Jasper Nduagwu
Ambassador Abayomi Mumuni
Richard Glanton

Engr. Victor Okechukwu

- Chairman
- Managing Director/CEO
- Non-Executive Director
- Non-Executive Director (Resigned 2/03/2010)
- Non-Executive Director (Resigned 16/08/2010)
- Non-Executive Director (Appointed 4/10/2010)
- Non-Executive Director (American) (Appointed 4/10/2010)
- Non-Executive Director (British) (Appointed 4/10/2010)

MANAGEMENT TEAM

Alphonse Okpor
Vincent Emezi
Olufunmilayo Omo
Olubisi Adekola
Duke Enuenweugu
Wisdom Phillips
Ngozi Onuora
Ayodele Dada
Amaka Okafor
Bode Raji

- Managing Director/CEO
- DGM, Marketing
- AGM Technical
- AGM Finance
- AGM Marketing
- Controller, Information Technology
- Controller, Corporate Services
- Controller, Technical
- Deputy Controller, Northern Operations
- HOD, Internal Audit

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, Ikorodu Road, Ilupeju
P.O. Box 965
Lagos

REGISTERED OFFICE

112, Broad Street
Marina, Lagos

REGISTRARS AND TRANSFER OFFICE

Mainstreet Bank Registrars Limited
2a Gbagada Expressway
Anthony Village
Lagos.

CONSULTING ACTUARY

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

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010



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Distinguished Shareholders, Ladies and Gentlemen,

It is with great pleasure that I welcome you to the 46th Annual General Meeting of our Company and to present to you, the Annual Reports and Financial Statements for the Year ended 31st December 2010.

BUSINESS ENVIRONMENT

The business environment within Nigeria during the year under review was predicted primarily on developments in the major sectors such as petroleum, manufacturing and marine with the government consistently pursuing its various economic reform programmes designed to give the operating environment necessary boost to achieve macro economic stability. Our company operated under various economic challenges due to cost of doing business, stiffer competitions, level of awareness for life insurance cover, infrastructural problems especially poor power supply. The general downturn ravaging the economy remains a constraint confronting many companies.

OPERATING RESULTS

The difficult Nigerian economic climate in 2010 affected the saving capabilities of citizens. Coupled with the global political and economic instability and stiff competition for a life insurance business such as our company, many challenges were faced but to the Glory of God, our total income increased from N1.499billion in 2009 to N1.989billion in 2010 an increase of N489million. Our gross premium income was N1.368billion as against N1.106billion in 2009, an increase of N261million or 24%.

Based on our strategic vision to change the face of insurance, our Company's subsidiaries that operates in air cargo business, restaurant and catering, and life insurance are pulling their weight to be one of the best in their various sectors. The subsidiaries are:

- Axiom Air Limited
- Frenchies Foods Nigeria Limited
- Ghana Life Insurance Limited (Accra, Ghana)

BRANCH DEVELOPMENT

Distinguished shareholders, it gives me joy to announce to you that your company has expanded its network of branches for efficient service delivery. We have established new branches in Ikeja, and Aba .

THE BOARD

The following Board members resigned from the Board and new members were appointed.

- | | | |
|---------------------------|---|-----------|
| Alhaji Rasaki Oladejo | - | Resigned |
| Jasper Nduagwu | - | Resigned |
| Ambassador Abayomi Mumuni | - | Appointed |
| Richard Glanton | - | Appointed |
| Engr. Victor Okechukwu | - | Appointed |



CHAIRMAN'S STATEMENT CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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THE BOARD MEETINGS AND COMMITTEES

The Board carried out its oversight functions through its standing committees, each of which has a charter that clearly defines its purpose, composition, structure and duties. Meetings held by the Board and its Committees are as stated below.

Establishment, Compensation & Governance Committee

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

Audit & Compliance Committee

The 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	3	N/A
Engr. Cyril Ajagu	3	N/A	N/A	N/A
Alhaji Razak Oladejo	-	N/A	1	N/A
Chief Abel Nwankwo	3	N/A	3	N/A
Mr. Jasper Nduagwuike	1	N/A	N/A	N/A
Mr. Richard Glanton	-	N/A	N/A	N/A
Mr. Victor Okechukwu	-	N/A	N/A	N/A
Amb. A.O Mumuni	-	N/A	N/A	N/A

CONCLUSION

We have created a conglomerate committed to delivering superior service to customers, providing career development opportunities for employees and building value for shareholders.

On behalf of the Board, I thank all our Shareholders here present and I appreciate the special effort you have made to attend this meeting, I wish you journey mercies of God as you return to your various locations. I want to express our immense appreciation to our customers and the insurance brokers for their patronage too.

As we look forward to a brighter future for the Company, may the good Lord bless you all.

Chief Cyril Ajagu
Group Chairman

THE BOARD

FOR THE YEAR ENDED 31 DECEMBER 2010



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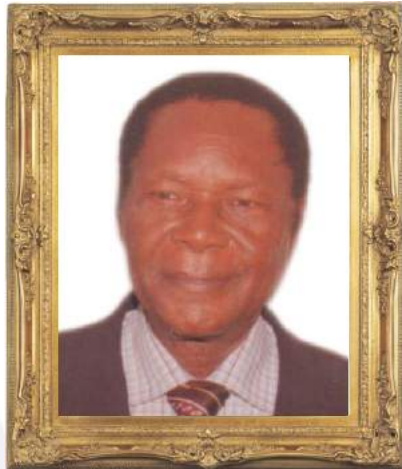
CHIEF CYRIL AJAGU
CHAIRMAN



MR. OKPOR
MANAGING DIRECTOR



BARR. JASPER NDUAGWUIKE



CHIEF ABEL NWANKWO, JP



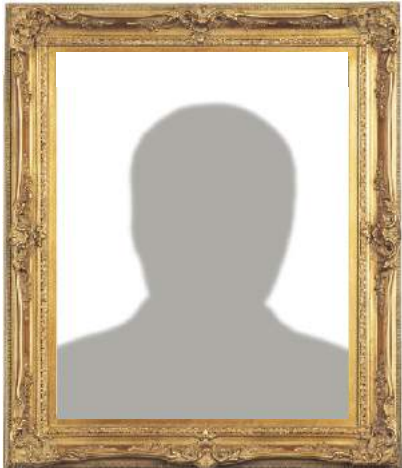
VICTOR OKECHUKWU



MR. RICHARD GLANTON



ALHAJI RASAKI OLADEJO



AMB. ABAYOMI MUMUNI



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REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors have pleasure in submitting to the members the report and audited financial statements of African Alliance Insurance Plc (the Group) for the year ended 31 December 2010.

1. RESULTS

N'000

The Group Loss for the year after taxation	3,090,730
Loss transferred to General Reserve	3,104,413

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 (then Companies and Allied Matters Decree 1968) 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 is engaged in life assurance and pension business. 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 11 on pages 24 and 25.

6. DIRECTORS' RESIGNATION

In accordance with Section 258 (1)(e) of the Companies and Allied Matters Act, CAP C20, LFN 2004, Alhaji Rasaki Oladejo and Barrister Jasper Nduagwuike resigned as Directors of the Company with effect from 2 March 2010 and 16 August 2010 respectively.

7. DIVIDEND

No dividend was proposed for year ended 31 December 2010.

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 2010 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	-	-
Richard Glanton	-	-
Victor Okechukwu	-	-
Ambassador Abayomi Mumuni	-	-

REPORT OF THE DIRECTORS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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Director	Indirect Interest Represented
Chief Cyril Ajagu	Conau Limited
Chief (Dr.) Abel Nwankwo	Universal Insurance Plc
Richard Glanton	-
Victor Okechukwu	-
Ambassador Abayomi Mumuni	-

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 2010.

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 2010 is as follows:

Range of Holdings	No. of Shareholders	No. of Shares held	% Holdings
1 - 7,000,000	701	759,965,767	3.70
7,000,001 - 15,000,000	58	574,387,269	2.79
15,000,001 - 40,000,000	14	359,065,762	1.74
40,000,000 and Above	35	18,891,581,202	91.77
Total	808	20,585,000,000	100.00

11. CORPORATE GOVERNANCE

It is generally agreed that weak corporate governance has been responsible for some recent corporate failures in Nigeria. The quest to improve corporate governance led to the wealth of various statutes and codes to save the Nigerian Insurance Industry and promote sound insurance practices.

