ANNUAL REPORT AND ACCOUNTS

For The Year Ended 31 December 2012

African Alliance

Insurance Plc

RC 2176

We are with you for life

Introduction

African Alliance Insurance Plc. Financial Statements comply with the applicable legal requirements of the Companies and Allied Matters Act regarding financial statements and comprises Consolidated and Separate Statements of the Group and the Company for the year ended 31 December 2012. The Financial Statements have been prepared in compliance with IAS 1 'Presentation of the Financial Statement' its interpretation issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria.

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AFRICAN ALLIANCE INSURANCE PLC

CORPORATE INFORMATION AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2012

BOARD OF DIRECTORS

Chief Cyril Ajagu	- Chairman
Alphonse O. Okpor	- Managing Director/CEO
Ambassador Abayomi Mumuni	- Non-Executive Director
Chief Abel Nwankwo (JP)	- Non-Executive Director (Retired April 2012)
Richard Glanton	- Non-Executive Director (American)
Mrs. Oluwafunmilayo Omo	- Executive Director (Appointed April 2012)
Mrs. Olabisi Adekola	- Executive Director (Appointed April 2012)
Mr Anthony Okocha	- Non-Executive Director (Appointed Sept. 2012)

MANAGEMENT TEAM

Alphonse Okpor	- Managing Director/CEO
Olufunmilayo Omo	- Executive Director, Technical
Olabisi Adekola	- Executive Director, Finance
Vincent Emezi	- General Manager, Marketing
Ngozi Onuora	- General Manager, Corporate Services
Duke Enuenweugu	- AGM Group Life
Wisdom Phillips	- Controller, Information Technology
Ayodele Dada	- Controller, Technical
Amaka Okafor	- Deputy Controller, Abuja Operations
Bode Raji	- HOD, Internal Audit

REGISTERED OFFICE

112, Broad Street
Marina, Lagos.

AUDITORS

Anuebunwa Jude & Co.
(Chartered Accountants)
7, Sabitu Street, Liverpool Estate
Ijegun Zone 2, Satelite Town.
P.O. Box 1231, Festac Town
Lagos.
Tel: 01-8933813, 0803 3056 496
FRC/2012/ICAN/00000000121

COMPANY SECRETARY

Mrs. Mosun Ehiedu
Tope Adebayo LLP
79, Allen Avenue
Ikeja, Lagos.
FRC/2013/00000000001586

BANKERS:

1. Access Bank Plc
2. First Bank of Nigeria Plc
3. Ecobank Plc
4. Guaranty Trust Bank Plc
5. Union Bank of Nigeria Plc

CONSULTING ACTUARY

HR Nigeria Limited
AIICO Plaza, Afribank Street,
P.O. Box 75399
Victoria Island
Lagos
FRC/2012/NAS/00000000738

REGISTRARS AND TRANSFER OFFICE

Mainstreet Bank Registrars Limited
2a Gbagada Expressway
Anthony Village
Lagos

AFRICAN ALLIANCE INSURANCE PLC

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012.

1. 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. The subsidiaries wholly owned by the company are Axiom Air Limited, a cargo airline company, and Frenchies Foods Nigeria Limited, a restaurant and catering company.

2. 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.

3. OPERATING RESULTS

The financial results of the subsidiaries have been consolidated in these financial statements.

The following is a summary of the Group's operating results:-
(in thousands of Nigerian Naira)

	Group 2012	Group 2011	Company 2012	Company 2011
Profit before tax	(152,405)	(970,088)	196,995	(680,851)
Taxation	(162,970)	75,497	(160,689)	79,290
Profit after tax	(315,375)	(894,591)	36,306	(601,561)
Transfer to contingency reserve	33,922	18,279	33,922	18,279
Retained earnings for the year	(349,297)	288,497	2,384	581,527
Retained earnings, beginning of year	(19823,135)	(20,111,632)	(17,345,598)	(17,927,125)
Retained earnings, end of year	(20,172,432)	(19,823,135)	(17,343,214)	(17,345,598)
Transfer to other reserves	13,171	0	13,171	0
Earnings per share – Basic	(1.53)	(4.35)	0.18	(2.92)
Total Assets	14,218,188	13,299,626	14,835,783	13,600,332
Cash and cash equivalent	883,726	385,113	879,308	385,243
Financial assets	2,237,893	2,228,655	2,237,893	2,228,655
Insurance Contract liabilities	2,948,308	1,644,469	2,948,308	1,644,469
Share-holders funds	6,301,693	6,603,897	7,594,298	7,544,821
Statutory Deposits	200,000	200,000	200,000	200,000

4. PROPERTY PLANT AND EQUIPMENT

Movement in Property Plant and Equipment during the year are as shown in note 16 of notes to the financial statements.

5. DIRECTORS

The names of the directors who held office during the period and at the date of this report are as stated on page 3.

Retirement and appointment of Directors

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. Chief Abel Nwankwo (JP) retired during the year. The following members were appointed to join the Board of Directors:

- Mr Anthony Okocha - Non-Executive Director - 20th September 2012
- Mrs Funmi Omo – Executive Director Operations – 12th April 2012
- Mrs Olabisi Adekola – Executive Director Finance – 12th April 2012

Directors remuneration

Non-Executive Directors remuneration comprises of directors fees, sitting allowance and travelling allowance for those outside the country payable during the year.
Executive Directors remuneration includes salaries and allowances payable during the year.

6. DIVIDEND

No dividend was proposed for year ended 31 December 2012.

7. DIRECTOR'S INTERESTS

The interests of the Directors in the issued share capital of the Company as recorded in the register of Directors' shareholding at 31 December 2012 are as follows:

Directors	Number of ordinary shares of 50K each held	
	Direct	Indirect
Chief Cyril Ajagu	-	11,285,000,000
Anthony Okocha	50,000	-
Richard Glanton	-	-
Alphonse O. Okpor	-	-
Ambassador Abayomi Mumuni	-	-
Mrs. Oluwafunmilayo Omo	-	-
Mrs. Olabisi Adekola	-	-

Director	Indirect Interest Represented
Chief Cyril Ajagu	Conau Limited

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 declarable interest in contract in which the Company was involved as at 31 December 2012.

