



The Life Assurance Specialist

...we're with you for life



2011

& Annual Report
& Accounts



RC 2176

African Alliance Insurance Plc.

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MISSION STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

African Alliance Insurance Plc Mission Statement:

"We Exist to Improve the Quality of Life"

We will do this by:

- Maximizing Shareholders' returns in fair business practices
- Providing Prompt & Qualitative Service Delivery
- Recognizing Our Employees as valuable assets
- Engaging in partnership relationships for global access

Value Statements

- | | |
|----------------------------------|---|
| ● Prompt Responsiveness | We will give attention to our customers on time |
| ● Quality Service | We consistently give superior solutions which add value |
| ● Trustworthiness & Transparency | We are open, accountable and professional in all our dealings |
| ● Reliability | We are dependable |
| ● Resilience | We are persistent in achieving positive results |

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2011

	The Group			The Company		
	2011 N'000	2010 N'000	% change	2011 N'000	2010 N'000	% change
Major balance sheet items:						
Total assets	12,861,072	13,125,711	(2)	12,893,648	13,496,521	(4)
Cash and bank deposits	158,077	47,605	232	158,178	36,077	338
Long term investments	2,202,192	2,279,873	(3)	6,202,244	6,279,925	(1)
Statutory deposits	200,000	200,000	-	200,000	200,000	-
Life insurance Funds	1,540,166	1,160,320	33	1,540,166	1,160,320	33
Shareholders' funds	6,430,013	7,724,305	(17)	7,086,215	8,351,856	(15)
Major profit and loss account items:						
Net written premiums	1,811,018	1,354,472	34	1,811,018	1,354,472	34
Net claims incurred	(792,650)	(651,543)	22	(792,650)	(651,543)	22
Loss before taxation	(1,274,108)	(3,103,354)	(59)	(1,448,564)	(2,208,306)	(34)
Taxation	179,130	12,624	1,319	182,923	16,707	995
Loss after taxation	(1,094,978)	(3,090,730)	(65)	(1,265,641)	(2,191,599)	(42)
Information per 50k ordinary share:						
	N	N		N	N	
Loss per share	(5.32)	(15.01)	(65)	(6.15)	(10.65)	(42)
Net assets	0.31	0.38	(17)	0.34	0.41	(15)
Total assets	0.62	87.50	(99)	0.63	89.98	(99)
Number of branches/agencies and subsidiaries	18	17	6	16	16	-
Number of staff	198	198	-	74	75	(1)
Number of shares in issue (thousand)	20,585,000	20,585,000	-	20,585,000	20,585,000	-

NOTICE OF 47TH ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 31 DECEMBER 2011

NOTICE IS HEREBY GIVEN that the 47th 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, 27th March, 2014 at 12 noon 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, 2011 and December 31, 2012 together with the reports of the Auditors and Audit Committee thereon.
2. To ratify the appointment of Messrs Anuebunwa Jude & Co. as Auditors and authorize the Board of Directors to fix their remuneration.
3. To elect members of the Audit Committee.
4. To ratify the appointment of Mr. Anthony Okocha as a Non-Executive Director 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 of Members

The Register of Members and transfer books of the Company will be closed from Friday, 21st March, 2014 to Thursday, 27th March, 2014 both days inclusive, for the purpose of preparing an up-to-date Register.

3. Audit Committee

The Audit Committee comprises 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.

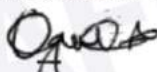
4. Publication of Annual Report and Accounts

The Company shall publish its Annual Report and Accounts in Compact Disk (CD) format. This will provide a simple, prompt and convenient way to access information as well as a more durable form of storage. The report will also be made available in a downloadable format at the Company's website (www.africanallianceplc.com)

The Compact Disks of the Annual Report and Accounts will be circulated to member alongside the Notices through the Company Registrars.

Dated this 19th Day of February, 2014

BY THE ORDER OF THE BOARD


.....
Tope Adebayo LLP:
Company Secretary.

CORPORATE PROFILE

FOR THE YEAR ENDED 31 DECEMBER 2011

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, a Cargo Airline Company and Frenchies Foods (Nigeria) Limited a Restaurant and Catering Services Company. 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 in year 2010 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 by 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.

CORPORATE INFORMATION AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2011

BOARD OF DIRECTORS

Chief Cyril Ajagu
Alphonse O. Okpor
Chief Abel Nwankwo (JP)
Ambassador Abayomi Mumuni
Richard Glanton
Engr. Victor Okechukwu

Mrs. Oluwafunmilayo Omo
Mrs. Olabisi Adekola

- Chairman
- Managing Director/CEO
- Non-Executive Director (Retired April 2012)
- Non-Executive Director
- Non-Executive Director (American)
- Non-Executive Director (British) (Retired April 2012)
- Executive Director (Appointed April 2012)
- Executive Director (Appointed April 2012)

MANAGEMENT TEAM

Mr. Alphonse Okpor
Mrs. Olufunmilayo Omo
Mrs. Olabisi Adekola
Mr. Vincent Emezi
Ms. Ngozi Onuora
Mr. Duke Enuenweugu
Mr. Wisdom Phillips
Miss. Ayodele Dada
Mrs. Amaka Okafor
Mr. Bode Raji

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

REGISTERED OFFICE

112, Broad Street, Lagos
TEL: 08170874923, 08141346731

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

CONSULTING ACTUARY

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

REGISTERED OFFICE

112, Broad Street
Marina, Lagos

REGISTRARS AND TRANSFER OFFICE

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

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011



Distinguished Shareholders, Ladies and Gentlemen,

I welcome you to the 47th Annual General Meeting of our Company and to lay before you, the Annual Reports and Accounts for the Year ended 31st December 2011. Before I proceed let me highlight some developments that occurred during the period in the policy and economic environment in which your company operated.

BUSINESS ENVIRONMENT

The business environment within Nigeria during the year under review presented a number of challenges for the real sector of the economy. During the year the decay in the country's infrastructure such as power, health and transportation created difficulties and challenges to various companies in the country to the extent that some organisations relocated to other countries. Inaccessible credit facility by entrepreneurs and businesses due to the various reforms embarked upon by the Central Bank of Nigeria (CBN) also added to the challenges. However, the change in government that brought President Goodluck Jonathan to power has introduced 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.

CHAIRMAN'S STATEMENT cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

The difficult Nigerian economic climate in 2011 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.

OPERATING RESULTS

The company achieved a turnover of N2.72billion in 2011 as against N1.95billion in 2010 an increase of N77million. Our gross premium income was N1.82billion in 2011 as against N1.36billion in 2010, an increase of N460million or 34%. The loss after tax reduced from N3.0billion to N1.0billion in 2011 and 2010 respectively.

We are confident that with the current efforts being made by the Board and Management through a number of initiatives, your company will turn the corner from a loss to a profit position in the foreseeable future.

THE BOARD

No member of the Board of Directors resigned or retired during the year under review.

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.

DIRECTORS ATTENDANCE AT MEETINGS

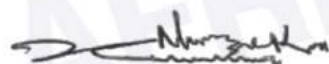
Directors	Board	Establishment, Compensation & Governance Committee	Audit & Compliance Committee	Enterprise Risk Management Committee
Number of Meetings	3	N/A	1	N/A
Engr. Cyril Ajagu	3	N/A	N/A	N/A
Chief Abel Nwankwo	3	N/A	1	N/A
Mr. Richard Glanton	-	N/A	N/A	N/A
Mr. Victor Okechukwu	-	N/A	N/A	N/A
Amb. A bayomi Mumuni	2	N/A	N/A	N/A
Mr Alphonse Okpor	3	N/A	N/A	N/A

CONCLUSION

Ladies and gentlemen, let me assure you that your company is committed to maintaining a strong focus and will ensure that the company's performance will progress in a positive light going forward.

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.



Cyril Ajagu (servant of God)
Group Chairman

THE BOARD

FOR THE YEAR ENDED 31 DECEMBER 2011



CYRIL AJAGU (Servant of God)
CHAIRMAN



MR. ALPHONSE OKPOR
MANAGING DIRECTOR



MRS. FUNMI OMO -
EXECUTIVE DIRECTOR OPERATIONS



RICHARD .H. GLANTON
NON-EXECUTIVE DIRECTOR



MRS. OLABISI ADEKOLA
EXECUTIVE DIRECTOR FINANCE



AMBASSADOR NURAIN MUMUNI
NON-EXECUTIVE DIRECTOR

THE BOARD PROFILE

FOR THE YEAR ENDED 31 DECEMBER 2011

Cyril Umunna Ajagu, (Servant of God) B.Tech, MBA
Chairman



A versatile business man, Engr. Cyril Ajagu is also the Vice-Chairman of Universal Insurance Plc and Group Managing Director of the Conau Group. The Group comprises of over 10 Companies including Frenchies Foods Limited, Axiom Aviation Limited, Molit Hotels and Tecu Limited.

Engr. Ajagu attended the Federal University of Technology, Akure, Nigeria and holds a B. Tech in Mining Engineering and an MBA in Innovation Technology. His past work experience was spent in major Multinationals in the Energy Sector such as Mobil Nigeria and Overseas (North Sea), Schlumberger and Shell Petroleum Development Company Limited.

Engineer Cyril Ajagu, a member of the Society of Petroleum Engineers, studied and qualified as an Engineer with B. (Tech) in Mining Engineering, holds a Masters Degree in Innovation Technology.

Having worked for over twenty years in the Oil and Gas Industry in multinational companies such as Mobil Nigeria and Overseas (North Sea), Schlumberger and Shell Development Company (Nigeria) and International, Engineer Ajagu turned his interest to the arena of international business.

As well as being African Alliance Insurance Plc's current Chairman, Engr. Ajagu is the Chairman, Board of Directors of Fanison International Group Limited (involved in the Nigeria Police Housing Project and with concessionary rights to a limestone mining license), Conau Holdings (UK and USA), Conau Telecoms Ltd., Conau Energy Services Ltd., Axiom Air Limited, Molit Hotels Limited, Universal Hotel Limited and Frenchies Foods Limited (Confectionary & Fast Food Chain).

As a result of his tireless work towards the upliftment of his Community, Engr. Ajagu was been honoured with the title "Ugochinyelu" by his kinsmen, the people of Nimo, Njikoka Local Government Area of Anambra State.

Engr. Cyril Ajagu is President of Jesus Salvation Praise Ministry Nig. Inc. and is married with children.

Mr. A. O. Okpor, B.Sc, ACII
Managing Director/Chief Executive Officer



Alphonse O. Okpor is the Managing Director/Chief Executive Officer of African Alliance Insurance Plc and has spent over 22 years in the Nigerian Insurance Industry, having initially commenced his career with African Alliance Insurance (still a Limited Liability Company) for fifteen years. He then resigned to join the African Development Insurance Company Limited as Deputy General Manager and became the Chief Operating Officer after a year. Mr. Okpor later left to join Insurance Brokers of Nigeria Limited (IBN), a member of The Mash Group worldwide which is the world's largest Insurance Broking Group as Head of Marketing and Business Development for 5 years until he left to join BAICO Insurance Plc in 2003 as its' Managing Director and Chief Executive Officer. In 2006 he left BAICO in order to return to African Alliance Insurance Plc as its Chief Executive Officer.

Mr. Okpor holds a Bachelors Degree in Insurance from the University of Lagos and is an Associate of the Chartered Insurance Institute, London and Nigeria. He is also an Associate Member of Nigeria Institute of Management.

Mr. Okpor has attended several local and international personal and professional development courses both locally and abroad in Germany, South Africa and the Lagos Business School, Lagos, Nigeria.

THE BOARD PROFILE cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

Ambassador Nurain Abayomi Mumuni, CHMC, FCMC, MPDM, MBSC, FASC, FFSS, CPMIN, S.A.C.Dip (Criminology)

Director



Ambassador Abayomi Mumuni (The Aare Jagunmade I of Lagos) has been actively involved in Government circles for many years. A Chartered Mediator and Conciliator, Ambassador Mumuni also possesses a Masters' Degree in Public Administration (MPA) from Nnamdi Azikiwe University and a Post-Graduate Diploma from Obafemi Awolowo University Ile-Ife in the same discipline.

A man of vast experience in public affairs, Ambassador Mumuni's qualifications include certifications in International Criminal Justice & Administration, Intelligence and Terrorist Profiling, Forensic Science, Mediation and Conflict Analysis and has attended several local and international programs on Conflict Management and Resolution and Peacekeeping/Humanitarian Operations.