Corporate governance practices in African Alliance Insurance Plc are as codified in the NAICOM Code of Corporate Governance for Insurance Industries in Nigeria Rules 2009, the SEC Code of Corporate Governance 2010, the Companies and Allied Matters Act 2004 and other relevant statutes which provide guidance to the governing of Insurance companies as well as the values upon which the Company was founded. These Codes/Statutes are geared towards ensuring accountability of the Board and Management to the Stakeholders of the Company. The Code also emphasizes the need to meet and address the interests of a range of stakeholders so as to promote the long-term sustainability of the Company.

REPORT OF THE DIRECTORS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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12. DONATIONS AND CHARITABLE GIFTS

In order to identify with the aspirations of the community and the environment within which the company operates, a total sum of =N=320,000.00 was donated to non political and charitable organisations. Details are as follows:

BENEFICIARY	AMOUNT =N=
Lagos State Polytechnic (NASU)	100,000.00
Royalty Christian Centre	20,000.00
Special Persons Association of Nigeria	<u>200,000.00</u>
Total	<u>320,000.00</u>

13. 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.

14. 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 LLP
Lagos
14 November, 2011



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2010



Deloitte.

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

Report on the financial statements

We have audited the accompanying consolidated 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 consolidated balance sheet as at 31 December 2010, the consolidated income statement, the consolidated statement of cash flows for the year then ended, summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 about 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 consolidated financial statements present fairly, in all material respects, the financial position of **African Alliance Insurance Plc and its subsidiaries** as at 31 December 2010, 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 consolidated 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 Financial Reporting Council.

Report on Compliance with Insurance Guidelines

During the year the Company contravened certain sections of the NAICOM Guidelines. The particulars thereof and the penalties paid thereon are set out in note 40 of these financial statements.

Emphasis of the matters

We draw attention to note 1c in the financial statements which indicates that the Company incurred an accumulated loss of N17 billion as at 31 December 2010. 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
7 December, 2011**

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Member of Deloitte Touche Tohmatsu Limited

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



REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2010



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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 2010.

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
7 December 2011

MEMBERS OF THE AUDIT COMMITTEE

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



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2010



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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 Financial Reporting Council (FRC).

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, and Frenchies Food Nigeria 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 companies 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 financial statements 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 2010



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(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 22(1b) 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 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 every 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:

Motor vehicles	25
Office furniture and equipment	10
Freehold land and buildings	2

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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Plant and machinery 10
Aircraft 3¹/₃

(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
Under 90 days	Nil
91 - 180 days	50%
181 and above	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 are translated at the closing rate at the balance sheet date;
- 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 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. The total contribution by both staff and employee is 15%.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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(Q) Provisions

Provisions are recognised when the Company has 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 basic earnings or (Loss) per Share are calculated based on the number of ordinary shares. Basic earnings or (loss) per share are calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted number of ordinary shares outstanding at the end of the year.

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2010



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		GROUP		COMPANY	
	Note	2010 N'000	2009 N'000	2010 N'000	2009 N'000
ASSETS					
Cash and Bank Balances	2	47,605	258,343	36,077	249,988
Placement with Banks	3	109,698	205,011	109,727	205,040
Long term Investments	4	2,279,873	2,135,788	6,279,925	6,135,840
Loans on Policies	5	70,874	71,027	70,874	71,027
Investment in Associated Company	6	232,978	132,439	397,664	355,389
Investment Properties	7	4,117,059	4,094,120	4,117,059	4,094,120
Debtors and Prepayments	8	668,145	2,278,732	465,283	1,871,244
Due from Related Company	9	196,118	936,478	540,779	1,029,511
Statutory Deposit	10	200,000	200,000	200,000	200,000
Fixed Assets	11	5,183,095	5,242,979	1,279,133	1,281,543
Goodwill on Consolidation	12	54,158	143,480	-	-
TOTAL ASSETS		13,159,603	15,698,397	13,496,521	15,493,702
LIABILITIES					
Bank Overdrafts	17.2	150,394	131,470	130,394	131,470
Due to Reinsurance		16,333	14,239	16,333	14,239
Creditors and Accruals	13	476,918	545,027	323,222	396,888
Life Insurance Funds	14	1,160,320	1,107,983	1,160,320	1,107,983
Tax payable	15	158,644	153,225	129,488	130,942
Deferred Taxation	16	232,826	221,311	193,378	212,965
Term Loans	17	48,333	1,120	-	1,120
Liabilities for Administered Deposits	18	3,082,033	2,954,640	3,082,033	2,954,640
Investment Link Fund	18.1	109,497	-	109,497	-
		5,435,298	5,129,015	5,144,665	4,950,247
CAPITAL AND RESERVES					
Share Capital	19	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium		14,365,133	14,365,133	14,365,133	14,365,133
Contingency Reserve	20	60,607	46,924	60,607	46,924
General Reserve	21	(19,796,187)	(16,937,427)	(17,632,023)	(15,426,741)
Core Capital		4,922,053	7,767,130	7,086,217	9,277,816
Fixed Assets Revaluation Reserve		2,638,842	2,638,842	1,102,229	1,102,229
Investment Properties Revaluation Reserve		163,410	163,410	163,410	163,410
Total Shareholders' Equity		7,724,305	10,569,382	8,351,856	10,543,455
TOTAL LIABILITIES AND EQUITY		13,159,603	15,698,397	13,496,521	15,493,702

The financial statements on pages 8 to 40 were approved by the Board of Directors on 14 November, 2011 and signed on its behalf by:


Chief Cyril Ajagu } Director

Alphonse O. Okpor } 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 LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	Note	2010 N'000	2009 N'000
INCOME			
Gross Premiums written	22	1,368,277	1,106,607
Reinsurance Cost	23	(16,861)	(24,149)
Net Premiums Income		1,351,416	1,082,458
Commission Received		3,056	6,093
		1,354,472	1,088,551
Income from Restaurant Operations		258,470	239,406
Air Freight Income		226,165	96,051
Transfer from Group Revenue		-	(16,156)
Share of Associate Profits		100,539	17,125
Investment and Other Income	24	49,376	74,389
		1,989,022	1,499,366
EXPENSES			
Direct Claims paid	25	(397,695)	(305,912)
Maturity Claims	26	(253,848)	(201,293)
		(651,543)	(507,205)
Reinsurance Recoveries		-	3,543
Net Claims incurred		(651,543)	(503,662)
Underwriting and Other Expenses:			
- Acquisition Expenses		(28,603)	(14,062)
- Maintenance Expenses		(269,057)	(257,630)
Guaranteed interest on Deposit Administration		(156,005)	(232,134)
Cost of Sales - Restaurant		(143,276)	(122,950)
Direct Operating Cost - Air Freight		(230,471)	(97,253)
Management Expenses	27	(969,257)	(863,980)
Impairment of Goodwill		(89,322)	-
Interest on Overdrafts		(36,726)	(14,593)
Other Charges	31	-	(50,000)
Loss on Disposal of Investments		(55,294)	-
Provision for Doubtful Accounts	28	(2,573,015)	(3,469,652)
Loss Before Taxation & Exceptional Item		(3,213,547)	(4,126,550)
Exceptional Item:			
- Provision for Diminution in Value of Investments	4.1.1	144,085	(690,001)
Loss before Taxation	29	(3,069,462)	(4,816,551)
Taxation	15	(21,268)	(294,867)
Loss after Taxation		(3,090,730)	(5,111,418)
Appropriations:			
Transfer to Contingency Reserve	20	13,683	11,066
Loss transferred to General Reserve	21	(3,104,413)	(5,122,484)
		(3,090,730)	(5,111,418)
Loss per Share (kobo)	30	(15.01)	(24.83)

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

LIFE PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	Note	2010 N'000	2009 N'000
INCOME			
Gross Premium written	22	<u>1,368,277</u>	<u>1,106,607</u>
Investment Income	24.1	<u>14,327</u>	<u>27,815</u>
Loss on Deposit Administration		(234,932)	(278,685)
Guaranteed Interest on Investment LinkedFund	18.1	(4,307)	-
Management Expenses	27.1	(249,954)	(151,678)
Interest on Overdrafts		(31,030)	(14,593)
Loss on disposal of Shares		(55,294)	-
Other Charges	31	-	(50,000)
Provision for Doubtful Accounts	28	<u>(1,791,201)</u>	<u>(3,287,644)</u>
TOTAL EXPENSES		<u>(2,366,718)</u>	<u>(3,782,600)</u>
Loss before Taxation & Exceptional Item	29	(2,352,391)	(3,754,785)
Exceptional item:			
- Provision for Diminution in Value of Investments	4.1.1	<u>144,085</u>	<u>(690,001)</u>
Loss after Exceptional Item before Taxation		(2,208,306)	(4,444,786)
Taxation	15	<u>16,707</u>	<u>(285,886)</u>
Loss after Taxation		<u>(2,191,599)</u>	<u>(4,730,672)</u>
Appropriations:			
Transfer to Contingency Reserve	20	13,683	11,066
Loss transferred to General Reserve	21	<u>(2,205,282)</u>	<u>(4,741,738)</u>
		<u>(2,191,599)</u>	<u>(4,730,672)</u>
Loss per Share (kobo)	30	<u>(10.65)</u>	<u>(22.98)</u>