8. ANALYSIS OF SHAREHOLDINGS

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

The range of shareholding as at 31 December 2012 is as follows:

Range of holdings			No. of Shareholders	No. Of shares held	% Holdings
1	-	7,000,000	878	778,914,367	3.78
7,000,001	-	15,000,000	58	575,313,760	2.80
15,000,001	-	40,000,000	13	336,116,282	1.63
40,000,000	and	Above	36	18,894,655,591	91.79
Total			**985**	**20,585,000,000**	**100.00**

9. MAJOR SHAREHOLDING

The following shareholders held more than 5% of shares of the company according to the Register of members as at 31st December 2012.

Conau Limited	11,285,000,000	53.02%
Primewealth Capital Ltd	1,261,443,909	5.93%
Universal Insurance Plc	1,200,000,000	5.64%

10. FRAUD/FORGERY

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

11. CORPORATE GOVERNANCE

The Board of Directors and the Management of African Alliance Insurance Plc are committed to leadership in corporate governance. The business of the Company is conducted by its employees and officers, under the direction of the Chief Executive Officer and the oversight of the Board, to enhance the long-term value of the company for its shareholders and other stakeholders.

Corporate governance practices in the company 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.

The Board fulfils its role directly and through Committees to which it delegates certain responsibilities. The Board and its Committees are focused on the continued improvement of our governance principles and practices. The Board's main responsibilities includes:

a). Disclosure of Reliable and Timely Information to Shareholders

b). Approval of Strategy and Major Policy Decisions of the company
c). Evaluation, Compensation and Succession for Key Management Roles
d). Oversight of the Management of Risks and the Implementation of Internal Controls
e). Effective Board Governance.

The Board of Directors is currently made up of seven (7) Directors. The position of the Chairman is distinct from that of the Managing Director. The Board is responsible for controlling and managing the strategic business of the company and constantly reviews and presents a balanced and comprehensive assessment of the company's performance and future prospects. It may exercise all such powers of the company as are not by law or the Articles of Association of the company in General Meetings.

The Board functioned either as a full board or through committees. The Board committees as listed below make recommendations for approval by the full Board.

COMMITTEE	MEMBERSHIP	STATUS
Establishment, Compensation & Governance Committee	Richard Glanton	Chair
	Mr Okpor A	Member
	Ms Onuora Ngozi	Member
	Mrs Omo Funmi	Member
	Mrs Adekola A. O	Member
Enterprise Risk Management Committee	Olabisi Adekola	Director/Chairman
	Oluwafunmilayo Omo	Director/Member
	Ayo Dada	Member
	Wisdom Philips	Member
	Bode Raji	Member
	Olabanji Ogunrekun	Member
	Azuka Ochonogor	Member
Audit & Compliance Committee	Alhaji Tunde Kabir Sarum	Shareholder/Chairman
	Mr. Richard Glanton	Director/Member
	Mrs. Oluwafunmilayo Omo	Director/Member
	Mrs. Olabisi Adekola	Director/Member
	Mr. Fidelis Ijoma Opia	Shareholder/Member
	Dr. Attu Nnaji Raphael	Shareholder/Member

In addition, a Management Executive Committee meets regularly to address policy implementation and other operational issues.

Establishment, Compensation & Governance Committee:
This committee did not meet during the year. The committee meets as the need arises to review the composition of the Board and recommend skill mix and diversity required for appointment of new board members and senior management staff. It also makes recommendations relating to Corporate Governance.

Enterprise Risk Management Committee:
The Committee met three times during the year. It was set up to ensure effective control measures and set up sufficient internal checks to ensure effective and efficient underwriting. The committee assist in the review and approval of the company's risk management policy, oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms.

Audit & Compliance Committee:
The Committee held two meetings during the year. Section 359(6) of the Companies and Allied Matters Act

Cap C20, Laws of the Federation of Nigeria, 2004 provides for the functions of this committee. In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns responsibilities to the Committee. In addition to this, a Board Audit Committee is constituted to further ensure compliance to the statutory requirements.

DIRECTORS ATTENDANCE AT MEETINGS

Directors	Board	Establishment, Compensation & Governance Committee	Audit & Compliance Committee	Enterpirse Risk management Committee
Number of Meetings	7	0	2	3
Chief Cyril Ajagu	7	0	N/A	N/A
Mr. Alphonso O. Okpor	6	0	N/A	N/A
Ambassador. Abayomi Mumuni	1	0	N/A	N/A
Mr. Richard Glanton	0	0	0	N/A
Mrs. Oluwafunmilayo Omo	5	0	2	3
Mrs. Olabisi Adekola	7	0	2	3
Mr. Anthony Okocha	1	0	N/A	N/A

12. EMPLOYMENT AND EMPLOYEES

a. Welfare of employees

The Company provides allowances to its employees at all levels for medical, transportation and housing. The Company is also committed to providing a safe and healthy work environment for all staff.

b. Employees involvement and training

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

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

c. **Workforce**

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

	Male	Female	Total
Managerial	4	5	9
Senior Staff	24	20	44
Junior Staff	6	10	16
	34	35	69

DONATIONS AND CHARITABLE GIFT

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

BENEFICIARY	**AMOUNT** =N=
Kunle Ilori Life Foundation (Touch a widow programme)	100,000.00
Rotary International District (Rotary year 2012)	100,000.00
The Nigerian Stock Exchange (The NSE National Essay Competition)	1,000,000.00

13. APPOINTMENT OF NEW AUDITOR

In order to ensure good corporate governance and that the services of the external auditor remained of the highest quality, a new external auditor, Anuebuwa Jude & CO. (Chartered Accountants), was appointed to replace Akintola Williams Deloitte commencing with 2012 financial year. This appointment is subject to shareholders' approval and a resolution to that effect will be proposed at the company's 2012 annual general meeting. Messrs Anuebunwa Jude & Co. have indicated their willingness to continue in office.

BY THE ORDER OF THE BOARD

Mrs. Mosunmola Ehiedu
Tope Adebayo LLP
Lagos

11 October, 2013
FRC/2013/00000000001586

Statement of Directors' Responsibilities in Relation to the Financial Statements for the Year ended 31 December 2012.

The directors accept responsibility for the preparation of the annual consolidated financial statements that give a true and fair view of the statement of financial position of the Group and Company at the end of the year and of the its comprehensive income in the manner required by the Companies and Allied Matters Act of Nigeria and the Insurance Act of Nigeria. The responsibilities include ensuring that the Group:

i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the companies and Allied Matters Act and the Insurance Act.

ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities: and

iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, in compliance with;

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- the requirements of the Insurance Act;
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
- the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made assessment of the Group's ability to continue as a going concern and have no reason to believe that the Group will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Olabisi Adekola	Alphonse O. Okpor
FRC/2013/ICAN/00000001179	FRC/2013/CIIN/00000003868

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 27 OF 2007

We the undersigned hereby certify the following with regards to our audited reported for the period ended 31st December 2012 that:

a. We have reviewed the report:

b. To the best of our knowledge, the report does not contain:
   i. Any untrue statement of a material fact, or
   ii. Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

c. To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in the report.

d. We;
   (i) Are responsible for establishing and maintaining internal controls.
   (ii) Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
   (iii) Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
   (iv) Have, present in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

e. We have disclosed to the auditors of the company and audit committee:
   (i). All significant deficiency in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarise and report financial data and have identified for the company's auditors any material weakness in internal controls, and
   (ii). Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.

f. We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Olabisi Adekola	Alphonse O. Okpor
FRC/2013/ICAN/00000001179	FRC/2013/CIIN/00000003868

Report of the Audit and Compliance Committee

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 2012.

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.

AlhajiSarumiTundeKabir
Chairman, Audit and Compliance Committee
11 October 2013

MEMBERS OF THE AUDIT COMMITTEE

AlhajiSarumiTundeKabir (Chairman – Shareholders Representative)
Dr Attu Nnaji Raphael (Member – Shareholders Representative)
Mr Fidelis IjomaOpia (Member – Shareholders Representative)
Mr Richard Glanton (Member – Non Executive Director)
Mrs AdekolaOlabisi (Member – Executive Director)
Mrs OmoFunmi (Member – Executive Director)

IN ATTENDANCE
Tope Adebayo llp (Company secretary)

Management Discussion and Analysis
For the year ended 31 December 2012

The Management Discussion and Analysis (MD&A) presents management's view of the financial results of the company's operations and cash flows of African Alliance Insurance Plc and its subsidiaries for the year ended 31st December 2012.

The nature of the business
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. 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, also in the same year, the company went into a joint venture with First Securities Discount House Limited (FSDH) to set up Pension Alliance Limited (PAL), a licenced Pension Fund Administrator.

Management objectives and strategies
The Group has established a solid reputation for excellent customer service and prompt claims settlement. Our marketing efforts are co-ordinated through a network of 16 Branches manned by experienced managers and highly motivated sales personnel for effective field coverage. Other recent and on-going capacity building efforts and performance enhancers embarked on by the Company's management include information technology infrastructure to link our offices nationwide for more excellent standard of service delivery through improved on-line, real-time customer claims and policy handling processes.

Result of operations:- *(in thousands of Nigerian Naira)*

	Group 2012	Group 2011	% Chg	Company 2012	Company 2011	% Chg
Gross premium written	3,392,159	1,827,926	86%	3,392,159	1,827,926	86%
Net premium revenue	3,290,309	1,731,675	90%	3,290,309	1,731,675	90%
Underwriting result	517,309	635,358	(18%)	517,309	635,358	(18%)
Investment income	441,247	794,420	(45%)	169,795	174,249	(03%)
Admin/Operating expenses	1,578,074	1,680,096	(6%)	960,466	836,840	15%
Profit before tax	(152,405)	(970,088)	84%	196,995	(680,851)	128%
Earnings per share	(1.53)	(4.35)	64%	0.18	(2.92)	152%

Critical performance measures and indicators

Gross Premium Written – The Group increased its premium income by 86% during the current year under review over previous year 2011. This is attributable to various marketing strategy deployed to improve the Group's performance.

Net Premium Revenue – As a result of the improved performance in premium generation the net premium income was also boosted by 90% when compared with previous year.

Underwriting Result – The Group result showed a decrease of 18% for the year 31st December 2012 over previous year 31st December 2011. This is as a result of the effect of the adjustments made after Actuarial Valuation in compliance with the provisions of IFRS 4.

Investment Income – This dropped by 45% as at 31st December 2012. This could be attributable to change in investment decisions by the Group.

Operating Expenses – The operating expenses of the Group decreased by 6% as at 31st December 2012 when compared with previous year 31st December 2011. This is an improvement from prior year's result compared with increase in volume of operation of 86%.

Profit Before Tax – The Group made a loss of N152.405 Million during the year against a loss of N970.088 million in the previous year. The improvement is as a result of the management capability and marketing activities to add value to shareholders fund.

ANUEBUNWA JUDE & CO.
(Audit, Tax, Financial and Management Consultancy) BN 2112660

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7, Sabitu Street, Ijegun Satelite Town, Lagos.
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Other Office:
31 Ikosi Road, Oregun, Lagos.
P. O. Box. 1231 Festac Town, Lagos
E-mail: ajconsultingng@gmail.com

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

We have audited the accompanying separate and consolidated financial statements of African Alliance Insurance Plc. ('the company') and its subsidiaries (together 'the group'). These financial statements comprise the consolidated and separate statement of financial position as at 31 December 2012 and the consolidated and separate statements of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Nigerian Insurance Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express an independent opinion on the 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Opinion

In our opinion the accompanying consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the company and the group as at 31 December 2012 and of the financial performance and cash flows of the Company and Group for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Nigerian Insurance Act and the Financial Reporting Council Act.

Contraventions

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

Report on other legal requirements

The Companies and Allied Matters Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. **We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.**

ii. **In our opinion proper books of account have been kept by the company as far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.**

iii. **The company's statement of financial position and statement of comprehensive income are in agreement with the books of account.**

Anuebunwa Jude

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

787553

Chartered Accountants
Lagos, Nigeria
FRC/2012/ICAN/00000000121

20 January 2014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Summary of significant accounting policies

The following are the statement of significant accounting policies applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.0 General Information

The financial statements of the company for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 11 October 2013. The company is a public limited company incorporated and domiciled in Nigeria. The Company was listed on the Nigerian Stock Exchange on 17 September 2009. The registered office is located at 112 Broad Street, Lagos Island.

The company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life insurance services to both corporate and individual customers.