Ambassador Mumuni has been actively involved in local government and political initiatives for many years with a solid understanding of security, political and economic climate issues and needs impacting Nigeria. Ambassador Mumuni has received numerous awards in recognition of ongoing contributions to the welfare of Nigeria.

Mr. Richard .H. Glanton

Director (USA)



With a B.A. in English from West Georgia College in 1968 and a Juris Doctor from the University of Virginia School of Law in 1972, Richard .H. Glanton started his career in 1972 as a Lawyer in the Litigation Group in the firm of Kutak & Rock, an Atlanta-based firm, now located in Tulsa, Oklahoma, where he represented the Metropolitan Atlanta Rapid Transit Authority.

Richard served in the both the Nixon and Ford Administrations as an Executive Assistant to the Chairman of the Equal Employment Opportunity Commission (EEOC), John F. Powell (Jr.) and served as Staff Attorney for United Airlines in Elk Grove, Illinois and Consolidated Rail Corporation respectively; where he was the first Black lawyer to serve on its Corporate Legal staff and was assigned to the Litigation Group, which handled employment discrimination defense matters and labor arbitration disputes.

From 1979 to 1983, Mr. Glanton served as Executive Deputy Counsel to Richard .L. Thornburgh, former Governor of the Commonwealth of Pennsylvania, and former Attorney General of the United States. He also supervised, as a Senior Advisor of the Governor, Department Heads of Insurance, Transportation, The Pennsylvania Insurance Department, The Department of Public Welfare and the Offices of the

Attorney General.

Richard Glanton was a Partner in the Philadelphia Offices of the Law Firm Reed Smith and Wolf Block, a top-25 international law firm with 1,000 lawyers located in 18 cities worldwide, from 1983 to May 2003. He served as a member of its Senior Management team and represented many public, private, non-profit & governmental agencies, institutions & organizations; advising clients on a wide variety of corporate matters including mergers and acquisitions, joint ventures, and dispositions and complex litigation.

Between May 2003 - May 2007, Mr. Glanton served as Senior Vice President, Corporate Development for Exelon Corporation. In this capacity, he was responsible for the management of the Company's Mergers & Acquisitions, Asset Dispositions and Divestitures. He also served as a member of its Senior Management Team.

Mr. Glanton has held several Directorships on a number of Boards of major corporations, including the Boards of PECO (1991

THE BOARD PROFILE cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

Mrs. Funmi Omo, BSc., ACII (Chartered Insurer), AMNIM Executive Director (Operations)



Mrs. Funmilayo Omo is an alumni of the University of Lagos and was awarded a B. Sc. Degree from that Institution in 1990. She was trained as a Life Insurance Underwriter by Munich Re in South Africa and has over 15 years experience in Life and Pension Business. She joined African Alliance Insurance Plc (then a Limited Liability Company) as an Assistant Superintendent in 1991. She rose to the position of a Controller (Technical Operations) in charge of Individual Business in 2004 and became an Assistant General Manager in 2006.

Mrs. Omo, a Chartered Insurer, is currently an Executive Director and Head of the Technical Department of African Alliance Insurance Plc. She is an Associate Member of Chartered Institute of Insurance, London, an Associate Member of the Nigerian Institute of Management and an Associate of the Certified Pension Institute of Nigeria.

Mrs. Omo has attended several training courses, seminars and workshops both within and outside the Country.

Mrs. Olabisi Adekola AMNIM, MBA, ACA Executive Director (Finance)



Mrs. Olabisi A. Adekola obtained both her Ordinary National Diploma and Higher Diploma in Business Administration from the Federal Polytechnic, Ilaro, where she took the Departmental Prize for the Best Student during both her OND and HND programmes. Olabisi holds an MBA in Financial Management from the Lagos State University, an Associate Member of Nigeria Institute of Management and is also an Associate Member of the Institute of Chartered Accountants of Nigeria.

Mrs. Adekola started her career with Nigerian Hoechst Plc in 1990, worked for a brief period as a Customer Service Officer with Computer Advantages Limited before moving to African Alliance Insurance Plc in 1997 as an Assistant Superintendent in the Finance Department where she worked for six years and was awarded the Best Staff of the Year 2000.

Olabisi has participated actively in Product Development and related projects in African Alliance including the computerization of the Accounting and Audit Departments and the benchmarking and development of various software currently used by the Company.

Currently Mrs. Adekola is an Executive Director and Head of the Finance Department of African Alliance Insurance Plc. Mrs Adekola has attended several training courses both within and outside the Country.

MANAGEMENT TEAM

FOR THE YEAR ENDED 31 DECEMBER 2011

Mr. A. O. Okpor, B.Sc, ACII
Managing Director/Chief Executive Officer



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Mr. Okpor holds a Bachelors Degree in Insurance from the University of Lagos and is an Associate of the Chartered Insurance Institute, London and Nigeria. He is also an Associate Member of Nigeria Institute of Management.

Mr. Okpor has attended several local and international personal and professional development courses both locally and abroad in Germany, South Africa and the Lagos Business School, Lagos, Nigeria.

Mrs. Funmi Omo, BSc., ACII (Chartered Insurer), AMNIM
Executive Director (Operations)



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Mrs. Omo, a Chartered Insurer, is currently an Executive Director and Head of the Technical Department of African Alliance Insurance Plc. She is an Associate Member of Chartered Institute of Insurance, London, an Associate Member of the Nigerian Institute of Management and an Associate of the Certified Pension Institute of Nigeria.

Mrs. Omo has attended several training courses, seminars and workshops both within and outside the Country.

Mrs. Olabisi Adekola AMNIM, MBA, ACA
Executive Director (Finance)



Mrs. Olabisi A. Adekola obtained both her Ordinary National Diploma and Higher Diploma in Business Administration from the Federal Polytechnic, Ilaro, where she took the Departmental Prize for the Best Student during both her OND and HND programmes. Olabisi holds an MBA in Financial Management from the Lagos State University, an Associate Member of Nigeria Institute of Management and is also an Associate Member of the Institute of Chartered Accountants of Nigeria.

Mrs. Adekola started her career with Nigerian Hoechst Plc in 1990, worked for a brief period as a Customer Service Officer with Computer Advantages Limited before moving to African Alliance Insurance Plc in 1997 as an Assistant Superintendent in the Finance Department where she worked for six years and was awarded the Best Staff of the Year 2000.

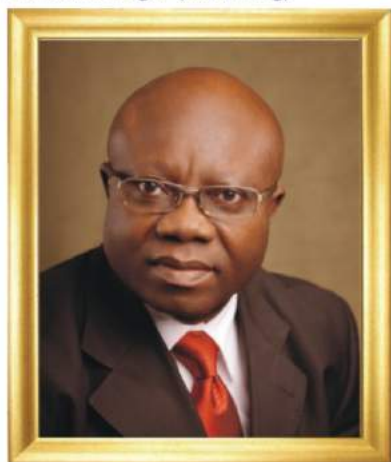
Olabisi has participated actively in Product Development and related projects in African Alliance including the computerization of the Accounting and Audit Departments and the benchmarking and development of various software currently used by the Company.

Currently Mrs. Adekola is an Executive Director and Head of the Finance Department of African Alliance Insurance Plc. Mrs Adekola has attended several training courses both within and outside the Country.

MANAGEMENT TEAM cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

Mr. Vincent I. Emezi, PGD, MBA, FLIM, ACS, AIAA
General Manager (Marketing)



Mr. Emezi, a Fellow of the Life Management Institute, USA, is a seasoned Insurance Agency Administrator. He has held various positions whilst with Allco Insurance Plc where he built one of Allco's largest insurance agencies.

His tenure spanned over 30 years during which he was mainly involved in Agency Operations and Product Development.

Mr. Emezi left Allco as a Senior Manager (Agency Administration) to join African Alliance Insurance Plc in 2003 as an Assistant General Manager (Agency Operations). In this position, he has direct responsibility for the Company's Agency Operations and Product Management.

Ms. Ngozi Onuora B.Sc, SPHR (USA), FPRC (Nigeria & UK), AIPMN, ANIM
General Manager (Corporate Services)



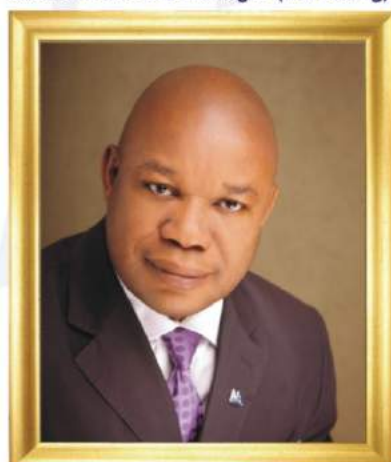
A graduate of Chemistry from the University of Jos in 1996, Ngozi holds a Post-Graduate Diploma in Personnel Management from the Nigerian Institute of Personnel Management (Chartered).

With over twelve years of varied experience in several industries in Human Resource Management, Administration, Corporate Governance Consultancy and Corporate Affairs, Ms. Onuora's professional certifications include: Fellow of the Institute of Professional Recruitment Consultants of Nigeria (IPRC) and of the Association of Professional Recruitment Consultants (APRC), United Kingdom; holds Associate Membership of both the Chartered Institute of Personnel Management (CIPMN) and the Chartered Institute of Management of Nigeria and is a Certified Senior Professional of Human Resources (SPHR), USA.

Ms. Onuora is also a member of the Society of Human Resource Management (SHRM) USA; the world's largest professional association devoted to Human Resource Management.

Ngozi has attended several development programmes, workshops, conferences and seminars within and outside Nigeria.

Duke Enuenweugu N. B.Sc, PGD, MBA
Assistant General Manager (Marketing)



Duke holds a B.Sc in Economics from Ambrose Alli University, Ekpoma, a Post-Graduate Diploma in Management from the Federal University of Technology, Akure and an MBA from Delta State University, Abraka Delta State.

An Associate Member of the Chartered Institute of Insurance of Nigeria (CIIN) since 1994, Duke has over 20 years of experience in the Insurance Industry. He started his career with African Alliance Insurance Company Limited in 1986 in the Technical Department and subsequently worked with Cornerstone Insurance Plc, British American Insurance Company Plc and Capital Express Insurance Company Limited as Head, Technical Operations before returning to African Alliance in 2010.

Duke is currently the Head of Corporate Marketing for African Alliance Insurance Plc and has attended several training courses, seminars and workshops both within and outside the Country.

MANAGEMENT TEAM cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

Mr. Wisdom E. Phillips, B. Tech

Controller (Info Technology)



Mr. Phillips graduated in June 1988 from Federal University of Technology, Akure, Ondo State, with a Bachelor of Technology (B. Tech) in Computer Systems. After his National Youth Service (NYSC) in 1989 he joined Computer Connections Limited, Ketu, Lagos in October 1989 as a Senior Programmer.

Mr. Phillips later joined AIICO Insurance Plc as a Deputy Manager in July 1993 and rose to the position of a Senior Manager - Information Technology. He left AIICO Insurance after nine years of meritorious service and joined Solution Information Technology as a Senior Consultant, in June 2002.

Mr. Phillips joined African Alliance Insurance Plc in January 2005 as Head of the Information Technology Department.

Ayo Dada B.Sc, MBA

Controller, Technical



Mrs Ayo Osisanya attended the University of Lagos and graduated with a B.SC degree in Actuarial Science in 1986. Ayo holds an MBA in financial Management from Lagos State University and is a member of the Nigeria Institute of Management.

Ayo started her working career in African Alliance in 1987 and has been involved in several projects and product development in the company. She has attended several training courses , seminars and workshops both within and outside the country.

Ayo is currently holding the position of Controller Technical in African Alliance, assisting the Head of Technical Department.

Mrs. Amaka Okafor B.Sc, ACIMA

Deputy Controller (Abuja/Northern Region)



Amaka Okafor graduated with a degree in Accounting from the Enugu State University of Science & Technology in 1999. With close to 10 years core business development experience in Insurance, Amaka has worked for key Industry players such as UnityKapital Assurance and UBA Metropolitan Life.

A member of the Chartered Institute of Management Accountants (CIMA), Mrs. Okafor anchors African Alliance's Marketing Operations in Abuja & across Northern Nigeria.