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

REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	Note	2010 N'000	2009 N'000
INCOME			
Gross Premium written	22	<u>1,368,277</u>	<u>1,106,607</u>
Reinsurance Cost	23	<u>(16,861)</u>	<u>(24,149)</u>
Premium Earned		<u>1,351,416</u>	<u>1,082,458</u>
Commission Received		<u>3,056</u>	<u>6,093</u>
Net Premium		<u>1,354,472</u>	<u>1,088,551</u>
Investment and Other Income	24.2	<u>19,381</u>	<u>24,371</u>
TOTAL INCOME		<u>1,373,853</u>	<u>1,112,922</u>
EXPENSES			
Direct Claims & Surrenders paid	25	(397,695)	(305,912)
Maturity Claims	26	<u>(253,848)</u>	<u>(201,293)</u>
Gross Claims Incurred		<u>(651,543)</u>	<u>(507,205)</u>
Reinsurance Recoveries		-	3,543
Net Claims Incurred		(651,543)	(503,662)
UNDERWRITING EXPENSES:			
- Acquisition Cost		(24,103)	(10,145)
- Maintenance Cost		(219,221)	(189,711)
Management Expenses		<u>(358,452)</u>	<u>(308,990)</u>
TOTAL EXPENSES		<u>(1,253,319)</u>	<u>(1,012,508)</u>
Increase in Life Fund	14	<u>120,534</u>	<u>100,414</u>

REVENUE ACCOUNT ON DEPOSIT ADMINISTRATION

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	Note	2010 N'000	2009 N'000
INCOME			
Investment Income	24.3	14,288	20,051
EXPENSES			
Acquisition Expenses		4,500	3,917
Maintenance Cost		49,836	33,335
Guaranteed Interest	18	151,698	232,134
Management Expenses	27.3	43,186	29,350
TOTAL EXPENSES		249,220	298,736
Loss on Deposit Administration		(234,932)	(278,685)

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

		GROUP		COMPANY	
	Note	2010 N'000	2009 N'000	2010 N'000	2009 N'000
Cash Flows from Operating Activities					
Premiums Received from Policy holders	22	1,368,277	1,106,607	1,368,277	1,106,607
Other Operating Income		502,246	289,621	8,533	15,840
Re-insurance Commission		3,056	6,093	3,056	6,093
Operating Cash Payments		(1,008,584)	(1,675,383)	(517,502)	(373,483)
Commissions Paid		(453,665)	(503,826)	(449,371)	(469,242)
Direct claims and Surrender Paid	25	(397,695)	(305,912)	(397,695)	(305,912)
Administered Deposits		(24,305)	239,407	(24,305)	239,407
Esusu and takaful Withdrawals		(253,848)	(201,293)	(253,848)	(201,293)
Income TaxPaid	15.2	(4,334)	-	(4,334)	-
		(268,852)	(1,044,686)	(267,189)	18,017
Input Value Added Tax		20,394	14,795	-	1,563
Output Value Added Tax		(39,879)	(33,768)	(3,154)	(4,017)
Net Cash (used in)\provided by Operating Activities	32	(288,337)	(1,063,659)	(270,343)	15,563
Cash Flows from Investing Activities					
Purchase of Fixed Assets	11	(63,435)	(2,453,628)	(37,275)	(77,891)
Deposits for Investments		-	(1,167,110)	-	(1,182,110)
Purchase of Investments		154	-	154	(3,008,214)
Proceeds from Disposal of Investment	4.8	14,905	-	14,905	-
Additions to Investment Properties	7	(22,939)	(405,050)	(22,939)	(405,050)
Proceeds on Sale of Fixed Assets		1,252	6,677	1,202	934
Statutory Deposits		-	(17,228)	-	-
Dividend and Interest Received		30,398	49,443	38,298	55,825
Net cash used in Investing Activities		(39,665)	(3,986,896)	(5,655)	(4,616,506)
Cash Flows from Financing Activities					
Proceeds from Private Placements		-	2,249,163	-	2,249,163
Loan Repayment	17	(8,483)	(12,494)	(1,120)	(12,494)
Additional Loan from Bank	17	50,000	-	-	-
Interest Paid		(36,726)	(14,593)	(31,030)	(14,593)
Net Cash from/(used in) Financing Activities		4,791	2,222,076	(32,150)	2,222,076
Net (decrease) in Cash and Cash Equivalents		(323,211)	(2,828,479)	(308,148)	(2,378,867)
Cash and Cash Equivalents at 1 January		350,615	3,179,094	334,947	2,713,814
Cash and Cash Equivalents at 31 December	33	27,404	350,615	26,799	334,947

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

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.

c. Going concern considerations

The company had an accumulated loss of N17.0billion at 31 December 2010. Management is however of the view that with the level of investments it has carried out in the last two to three years, the Company will start, yielding favourable results to reduce the impact of the losses. 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.

2. Cash and Bank Balances

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
Union Bank of Nigeria Plc	7,691	2,075	7,691	2,075
Access Bank Plc	23,985	80,242	23,985	80,242
Ecobank Nigeria Plc	2,872	62,533	2,872	62,533
Guaranty Trust Bank Plc	9,814	20,664	1,002	12,439
First Bank of Nigeria Plc	2,147	94,318	2,146	94,318
Diamond Bank Nigeria Plc	2,144	-	-	-
FCMB Plc	209	-	-	-
Zenith Bank Plc	3,710	-	-	-
Cymmon Savings & Loans	3,758	-	-	-
Others	3,462	8,934	1,867	1,867

Provision for Doubtful Balance (note 2.1)

59,792	268,766	39,563	253,474
(12,187)	(10,423)	(3,486)	(3,486)
47,605	258,343	36,077	249,988

2.1 Provision for Doubtful Balance

At 1 January	10,423	3,831	3,486	3,486
Additions during the year (note 28)	1,764	6,592	-	-
At 31 December	12,187	10,423	3,486	3,486

3. Placement with Banks

Union Bank of Nigeria Plc	-	73,014	-	73,014
Ecobank Plc	8,000	-	8,000	-
Guaranty Trust Bank Plc	41,410	-	41,410	-
Oceanic Bank Plc	-	50,000	-	50,000
First Bank of Nigeria Plc	376	50,376	-	50,000
Diamond Bank Plc	30,317	12,051	30,317	12,051
Zenith Bank Plc	30,000	15,000	30,000	15,000
Wema Bank Plc	-	2,512	-	2,512
Intercontinental Bank Plc	-	2,463	-	2,463
Others	7,903	7,903	7,903	7,903

Provision for Doubtful Balance (note 3.1)

118,006	213,319	117,630	212,943
(8,308)	(8,308)	(7,903)	(7,903)
109,698	205,011	109,727	205,040

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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3.1 Provision for Doubtful Balance

At 1 January
(Write back) during the year (note 28)
At 31 December

GROUP		COMPANY	
2010 N'000	2009 N'000	2010 N'000	2009 N'000
8,308	379,217	7,903	378,812
-	(370,909)	-	(370,909)
8,308	8,308	7,903	7,903

4. Long Term Investments

4.1 Quoted Investments

Ordinary shares [Market Value - N2,224,595
(2009 - N2,080,510)]

9,988,509	9,988,509	9,988,509	9,988,509
(7,763,914)	(7,907,999)	(7,763,914)	(7,907,999)
2,224,595	2,080,510	2,224,595	2,080,510
1,787	1,787	1,787	1,787
2,226,382	2,082,297	2,226,382	2,082,297

Debenture Stocks

4.1.1 Provision for diminution in value of Quoted Investments

At 1 January	7,907,999	7,217,998	7,907,999	7,217,998
Additions during the year:				
- Diminution in Value	-	690,001	-	690,001
- Write Back	(144,085)	-	(144,085)	-
Per Profit and Loss Account	(144,085)	690,001	(144,085)	690,001
At 31 December	7,763,914	7,907,999	7,763,914	7,907,999

4.2 Subsidiaries Investment

African Alliance Realty Company Limited (note 4.5)	-	-	52	52
Frenchies Foods Nigeria Limited (note 4.6)	-	-	1,000,000	1,000,000
Axiom Air Limited (note 4.7)	-	-	3,000,000	3,000,000
	-	-	4,000,052	4,000,052

4.3 Unquoted Investments

At 1 January	189,125	162,095	189,125	162,095
Transfer	-	27,030	-	27,030
Disposal (note 4.8)	(70,000)	-	(70,000)	-
	119,125	189,125	119,125	189,125
	(65,634)	(135,634)	(65,634)	(135,634)
Provision for Doubtful Investments (note 4.4)	53,491	53,491	53,491	53,491
At 31 December	2,279,873	2,135,788	6,279,925	6,135,840

4.4 Provision for Doubtful Investments

At 1 January	135,634	138,404	135,634	138,404
Write back during the year (note 28)	(70,000)	(2,770)	(70,000)	(2,770)
At 31 December	65,634	135,634	65,634	135,634

4.5 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 100% holding in the company of 26,250 units of ordinary shares at N2.00 each.