1.1 Going concern status

These financial statements have been prepared on the going concern basis. The group has no intention to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short – term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operation of the group.

2.0 Basis of preparation

(i) Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and effective or available as at 31 December 2012.

For all periods up to and including the year ended 31 December 2010, the company prepared its financial statements in accordance with local generally accepted accounting practice (Local GAAP). These financial statements for period ended 31 December 2012 are the first the company has prepared in accordance with IFRS, and IFRS 1: *First-time adoption of International Financial Reporting Standards* has been applied. The requirement of the IFRS overrides all other provisions where there are conflicts.

(ii) First - time adoption of IFRS

The company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the period ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the company's opening statement of financial position was prepared as at 1st January 2011, the Company's date of transition to IFRS.

(iii) Effect of Transition to IFRS

The most significant IFRSs impact for the Group originated from the implementation of IAS 39 - *Financial instruments: Recognition and Measurement* which requires the valuation of financial assets and liabilities at fair values and impairment of financial assets to only be accounted if there is objective evidence that a loss event has occurred after initial recognition but before the balance sheet date, IAS 27 - *Consolidated and Separate Financial Statements* and IAS 1 *Presentation of Financial Statements* and the change in recognition and measurement for life contracts from fund accounting method to annual accounting method.

The effect of the company's transition to IFRS is summarised as follows:

(i) Transition elections;
(ii) Explanation of material adjustments to cash and cash equivalents as at 01 January 2011 and 31 December 2011.
(iii) Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS.
(iv) Adjustments to the statement of cash flows.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the company is provided in notes 43 of the financial statements.

(i) Transition elections applied:

Set out below are the applicable IFRS 1 exemptions and exceptions applied in the conversion from Nigerian GAAP to IFRS.

.(a). Exemption for business combinations:-

IFRS 1 provides the option to apply IFRS 3, 'Business combinations', prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date`. The group elected to apply IFRS 3 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

(b). Exemption for fair value or revaluation as deemed cost (IAS 16 and IAS38):-

An entity may elect to measure certain items of property, plant and equipment, investment property or intangible assets at the date of transition to IFRS at its fair value and use that fair value as its deemed cost at that date: or may elect to use a previous GAAP revaluation of these assets at, or before, the date of transition to IFRS as deemed costs at the date of the revaluation.

The group elected to measure certain items of property, plant and equipment at fair value as at 1 January 2011. The Deemed cost is the carrying amount as at the date of transition.

(c). Investments in subsidiaries, associates and jointly controlled entities:

The group has measured its investments in the subsidiaries using the previous GAAP carrying amount as deemed cost at the date of transition to IFRS.

(d) Exception for estimates:-

IFRS estimates as at 1 January 2011 are consistent with the estimates as at the same date made in conformity with the Nigerian GAAP, *(after adjustments to reflect any difference in accounting policies).*

(e) Designation of previously recognised financial instruments (IAS 39):

IAS 39 permits a financial asset to be designated on initial recognition as available for sale or as financial instrument at fair value through profit or loss (provided it meets certain criteria). An entity is permitted to designate, at the date of transition to IFRS, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria stated in IAS 39 at that date. The company has designated its financial assets or financial liability as either, held to maturity, loans and recoverable, available for sale, held for trading, fair value through profit and loss for those that meets the criteria in IAS 39.

(f) De-recognition of Financial Assets and Liabilities:-

The Group shall apply the de-recognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement* prospectively for transactions occurring on or after the transition date when applicable. IFRS requires an entity to avoid retrospective application of de-recognition requirements in IAS 39 for transactions entered into before January 1, 2004.

(ii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these financial statements. The company plans to adopt the standards on their respective effective dates. They have no impact in the accounting policies and financial performance of the Company:

- IFRS 9 Financial Instruments (effective on or after 1 January 2015). IFRS 9 addresses classification and measurement of financial asset and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value.

  The adoption of this amendment will have no impact on the financial position and performance of the company.

- IFRS 10 Consolidated Financial Statements (effective on or after 1 January 2013).

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity.

The adoption of this amendment will have no impact on the financial position and performance of the company.

- IFRS 11 Joint Arrangements (effective on or after 1 January 2013).
  IFRS 11 gives a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form.

  The adoption of this amendment will have no impact on the financial position and performance of the company.

- IFRS 12 Disclosure of Interests in other Entities (effective on or after 1 January 2013). This includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

  The adoption of this amendment will have no impact on the financial position and performance of the company.

- IFRS 13 Fair Value Measurement (effective on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS

  The adoption of this amendment will have no impact on the financial position and performance of the company.

- IAS 27 amendment: Separate financial statements; (effective on or after 1 January 2013). This is limited to the accounting for investment in subsidiaries, joint ventures and associates in separate financial statements.

  The adoption of this amendment will have no impact on the financial position and performance of the company.

- IAS 28 amendment: Associates and joint ventures; (effective on or after 1 January 2013). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

  The adoption of this amendment will have no impact on the financial position and performance of the company.

The adoption of these standards and amendment will have no material effect on the company's accounting policies. The group did not early adopt any new or amended standards in 2012.

2.1 Basis of measurement

These financial statements are prepared under the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- Investment properties are measured at fair value.
- Land and Building under property, plant and equipment are measured at fair value.

In accordance with IFRS 4 *Insurance contract*, the company has applied existing accounting policies for insurance contracts and investment contracts. The financial statements for the life business have been accounted for on annual basis and the changes in fund determined by Actuarial Valuation.

2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis to take account of new and available information. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that period or both current and future periods.

2.3 Basis of Consolidation

i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity. The company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

The Company's subsidiaries are 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 result of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal.
Investment in the subsidiaries is stated at cost in the financial statements of the company.

Inter-company transactions, balances and unrealised gains on transactions between companies within the group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity if any
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss.

ii) Investments in associated company

An associate is an entity over which the company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are carried in the financial statements at cost

2.4 Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations,* which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in income statement.

2.5 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2.6 Goodwill

Goodwill represents the excess of the cost of acquisition over the company's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.
Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous GAAP amounts subject to being tested for impairment at that date.

2.7 Foreign currencies

The individual financial statements of each company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the company are expressed in Naira, which is the functional currency of the parent, and the presentation currency for the financial statements.