MANAGEMENT TEAM cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

Mr. Akinbode Raji B.Sc, ACA
Head, Internal Control & Compliance



Mr. Raji attended the Federal College of Education (Technical) Akoka, Lagos and Ogun State University, Ago-Iwoye (now Olabisi Onabanjo University) where he graduated with a B.Sc in Accounting.

Mr. Raji is an Associate Member of Chartered Institute of Accountants of Nigeria (ICAN), Associate Member of the Nigeria Institute of Management (NIM), an Associate Member of Chartered Institute of Economics. Mr. Raji is also a member of Association of Certified Anti-Money Laundering Specialists (ACAMS) based in Florida, USA.

Mr. Raji started his career in the Finance Department of African Alliance in 2000, where he worked for eight years and rose rapidly to various positions of escalating authority and responsibility before moving to head the Company's Internal Control and Compliance Department in 2010.

Mr. Raji has attended various Courses, Seminars, Conferences and developmental programmes both within and outside the Industry and he has also participated actively in various projects, software implementation and key work process automation initiatives of the Company.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors have pleasure in submitting to the members their report and audited financial statements of African Alliance Insurance Plc (the Group) for the year ended 31 December 2011.

1. RESULTS

N'000

The Group loss for the year after taxation 1,094,978

Loss transferred to general reserve 1,113,257

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

The names of the directors who held office during the period and at the date of this report are as stated on page 2.

In accordance with Section 258 (1)(e) of the Companies and Allied Matters Act, CAP C20 LFN 2004, no member of Board resigned as a Director of the Company. However, Chief Nwankwo Abel and Engr. Victor Okechuckwu retired by rotation with effect from April 2012.

In accordance with section 258(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the records of Directors' attendance at board meeting during the period under review will be available for inspection at the Annual General Meeting.

7. DIVIDEND

No dividend was proposed for year ended 31 December 2011.

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 2011 are as follows:

Directors	Number of ordinary shares of 50k each held	
	Direct	Indirect
Chief Cyril Ajagu	-	11,285,000,00
Chief Abel Nwankwo (JP)	-	1,200,000,000
Richard Glanton	-	-
Victor Okechukwu	-	-
Ambassador Abayomi Mumuni	-	-

REPORT OF THE DIRECTORS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

Director	Indirect Interest Represented
Chief Cyril Ajagu	Conau Limited
Chief (Dr.) Abel Nwankwo	Universal Insurance Plc
Richard Glauton	-
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 2011.

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 2011 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.

12. 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.

REPORT OF THE DIRECTORS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

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.

13. AUDITORS

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

14. SHAREHOLDERS INFORMATION

Substantial Interest in Shares

According to the Registrar of Members, the following persons held more than 5% of the issued share capital of the company on 31st December 2011.

Shareholders	Number of shares	Percentage
Conau Limited	11,285,000,000	53.0%
Primewealth Capital Limited	1,369,269,000	6.4%
Universal Insurance Plc	1,200,000,000	5.6%

Analysis of Shareholding

The shares of the company were fully owned by Nigerian citizens and associations. The range of shareholding as at 31 December 2011 is as follows:

Range	No Of Holders	Percent	Unit	Percent
1 - 1000	133	13.5025	113742	0.0005
1001 - 5000	44	4.467	138392	0.0007
5001 - 10000	28	2.8426	267455	0.0013
10001 - 50000	99	10.0508	3142912	0.0152
50001 - 100000	70	7.1066	6759600	0.0328
100001 - 500000	154	15.6345	46228150	0.2245
500001 - 1000000	164	16.6497	158107401	0.7680
1000001 - 10000000	233	23.6548	1000366506	4.8596
10000001 - 100000000	41	4.1624	1606755083	7.8054
100000001 - 100000000000	19	1.9289	17763120759	86.2915
Grand Total	985	100	20585000000	100

Share Capital History

The following changes have taken place in the company share capital since inception.

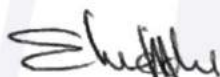
Year	Authorised (N)		Issued & Fully Paid-up (N)		Consideration
	Increase (N)	Cumulative (N)	Increase (N)	Cumulative (N)	
1961	100,000	100,000		25,000	Cash
1996	20,000,000	25,000,000		5,000,000	
1999		25,000,000	15,000,000	20,000,000	Cash
2004	175,000,000	200,000,000	130,000,000	150,000,000	Cash
2007	300,000,000	500,000,000		150,000,000	Cash
2008	14,500,000,000	15,000,000,000	5,000,000,000	5,150,000,000	Cash
2008		15,000,000,000	2,850,000,000	8,000,000,000	Share exchange
2009	-	15,000,000,000	2,292,500,000	10,292,500,000	Right issue

Dividend History

Dividend in the last ten years

Year	Profit (Loss) After <small>Taxation (N'000)</small>	Dividend Proposed
2002	Nil	Nil
2003	Nil	Nil
2004	7,998	Nil
2005	(16,471)	Nil
2006	(18,393)	Nil
2007	2,825	Nil
2008	(7,967,674)	Nil
2009	(5,449,243)	Nil
2010	(3,090,730)	Nil
2011	(1,094,978)	Nil

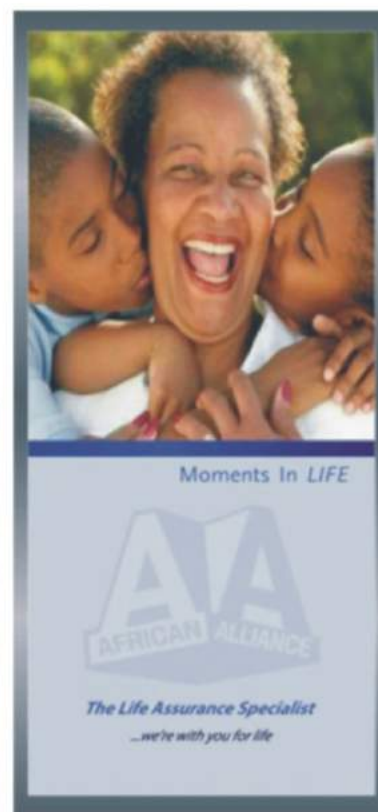
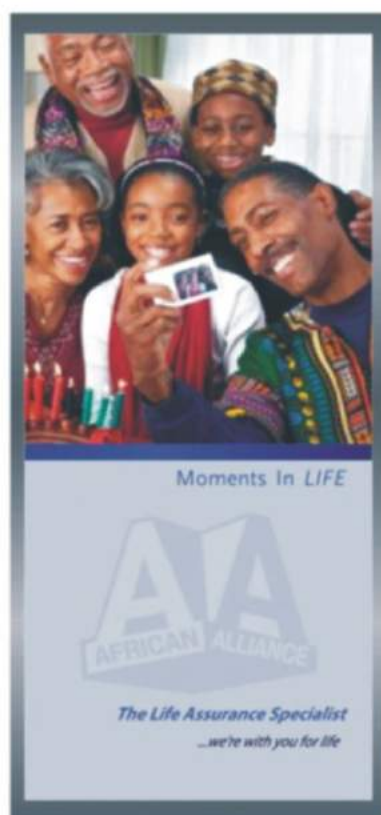
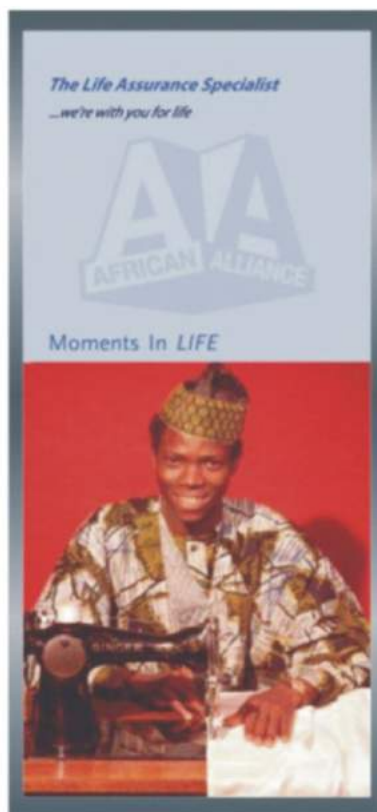
BY THE ORDER OF THE BOARD



Mrs. Mosunmola Ehiedu
Tope Adebayo LLP
Lagos

20 November, 2012





Moments of Life



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2011



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

Akintola Williams Deloitte
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Report on the consolidated 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 2011, the consolidated income statement, statement of cash flows, statement of value added for the year then ended, summary of significant accounting policies, financial summary and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

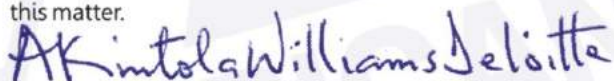
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **African Alliance Insurance Plc (the Company) and its subsidiary companies (together 'the Group')** as at 31 December 2011, and of its financial performance and its cash flows for the year then ended; the company has kept proper books of account, which are in agreement with the balance sheet and income statement, in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, Insurance Act, CAP I17, LFN 2004, and relevant National Insurance Commission (NAICOM) guidelines and circulars and, in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.

Contraventions

The company contravened certain sections of the NAICOM Guidelines 2011 and other circulars issued by National Insurance Commission (NAICOM). Details of these and the relevant penalties have been disclosed in note 41 to these financial statements.

Emphasis of the matters

We draw attention to note 1c in the consolidated financial statements which indicates that the Company has been making persistent losses and incurred accumulated loss of N19 billion as at 31 December 2011. Our opinion is not qualified in respect of this matter.



Chartered Accountants

Lagos, Nigeria

20 November, 2012

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Akintola Williams Deloitte, a member firm of Deloitte Touche Tohmatsu Limited, is a professional services organization that provides audit, tax, consulting, financial advisory and enterprise risk services.



REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011.

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
20 November 2012

MEMBERS OF THE AUDIT COMMITTEE

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



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2011

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

(a) Basis of accounting

The consolidated 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 of Nigeria and in the manner required by the Companies & Allied Matters Act CAP C20 LFN 2004.

The financial statements for the life business have been accounted for under the fund accounting basis, Insurance Act and relevant guidelines and circulars issued by the National Insurance Commission (NAICOM).

(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 company

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

(c) Income recognition

i. Gross premium earned

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

ii. Investment income

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

iii. Interest income

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

iv. Air freight and cargo

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

(c) Income recognition (cont'd)

v. Income from restaurant

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

(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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

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

(e) Contingency reserve

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

(f) Stock

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

(g) Investments

Investments are classified as short term or long term.

i. Short term investments

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

ii. Long term investments

Quoted investments

Quoted investments are stated at their market 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.

li. Long term investments (cont'd)

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 on a systematic basis in 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. Gains and losses arising from the disposal of fixed assets are included in the profit & loss account.

(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
Plant and machinery	10
Aircraft	3 ¹ / ₃

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

(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 Company's reporting currency.

Transactions in foreign currencies are translated to 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.

(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%.

(q) Provision

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

(r) Deposit administration

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

(s) Segment reporting

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

(t) Dividend

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

(u) Deferred acquisition costs

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

(v) Reinsurance costs

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

(w) Goodwill

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

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

(x) Earnings/(loss) per share



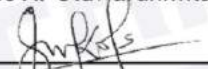
The Group basic earnings or (loss) per share are calculated based on its ordinary shares. Basic earnings or (loss) per share are calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted number of ordinary shares outstanding during the year.