4.6 Frenchies Foods Nigeria Limited

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

4.7 Axiom Air Limited

The company was incorporated on 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 2010



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4. Long Term Investments (cont'd)

4.8 Disposal

During the year, the company's investment in Virgin Nigeria Limited were disposed based on mutually agreed terms between the new core investor and the pool of former investors. The investment was disposed for N14,905,000. The loss has been recorded in the Profit and Loss Account.

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
5. Loans on Policies				
Long-Term loans	3,000	3,000	3,000	3,000
Loans on Mortgage	16,504	21,138	16,504	21,138
Loans on Policies	32,716	27,380	32,716	27,380
Short-Term Loans	50,414	51,269	50,414	51,269
	102,634	102,787	102,634	102,787
Provision for Doubtful Balances (note 5.1)	(31,760)	(31,760)	(31,760)	(31,760)
	70,874	71,027	70,874	71,027

5.1 Provision for Doubtful Loans & Advances

At 1 January	31,760	98,901	31,760	94,401
Additions during the year (note 28)	-	(67,141)	-	(62,641)
At 31 December	31,760	31,760	31,760	31,760

6. Associate (Unquoted)

Pension Alliance Limited (note 6.1)	232,978	132,439	397,664	355,389
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6.1 Movement in net investment in associates

At 1 January	132,439	115,315	-	-
Share of Profit before Taxation:- @ 49% N205,181 (2009 - N34,948)	100,539	17,125	-	-
Value of Investments 31 December,	232,978	132,439	-	-

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 financial year end of the company is 31 December.

7. Investment Properties

At 1 January	4,094,120	4,089,070	4,094,120	4,089,070
Movements during the year:				
Transferred to Deposit for Investments	-	(400,000)	-	(400,000)
Additions during the year	22,939	405,050	22,939	405,050
At 31 December	4,117,059	4,094,120	4,117,059	4,094,120

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FOR THE YEAR ENDED 31 DECEMBER 2010



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	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000

7. Investment Properties (cont'd)

7.1 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	418,450	400,450	418,450	400,450
Land at Pankere Village, Abijo, Ibeju Lekki	2,000,000	2,000,000	2,000,000	2,000,000
Plot C4, Rumuogba Layout, Aba Road, Port Harcourt	500,000	500,000	500,000	500,000
Sani Abacha Estate, Abuja	600,600	600,600	600,000	600,000
73 Oyemekun Street, Akure	6,000	6,000	6,000	6,000
Property at Lekki Phase 1	86,009	81,070	86,009	81,070
Property at Lekki Seagate	67,000	67,000	67,600	67,600
Property at Millennium Housing Estate	35,000	35,000	35,000	35,000
35 Marple Street, London	360,000	360,000	360,000	360,000
4 Bedroom Duplex, Ajah Road, Ajah, Lagos	44,000	44,000	44,000	44,000
	4,117,059	4,094,120	4,117,059	4,094,120

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

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FOR THE YEAR ENDED 31 DECEMBER 2010



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	GROUP		COMPANY	
	2010	2009	2010	2009
	N'000	N'000	N'000	N'000
8. Debtors and Prepayments				
Due from Agents	27,778	21,671	27,778	21,671
Investment Income Receivable	26,121	26,121	26,121	26,121
Prepayment - Rent	32,909	34,267	25,550	28,520
Prepayment - Others	34,234	22,526	23,498	22,526
Staff accounts Receivable	37,958	42,792	19,684	24,063
Deposit for Investments (note 8.1)	1,774,201	1,359,201	1,774,201	1,774,201
Deposit for Aircraft	737,200	737,200	-	-
Trade Debtors	156,646	151,753	-	-
Stock of Raw Materials & Consumables	61,460	62,915	1,254	936
Staff Share Loan (note 8.2)	2,150,716	2,150,716	2,150,716	2,150,716
Staff Mortgage Loans	46,260	49,379	46,260	49,379
Other Debit Balances	175,446	71,724	3,251	44,940
	5,260,929	4,730,265	4,098,313	4,143,073
Provision for Doubtful Accounts (note 8.3)	(4,592,784)	(2,451,533)	(3,633,030)	(2,271,829)
	668,145	2,278,732	465,283	1,871,244

8.1 Deposit for Investments

First Ghana Building Company Limited, Ghana.	120,000	120,000	120,000	120,000
Ghana Life Insurance Company Limited	415,000	-	415,000	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	175,000	175,000
Frenchies Foods Nigeria Limited	13,000	13,000	13,000	13,000
Fanison - Nigeria Police Housing Project	600,000	600,000	600,000	600,000
Fanison International - MBCC Cement	134,000	134,000	134,000	134,000
PriceWyse BDC Limited	250,000	250,000	250,000	250,000
Alert General Insurance Limited, Liberia	22,140	22,140	22,140	22,140
Fountain Trust Limited	36	36	36	36
Golden Securities Limited	25	25	25	25

1,774,201 **1,359,201** **1,774,201** **1,774,201**

8.2 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. Consequently, the outstanding balance has been fully provided for in these financial statements.

	GROUP		COMPANY	
	2010	2009	2010	2009
	N'000	N'000	N'000	N'000
8.3 Provision for Doubtful Balance				
At 1 January	2,451,533	147,669	2,271,829	146,089
Additions during the year (note 28)	2,141,251	2,303,864	1,361,201	2,125,740
	4,592,784	2,451,533	3,633,030	2,271,829
At 31 December				

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FOR THE YEAR ENDED 31 DECEMBER 2010



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	GROUP		COMPANY	
	2010	2009	2010	2009
	N'000	N'000	N'000	N'000
9. Due from related companies				
African Alliance Holding Limited	8,150	8,150	8,150	8,150
Universal Insurance Plc (note 9.2)	1,600,121	1,600,121	1,600,121	1,600,121
Conau Limited (note 9.3)	1,000,000	1,000,000	1,000,000	1,000,000
Frenchies Foods Limited	-	-	920	-
Axiom Air Limited	-	-	53,512	43,164
African Alliance Trustees Limited	-	-	105	105
	2,608,271	2,608,271	2,662,808	2,651,540
Provision for doubtful balance (9.1)	(2,108,271)	(1,608,271)	(2,108,271)	(1,608,271)
	500,000	1,000,000	554,537	1,043,269
- Due to related companies				
Conau Limited	(290,124)	(62,822)	-	-
Pricewise BDC Limited	-	(700)	-	-
African Alliance Realty Company Limited	(13,758)	-	(13,758)	(13,758)
	(303,882)	(63,522)	(13,758)	(13,758)
	196,118	936,478	540,779	1,029,511

9.1 Provision for Doubtful Balances

At 1 January	1,608,271	8,255	1,608,271	10,047
Additions during the year (note 28)	500,000	1,600,016	500,000	1,598,224
At 31 December	2,108,271	1,608,271	2,108,271	1,608,271

9.2 Universal Insurance Plc

This represents 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.

9.3 Conau Limited

In July 2008, Conau Limited was authorised by the Board of Directors to carry out specific investments on behalf of African Alliance Insurance Plc. Based on this, Conau Limited invested in Ghana Life Insurance Company Limited, but in its name. It then executed a deed of assignment to transfer and register the investment in the name of African Alliance Insurance Plc. In line with SAS 27, the Directors believe that control over the company could not be exercised in view of the regulatory limitations placed on Ghana Life Insurance Company Limited.

10. 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.