Transactions in foreign currencies are recorded in Naira at the rate of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currencies are converted into Naira at the rates of exchange ruling on the balance sheet date. All exchange gains and losses arising therefrom are included in the profit and loss account.

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

- Assets and liabilities for each balance sheet are translated at the closing rate as the date of that balance sheet;
- Income and expenditures balances are translated at the average exchange rates, except where such average rates are considered not representative of the prevailing conditions

of such balances;

- Resultant exchange differences are classified as equity and recognised in the group's foreign currency exchange difference reserve on the balance sheet, as part of the shareholders' funds.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.8 Operating Segment

Operating segments are reported based on the internal reporting system provided by the chief operating decision maker who allocates resources and access the performance of operating segments.

2.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.10 Financial Assets

Financial assets and financial liabilities are recognised in the statement of financial position and measured in accordance with their assigned category.

i) Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as; at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' (HTM) investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables' (L&R).

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

ii) Financial assets at FVTPL

Financial assets classified at FVTPL are where the financial asset is either held for trading or it is designated as at FVTPL at inception.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in statement of comprehensive income. The net gain or loss recognised in income incorporates any dividend or interest earned on the financial asset. The Company's investments in quoted equities are carried at fair-value-through-profit or loss.

iii) Held-to-maturity investments

Held-to-maturity investments are those with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity and are classified as held-to-maturity investments.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

iv) Available-for-sale financial assets

Available-for-sale financial assets include listed shares and redeemable notes that are traded in an active market and non- derivative financial assets that are either designated in this category or not classified as any other category and are stated at fair value.

They are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If the asset is determined to be impaired, cumulative gain or loss previously recognised in the other comprehensive income is recognised in the statement of comprehensive income. Interest is calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale is recognised in the statement of comprehensive income.

Dividends on AFS equity instruments are recognised in comprehensive income when the company's right to receive the dividends is established. Investment in unquoted equities and managed funds are classified as available for sale.

v) Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are designated as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

• default or delinquency in interest or principal payments; or

• it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognised in the statement of comprehensive income.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity instruments, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

vii) De-recognition of financial assets

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.11.1 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described below.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

2.11.2 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

i) De-recognition of financial liabilities

The company de-recognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

ii) Fair value of financial instruments

The fair value of non-derivative financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices. Financial assets in this category include listed equities, listed debt securities and mortgages. For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs like NIBOR yield curve, FX rates and counterparty market development.

2.12 Trade Receivables

Trade receivables are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment. They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

Impairment:-

A provision for impairment is made when there is objective evidence, (such as the probability of solvency or significant financial difficulties of the debtors) that the group will not be able to collect the amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt.

Impairment debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

2.13 Reinsurance Assets

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and ceded life policy benefits. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance or investment contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the company will not be able to collect the amounts due from reinsurers.

Premium ceded, claims reimbursed and commission recovered are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts.

2.14 Deferred Acquisition Cost

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.

2.15 Other Receivables

Other receivables are carried at amortised cost less any accumulated impairment losses.
They are stated after deducting allowance made for specific debts considered doubtful of recovery. Other receivables are reviewed at every reporting period for impairment.

Impairment:-

A provision for impairment is made when there is objective evidence, (such as the probability of solvency or significant financial difficulties of the debtors) that the group will not be able to collect the amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt.

Impairment debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

2.16 Investment in Subsidiaries

Investments in subsidiaries are carried in the Company's statement of financial position at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been

impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.
On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

2.17 Investment in Associates

Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profit or losses resulting in the associate transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the share of profit of an associate in the income statement. Upon loss of significant influence over the associate, Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount and fair value and proceeds from disposal is recognised in the income statement.

2.18 Investment properties

Property held for long-term rental yields that is not occupied by the company is classified as investment property. Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the company uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being developed for continuing use as investment property, or for which the market has become less active, continues to be measured at cost.

Changes in fair values are recorded in the income statement.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the company. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property and surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

2.19 Deferred Tax Assets

Deferred tax asset is the tax expected to be recoverable on differences between the carrying amounts of liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.20 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:
- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;

- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software is amortised on a straight-line basis over its estimated useful life of 10 years.

2.21 Property, plant and equipment

Land and Buildings are owner occupied offices. Land is shown at cost. The buildings are shown at fair value on a periodic basis by an Independent Valuer.

Motor vehicles, Computer equipment, Office equipment, furniture & fittings are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amount when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. All repairs and maintenance are charged to the income statement in the period incurred.

Land is not depreciated. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2%
Vehicles	25%
Furniture & fittings	10%
Computer equipment	10%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.
The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

2.22 Statutory deposit

Statutory deposit represents 10% of the paid up capital of the company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

3.0 Insurance and investment contracts

The company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

IFRS 4 permits the continued use of previously applied GAAP.

i) *Life insurance contracts*

These contracts insure events associated with human life (for example, death or survival) over a long duration. The financial statements for life insurance contract have been prepared on annual accounting basis and the changes in fund determined by Actuarial Valuation.

ii) Liability adequacy

At each reporting date, the company performs a liability adequacy test on its insurance contract liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying amount of insurance liabilities is adequate using current estimates of future cash flows. Any deficiency is charged as an expense to the income statement initially by writing off the intangible assets and subsequently by recognising an additional liability.

iii) *Investment Contracts Liability*

Funds received from clients under the deposit administration scheme and investment link fund are recognized as liabilities and held strictly for investment purpose in the financial statements. Guaranteed interest payable on the fund is credited to the investment contract liability 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

3.1 (i) Actuarial valuation of life fund

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

Actuarial valuation of life fund is carried out on a yearly basis for purpose of determining the surplus/deficit at the end of each year. Deficit arising therefrom is charged to the Profit and loss account wholly while a maximum of 40% of the surplus is appropriated to the shareholders and credited to the income statement or as otherwise advised by the actuaries.

3.1 (ii) *General Reserve*

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation and an additional 25% of net premium for every year between valuation dates.

3.1 (iii). Hypothetication of investment:

In line with the provisions of Section 25 of the Insurance Act 2003, adequate investment is allocated to Policy holders fund in order of liquidity. These investments are held as back up to cover the Insurance Contract Liability Funds at each point in time

3.2 Borrowing and Borrowing cost

i). Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.
Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the date of the statement of financial position.

ii). Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to income as incurred. Arrangement fees in respect of financing arrangements are charged to borrowing costs over the life of the related facility.