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2011

		GROUP		COMPANY	
	Note	2011 N'000	2010 N'000	2011 N'000	2010 N'000
ASSETS					
Cash and bank balances	2	158,077	47,605	158,178	36,077
Placement with banks	3	207,036	109,698	207,065	109,727
Treasury Bills		20,000	-	20,000	-
Long term investments	4	2,202,192	2,279,873	6,202,244	6,279,925
Loans on policies	5	26,463	70,874	26,463	70,874
Investment in associated company	6	489,932	199,086	569,654	397,664
Investment properties	7	5,103,276	4,117,059	5,103,276	4,117,059
Debtors and prepayments	8	388,003	668,145	74,453	465,283
Due from related company	9	-	196,118	40,782	540,779
Statutory deposit	10	200,000	200,000	200,000	200,000
Fixed assets	11	4,066,093	5,183,095	291,533	1,279,133
Goodwill on consolidation	12	-	54,158	-	-
TOTAL ASSETS		12,861,072	13,125,711	12,893,648	13,496,521
LIABILITIES					
Bank overdrafts	17.2	217,146	150,394	201,151	130,394
Due to Reinsurance		21,824	16,333	21,824	16,333
Due to related company	9	307,162	-	-	-
Creditors and accruals	13	744,886	476,918	511,255	323,222
Life insurance funds	14	1,540,166	1,160,320	1,540,166	1,160,320
Tax payable	15	170,102	155,854	139,943	129,488
Deferred taxation	16	8,346	201,724	-	193,378
Term loans	17	28,333	48,333	-	-
Liabilities for administered deposits	18	3,241,755	3,082,033	3,241,755	3,082,033
Investment link fund	18.1	151,339	109,497	151,339	109,497
		6,431,059	5,401,406	5,807,433	5,144,665
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	78,886	60,607	78,886	60,607
General reserve	21	(21,108,758)	(19,796,187)	(18,915,943)	(17,632,023)
Core capital		3,627,761	4,922,053	5,820,576	7,086,217
Fixed assets revaluation reserve	21a	1,651,258	2,638,842	114,645	1,102,229
Investment properties revaluation reserve	21b	1,150,994	163,410	1,150,994	163,410
Total shareholders equity		6,430,013	7,724,305	7,086,215	8,351,856
TOTAL LIABILITIES AND EQUITY		12,861,072	13,125,711	12,893,648	13,496,521

The financial statements on pages 8 to 40 were approved by the Board of Directors on 20 November, 2012 and signed on its behalf by:

	Director
Alphonse O. Okpor	
	Director
Omo A. Oluwafunmilayo	
	Chief Finance Officer
Adekola A. Olabisi	

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

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 N'000	2010 N'000
INCOME			
Gross premiums written	22	1,827,926	1,368,277
Reinsurance cost	23	(22,682)	(16,861)
Net premiums income		1,805,244	1,351,416
Commission received		5,774	3,056
		1,811,018	1,354,472
Income from restaurant operations		265,839	258,470
Air freight income		346,519	226,165
Share of associate profits		118,856	66,647
Investment and other income	24	178,203	49,376
		2,720,435	1,955,130
EXPENSES			
Direct claims paid	25	(460,512)	(397,695)
Maturity claims	26	(342,655)	(253,848)
		(803,167)	(651,543)
Reinsurance recoveries		10,517	-
Net claims incurred		(792,650)	(651,543)
Underwriting and other expenses:			
- Acquisition expenses		(38,862)	(28,603)
- Maintenance expenses		(279,805)	(269,057)
Guaranteed interest on deposit administration		(144,719)	(156,005)
Cost of sales - Restaurant		(158,398)	(143,276)
Direct operating cost- Air freight		(383,283)	(230,471)
Management expenses	27	(1,012,200)	(969,257)
Impairment of goodwill		(54,158)	(89,322)
Interest on overdrafts		(51,892)	(36,726)
Loss on disposal of investment		-	(55,294)
Provision for doubtful accounts	28	(1,078,576)	(2,428,930)
Loss before taxation	29	(1,274,108)	(3,103,354)
Taxation	15	179,130	12,624
Loss after taxation		(1,094,978)	(3,090,730)
Appropriations:			
Transfer to contingency reserve	20	18,279	13,683
Loss transferred to general reserve	21	(1,113,257)	(3,104,413)
		(1,094,978)	(3,090,730)
Loss per share (kobo)	30	(5.32)	(15.01)

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 2011

	Note	2011 N'000	2010 N'000
INCOME			
Gross premium written	22	1,827,926	1,368,277
Investment income	24.1	105,938	14,327
Loss on deposit administration		(183,490)	(234,932)
Guaranteed interest on investment linked fund	18.1	(2,324)	(4,307)
Management expenses	27.1	(250,214)	(249,954)
Interest on overdrafts		(39,898)	(31,030)
Loss on disposal of shares		-	(55,294)
Provision for doubtful accounts	28	(1,078,576)	(1,647,116)
TOTAL EXPENSES		(1,554,502)	(2,222,633)
Loss before taxation	29	(1,448,564)	(2,208,306)
Taxation	15	182,923	16,707
Loss after taxation		(1,265,641)	(2,191,599)
Appropriations:			
Transfer to contingency reserve	20	18,279	13,683
Loss transferred to general reserve	21	(1,283,920)	(2,205,282)
		(1,265,641)	(2,191,599)
Loss per share (kobo)	30	(6.15)	(10.65)

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 2011

	Note	2011 N'000	2010 N'000
INCOME			
Gross premium written	22	1,827,926	1,368,277
Reinsurance cost	23	(22,682)	(16,861)
Premium earned		1,805,244	1,351,416
Commission received		5,774	3,056
Net premium		1,811,018	1,354,472
Investment and other income	24.2	29,381	19,381
TOTAL INCOME		1,840,399	1,373,853
EXPENSES			
Direct claims & surrenders paid	25	(460,512)	(397,695)
Maturity claims	26	(342,655)	(253,848)
Gross claims incurred		(803,167)	(651,543)
Reinsurance recoveries		10,517	-
Net claims incurred		(792,650)	(651,543)
UNDERWRITING EXPENSES:			
- Acquisition cost		(29,362)	(24,103)
- Maintenance cost		(251,505)	(219,221)
Management expenses		(387,036)	(358,452)
TOTAL EXPENSES		(1,460,553)	(1,253,319)
Increase in life fund	14	379,846	120,534

REVENUE ACCOUNT ON DEPOSIT ADMINISTRATION

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 N'000	2010 N'000
INCOME			
Investment income	24.3	38,931	14,288
EXPENSES			
Acquisition expenses		9,500	4,500
Maintenance cost		28,300	49,836
Guaranteed interest	18	142,395	151,698
Management expenses	27.3	42,226	43,186
TOTAL EXPENSES		<u>222,421</u>	<u>249,220</u>
Loss on Deposit Administration		<u>(183,490)</u>	<u>(234,932)</u>

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	GROUP		COMPANY	
		2011 N'000	2010 N'000	2011 N'000	2010 N'000
Cash flows from operating activities					
Premiums received from policy holders	22	1,827,926	1,368,277	1,827,926	1,368,277
Other operating income		638,011	502,246	7,446	8,533
Re-insurance commission		5,774	3,056	5,774	3,056
Operating cash payments		(842,814)	(1,008,584)	(247,930)	(517,502)
Commissions paid		(463,386)	(453,665)	(461,062)	(449,371)
Direct claims and surrender paid	25	(460,512)	(397,695)	(460,512)	(397,695)
Administered deposits		17,327	(24,305)	17,327	(24,305)
Esusu and takaful withdrawals		(342,655)	(253,848)	(342,655)	(253,848)
Income tax paid	15.2	-	(4,334)	-	(4,334)
		379,671	(268,852)	346,314	(267,189)
Input Value Added Tax		2,197	20,394	-	-
Output Value Added Tax		(4,167)	(39,879)	(4,167)	(3,154)
Net cash provided by/(used in) operating activities	31	377,701	(288,337)	342,147	(270,343)
Cash flows from investing activities					
Purchase of fixed assets	11	(43,032)	(63,435)	(36,610)	(37,275)
Purchase of investments		(194,329)	154	(194,329)	154
Proceeds from disposal of investment	4.8	51,972	14,905	51,972	14,905
Additions to investment properties	7	-	(22,939)	-	(22,939)
Proceeds on sale of fixed assets		523	1,252	337	1,202
Dividend and interest received		45,081	30,398	41,577	38,298
Net cash used in investing activities		(139,785)	(39,665)	(137,053)	(5,655)
Cash flows from financing activities					
Loan repayment	17	(28,452)	(8,483)	-	(1,120)
Additional loan from bank	17	-	50,000	-	-
Interest paid		(51,892)	(36,726)	(39,898)	(31,030)
Net cash from/(used in) financing activities		(80,344)	4,791	(39,898)	(32,150)
Net (decrease)in cash and cash equivalents		157,572	(323,211)	165,196	(308,148)
Cash and cash equivalents at 1 January		27,404	350,615	26,799	334,947
Cash and cash equivalents at 31 December	32	184,976	27,404	191,995	26,799

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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

African Alliance Insurance plc was incorporated as a Private Limited Liability company on May 6th 1960 and was the first indigeneous insurance Company to carry out Life Assurance in Nigeria. The company became a Public Limited 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. It has 100% equity in Axiom Air Limited and Frenchies Foods Nigeria Limited. Its primary objective is to undertake Life and Pensions Businesses.

c. Going concern considerations

The company has been having persistent losses and an accumulated loss of N19.0billion at 31 December 2011 which draws attention to the company's uncertainty to continue as a going concern. 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

Union Bank of Nigeria Plc
Access Bank Plc
Ecobank Nigeria Limited
Guaranty Trust Bank Plc
First Bank of Nigeria Plc
Diamond Bank Nigeria Plc
First City Monument Bank Plc
Zenith Bank Plc
Cymmon Savings & Loans Limited
Others

Provision for doubtful balance (note 2.1)

2.1 Provision for doubtful balance

At 1 January
(Writeback) Additions during the year (note 28)
At 31 December

3. Placement with banks

Ecobank Plc
Guaranty Trust Bank Plc
First Bank of Nigeria Plc
Diamond Bank Plc
Zenith Bank Plc
Access Bank Plc
Others

Provision for doubtful balance

GROUP		COMPANY	
2011 N'000	2010 N'000	2011 N'000	2010 N'000
10,547	7,691	10,547	7,691
27,212	23,985	27,212	23,985
44,391	2,872	44,391	2,872
70,956	9,814	69,870	1,002
944	2,147	944	2,146
3,601	2,144	3,360	-
592	209	294	-
53	3,710	-	-
2,758	3,758	-	-
5,724	3,462	1,560	1,867
166,778	59,792	158,178	39,563
(8,701)	(12,187)	-	(3,486)
158,077	47,605	158,178	36,077
12,187	10,423	3,486	3,486
(3,486)	1,764	(3,486)	-
8,701	12,187	-	3,486
10,104	8,000	10,104	8,000
171,585	41,410	171,585	41,410
376	376	-	-
15,345	30,317	15,345	30,317
-	30,000	-	30,000
10,031	-	10,031	-
7,903	7,903	7,903	7,903
215,344	118,006	214,968	117,630
(8,308)	(8,308)	(7,903)	(7,903)
207,036	109,698	207,065	109,727

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

		COMPANY	
		2011 N'000	2010 N'000
a. Assets representing shareholder's funds:			
Quoted equities		96,909	1,789
Unquoted equities		4,116,000	4,397,716
Investment properties		3,432,244	2,819,035
Statutory deposit		200,000	-
Debtors and prepayments		74,453	-
Fixed asset		-	720,069
Due from related Company		40,782	540,779
		7,960,388	8,479,388
b. Assets representing Insurance funds:			
Cash and bank placements		50,000	85,487
Quoted equities		536,119	82,921
Unquoted equities		152,000	38,222
Quoted debentures		1,787	1,787
Loan on policies		25,649	70,874
Investment properties		483,078	321,965
Fixed asset		291,533	559,064
		1,540,166	1,160,320
c. Assets representing Deposit administration:			
Cash and bank placements		315,243	60,317
Quoted Equity		1,442,577	2,030,388
Unquoted equity		335,506	15,269
Loan on policies		814	-
Treasury bills		13,000	-
Investment properties		1,134,615	976,059
		3,241,755	3,082,033
d. Assets representing Investment link fund:			
Quoted Equity		76,000	109,497
Unquoted equity		15,000	-
Investment properties		53,339	-
Treasury bills		7,000	-
		151,339	109,497

		GROUP		COMPANY	
		2011 N'000	2010 N'000	2011 N'000	2010 N'000
4. Long term investments					
4.1 Quoted investments					
Ordinary shares [Market Value - N2,151,605 (2010 - N2,224,595)]		9,977,144	9,988,509	9,977,144	9,988,509
Provision for diminution in value of investments (note 4.1.1)		(7,825,539)	(7,763,914)	(7,825,539)	(7,763,914)
		2,151,605	2,224,595	2,151,605	2,224,595
Debenture stocks		1,787	1,787	1,787	1,787
		2,153,392	2,226,382	2,153,392	2,226,382