11. Fixed Assets

11.1 The Group

	Freehold Land and Buildings	Motor Vehicles	Construction Work-in-Progress	Office Furniture & Equipment	Plant & Machinery	Air Craft	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost/Valuation							
At 1 January	3,094,120	103,123	13,770	217,839	94,300	2,129,002	5,652,154
Additions during the year	-	15,630	22,011	24,931	863	-	63,435
Disposals	-	(6,810)	-	(12,781)	-	-	(19,591)
At 31 December	3,094,120	111,943	35,781	229,989	95,163	2,129,002	5,695,998
Depreciation							
At 1 January	21,872	67,806	-	145,883	90,933	82,681	409,175
Charge for the year	6,138	24,502	-	15,827	4,208	72,607	123,282
On Disposal	-	(6,810)	-	(12,744)	-	-	(19,554)
At 31 December	28,010	85,498	-	148,966	95,141	155,288	512,903
Net Book Value							
At 31 December, 2010	3,066,110	26,445	35,781	81,023	22	1,973,714	5,183,095
At 31 December, 2009	3,072,248	35,317	13,770	71,956	3,367	2,046,321	5,242,979
Cost	1,162,279	111,943	35,781	229,989	95,163	2,129,002	3,764,157
Valuation	1,931,841	-	-	-	-	-	1,931,841
	3,094,120	111,943	35,781	229,989	95,163	2,129,002	5,695,998

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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11. Fixed Assets (Cont'd)

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.

11.2 The Company

Cost / Valuation

At 1 January	1,176,060	120,503	146,441	1,443,004
Additions during the year	-	14,767	22,508	37,275
Disposals	-	(6,810)	(2,870)	(9,680)

At 31 December	1,176,060	128,460	166,079	1,470,599
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Depreciation

At 1 January	18,843	54,710	87,908	161,461
Charge for the year	6,129	22,127	11,392	39,648
On Disposal	-	(6,810)	(2,833)	(9,643)

At 31 December	24,972	70,027	96,467	191,466
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Net Book Value

At 31 December, 2010	1,151,088	58,433	69,612	1,279,133
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At 31 December, 2009	1,157,217	65,793	58,533	1,281,543
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Cost	73,831	128,460	166,079	368,370
Valuation	1,102,229	-	-	1,102,229

1,176,060	128,460	166,079	1,470,599
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NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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12. Goodwill

At 1 January
Impairment of Goodwill

GROUP 2010 N'000	2009 N'000
143,480	143,480
(89,322)	-

At 31 December

GROUP 2010 N'000	2009 N'000
54,158	143,480

- Frenchies Limited:

Based on audited Financial Statements:

Net Assets at 1 January
Less:
Net Assets at 31 December

873,858	143,480
784,536	873,858

Goodwill impaired

89,322	-
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Impairment of Goodwill charged to Profit and Loss Account

89,322	-
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The impairment testing was based on the comparison between the fair value of net assets as at 1 January 2010 and the book value of net assets as at 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
13. Creditors and Accruals				
Trade Creditors	35,744	86,460	-	-
Premium Deposits	3,151	51,820	3,151	51,820
Private Placement Issuing Fees (note 13.1)	126,383	167,167	126,383	167,167
Agent Savings	25,660	19,579	25,660	19,579
PAYE and Other Taxes	57,724	42,608	9,978	6,423
Other Creditors	193,912	153,473	122,530	130,255
Provision for Legal Liabilities	14,002	4,010	14,002	4,010
Provisions and Accruals	11,000	16,581	11,000	14,305
Staff Pension Scheme (note 13.2)	9,342	3,329	10,518	3,329
	476,918	545,027	323,222	396,888

13.1 Private Placement Issuing Fees

This represents the outstanding balance of the Private Placement Fees due to the Issuing Houses and professional advisers.

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
13.2 Staff Pension Scheme				
At 1 January	3,329	-	3,329	-
Additions	41,199	25,819	35,735	25,819
Remittance to PFAs	(35,186)	(22,490)	(28,546)	(22,490)
At 31 December	9,342	3,329	10,518	3,329

13.3 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 before taxation for the year.

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
14. Life Assurance Fund				
At 1 January	1,107,983	1,007,569	1,107,983	1,007,569
Transfer to Investment Linked Fund (note 18.1)	(68,197)	-	(68,197)	-
Transfer from Revenue Account	120,534	100,414	120,534	100,414
At 31 December	1,160,320	1,107,983	1,160,320	1,107,983

The latest actuarial valuation of the life fund was as at 31 December 2010 by HR Nigeria Limited. At that date, the Book Value of the Life Fund including unrealised capital appreciation less a provision for tax was N1,155,524. Based on the Actuarial valuation the surplus of N4,797,000 has not been appropriated in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

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	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
15. Tax Payable				
15.1 Per Profit and Loss Account				
Income Tax:				
Income Tax for the year	6,963	77,590	2,880	72,921
Education Tax	-	-	-	-
On associated Company	2,790	1,302	-	-
	9,753	78,892	2,880	72,921
Deferred tax - Company and Group	(19,587)	212,965	(19,587)	212,965
On associated company	31,102	3,010	-	-
Deferred Taxation (note 16)	11,515	215,975	(19,587)	212,965
	21,268	294,867	(16,707)	285,886

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.

15.2 Per Balance Sheet

At 1 January	153,225	74,333	130,942	58,021
Based on Profit for the year	9,753	78,892	2,880	72,921
	162,978	153,225	133,822	130,942
Payments during the year	(4,334)	-	(4,334)	-
At 31 December	158,644	153,225	129,488	130,942

16. Deferred Taxation

At 1 January	221,311	5,336	212,965	-
Charge/(release) for the year (note 15.1)	11,515	215,975	(19,587)	212,965
At 31 December	232,826	221,311	193,378	212,965

17. Term Loans

At 1 January	1,120	13,614	1,120	13,614
Additions during the year (note 17.1)	50,000	-	-	-
Interest charges	5,696	-	-	-
	56,816	13,614	1,120	13,614
Payments	(8,483)	(12,494)	(1,120)	(12,494)
	48,333	1,120	-	1,120

17.1 Term Loan

Term loan of N50 million relates to facility obtained to finance the establishment of additional outlets of Frenchies Foods Nigeria Limited on Lekki-Ajah Axis Lagos. The interest rate is 21% for 36 months. The security put in place is a tripartite legal mortgage over property located on Plot 18a Sinari Daranijo street, Victoria Island, Lagos. The property is owned by Conau Limited, a related company, and valued at N172 million by Jide Taiwo and Co.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



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17.2 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.

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
18. Liabilities on Administered Deposits				
At 1 January	2,954,640	2,245,427	2,954,640	2,245,427
Prior year's Adjustment	-	237,672	-	237,672
Deposit received during the year:				
Administered Deposit	1,225,971	1,005,204	1,225,971	1,005,204
Withdrawals in the year	(1,250,276)	(765,797)	(1,250,276)	(765,797)
Guaranteed Interest	151,698	232,134	151,698	232,134
At 31 December	3,082,033	2,954,640	3,082,033	2,954,640

The latest available actuarial valuation of the liabilities for administered deposits as at 31 December 2010 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 N3,082.033 million.

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
18.1 Investment Linked Fund				
Transfer from Life Fund (note 14)	68,197	-	68,197	-
Premium received:				
- First year Premium	17,646	-	17,646	-
- Renewal	19,347	-	19,347	-
	36,993	-	36,993	-
Guaranteed Interest	4,307	-	4,307	-
	109,497	-	109,497	-

The latest available actuarial valuation of the investment linked fund put the book value of the liabilities of the fund at N109.497 million at the end of 31 December 2010.

18.2 Guaranteed Interest

This represents interest guaranteed on deposits placed by various customers for a predetermined period.