3.3a. Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount, except the due date of the liability is less than one year.

3.3b. Other Payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount, except when the due date of the liability is less than one year.

i) Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

ii) *Insurance-related assessments or guarantee-fund levies*

The company is subject to various insurance-related assessments or guarantee-fund levies. Related provisions are provided for where there is a present obligation (legal or constructive) as a result of a past event.

3.4 Employee benefit liability

i) Defined Contribution Plan

The Company operates contributory pension plan for eligible staff. The matching contribution of 7.5% each by staff and the Company are based on current staff salaries as required by the Pension Reform Act 2004.

ii) Defined Benefit Plan

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are presented in the statement of recognised income and expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the financial statement represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

3.5.1. Income Tax Liabilities

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period.

Where the Company has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset. This asset is offset against an existing current tax balance. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.

3.5.2. Deferred Tax Liabilities

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.

Deferred tax is the tax expected to be payable on differences between the carrying amounts of assets in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

4.0 Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

4.0.1. Dividends

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the Company's shareholders.

4.0.2. Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.1 Share Premium

This represents the excess amount paid by Shareholders on the borrowing value of the shares. This amount is distributable to the shareholders at their discretion.

4.2 *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.

4.3 Retained Earnings

The retained earnings is made up of undistributed profit/(loss) of the Company. It is classified as part of equity of the company in the statement of financial position.

4.4 Revaluation Reserves

The revaluation reserve comprises the cumulative net change in the fair value of the Group's property, plant and equipment. This is shown in the statement of financial position as part of the equity. An increase is credited directly to other comprehensive income. A reversal of an increase previously taken to other comprehensive income is debited to other comprehensive income. A decrease is recognised in income statement to the extent that it reverses the previous loss.

5.0 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or the group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

5.1 Revenue 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.

Written premiums for life insurance contracts and investment contracts with discretionary participating features, are recognised as income when due from the policyholder. Premiums are stated gross of commission and exclusive of taxes and duties levied on premiums.

Amounts collected as premiums from investment contracts with no discretionary participating features are reported as deposits in the balance sheet as an investment contract liability.

ii) *Fee and commission income*

Fee and commission income consists primarily of investment contract fee income, reinsurance and profit commissions, asset management fees, policyholder administration fees and other contract fees. Front end fees on investment contracts with no discretionary participating features are recognised as income when investment management services are rendered over the estimated life of the contracts. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognised as the services are provided.

iii) Investment income

Income from investments comprise of income earned on quoted and unquoted investments and is recognised in the accounts on an accrual basis. Investment return consists of dividends, interest and rents receivable, movements in amortised cost on debt securities and other loans and receivables, realised gains and losses, and unrealised gains and losses on fair value assets.

iv) Interest

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

v) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

vi) Rental income

Rental income is recognised on an accruals basis.

vii) Realised gains and losses

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

viii) Unrealised gains and losses

Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

5.2 Reinsurance

The Group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Premium ceded, claims reimbursed and commission recovered are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

5.3 Claim Expenses

Claim expenses consist of benefits and claims paid to policyholders. Death claims and surrender claims are recognised upon notification. Maturities and annuities are recognised when due. 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.

5.4.1. **Underwriting expenses**

Underwriting expenses are subdivided into acquisition and maintenance expenses. Acquisition expenses are those incurred in obtaining and renewing insurance contracts'. They include commission paid, policy expenses and indirect expenses such as salaries of underwriting staff: and are deferred and amortized in proportion to the amount of premium determined separately for matching concept.

Maintenance expenses are charged to the revenue account in the accounting period in which they are incurred. They are those incurred in servicing existing policies/contracts.

5.4.2. **Deferred Acquisition Costs**

The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period.

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.

5.4.3. Impairments

(i) Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there are assets carried at amortised cost, impairment loss is measured and the carrying amount of the asset is reduced and the loss recognised in the Statement of comprehensive income. If in subsequent year, the amount of the estimated impairment increases or decreases, the previously recognised impairment loss is adjusted. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the statement of comprehensive income.

For available-for-sale financial assets, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income: increases in their fair value after impairment are recognised directly in other comprehensive income.

(ii) Non-Financial Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

5.4.4. Other operating expenses

These are management expenses other than claims, investments and underwriting expenses. They include salaries and wages, depreciation charges and other non-operating expenses. Management expenses are accounted for on accrual bases and recognised in the statement of comprehensive income upon utilisation of the services or at the date of their origin.

AFRICAN ALLIANCE INSURANCE PLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

		GROUP			COMPANY		
	NOTES	31-Dec-12	31-Dec-11	1-Jan-11	31-Dec-12	31-Dec-11	1-Jan-11
Assets		N'000	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	6	883,726	385,113	156,098	879,308	385,243	145,804
Financial Assets	7	2,237,893	2,228,655	2,350,747	2,237,893	2,228,655	2,350,747
Trade Receivables	8	30,119	30,472	31,537	-	-	-
Reinsurance Assets	9	27,710	7,131	3,443	27,710	7,131	3,443
Deferred Acquisition Cost	10	444	137	242	444	137	242
Other Receivables	11	226,560	188,123	1,113,057	309,458	128,993	1,019,820
Investment in subsidiaries	12	-	-	-	4,013,053	4,000,052	4,000,052
Investment in Associates	13	684,375	523,824	232,978	849,061	688,510	397,664
Investment Properties	14	5,927,000	5,604,000	4,058,000	5,927,000	5,604,000	4,058,000
Deferred Tax Assets	25	38,025	26,822	23,017	38,025	26,822	23,017
Intangible Asset	15	13,331	16,040	66,052	13,331	16,040	11,894
Property Plant and Equipment	16	3,949,005	4,089,310	5,412,113	340,501	314,750	1,508,151
Statutory Deposits	17	200,000	200,000	200,000	200,000	200,000	200,000
Total Assets		14,218,188	13,299,626	13,647,284	14,835,783	13,600,332	13,718,834
Liabilities							
Insurance Contract Liabilities	18	2,948,308	1,644,469	1,576,578	2,948,308	1,644,469	1,576,578
Investment Contracts Liabilities	19	3,313,719	3,393,094	3,191,530	3,313,719	3,393,094	3,191,530
Borrowings	20	127,054	245,479	217,402	116,308	201,151	130,394
Trade Payable	21	218,777	94,362	55,228	95,567	36,417	19,484
Other payables	22	591,066	828,600	591,198	153,918	369,524	201,928
Employee Benefit Liability	23	186,241	129,688	97,257	142,715	108,919	87,242
Income Tax liabilities	24	171,250	158,595	144,347	150,318	139,943	129,488
Deferred tax liabilities	25	360,079	201,442	287,382	320,631	161,994	247,934
Total Liabilities		7,916,495	6,695,729	6,160,922	7,241,485	6,055,511	5,584,578
Equity							
Issued and paid Share capital	26 (i)	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium	26 (ii)	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
Contigency Reserves	26 (iii)	112,808	78,886	60,607	112,808	78,886	60,607
Retained earnings	26 (iv)	(20,172,432)	(19,823,135)	(20,111,632)	(17,343,214)	(17,345,598)	(17,927,125)
Revaluation Reserves	26 (v)	1,703,684	1,690,513	2,879,754	167,071	153,900	1,343,141
					-	-	-
Shareholders funds		6,301,693	6,603,897	7,486,362	7,594,298	7,544,821	8,134,256
Total liabilities & Reserves		14,218,188	13,299,626	13,647,284	14,835,783	13,600,332	13,718,834