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
4.1.1 Provision for diminution in value of quoted investments				
At 1 January	7,763,914	7,907,999	7,763,914	7,907,999
Additions during the year:				
- Diminution in value	61,625	-	61,625	-
- Write Back	-	(144,085)	-	(144,085)
Per Profit and Loss account (note 28)	61,625	(144,085)	61,625	(144,085)
At 31 December	7,825,539	7,763,914	7,825,539	7,763,914
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	119,125	189,125	119,125	189,125
Additions	22,339	-	22,339	-
Disposal	-	(70,000)	-	(70,000)
	141,464	119,125	141,464	119,125
Provision for doubtful investments (note 4.4)	(92,664)	(65,634)	(92,664)	(65,634)
At 31 December	48,800	53,491	48,800	53,491
	2,202,192	2,279,873	6,202,244	6,279,925
4.4 Provision for doubtful investments				
At 1 January	65,634	135,634	65,634	135,634
Write back during the year (note 28)	27,030	(70,000)	27,030	(70,000)
At 31 December	92,664	65,634	92,664	65,634
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.				
5. Loans on policies				
Long-term loans	3,000	3,000	3,000	3,000
Loans on mortgage	16,504	16,504	16,504	16,504
Loans on policies	37,904	32,716	37,904	32,716
Short-term loans	50,068	50,414	50,068	50,414
	107,476	102,634	107,476	102,634
Provision for doubtful balances (note 5.1)	(81,013)	(31,760)	(81,013)	(31,760)
	26,463	70,874	26,463	70,874

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
5.1 Provision for doubtful loans & advances				
At 1 January	31,760	31,760	31,760	31,760
Additions during the year (note 28)	49,253	-	49,253	-
At 31 December	81,013	31,760	81,013	31,760
6. Associate (Unquoted)				
Pension Alliance Limited (note 6.1)	489,932	199,086	569,654	397,664
6.1 Movement in net investment in associates				
At 1 January	199,086	132,439	-	-
Additional\Cost of investment on acquisition	171,990	-	-	-
Share of profit after taxation:-				
@ 49% N242,563 (2010 - N205,181)	118,856	66,647	-	-
	290,846	66,647	-	-
Value of investments 31 December,	489,932	199,086	-	-
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	4,117,059	4,094,120	4,117,059	4,094,120
Movements during the year:				
Additions during the year	-	22,939	-	22,939
Transferred from fixed assets: (note 11)				
Cost:	1,005,000	-	1,005,000	-
Accumulated Depreciation:	(18,783)	-	(18,783)	-
	986,217	-	986,217	-
At 31 December	5,103,276	4,117,059	5,103,276	4,117,059
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	418,450	418,450	418,450
Breadfruit Street Marina Lagos	986,217	-	986,217	-
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	86,009	86,009	86,009
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
	5,103,276	4,117,059	5,103,276	4,117,059

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

7. Investment properties (cont'd)

Investment properties represent buildings and un-developed land acquired for subsequent disposal in the near future and not occupied substantially by the company+B9:K50 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.

	GROUP		COMPANY	
	2011	2010	2011	2010
	N'000	N'000	N'000	N'000
8. Debtors and prepayments				
Due from agents	26,014	27,778	26,014	27,778
Investment income receivable	26,121	26,121	26,121	26,121
Prepayment - Rent	19,007	32,909	15,422	25,550
Prepayment - Others	19,684	34,234	10,692	23,498
Staff accounts receivable	41,402	37,958	21,156	19,684
Deposit for investments (note 8.1)	1,761,201	1,774,201	1,774,201	1,774,201
Deposit for aircraft	737,200	737,200	-	-
Trade debtors	387,669	156,646	-	-
Stock of raw materials & consumables	60,297	61,460	1,817	1,254
Staff share loan (note 8.2)	2,148,857	2,150,716	2,148,857	2,150,716
Staff mortgage loans	42,057	46,260	42,057	46,260
Other debit balances	70,886	175,446	754	3,251
	5,340,395	5,260,929	4,067,091	4,098,313
Provision for doubtful accounts (note 8.3)	(4,952,392)	(4,592,784)	(3,992,638)	(3,633,030)
	388,003	668,145	74,453	465,283
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	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
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
	1,761,201	1,774,201	1,774,201	1,774,201

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

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 has been registered and repayment commenced in August 2011.

	GROUP		COMPANY	
	2011	2010	2011	2010
	N'000	N'000	N'000	N'000
8.3 Provision for doubtful balance				
At 1 January	4,592,784	2,451,533	3,633,030	2,271,829
Additions during the year (note 28)	359,608	2,141,251	359,608	1,361,201
At 31 December	4,952,392	4,592,784	3,992,638	3,633,030
9. Due from related company				
African Alliance Holding Limited	8,150	8,150	8,150	8,150
Universal Insurance Plc (note 9.2)	1,684,667	1,600,121	1,684,667	1,600,121
Conau Limited (note 9.3)	1,000,000	1,000,000	1,000,000	1,000,000
Frenchies Foods Limited	-	-	920	920
Axiom Air Limited	-	-	53,515	53,512
African Alliance Trustees Limited	-	-	105	105
	2,692,817	2,608,271	2,747,357	2,662,808
Provision for doubtful balance (9.1)	(2,692,817)	(2,108,271)	(2,692,817)	(2,108,271)
	-	500,000	54,540	554,537
- Due to related companies				
Conau Limited	(293,404)	(290,124)	-	-
African Alliance Realty Company Limited	(13,758)	(13,758)	(13,758)	(13,758)
	(307,162)	(303,882)	(13,758)	(13,758)
	(307,162)	196,118	40,782	540,779
9.1 Provision for doubtful balances				
At 1 January	2,108,271	1,608,271	2,108,271	1,608,271
Additions during the year (note 28)	584,546	500,000	584,546	500,000
At 31 December	2,692,817	2,108,271	2,692,817	2,108,271

9.2 Universal Insurance Plc

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

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.

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

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 N'000	Motor Vehicles N'000	Construction Work-in- Progress N'000	Office Furniture & Equipment N'000	Plant & Machinery N'000	Air Craft N'000	Total N'000
Cost/Valuation							
At 1 January	3,094,120	111,943	35,781	229,989	95,163	2,129,002	5,695,998
Additions during the year	-	5,535	-	37,162	335	-	43,032
Disposals	-	-	-	(2,126)	(7,759)	-	(9,885)
Reclassification	1,177	-	(35,781)	7,654	13,234	-	(13,716)
Transfer to Investment properties	(1,005,000)	-	-	-	-	-	(1,005,000)
At 31 December	2,090,297	117,478	-	272,679	100,973	2,129,002	4,710,429
Depreciation							
At 1 January	28,010	85,498	-	148,966	95,141	155,288	512,903
Charge for the year	39,353	26,479	-	17,161	4,497	72,347	159,837
On Disposal	-	-	-	(1,862)	(7,759)	-	(9,621)
Transfer to Investment properties	(18,783)	-	-	-	-	-	(18,783)
At 31 December	48,580	111,977	-	164,265	91,879	227,635	644,336
Net book value							
At 31 December, 2011	2,041,717	5,501	-	108,414	9,094	1,901,367	4,066,093
At 31 December, 2010	3,066,110	26,445	35,781	81,023	22	1,973,714	5,183,095
Cost	158,456	117,478	-	272,679	100,973	2,129,002	2,778,588
Valuation	1,931,841	-	-	-	-	-	1,931,841
	2,090,297	117,478	-	272,679	100,973	2,129,002	4,710,429

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.

The sum of N13.7 million relates to partitioning work carried out at Frenchies Foods Nigeria Limited which have now been reclassified to other debit balances.

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

11.2 The Company	Freehold Land and Buildings N'000	Motor Vehicles N'000	Office Furniture & Equipment N'000	Total N'000
Cost / Valuation				
At 1 January	1,176,060	128,460	166,079	1,470,599
Additions during the year	-	2,935	33,675	36,610
Transfer to investment properties (note 7)	(1,005,000)	-	-	(1,005,000)
Disposals	-	-	(2,126)	(2,126)
At 31 December	171,060	131,395	197,628	500,083
Depreciation				
At 1 January	24,972	70,027	96,467	191,466
Charge for the year	1,128	23,195	13,406	37,729
Transfer to investment properties (note 7)	(18,783)	-	-	(18,783)
On Disposal	-	-	(1,862)	(1,862)
At 31 December	7,317	93,222	108,011	208,550
Net book value				
At 31 December, 2011	163,743	38,173	89,617	291,533
At 31 December, 2010	1,151,088	58,433	69,612	1,279,133
Cost	56,415	131,395	197,628	385,438
Valuation	114,645	-	-	114,645
	171,060	131,395	197,628	500,083

	GROUP	
	2011 N'000	2010 N'000
12. Goodwill		
At 1 January	54,158	143,480
Impairment of goodwill	(54,158)	(89,322)
At 31 December	-	54,158
- Frenchies Limited:		
Based on audited financial statements:		
Net assets at 1 January	784,536	873,858
Less:		
Net assets at 31 December	688,431	784,536
Goodwill impaired	96,105	89,322
Restricted to:	54,158	89,322

The impairment testing was based on the comparison between the fair value of net assets as at 1 January 2011 and the book value of net assets as at 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
13. Creditors and accruals				
Trade creditors	57,945	35,744	-	-
Premium deposits	14,593	3,151	14,593	3,151
Private placement issuing fees (note 13.1)	121,383	126,383	121,383	126,383
Agent savings	33,876	25,660	33,876	25,660
PAYE and other taxes	68,409	57,724	8,959	9,978
Other creditors	392,003	193,912	301,931	122,530
Provision for legal liabilities	-	14,002	-	14,002
Provisions and accruals	27,587	11,000	11,000	11,000
Staff pension scheme (note 13.2)	29,090	9,342	19,513	10,518
	<u>744,886</u>	<u>476,918</u>	<u>511,255</u>	<u>323,222</u>

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	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
13.2 Staff pension scheme				
At 1 January	9,342	3,329	10,518	3,329
Additions	51,691	41,199	39,594	35,735
Remittance to PFAs	(31,943)	(35,186)	(30,599)	(28,546)
At 31 December	<u>29,090</u>	<u>9,342</u>	<u>19,513</u>	<u>10,518</u>

- 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	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
14. Life assurance fund				
At 1 January	1,160,320	1,107,983	1,160,320	1,107,983
Transfer to Investment linked fund (note 18.1)	-	(68,197)	-	(68,197)
Transfer from revenue account	379,846	120,534	379,846	120,534
At 31 December	<u>1,540,166</u>	<u>1,160,320</u>	<u>1,540,166</u>	<u>1,160,320</u>

The latest actuarial valuation of the life fund was as at 31 December 2011 by HR Nigeria Limited. At that date, the book value of the life fund including unrealised capital appreciation less a provision for tax was N1,534,686,000. Based on the Actuarial valuation the surplus of N5,481,000 has not been appropriated in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
15. Tax payable				
15.1 Per profit and loss account				
Income tax:				
Income tax for the year	14,248	6,963	10,455	2,880
Education tax	-	-	-	-
	14,248	6,963	10,455	2,880
Deferred taxation (note 16)	(193,378)	(19,587)	(193,378)	(19,587)
	(179,130)	(12,624)	(182,923)	(16,707)
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	155,854	153,225	129,488	130,942
Based on minimum tax for the year	14,248	6,963	10,455	2,880
	170,102	160,188	139,943	133,822
Payments during the year	-	(4,334)	-	(4,334)
At 31 December	170,102	155,854	139,943	129,488
16. Deferred taxation				
At 1 January	201,724	221,311	193,378	212,965
Release for the year (note 15.1)	(193,378)	(19,587)	(193,378)	(19,587)
At 31 December	8,346	201,724	-	193,378
17. Term loans				
At 1 January	48,333	1,120	-	1,120
Additions during the year (note 17.1)	-	50,000	-	-
Interest charges	8,452	5,696	-	-
	56,785	56,816	-	1,120
Payments	(28,452)	(8,483)	-	(1,120)
	28,333	48,333	-	-
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 2011

17.2 Bank overdraft

The bank overdraft was obtained from Guaranty Trust Bank Plc at an interest rate of 18%. The facility was secured by a legal mortgage over the company's property located at Breadfruit Street, Lagos. The overdraft limit was increased by the Board of Directors from N150m to N200m.