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
19. 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 ordinary shares at 50 kobo each:				
At 1 January	10,292,500	8,000,000	10,292,500	8,000,000
Arising during the year:				
Transfer from deposit for shares	-	2,292,500	-	2,292,500
	10,292,500	10,292,500	10,292,500	10,292,500

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	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
20. Contingency Reserve				
At 1 January	46,924	35,858	46,924	35,858
Transfers during the year	13,683	11,066	13,683	11,066
At 31 December	60,607	46,924	60,607	46,924
21. General Reserve				
At 1 January	(16,937,427)	(11,577,271)	(15,426,741)	(10,447,331)
Arising on Consolidation	245,654	-	-	-
Prior years Adjustment:				
- Liabilities on Administered Deposit (note 18)	-	(237,672)	-	(237,672)
Loss for the year	(3,104,413)	(5,122,484)	(2,205,282)	(4,741,738)
At 31 December	(19,796,187)	(16,937,427)	(17,632,023)	(15,426,741)
22. Gross Premium written				
Individual Life Business	582,816	476,758	582,816	476,758
Annuity	10,515	-	10,515	-
Group Life Business	455,905	400,533	455,905	400,533
	1,049,236	877,291	1,049,236	877,291
Other Insurance Products:				
Takaful contribution	103,248	85,219	103,248	85,219
Esusu contribution	215,793	144,097	215,793	144,097
	1,368,277	1,106,607	1,368,277	1,106,607
22.1 Net written Premiums				
Gross Premium written	1,368,277	1,106,607	1,368,277	1,106,607
Outward Reinsurance Premiums (note 23)	(16,861)	(24,149)	(16,861)	(24,149)
	1,351,416	1,082,458	1,351,416	1,082,458
23. Outward Reinsurance Premiums				
Individual Life Business	1,569	376	1,569	376
Group Life Business	15,292	23,773	15,292	23,773
	16,861	24,149	16,861	24,149

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	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
24. Investment and other income				
Dividend - Quoted and unquoted Investments	20,889	14,027	20,889	14,027
Interest on Bankers' Acceptance	2,049	30,474	2,049	30,474
Profit on Disposal of Fixed Assets	1,215	1,057	1,165	572
Interest on Statutory Deposit	7,460	4,942	7,460	4,942
Interest on term Deposits	8,533	15,840	8,533	15,840
Interest on Annuity Investment	152	-	152	-
Rental Income	300	-	300	-
Sundry Revenue	8,778	8,049	7,448	6,382
	49,376	74,389	47,996	72,237
Investment and other Income is broken into the following:				
24.1 Life Business				
Profit on disposal of Fixed Assets			1,165	-
Dividend - quoted Investments			9,432	-
Interest on Bankers' Acceptance			-	22,873
Interest on Statutory Deposit			3,730	4,942
			14,327	27,815
24.2 Revenue Account				
Dividend - Quoted			9,432	6,828
Interest on Bankers' Acceptance			2,049	3,089
Profit on Disposal of Fixed Assets			-	572
Interest on Term Deposits			-	7,500
Net gain on Revaluation			-	-
Interest on Annuity Investment			152	-
Rental Income			300	-
Sundry Revenue			7,448	6,382
			19,381	24,371
24.3 Deposit Administration				
Interest on Statutory Deposit			3,730	-
Dividend - unquoted			2,025	7,199
Interest on Bankers' Acceptance			-	4,512
Interest on Term Deposits			8,533	8,340
			14,288	20,051
25. Direct Claims and Surrenders				
Direct Claims paid	392,311	292,093	392,311	292,093
Annuity Claims	591	-	591	-
Surrenders	4,793	13,819	4,793	13,819
	397,695	305,912	397,695	305,912
26. Maturity Claims				
Takaful withdrawals	62,548	64,454	62,548	64,454
Esusu withdrawals	191,300	136,839	191,300	136,839
	253,848	201,293	253,848	201,293
27. Management Expenses				
Staff Cost	430,234	344,622	297,527	223,182
Bank Charges	25,007	16,237	15,001	13,943
Other Charges and Expenses	256,899	178,066	186,006	128,324
General Maintenance and running costs	108,216	104,166	88,029	72,471
Legal and Professional Fees	9,162	30,672	8,922	11,109
NAICOM Supervision Fees	16,457	10,411	16,457	10,411
Depreciation	123,282	158,466	39,648	30,578
Exchange Difference	-	21,340	-	-
	969,257	863,980	651,590	490,018

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
27. Management Expenses (cont'd)				
Management Expenses are distributed as follows:				
27.1 Life Business				
Staff Cost			173,497	103,538
Bank Charges			3,000	2,789
Other Charges and Expenses			45,646	22,515
General Maintenance and running costs			17,606	14,494
Legal and Professional fees			1,784	2,222
NAICOM Supervision fees			491	5
Depreciation			7,930	6,116
			249,954	151,678
27.2 Revenue Account				
Staff Cost			119,926	113,675
Bank Charges			10,501	9,760
Other Charges and Expenses			122,815	98,532
General Maintenance and running costs			61,620	50,730
Legal and Professional Fees			6,245	7,776
NAICOM Supervision Fees			9,591	7,113
Depreciation			27,754	21,405
			358,452	308,990
27.3 Deposit Administration				
Staff Cost			4,105	5,969
Bank Charges			1,500	1,394
Other Charges and Expenses			17,545	7,278
General Maintenance and running costs			8,803	7,247
Legal and Professional Fees			892	1,111
NAICOM Supervision Fees			6,376	3,293
Depreciation			3,965	3,058
			43,186	29,350
28. Provision for Doubtful Account Balances				
Cash and Bank (note 2.1)	1,764	6,592	-	-
Short Term Investments (note 3.1)	-	(370,909)	-	(370,909)
Long Term Investments (note 4.4)	(70,000)	(2,770)	(70,000)	(2,770)
Loans on Policies (note 5.1)	-	(67,141)	-	(62,641)
Debtors and Prepayments (note 8.1)	2,141,251	2,303,864	1,361,201	2,125,740
Due from Related Companies (note 9.1)	500,000	1,600,016	500,000	1,598,224
	2,573,015	3,469,652	1,791,201	3,287,644
29. Loss before Taxation and Exceptional item				
Loss before taxation is stated after charging:				
Staff Pension Cost	40,274	25,819	40,274	25,819
Insurance Supervision Levy	16,457	10,411	16,457	10,411
Directors Emoluments	10,556	1,378	10,556	1,378
Depreciation	123,282	158,466	39,648	30,578
Profit on Disposal of Fixed Assets	1,215	1,057	1,165	572
Exchange Loss	-	21,340	-	-
Auditors' Remuneration	17,500	15,229	11,000	11,000

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	GROUP		COMPANY	
	2010	2009	2010	2009
30. Loss per Share				
Net Loss attributable to Shareholders (N'000)	<u>(3,090,730)</u>	<u>(5,111,418)</u>	<u>(2,191,599)</u>	<u>(4,730,672)</u>
Number of ordinary shares in issue as at year end (000)	<u>20,585,000</u>	<u>20,585,000</u>	<u>20,585,000</u>	<u>20,585,000</u>
Loss per Share (kobo)	<u>(15.01)</u>	<u>(24.83)</u>	<u>(10.65)</u>	<u>(22.98)</u>

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.

31. Other Charges

- Non-refundable deposit for Guinea House	-	50,000	-	50,000
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In the prior period 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 an 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 was forfeited.

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
32. Reconciliation of Loss after Tax to net Cashflow from operating activities:				
Loss after tax	(3,090,730)	(5,111,418)	(2,191,599)	(4,730,672)
Adjustments to reconcile Loss after Tax to Net Cash flows from Operating Activities				
Depreciation of Fixed Assets	123,282	158,466	39,648	30,578
Provision for Bad and Doubtful Debts	2,573,015	3,469,652	1,791,201	3,287,644
Goodwill Impairment	89,322	-	-	-
Dividend and Interest Received	(30,398)	(49,443)	-	-
Provision for Diminution in Value of Investments	(144,085)	690,001	(144,085)	690,001
Profit on Disposal of Fixed Assets	(1,215)	(1,057)	(1,165)	(572)
Deferred Taxation	11,515	215,975	(19,587)	212,965
Share of Associated Profits	(100,539)	(17,125)	-	-
Loss on Disposal of Investments	55,294	-	55,294	-
Increase in Tax payable	5,419	88,102	(1,454)	72,921
Changes in Operating Assets and Liabilities				
Decrease in Debtors and Prepayments	(657,789)	(616,274)	(34,216)	(290,470)
Increase/(Decrease) in Creditors and Accruals	(68,109)	79,051	(44,433)	(25,714)
Increase in due from Related Parties	655,360	(781,515)	(11,268)	(43,164)
Decrease in due from Reinsurance	-	(11,822)	-	(11,822)
Increase in due to Reinsurance	2,094	14,103	2,094	14,240
Increase in Liabilities for Administered Deposits	127,393	709,213	127,393	709,213
Increase in Investment Linked Fund	109,497	-	109,497	-
Increase in Life Insurance Fund	52,337	100,432	52,337	100,415
	<u>(288,337)</u>	<u>(1,063,659)</u>	<u>(270,343)</u>	<u>15,563</u>

33. Cash and Cash Equivalents

Cash and Bank Balances	59,792	268,766	39,563	253,474
Short Term Investments	118,006	213,319	117,630	212,943
Bank Overdrafts	(150,394)	(131,470)	(130,394)	(131,470)
	<u>27,404</u>	<u>350,615</u>	<u>26,799</u>	<u>334,947</u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	GROUP		COMPANY	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000

34. Chairman's and Directors' Emoluments

.1 Directors

Emoluments of Directors' were as follows:

Fees	10,556	1,378	10,556	1,378
Other emoluments as Executive Director	15,237	10,500	15,237	10,500
	<u>25,793</u>	<u>11,878</u>	<u>25,793</u>	<u>11,878</u>
The Chairman's Fees amounted to:	<u>5,555</u>	<u>738</u>	<u>5,555</u>	<u>738</u>
Highest paid Director	<u>15,237</u>	<u>10,500</u>	<u>15,237</u>	<u>10,500</u>

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

N	N	The Company	
		2010 Number	2009 Number
50,001	- N100,000	-	-
1,000,001	- and above	5	5
		<u>5</u>	<u>5</u>

35. 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

	GROUP		COMPANY	
	2010 Number	2009 Number	2010 Number	2009 Number
100,000	-	-	-	-
150,001	-	15	-	-
200,001	-	12	-	-
250,001	-	14	-	6
300,001	-	8	-	14
350,001	-	7	-	9
400,001	-	12	1	12
450,001	-	4	5	8
500,001	-	8	4	3
550,001 and above	75	34	65	16

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

Managerial	14	24	9	8
Senior Staff	44	50	44	36
Junior Staff	140	40	22	24
	<u>198</u>	<u>114</u>	<u>75</u>	<u>68</u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	GROUP		COMPANY	
	2010	2009	2010	2009
	N'000	N'000	N'000	N'000

35. Employees (Cont'd)

35.3 The related Staff Costs amounted to:

Staff Salaries, Wages and Bonuses	377,210	275,939	244,705	157,902
Staff Pension Costs	40,274	25,819	40,274	25,819

417,484	301,758	284,979	183,721
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36. Financial Commitments

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

37. Contingent Liabilities

There were no contingent liabilities at 31 December 2010 (2009: Nil).

38. Capital Expenditure

There were no capital commitments at 31 December 2010 (2009: Nil).

39. 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. The Company 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. Meanwhile 50% provision on receivables from Conau Limited on the Ghana Life Insurance Company Limited transaction has been made in these financial statements.

.2 Axiom Air Limited

African Alliance Insurance Plc has 100% interest in the company.

.3 Universal Insurance Plc

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

40. Contraventions

During the year the Company contravened certain sections of the NAICOM Guidelines on late submission of returns. The sum of N2,355,000 was paid as penalties.

41. Comparative Figures

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

.2 In July 2008, Conau Limited, a core investor in African Alliance Insurance Plc, was authorised by the Board of Directors of African Alliance Insurance Plc to carry out specific investments on her behalf. Acting on this mandate, Conau Limited, invested in Ghana Life Insurance Company Limited in her name. A Power of Attorney was executed to transfer and register the investment in the name of African Alliance Insurance Plc, but yet to be perfected with Ghana Insurance Commission to date. Meanwhile, the account balances of the Ghana Life Insurance Company Limited had all along been consolidated as a subsidiary since year 2008 in line with SAS 27. With the non-perfection of the investment in Ghana Life Insurance Company Limited for African Alliance Insurance Plc the Directors believe that control does not exist hence the financial statements has to be restated from 2008 to take account of the deconsolidation of Ghana Life Insurance Company Limited. The unquoted investment of N1 billion is now treated as receivable in the books of African Alliance Insurance Plc.

42. Subsequent Events Review

There were no post - Balance Sheet events which could have had material effect on the state of affairs of the Company since the reporting date of 31 December, 2010, up until the date of signing these financial statements by the Board of Directors, and the loss for the year ended on that date which might require adjustments or disclosure in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

43. Segment Information:

.1 By Business Segment:

	Life Insurance N'000	Catering N'000	Air Freight N'000	2010 Total N'000	2009 Total N'000
Income:					
Gross Income	1,354,472	258,470	226,165	1,839,107	1,407,852
Share of Associate Income	100,539	-	-	100,539	17,125
Investment and Other Income	47,995	1,381	-	49,376	74,389
Total Income	1,503,006	259,851	226,165	1,989,022	1,499,366
Expenses:					
Underwriting Expenses:					
- Acquisition Cost	28,603	-	-	28,603	14,062
- Maintenance Cost	269,057	-	-	269,057	257,630
Interest on Deposit Administration	156,005	-	-	156,005	232,134
Cost of Sales	-	143,276	230,471	373,747	220,203
Management Expenses	651,590	132,403	185,264	969,257	913,980
Claims Incurred	651,543	-	-	651,543	503,662
Increase in Life Assurance Fund	-	-	-	-	-
Loss on Disposal of Shares	55,294	-	-	55,294	-
Impairment of Goodwill	89,322	-	-	89,322	-
Provision for Doubtful Debts	1,791,202	31,506	750,307	2,573,015	3,469,652
Interest on Overdraft	36,726	-	-	36,726	14,593
Diminution in Value of Investments	(144,085)	-	-	(144,085)	690,001
	3,585,257	307,185	1,166,042	5,058,484	6,315,917
Loss after Exceptional Item before Taxation	(2,082,251)	(47,334)	(939,877)	(3,069,462)	(4,816,551)
Total Assets Employed	9,989,781	1,851,803	1,318,019	13,159,603	15,698,397
Depreciation	39,648	6,021	77,613	123,282	158,466
Gross Loss Margin	(90.12)	(99)	(100)	(92.46)	(93.90)

GROUP STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

	2010		2009	
	N'000	%	N'000	%
Premium Less Reinsurance	1,368,277		1,106,607	
Reinsurance Commission	3,056		6,093	
	1,371,333		1,112,700	
Investment Income	49,376		74,389	
Total Income	1,420,709		1,187,089	
Provision for Bad and Doubtful Debts	(2,428,930)		(4,159,653)	
Claims, Maturities, Surrenders, Commissions and Services:				
- Local	(1,483,749)		(1,091,857)	
- Foreign	-		(277,313)	
Value Consumed	(2,491,970)	(100)	(4,341,734)	(100)
Applied as follows:				
To pay Employees:				
- Salaries and Other Benefits	417,484	17	301,758	7
To pay Government:				
- Taxation	9,753	-	78,892	2
To pay Providers of Capital:				
- Interest on Loans and Overdrafts	36,726	1	14,593	-
Consumed for the Future Replacement of Assets and Expansion of Business				
- Deferred Taxation	11,515	0	215,975	5
- Contingency Reserve Fund	13,683	1	11,066	-
- Depreciation	123,282	5	158,466	4
- Loss for the year	(3,104,413)	(125)	(5,122,484)	(118)
	(2,491,970)	(100)	(4,341,734)	(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 2010



RC 2176

	2010		2009	
	N'000	%	N'000	%
Premium Less Reinsurance	1,351,416		1,082,458	
Reinsurance Commission	3,056		6,093	
	1,354,472		1,088,551	
Investment Income	47,996		72,237	
Total Income	1,402,468		1,160,788	
Provision for Bad and Doubtful Debts	(1,647,116)		(3,977,645)	
Claims, Maturities, Surrenders, Commissions and Services - Local	(1,608,001)		(1,399,036)	
Value Consumed	(1,852,649)	(100)	(4,215,893)	(100)
Applied as follows:				
To pay Employees:				
- Salaries, allowances and other benefits	284,979	15	183,721	4
To pay Government:				
- Taxation	2,880	-	72,921	2
To pay Providers of Capital:				
- Interest on Loans and Overdrafts	31,030	2	14,593	-
Consumed for the Future Replacement of Assets and Expansion of Business				
- Deferred Taxation	(19,587)	(1)	212,965	5
- Contingency Reserve Fund	13,683	1	11,066	-
- Depreciation	39,648	2	30,578	1
- Loss for the year	(2,205,282)	(119)	(4,741,738)	(112)
	(1,852,649)	(100)	(4,215,893)	(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 2010