Signed on behalf of the Board of Directors on 11th October 2013

Mrs. Olabisi Adekola
FRC/ICAN/00000001179
Chief Finance Officer

Mr. Alphonse O. Okpor
FRC/2013/CIIN/00000003868
Chief Executive Officer

Engr. Cyril Ajagu
FRC/2013/IODN/00000003711
Chairman

African Alliance Insurance Plc

Statements of Comprehensive Income
For the year ended 31 December 2012

	Notes	GROUP		COMPANY	
		31-Dec-2012	31-Dec-2011	31-Dec-2012	31-Dec-2011
		N'000	N'000	N'000	N'000
Gross Premium written		3,392,159	1,827,926	3,392,159	1,827,926
Gross Premium Income	28	3,332,966	1,747,226	3,332,966	1,747,226
Reinsurance Expense	29	(42,657)	(15,551)	(42,657)	(15,551)
Net Premium Income		3,290,309	1,731,675	3,290,309	1,731,675
Fees and Commission income	30	17,675	5,774	17,675	5,774
NET UNDERWRITING INCOME		3,307,984	1,737,449	3,307,984	1,737,449
Claims expenses	31	(1,387,379)	(921,959)	(1,387,379)	(921,959)
Reinsurance claims	31	27,916	10,517	27,916	10,517
Changes in contract liabilities	31	(1,031,430)	127,913	(1,031,430)	127,913
Net claims expenses		(2,390,893)	(783,529)	(2,390,893)	(783,529)
Underwriting Expenses					
Acquisition expenses		(74,235)	(38,757)	(74,235)	(38,757)
Maintenance expenses		(325,547)	(279,805)	(325,547)	(279,805)
Total underwriting expenses		(399,782)	(318,562)	(399,782)	(318,562)
Underwriting Profit/(Loss)		517,309	635,358	517,309	635,358
Investment income	32	441,247	790,466	169,795	174,249
Other operating income	33	-	3,954	-	-
Total Investment income		441,247	794,420	169,795	174,249
Impairment charges	34	9,535	(1,071,109)	9,535	(1,016,951)
Net fair value gain/(loss) on financial assets at fair value through profit or loss	35	13,643	(61,625)	13,643	(61,625)
Fair value gain/(loss) on investment properties	35	323,000	346,000	323,000	346,000
Net Operating Income		787,425	7,686	515,973	(558,327)
Share of profit of equity accounted investee	33	160,551	118,856	160,551	118,856
		947,976	126,542	676,524	(439,471)
Administrative Expense	36	(419,558)	(449,074)	(341,106)	(331,165)
Other operating Expenses	37	(1,158,516)	(1,231,022)	(619,360)	(505,675)
Total Expenses		(1,578,074)	(1,680,096)	(960,466)	(836,840)
Result of operating activities		(112,789)	(918,196)	233,367	(640,953)
Interest Expense	37	(39,617)	(51,892)	(36,373)	(39,898)
Profit or (Loss) before Taxation		(152,405)	(970,088)	196,995	(680,851)
Income Tax Expense/Credit	38	(162,970)	75,497	(160,689)	79,290
Profit or (Loss) after Taxation		(315,375)	(894,591)	36,306	(601,561)
Profit attributable to:					
Equity holders of the Company		(315,375)	(894,591)	36,306	(601,561)
Non-controlling interest		-	-	-	-
Profit/(loss) for the period		(315,375)	(894,591)	36,306	(601,561)
Other Comprehensive income					
Items within OCI that will not be reclassified to the profit or loss;					
PPE revaluation gains	26(v)	13,171	12,126	13,171	12,126
Other comprehensive income for the period		13,171	12,126	13,171	12,126
Total comprehensive income		(302,204)	(882,465)	49,477	(589,435)
Total comprehensive income attributable to:					
Equity holders of the company		(302,204)	(882,465)	49,477	(589,435)
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		(302,204)	(882,465)	49,477	(589,435)
Earnings per share-basic	39	(1.53)	(4.35)	0.18	(2.92)

African Alliance Insurance Plc
Statements of Changes in Equity (GROUP)
for the year ended 31 December 2012