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
18. Liabilities on administered deposits				
At 1 January	3,082,033	2,954,640	3,082,033	2,954,640
Deposit received during the year:	1,696,055	1,225,971	1,696,055	1,225,971
Withdrawals in the year	(1,678,728)	(1,250,276)	(1,678,728)	(1,250,276)
Guaranteed interest	142,395	151,698	142,395	151,698
At 31 December	3,241,755	3,082,033	3,241,755	3,082,033

The latest available actuarial valuation of the liabilities for administered deposits as at 31 December 2011 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 N3,241,755.B1:M25

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
18.1 Investment linked fund				
At 1 January	109,497	-	109,497	-
Transfer from life fund (note 14)	-	68,197	-	68,197
Premium received:				
- First year premium	39,518	17,646	39,518	17,646
- Renewal	-	19,347	-	19,347
	39,518	36,993	39,518	36,993
Guaranteed interest	2,324	4,307	2,324	4,307
	151,339	109,497	151,339	109,497

The latest available actuarial valuation of the investment linked fund put the book value of the liabilities of the fund at N151,339,000 at the end of 31 December 2011.

18.2 Guaranteed interest

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

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 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:	10,292,500	10,292,500	10,292,500	10,292,500

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
20. Contingency reserve				
At 1 January	60,607	46,924	60,607	46,924
Transfers during the year	18,279	13,683	18,279	13,683
At 31 December	78,886	60,607	78,886	60,607
21. General reserve				
At 1 January	(19,796,187)	(16,937,427)	(17,632,023)	(15,426,741)
Arising on consolidation	(199,314)	245,653	-	-
Loss for the year	(1,113,257)	(3,104,413)	(1,283,920)	(2,205,282)
At 31 December	(21,108,758)	(19,796,187)	(18,915,943)	(17,632,023)
21a Fixed assets revaluation reserve				
At 1 January	2,638,842	2,638,842	1,102,229	1,102,229
Transfer to investment properties revaluation reserve (note 21b)	(987,584)	-	(987,584)	-
At 31 December	1,651,258	2,638,842	114,645	1,102,229
21b Investment properties revaluation reserve				
At 1 January	163,410	163,410	163,410	163,410
Transfer from fixed assets revaluation reserve (note 21a)	987,584	-	987,584	-
At 31 December	1,150,994	163,410	1,150,994	163,410
22. Gross premium written				
Individual life business	736,018	582,816	736,018	582,816
Annuity	105,791	10,515	105,791	10,515
Group life business	556,521	455,905	556,521	455,905
	1,398,330	1,049,236	1,398,330	1,049,236
Other insurance products:				
Takaful contribution	161,804	103,248	161,804	103,248
Esusu contribution	267,792	215,793	267,792	215,793
	1,827,926	1,368,277	1,827,926	1,368,277
22.1 Net written premiums				
Gross premium written	1,827,926	1,368,277	1,827,926	1,368,277
Outward reinsurance premiums (note 23)	(22,682)	(16,861)	(22,682)	(16,861)
	1,805,244	1,351,416	1,805,244	1,351,416
23. Outward reinsurance premiums				
Individual life business	690	1,569	690	1,569
Group life business	21,992	15,292	21,992	15,292
	22,682	16,861	22,682	16,861

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
24. Investment and other income				
Dividend - Quoted and unquoted investments	13,906	20,889	13,906	20,889
Gains on sales of shares	40,607	-	40,607	-
Interest on bankers acceptance	126	2,049	126	2,049
Interest on Treasury bills	506	-	506	-
Profit on disposal of fixed assets	523	1,215	73	1,165
Interest on statutory deposit	12,010	7,460	12,010	7,460
Interest on term deposits	6,940	8,533	6,940	8,533
Interest on Annuity Investment	326	152	326	152
Other income	84,546	-	84,546	-
Rental income	10,526	300	10,526	300
Sundry revenue	8,187	8,778	4,683	7,448
	178,203	49,376	174,249	47,996
Investment and other income is broken into the following:				
24.1 Life business				
Profit on disposal of fixed assets			73	1,165
Gain on sales of shares			10,152	-
Dividend - quoted investments			5,162	9,432
Other income			84,546	-
Interest on statutory deposit			6,005	3,730
			105,938	14,327
24.2 Revenue account				
Dividend - quoted			5,162	9,432
Interest on bankers acceptance			126	2,049
Interest on Treasury bills			506	-
Gains on sales of shares			10,152	-
Interest on annuity investment			326	152
Rental income			10,526	300
Sundry revenue			2,583	7,448
			29,381	19,381
24.3 Deposit administration				
Interest on statutory deposit			6,005	3,730
Gains on sales of shares			20,303	-
Dividend - unquoted			3,583	2,025
Sundry revenue			2,100	-
Interest on term deposits			6,940	8,533
			38,931	14,288
25. Direct claims and surrenders				
Direct claims paid	410,878	392,311	410,878	392,311
Annuity claims	2,018	591	2,018	591
Surrenders	47,616	4,793	47,616	4,793
	460,512	397,695	460,512	397,695
26. Maturity claims				
Takaful withdrawals	96,099	62,548	96,099	62,548
Esusu withdrawals	246,556	191,300	246,556	191,300
	342,655	253,848	342,655	253,848
27. Management expenses				
Staff cost	436,392	430,234	318,483	297,527
Bank charges	21,169	25,007	14,824	15,001
Other charges and expenses	210,480	256,899	151,411	186,006
General maintenance and running costs	140,098	108,216	114,786	88,029
Legal and professional fees	27,720	9,162	25,739	8,922
NAICOM supervision fees	16,504	16,457	16,504	16,457
Depreciation	159,837	123,282	37,729	39,648
	1,012,200	969,257	679,476	651,590

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
27. Management expenses (cont'd)				
Management expenses is distributed into the following:				
27.1 Life business				
Staff cost			178,015	173,497
Bank charges			2,965	3,000
Other charges and expenses			30,282	45,646
General maintenance and running costs			22,957	17,606
Legal and professional fees			5,148	1,784
NAICOM supervision fees			3,301	491
Depreciation			7,546	7,930
			<u>250,214</u>	<u>249,954</u>
27.2 Revenue Account				
Staff cost			134,341	119,926
Bank charges			10,377	10,501
Other charges and expenses			105,988	122,815
General maintenance and running costs			80,350	61,620
Legal and professional fees			18,017	6,245
NAICOM supervision fees			11,553	9,591
Depreciation			26,410	27,754
			<u>387,036</u>	<u>358,452</u>
27.3 Deposit administration				
Staff cost			2,858	4,105
Bank charges			1,482	1,500
Other charges and expenses			26,831	17,545
General maintenance and running costs			3,057	8,803
Legal and professional fees			2,574	892
NAICOM supervision fees			1,650	6,376
Depreciation			3,773	3,965
			<u>42,226</u>	<u>43,186</u>
28. Provision\ (Write back) for doubtful account balances				
Cash and bank (note 2.1)	(3,486)	1,764	(3,486)	-
Provision for diminution in value of investments (note 4.1)	61,625	(144,085)	61,625	(144,085)
Long term investments (note 4.4)	27,030	(70,000)	27,030	(70,000)
Loans on policies (note 5.1)	49,253	-	49,253	-
Debtors and prepayments (note 8.3)	359,608	2,141,251	359,608	1,361,201
Due from related companies (note 9.1)	584,546	500,000	584,546	500,000
	<u>1,078,576</u>	<u>2,428,930</u>	<u>1,078,576</u>	<u>1,647,116</u>
29. Loss before taxation				
Loss before taxation is stated after charging:				
Staff pension cost	28,657	40,274	28,657	40,274
Insurance supervision levy	16,504	16,457	16,504	16,457
Directors emoluments	-	10,556	-	10,556
Depreciation	159,837	123,282	37,729	39,648
Profit on disposal of fixed assets	523	1,215	73	1,165
Auditors' remuneration	14,000	17,500	11,000	11,000

NOTES TO THE FINANCIAL STATEMENTS cont'd.

	GROUP		COMPANY	
	2011	2010	2011	2010
30. Loss per share				
Net loss attributable to shareholders (N'000)	(1,094,978)	(3,090,730)	(1,265,641)	(2,191,599)
Number of ordinary shares in issue as at year end (000)	20,585,000	20,585,000	20,585,000	20,585,000
Loss per share (kobo)	(5.32)	(15.01)	(6.15)	(10.65)

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.

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
31. Reconciliation of loss after tax to net cashflow from operating activities:				
Loss after tax	(1,094,978)	(3,090,730)	(1,265,641)	(2,191,599)
Adjustments to reconcile loss after tax to net cashflows from operating activities				
Depreciation of fixed assets	141,054	123,282	18,946	39,648
Provision for bad and doubtful debts	1,078,576	2,428,930	1,078,576	1,647,116
Goodwill impairment	54,158	89,322	-	-
Dividend and interest received	-	(30,398)	-	-
Profit on disposal of fixed assets	(523)	(1,215)	(73)	(1,165)
Deferred taxation	(193,378)	(19,587)	(193,378)	(19,587)
Share of associated profits	(118,856)	(66,647)	-	-
(Gain)/Loss on disposal of investments	(40,607)	55,294	(40,607)	55,294
Increase in tax payable	14,248	2,629	10,455	(1,454)
Changes in operating assets and liabilities				
Decrease in debtors and prepayments	157,339	(657,789)	50,004	(34,216)
Increase/(decrease) in creditors and accruals	270,165	(68,109)	186,355	(44,433)
Increase in due from related parties	(84,546)	655,360	(84,549)	(11,268)
Increase/(decrease) in due to related parties	(387,010)	-	-	-
Increase in loans on policies	(4,842)	-	(4,842)	-
Increase in due to reinsurance	5,491	2,094	5,491	2,094
Increase in liabilities for administered deposits	159,722	127,393	159,722	127,393
Increase in investment linked fund	41,842	109,497	41,842	109,497
Increase in life insurance fund	379,846	52,337	379,845	52,337
	377,701	(288,337)	342,147	(270,343)
32. Cash and cash equivalents				
Cash and bank balances	166,778	59,792	158,178	39,563
Short term investments	235,344	118,006	234,968	117,630
Bank overdrafts	(217,146)	(150,394)	(201,151)	(130,394)
	184,976	27,404	191,995	26,799

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
34. Chairman's and Directors' emoluments				
.1 Directors				
Emoluments of Directors' were as follows:				
Fees	-	10,556	-	10,556
Other emoluments as Executive Director	15,237	15,237	15,237	15,237
	<u>15,237</u>	<u>25,793</u>	<u>15,237</u>	<u>25,793</u>
The Chairman's fees amounted to:	200	5,555	200	5,555
Highest paid Director	<u>10,500</u>	<u>10,500</u>	<u>10,500</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	
			2011 Number	2010 Number
50,001	-	N100,000	-	-
1,000,001	-	and above	<u>1</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 were: B16:K35

N		N	GROUP		COMPANY	
			2011 Number	2010 Number	2011 Number	2010 Number
100,000	-	150,000	-	-	-	-
150,001	-	200,000	-	-	-	-
200,001	-	250,000	-	-	-	-
250,001	-	300,000	-	-	-	-
300,001	-	350,000	-	-	-	-
350,001	-	400,000	-	-	-	-
400,001	-	450,000	1	1	-	1
450,001	-	500,000	116	118	4	5
500,001	-	550,000	4	4	4	4
550,001	-	and above	<u>76</u>	<u>75</u>	<u>66</u>	<u>65</u>

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

Managerial	14	14	9	9
Senior staff	44	44	44	44
Junior staff	139	140	21	22
	<u>197</u>	<u>198</u>	<u>74</u>	<u>75</u>

.3 The related staff costs amounted to:

Staff salaries, wages and bonus	375,049	377,210	257,140	244,705
Staff pension costs	28,657	40,274	28,657	40,274
	<u>403,706</u>	<u>417,484</u>	<u>285,797</u>	<u>284,979</u>

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 these financial statements.

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

37. Contingent liabilities

There are contingent liabilities in respect of legal actions against the company for amounts totalling N13,835,000 (31 December, 2010: Nil) for which no provision have been made. The directors have sought professional legal counsel and are of the opinion that no significant liability is expected therefrom.

38. Capital expenditure

There were no capital commitments at 31 December 2011 (2010: Nil).

39. Related parties

.1 Conau Limited

The company is the major shareholders in African Alliance Insurance Plc. It 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 the company in the purchase of investments and other transactions. Meanwhile 100% provision on receivables from Conau Limited on the Ghana Life Insurance Company Limited transaction has been made in note 9.1 of 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. Assets with Conau Limited

On 2 April, 2008, sequel to the conclusion of the private placement embarked upon by the company, the Board of Directors granted a Power of Attorney to Conau Limited, (Conau Limited the major shareholder of the African Alliance Insurance Plc) to carry out investments in assets on behalf of the company.