RC 2176

	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
Assets:					
Cash and Bank Deposits	47,605	258,343	76,153	63,426	189,047
Short Term Investments	109,698	205,011	2,261,466	1,287,724	-
Long Term Investments	2,279,873	2,135,788	2,772,298	657,165	698,848
Loan On Policies	70,874	71,027	10,159	101,426	126,510
Investment in Associated Company	232,978	132,439	115,315	-	-
Investment Properties	4,117,059	4,094,120	4,089,106	117,709	23,700
Debtors and Prepayments	668,145	2,278,732	3,100,238	1,118,321	86,386
Due from Related Company	196,118	936,478	3,799,895	105	8,150
Due from Reinsurance	-	-	11,822	-	-
Statutory Deposit	200,000	200,000	200,000	200,000	15,000
Goodwill	54,158	143,480	-	-	-
Fixed Assets	5,183,095	5,242,979	3,300,875	1,101,157	772,126
	13,159,603	15,698,397	19,737,327	4,647,033	1,919,767
Liabilities:					
Bank Overdrafts	150,394	131,470	690	295,747	237,069
Creditors and Accruals	476,918	545,027	465,976	138,944	87,561
Due to Reinsurance	16,333	14,239	136	-	-
Insurance Funds	1,160,320	1,107,983	1,007,551	286,112	286,112
Tax Payable	158,644	153,225	65,123	49,779	4,467
Deferred Taxation	232,826	221,311	5,336	10,529	10,529
Term Loan	48,333	1,120	13,614	105,000	-
Liabilities for Deposit Administration Fund	3,082,033	2,954,640	2,245,427	240,349	520,895
Investment Linked Fund	109,497	-	-	-	-
	5,435,298	5,129,015	3,803,853	1,126,460	1,146,633
Capital and Reserves:					
Share Capital	10,292,500	10,292,500	8,000,000	150,000	150,000
Share Premium	14,365,133	14,365,133	14,365,133	-	-
Deposit for Shares	-	-	2,292,500	2,292,500	-
Contingency Reserve	60,607	46,924	50,860	26,677	20,000
General Reserve	(19,796,187)	(16,937,427)	(11,577,271)	(43,473)	(38,532)
Core Capital	4,922,053	7,767,130	13,131,222	2,425,704	131,468
Fixed Assets Revaluation Reserve	2,638,842	2,638,842	2,638,842	1,000,860	641,666
Investment Properties Revaluation Reserve	163,410	163,410	163,410	94,009	-
Shareholders' Funds	7,724,305	10,569,382	15,933,474	3,520,573	773,134
	13,159,603	15,698,397	19,737,327	4,647,033	1,919,767
Gross Insurance Premium	1,368,277	1,106,607	1,229,485	667,701	945,908
(Loss)/Profit Before Taxation & Exceptional Item	(3,213,547)	(4,126,550)	(730,799)	48,137	(4,778)
Exceptional Item	144,085	(690,001)	(7,217,998)	-	-
Taxation	(21,268)	(294,867)	(13,873)	(45,312)	(13,615)
(Loss)/Profit after Taxation & Exceptional Item	(3,090,730)	(5,111,418)	(7,962,670)	2,825	(18,393)
Per Share Data (Kobo)					
Net assets per Share	0.38	2.00	1.99	23.47	5.15
Loss per Share (kobo)	(15.01)	(24.83)	(49.77)	1.88	(12.26)

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 2010



RC 2176

	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
Assets:					
Cash and Bank Deposits	36,077	249,988	70,050	63,426	188,670
Short Term Investments	109,727	205,040	2,261,466	1,287,724	-
Long Term Investments	6,279,925	6,135,840	4,796,041	654,830	698,901
Loans on Policies	70,874	71,027	172	101,426	126,510
Investment in Associated Company	397,664	355,389	355,389	-	-
Investment Properties	4,117,059	4,094,120	4,089,070	117,709	23,700
Debtors and Prepayments	465,283	1,871,244	3,440,429	1,118,322	84,082
Due from Re-insurance	-	-	11,822	-	-
Due from Related Company	540,779	1,029,511	2,800,000	1,897	8,150
Other Current Assets	-	-	-	-	1,405
Statutory Deposit	200,000	200,000	200,000	200,000	15,000
Fixed Assets	1,279,133	1,281,543	1,234,592	513,156	364,174
	13,496,521	15,493,702	19,259,031	4,058,490	1,510,592
Liabilities:					
Creditors and Accruals	323,222	396,888	422,601	131,876	84,867
Bank Overdrafts	130,394	131,470	-	295,747	237,069
Due to Reinsurance	16,333	14,239	-	-	-
Life Assurance Fund	1,160,320	1,107,983	1,007,569	286,112	286,112
Tax Payable	129,488	130,942	58,021	44,043	3,981
Deferred Taxation	193,378	212,965	-	10,529	10,529
Term Loan	-	1,120	13,614	105,000	-
Liabilities for Deposit Administration Fund	3,082,033	2,954,640	2,245,427	240,349	520,895
Investment Linked Fund	109,497	-	-	-	-
	5,144,665	4,950,247	3,747,232	1,113,656	1,143,453
Capital and Reserves:					
Share Capital	10,292,500	10,292,500	8,000,000	150,000	150,000
Share Premium	14,365,133	14,365,133	14,365,133	-	-
Deposit for Shares	-	-	2,292,500	2,292,500	-
Contingency Reserve	60,607	46,924	35,858	26,677	20,000
General Reserve	(17,632,023)	(15,426,741)	(10,447,331)	(5,600)	(22,964)
Core Capital	7,086,217	9,277,816	14,246,160	2,463,577	147,036
Fixed Assets Revaluation Reserve	1,102,229	1,102,229	1,102,229	387,248	220,103
Investment Properties Revaluation Reserve	163,410	163,410	163,410	94,009	-
Shareholders' Funds	8,351,856	10,543,455	15,511,799	2,944,834	367,139
	13,496,521	15,493,702	19,259,031	4,058,490	1,510,592
Gross Insurance Premium	1,368,277	1,106,607	918,116	667,701	965,807
(Loss)/Profit before Taxation & Exceptional Item	(2,352,391)	(3,754,785)	(781,877)	64,103	-
Exceptional Item	144,085	(690,001)	(7,217,998)	-	-
Taxation	16,707	(285,886)	(9,221)	(40,062)	(16,342)
(Loss)/Profit after Taxation	(2,191,599)	(4,730,672)	(8,009,096)	24,041	(16,342)
Per Share Data (kobo):					
Net assets/(Liabilities) per Share	0.41	0.51	1.94	19.63	2.45
(Loss)/Earnings per Share	(10.65)	(22.98)	(50.06)	16.03	(10.89)

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.

OFFICE ADDRESSES

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

HOTLINE 0812 125 9754

ABA

1, JULIBEE ROAD
0803 218 1930

ABUJA

79 ADETOKUNBO ADEMOLA CRESCENT
WUSE II
ABUJA
09 780 5807

ABAKALI

85 AFIKPO ROAD
ABAKALI
0808 772 6197, 0805 102 5829, 0706 546 2858

ASPAMDA

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

BENIN

140 NEW LAGOS ROAD
BENIN CITY
052 290 598; 0802 537 6625

CALABAR

PLOT 38
MCC (ANASA) ROAD
CALABAR
087 845 189; 0805 044 6640

ENUGU

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

IBADAN

1 NAVADA PLAZA
LIBERTY ROAD
IBADAN
02 871 3780; 0805 223 3313

IKEJA

FIRST FLOOR
103 ALLEN AVENUE
IKEJA
01 950 3535

ILUPEJU

34 ASSOCIATION AVENUE
ILUPEJU
01 817 0171; 896 4856;
950 3535; 454 7003

JOS

22 AHMADU BELLO WAY
OPP AP FILLING STATION
JOS
0803 604 9269

KADUNA

1ST FLOOR
EK HOUSE
5D KANTA ROAD
KADUNA
062 887 047; 0802 789 9740;

KANO

10/12 LAGOS STREET
CFAO HOUSE
KANO
064 891 225; 0805 775 8618

ONITSHA

109 UPPER NEW MARKET ROAD
BY D.M.G.S ROUNDABOUT
ONITSHA
046 870 710; 046 870 712

PORT HARCOURT

245 ABA ROAD
PH EXPRESSWAY/EKERE ST. JUNCTION
PORT HARCOURT
084 778 542; 0803 676 9898

WARRI

218 WARRI / SAPELE ROAD
OPP G.K.S.
WARRI
0805 250 2929

MANDATE FORM

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

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 2010



RC 2176

Please Admit

Shareholder's Full Name _____

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

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

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

[Company Secretary]

AFRICAN ALLIANCE INSURANCE PLC.

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

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

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

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

CSCS ACCOUNT NOTIFICATION

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

The Registrar
Mainstreet Bank Registrars Limited,
2 Gbagada Expressway,
Anthony Village,
Lagos.

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

Personal Data

Surname _____

Other Names _____

Address _____

Mobile Phone _____

Email _____

Shareholder's Signature

1. _____

2. _____

Corporate Seal/Stamp (for Corporate Shareholders)

CSCS Details
Stockbroker

Clearing House Number _____

Authorised Signature & Stamp of Stockbroker

Name of Company	Account Number

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

PROXY FORM

FOR THE YEAR ENDED 31 DECEMBER 2010



RC 2176

PROXY FORM FOR VOTING AT THE AGM

All members of the 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.