Based on this Conau Limited invested in the following entities but in its own name. Details of these investments are as follows:

Description	Amount N'000
Offshore:	
- Ghana Life Insurance Company Limited, Accra, Ghana;	1,000,000
- 2 Nos Presidential Mansion (House No. 4 & 9) Executive Town House at AU Village, Accra, Ghana;	132,000
- 4 Bedroom Town House, Cantonment Area, Accra, Ghana;	54,000
- Building at 17, Plot 32a Aviation Road, Accra, Ghana;	214,000
- Additional cash injection into Ghana Life Insurance Company Limited, Accra, Ghana;	15,000
- First Ghana Building Company Limited, Adabrata, Accra Central Area, Ghana;	120,000
- Paramount Hotel, Dome Junction, Accra, Ghana.	45,000
Investment properties:	
- Plot 12, Block A4, Lekki Phase 1, Beachfront, Lagos;	400,000
- Land measuring 102464.144 square metre, Pankere Village, Abijo Ibeju Lekki, Lagos;	2,000,000
- Plot C4 Rumuogba Layout, Aba Road, Port Harcourt;	500,000
- 5 Nos Duplexes at Plot 2220 Suez Canal Crescent Sani Abacha Estate, Abuja.	600,000
Other Investments:	
- Importation of Nail producing equipment;	175,000
- Frenchies Foods Nigeria Limited;	1,013,000
- Axiom Air Limited	3,000,000

Status of Perfection of Title

' - For Ghana Life Insurance Company Limited, the Company Secretary, Rohi Legal Consult, through a letter dated 29 October 2012, has written to the National Insurance Commission (NIC), Ghana to approve the transfer of title from Conau Limited to African Alliance Insurance Plc. This was based on instructions from the Chairman of Conau Limited to the Company Secretary through a letter dated 22 October, 2012.

'Once the investments in Ghana Life Insurance Company Limited have been transferred, the remaining assets which were applied as additional capital injection into Ghana Life will revert to African Alliance Insurance Plc.

' - For the investment properties, IBOM Partners, a firm of attorneys, solicitors, fraud examiners & legal consultants have been appointed to commence the process of perfecting the title to these properties in the name of African Alliance Insurance Plc.

' - Frenchies Foods Nigeria Limited and Axiom Air Limited have been fully transferred to the company and have been consolidated in these financial statements. The Firm of Mathew Ituah Oboh & co have been engaged to take up the issue of the nail producing machinery with Damtina Stores Limited who were responsible for the importation.

NOTES TO THE FINANCIAL STATEMENTS cont'd.

FOR THE YEAR ENDED 31 DECEMBER 2011

41. Contravention

During the year the company was penalised by the National Insurance Commission (NAICOM) for the contravention of certain sections of the Insurance Act and certain circulars as issued by the NAICOM. Details of these contraventions and the related penalties paid are as stated below:

Section	Description of contravention	Penalties paid N'000
Section 26 & Prg 1.1	Late submission of quarterly returns	955
Section 26 (3)	Late submission of audited accounts	820
		<u>1,775</u>

42. Comparative figures

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

43. 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, 2011, 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.

44. Segment information:

.1 By business segment:

	Life Insurance N'000	Catering N'000	Air Freight N'000	2011 Total N'000	2010 Total N'000
Income:					
Gross income	1,811,018	265,839	346,519	2,423,376	1,839,107
Share of associate income	118,856	-	-	118,856	66,647
Investment and other income	176,822	1,381	-	178,203	49,376
Total income	2,106,696	267,220	346,519	2,720,435	1,955,130
Expenses:					
Underwriting expenses:					
- Acquisition cost	38,862	-	-	38,862	28,603
- Maintenance cost	279,805	-	-	279,805	269,057
Interest on deposit administration	144,719	-	-	144,719	156,005
Cost of sales	-	158,398	383,283	541,681	373,747
Management expenses	694,533	132,403	185,264	1,012,200	969,257
Claims incurred	792,650	-	-	792,650	651,543
Loss on disposal of shares	-	-	-	-	55,294
Impairment of goodwill	54,158	-	-	54,158	89,322
Provision for doubtful debts	296,763	31,506	750,307	1,078,576	2,428,930
Interest on overdraft	51,892	-	-	51,892	36,726
	2,353,382	322,307	1,318,854	3,994,543	5,058,484
Loss before taxation	(246,686)	(55,087)	(972,335)	(1,274,108)	(3,103,354)
Total assets employed	9,691,250	1,851,803	1,318,019	12,861,072	13,125,711
Depreciation	37,729	43,966	78,142	159,837	123,282
Gross loss margin	(85.96)	(99)	(100)	(89.08)	(94.07)

GROUP STATEMENT OF VALUE ADDED

YEAR ENDED 31 DECEMBER 2011

	2011		2010	
	N'000	%	N'000	%
Premium less reinsurance	1,827,926		1,368,277	
Reinsurance commission	5,774		3,056	
	1,833,700		1,371,333	
Investment income	178,203		49,376	
Total income	2,011,903		1,420,709	
Provision for bad and doubtful debts	(1,078,576)		(2,428,930)	
Claims, Maturities, Surrenders, Commissions and Services:				
- Local	(1,592,000)		(1,240,328)	
- Foreign	-		(277,313)	
Value consumed	(658,673)	(100)	(2,525,862)	(100)
Applied as follows:				
To pay employees:				
- Salaries and other benefits	403,706	61	417,484	17
To pay Government:				
- Taxation	14,248	-	6,963	0
To pay providers of capital:				
- Interest on loans and overdrafts	51,892	8	36,726	-
Consumed for the future replacement of assets and expansion of business				
- Deferred taxation	(193,378)	(29)	(19,587)	1
- Contingency reserve fund	18,279	3.78	13,683	-
- Depreciation	159,837	24	123,282	5
- Loss for the year	(1,113,257)	(168)	(3,104,413)	(123)
	(658,673)	(100)	(2,525,862)	(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 2011

	2011		2010	
	N'000	%	N'000	%
Premium less reinsurance	1,805,244		1,351,416	
Reinsurance commission	5,774		3,056	
	1,811,018		1,354,472	
Investment income	174,249		47,996	
	1,985,267		1,402,468	
Provision for bad and doubtful debts	(1,078,576)		(1,647,116)	
Claims, Maturities, Surrenders, Commissions and Services - Local	(1,991,831)		(1,608,001)	
Value consumed	(1,085,140)	(100)	(1,852,649)	(100)
Applied as follows:				
To pay employees:				
- Salaries, allowances and other benefits	285,797	27	284,979	15
To pay Government:				
- Taxation	10,455	-	2,880	0
To pay providers of capital:				
- Interest on loans and overdrafts	39,898	4	31,030	2
Consumed for the future replacement of assets and expansion of business				
- Deferred taxation	(193,378)	(18)	(19,587)	(1)
- Contingency reserve fund	18,279	2	13,683	1
- Depreciation	37,729	3	39,648	2
- Loss for the year	(1,283,920)	(118)	(2,205,282)	(119)
	(1,085,140)	(100)	(1,852,649)	(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

YEAR ENDED 31 DECEMBER 2011

	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
Assets:					
Cash and bank deposits	158,077	47,605	258,343	76,153	63,426
Short term investments	207,036	109,698	205,011	2,261,466	1,287,724
Treasury bills	20,000	-	-	-	-
Long term Investments	2,202,192	2,279,873	2,135,788	2,772,298	657,165
Loan on policies	26,463	70,874	71,027	10,159	101,426
Investment in associated company	489,932	199,086	132,439	115,315	-
Investment properties	5,103,276	4,117,059	4,094,120	4,089,106	117,709
Debtors and prepayments	388,003	668,145	2,278,732	3,100,238	1,118,321
Due from related company	-	196,118	936,478	3,799,895	105
Due from reinsurance	-	-	-	11,822	-
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Goodwill	0	54,158	143,480	-	-
Fixed assets	4,066,093	5,183,095	5,242,979	3,300,875	1,101,157
	12,861,072	13,125,711	15,698,397	19,737,327	4,647,033
Liabilities:					
Bank overdrafts	217,146	150,394	131,470	690	295,747
Creditors and accruals	744,886	476,918	545,027	465,976	138,944
Due to reinsurance	21,824	16,333	14,239	136	-
Due to related companies	307,162	-	-	-	-
Insurance funds	1,540,166	1,160,320	1,107,983	1,007,551	286,112
Tax payable	170,102	155,854	153,225	65,123	49,779
Deferred taxation	8,346	201,724	221,311	5,336	10,529
Term loan	28,333	48,333	1,120	13,614	105,000
Liabilities for deposit administration fund	3,241,755	3,082,033	2,954,640	2,245,427	240,349
Investment linked fund	151,339	109,497	-	-	-
	6,431,059	5,401,406	5,129,015	3,803,853	1,126,460
Capital and reserves:					
Share capital	10,292,500	10,292,500	10,292,500	8,000,000	150,000
Share Premium	14,365,133	14,365,133	14,365,133	14,365,133	-
Deposit for shares	-	-	-	2,292,500	2,292,500
Contingency reserve	78,886	60,607	46,924	50,860	26,677
General reserve	(21,108,758)	(19,796,187)	(16,937,427)	(11,577,271)	(43,473)
Core capital	3,627,761	4,922,053	7,767,130	13,131,222	2,425,704
Fixed assets revaluation reserve	1,651,258	2,638,842	2,638,842	2,638,842	1,000,860
Investment properties revaluation reserve	1,150,994	163,410	163,410	163,410	94,009
Shareholders' funds	6,430,013	7,724,305	10,569,382	15,933,474	3,520,573
	12,861,072	13,125,711	15,698,397	19,737,327	4,647,033
Gross insurance premium	1,827,926	1,368,277	1,106,607	1,229,485	667,701
(Loss)/Profit before taxation & exceptional item	(1,274,108)	(3,103,354)	(4,126,550)	(730,799)	48,137
Exceptional item	-	-	(690,001)	(7,217,998)	-
Taxation	179,130	12,624	(294,867)	(13,873)	(45,312)
(Loss)/Profit after taxation & exceptional item	(1,094,978)	(3,090,730)	(5,111,418)	(7,962,670)	2,825
Per Share data (Kobo)					
Net assets per share	0.31	0.38	0.51	1.99	23.47
Loss per share (kobo)	(5.32)	(15.01)	(24.83)	(49.77)	1.88

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

YEAR ENDED 31 DECEMBER

	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
Assets:					
Cash and bank deposits	158,178	36,077	249,988	70,050	63,426
Short term investments	207,065	109,727	205,040	2,261,466	1,287,724
Treasury bills	20,000	-	-	-	-
Long term Investments	6,202,244	6,279,925	6,135,840	4,796,041	654,830
Loans on policies	26,463	70,874	71,027	172	101,426
Investment in associated company	569,654	397,664	355,389	355,389	-
Investment properties	5,103,276	4,117,059	4,094,120	4,089,070	117,709
Debtors and prepayments	74,453	465,283	1,871,244	3,440,429	1,118,322
Due from re-insurance	-	-	-	11,822	-
Due from related company	40,782	540,779	1,029,511	2,800,000	1,897
Other current assets	-	-	-	-	-
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Fixed assets	291,533	1,279,133	1,281,543	1,234,592	513,156
	12,893,648	13,496,521	15,493,702	19,259,031	4,058,490
Liabilities:					
Creditors and accruals	511,255	323,222	396,888	422,601	131,876
Bank overdrafts	201,151	130,394	131,470	-	295,747
Due to reinsurance	21,824	16,333	14,239	-	-
Life assurance fund	1,540,166	1,160,320	1,107,983	1,007,569	286,112
Tax payable	139,943	129,488	130,942	58,021	44,043
Deferred taxation	-	193,378	212,965	-	10,529
Term loan	-	-	1,120	13,614	105,000
Liabilities for deposit administration fund	3,241,755	3,082,033	2,954,640	2,245,427	240,349
Investment linked fund	151,339	109,497	-	-	-
	5,807,433	5,144,665	4,950,247	3,747,232	1,113,656
Capital and reserves:					
Share capital	10,292,500	10,292,500	10,292,500	8,000,000	150,000
Share premium	14,365,133	14,365,133	14,365,133	14,365,133	-
Deposit for shares	-	-	-	2,292,500	2,292,500
Contingency reserve	78,886	60,607	46,924	35,858	26,677
General reserve	(18,915,943)	(17,632,023)	(15,426,741)	(10,447,331)	(5,600)
Core capital	5,820,576	7,086,217	9,277,816	14,246,160	2,463,577
Fixed assets revaluation reserve	114,645	1,102,229	1,102,229	1,102,229	387,248
Investment properties revaluation reserve	1,150,994	163,410	163,410	163,410	94,009
Shareholders' funds	7,086,215	8,351,856	10,543,455	15,511,799	2,944,834
	12,893,648	13,496,521	15,493,702	19,259,031	4,058,490
Gross insurance premium	1,827,926	1,368,277	1,106,607	918,116	667,701
(Loss)/profit before taxation & exceptional item	(1,448,564)	(2,208,306)	(3,754,785)	(781,877)	64,103
Exceptional item	-	144,085	(690,001)	(7,217,998)	-
Taxation	182,923	16,707	(285,886)	(9,221)	(40,062)
(Loss)/profit after taxation	(1,265,641)	(2,191,599)	(4,730,672)	(8,009,096)	24,041
Per Share data (kobo):					
Net assets/(liabilities) per share	0.34	0.41	1.02	1.94	19.63
(Loss)/Earnings per share	(6.15)	(10.65)	(22.98)	(50.06)	16.03

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 2011

HOTLINE 0812 125 9754

HEAD OFFICE

61, MARINA LAGOS,
LAGOS ISLAND
TEL: 08170874923, 08141346731

ASPAMDA

3RD FLOOR, BLOCK 14,
ZONE B. ASPAMDA
TEL: 01-4543634

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1, JUBILEE ROAD, ABA
TEL: +234-8034963643

ABAKALIKI

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+234-8060394020

ABUJA

79, ADETOKUNBO ADEMOLA
CRESENT, WUSE 2
TEL: 09-7805807

ASABA

SUITE FA2 A & C, CITY COMPLEX.
455 NNEBUSI ROAD
TEL: +234-8052502929

BENIN

140, NEW LAGOS ROAD, BENIN CITY
TEL: 052-290598

CALABAR

PLOT 38, MCC (ANASA) ROAD
TEL: 087-845189

ENUGU

4 RIDGEWAY/STATION ROAD,
STATE SECRETARIAT, GRA ENUGU
TEL: 042-339996

IBADAN

1 NAVADA ROAD, LIBERTY ROAD
TEL: 02-8713780

IKEJA

1ST FLOOR, 103 ALLEN AVENUE, IKEJA
TEL: 01-4540592

ILUPEJU

34 ASSOCIATION AVENUE, ILUPEJU
TEL: 01-4545362, 09093302157

JOS

22, AHMADU BELLO WAY,
OPPOSITE AP FILLING STATEION JOS
+234-8036049269

KADUNA

1ST FLOOR EK HOUSE,
5D KANTA ROAD, KADUNA
TEL: 062-887047

KANO

10/12, LAGOS STREET,
CFAO HOUSE, KANO
064-891225

ONITSHA

109 UPPER NEW MARKET ROAD BY
DMGS ROUNDABOUT
TEL: 046-870712

PORT HARCOURT

245 ABA ROAD, PORT-HARCOURT
EXPRESSWAY EKERE STREET JUNCTION
TEL: 084-778542

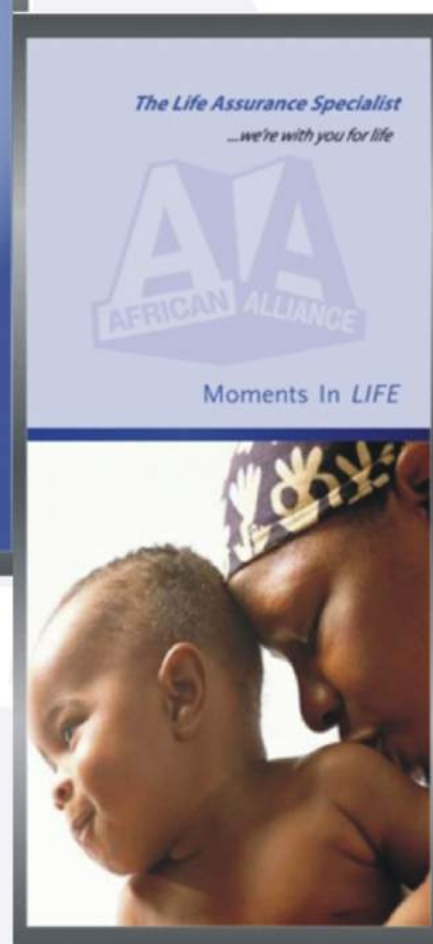
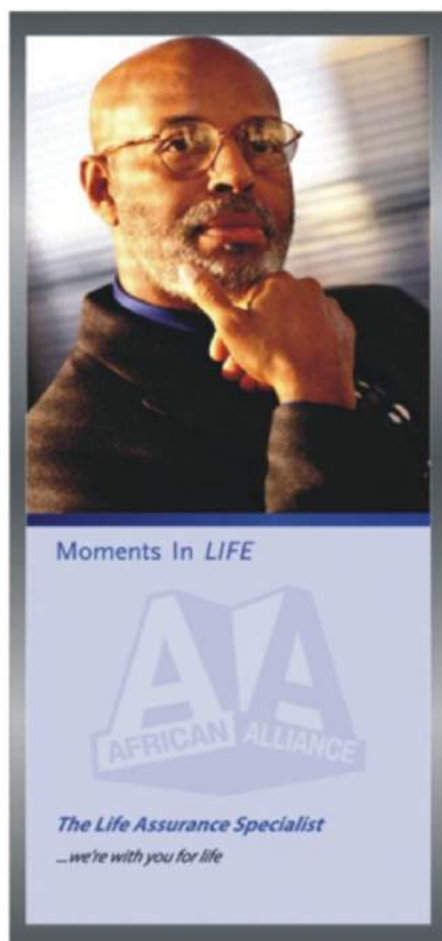


Moments
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MANDATE FORM

FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011

Please Admit

Shareholder's full name _____

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

.....

1. The 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]

G.N.
[Company Secretary]

THE AFRICAN ALLIANCE INSURANCE PLC

Annual General Meeting holding at the
.....March, 2014

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]



PROXY FORM

FOR THE YEAR ENDED 31 DECEMBER 2011

AFRICAN ALLIANCE INSURANCE PLC. PROXY CARD

47th 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, 27th March, 2014 at 12 noon

I/We _____
(Name of shareholder in block letters)

of _____

being a member/members of **AFRICAN ALLIANCE INSURANCE PLC** hereby appoint**

falling him, **Cyril U. Ajagu (Servant of God)** as my/our proxy to act and
vote for me/us on my/our behalf at the Annual General Meeting of
African Alliance Insurance Plc. on the 27th day of March, 2014, or at
any adjournment hereof.

Dated this.....day of2012

Shareholder's Signature(s) _____

The manner in which the Proxy is to vote should be indicated by
inserting "X" in the appropriate space.

NUMBER OF SHARES

RESOLUTION	FOR	AGAINST
1. To receive the Report of the Directors and the Audited Financial Statements for the years ended December 31st 2011 and 2012 and the Reports of the External Auditors and Audit Committee thereon		
2. To elect/re-elect Directors		
3. To authorize the Directors to fix the remuneration of the External Auditors		
4. To elect Members of the Audit Committee		
Special Business		
5. To fix the remuneration of the Directors		
6. To approve the amendments to the Memorandum and Articles of Association of the Company		
Please indicate with an "X" in the appropriate square how you wish your votes to be cast on resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.		

BEFORE POSTING/SUBMITTING THE ABOVE FORM PLEASE TEAR OFF THIS PART AND RETAIN FOR ADMISSION TO THE MEETING

ADMISSION CARD

Annual General Meeting to be held at 12noon Thursday, 27th March, 2014 at the Universal Hotel Independence Layout Enugu, Enugu State

A Member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote on a poll by proxy. The above for has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the Meeting.

NUMBER OF SHARES

Please sign the above Proxy Form, have it duly stamped by The Commissioner of Stamp Duty and post/submit it, so as to reach the address overleaf not later than 48 hours before the time for holding the Meeting.

If executed by a corporation, the Proxy Form should be sealed with the Corporation's Common Seal.

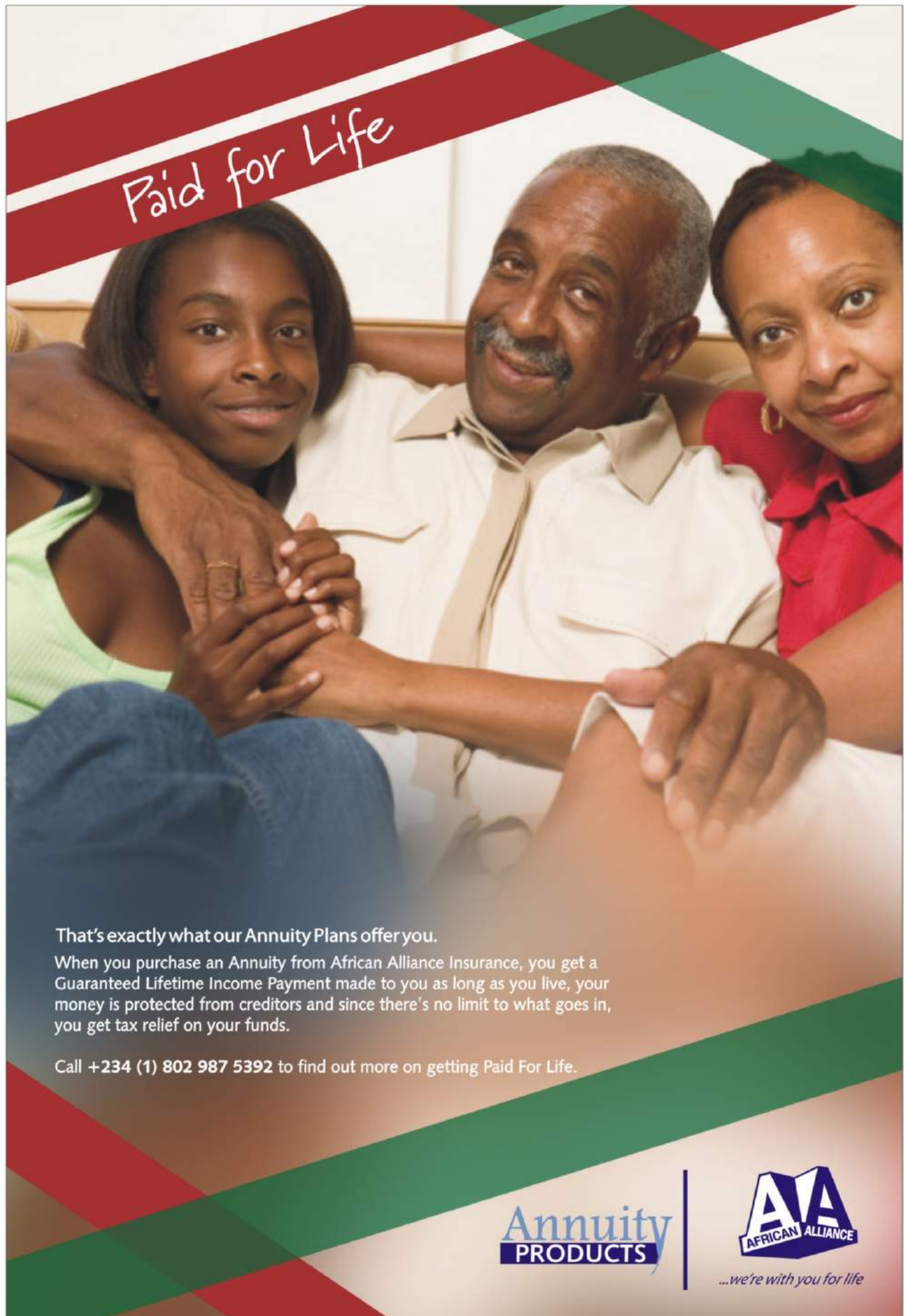
IMPORTANT

The name of the Shareholder must be written in BLOCK CAPITALS on the Proxy Form where marked. This Admission Form must be produced by the Shareholder or his Proxy, who need not be a member of the Company, in order to obtain entrance to the Annual General Meeting.

Signature of person attending _____

**THE REGISTRAR
MAINSTREET BANK REGISTRARS
2, GBAGADA EXPRESSWAY
ANTHONY, VILLAGE,
LAGOS.**





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