	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Investment Property reserves	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2011	10,292,500	14,365,133	2,638,842	60,607	163,410	(19,796,187)	7,724,305
Total comprehensive income							-
Profit and loss	-	-	-		-	-	-
Other comprehensive income							-
Transfer from investment property reserve					(163,410)	163,410	-
Net correction of errors at conversion						(20,343)	(20,343)
Gain on the revaluation of land and buildings			240,912				240,912
Deferred tax on revaluation surplus						(72,274)	(72,274)
Net fair value gain/loss on investment property						(59,059)	(59,059)
Deferred tax on fair value loss on invest. Property						17,718	17,718
Provision for fees payable no longer required						121,383	121,383
Additional liability on staff gratuity						(76,724)	(76,724)
Deferred tax impact of the liability on staff gratuity						23,017	23,017
Adjustment for deferred acquisition cost						242	242
Recogntion of reinsurance in valuation						3,443	3,443
Recogntion of net change in contract liabilities						(416,258)	(416,258)
Other comprehensive income for the period	-	-	240,912	-	(163,410)	(315,445)	(237,943)
Total comprehesive income for the period	-	-	240,912	-	(163,410)	(315,445)	(237,943)
Balance at 1 January 2011	10,292,500	14,365,133	2,879,754	60,607	-	(20,111,632)	7,486,362
Balance at 1 January 2011	10,292,500	14,365,133	2,879,754	60,607	-	(20,111,632)	7,486,362
Total comprehensive income for the period							-
Profit or loss	-	-	-	-	-	(894,591)	(894,591)
Other comprehensive income							-
Transfer from fixed asset to investment property reserve			(1,201,367)		1,201,367	-	-
Transfer from investment property reserve			-		(1,201,367)	1,201,367	-
Gain on the revaluation of land and buildings	-	-	12,126	-	-	-	12,126
Transfer to contingency reserve	-	-	-	18,279	-	(18,279)	-
							-
Other comprehensive income for the period	-	-	(1,189,241)	18,279	-	1,183,088	12,126
Total comprehesive income for the period	-	-	(1,189,241)	18,279	-	288,497	(882,465)
Balance at 31 December 2011	10,292,500	14,365,133	1,690,513	78,886	-	(19,823,135)	6,603,897
Balance at 1 January 2012	10,292,500	14,365,133	1,690,513	78,886	-	(19,823,135)	6,603,897
Total comprehensive income for the period							
Profit or loss						(315,375)	(315,375)
Other comprehensive income							
Transfer to contingency reserve	-	-	-	33,922		(33,922)	-
Gain on the revaluation of land and buildings			13,171			-	13,171
Other comprehensive income for the period	-	-	13,171	33,922	-	(33,922)	13,171
Total comprehesive income for the period	-	-	13,171	33,922	-	(349,297)	(302,204)
Balance at 31 December 2012	10,292,500	14,365,133	1,703,684	112,808	-	(20,172,432)	6,301,693

African Alliance Insurance Plc
Statements of Changes in Equity (COMPANY)
for the year ended 31 December 2012

	Share Capital	Share Premium	Revaluation reserve	Investment Property reserves	Contingency reserve	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2011	10,292,500	14,365,133	1,102,229	163,410	60,607	(17,632,023)	8,351,856
Total comprehensive income							-
Profit and loss	-	-	-		-	-	-
Other comprehensive income							-
Transfer from investment property reserve				(163,410)		163,410	-
Gain on the revaluation of land and buildings	-	-	240,912		-	-	240,912
Deferred tax impact of revaluation surplus						(72,274)	(72,274)
Net fair value gain/loss on investment property						(59,059)	(59,059)
Deferred tax impact of fair value loss on invest. Property						17,718	17,718
Provision for fees payable no longer required						121,383	121,383
Additional liability on staff gratuity						(76,724)	(76,724)
Deferred tax impact of the liability on staff gratuity						23,017	23,017
Adjustment for deferred acquisition cost						242	242
Recogntion of reinsurance assets						3,443	3,443
Recogntion of net change in contract liabilities						(416,258)	(416,258)
							-
Other comprehensive income for the period	-	-	240,912	(163,410)	-	(295,102)	(217,600)
Total comprehesive income for the period	-	-	240,912	(163,410)	-	(295,102)	(217,600)
Balance at 1 January 2011	10,292,500	14,365,133	1,343,141	-	60,607	(17,927,125)	8,134,256
Balance at 1 January 2011	10,292,500	14,365,133	1,343,141	-	60,607	(17,927,125)	8,134,256
Total comprehensive income for the period							-
Profit or loss	-	-	-		-	(601,561)	(601,561)
Other comprehensive income							-
Transfer from fixed asset to investment property reserve			(1,201,367)	1,201,367		-	-
Transfer from investment property reserve				(1,201,367)		1,201,367	-
Gain on the revaluation of land and buildings	-	-	12,126		-	-	12,126
Transfer to contingency reserve	-	-	-		18,279	(18,279)	-
							-
Other comprehensive income for then period	-	-	(1,189,241)	-	18,279	1,183,088	12,126
Total comprehesive income for the period	-	-	(1,189,241)	-	18,279	581,527	(589,435)
Balance at 31 December 2011	10,292,500	14,365,133	153,900	-	78,886	(17,345,598)	7,544,821
Balance at 1 January 2012	10,292,500	14,365,133	153,900		78,886	(17,345,598)	7,544,821
Total comprehensive income for the period							-
Profit or loss						36,306	36,306
Other comprehensive income							-
Transfer to contingency reserve	-	-	-		33,922	(33,922)	-
Gain on the revaluation of land and buildings			13,171				13,171
Other comprehensive income for the period	-	-	13,171		33,922	(33,922)	13,171
Total comprehesive income for the period	-	-	13,171		33,922	2,384	49,477
Balance at 31 December 2012	10,292,500	14,365,133	167,071		112,808	(17,343,214)	7,594,298

African Alliance Insurance Plc

Statement Of Cash Flows

For the year ended 31 December 2012

	GROUP		COMPANY	
	31-Dec-2012	31-Dec-2011	31-Dec-2012	31-Dec-2011
	N'000	N'000	N'000	N'000
Cash flows from operating activities				
Insurance premium received from policy holders,Brokers & Agents,Cedants	3,332,966	1,747,226	3,332,966	1,747,226
Commission received	17,675	5,774	17,675	5,774
Reinsurance receipts in respect of claims	27,916	10,517	27,916	10,517
Reinsurance premium paid	(42,657)	(15,551)	(42,657)	(15,551)
Other operating cash payments	(669,172)	(15,541)	(699,578)	(55,579)
Insurance benefits and Claims paid	(1,387,379)	(921,959)	(1,387,379)	(921,959)
Investment Contracts Receipts	1,373,036	1,696,055	1,373,036	1,696,055
Investment Contracts Benefits paid	(1,597,797)	(1,678,728)	(1,597,797)	(1,678,728)
Payments to intermediaries to acquire insurance and investment contracts	(545,168)	(460,957)	(545,168)	(460,957)
Interest Received	64,587	19,908	64,587	19,908
Dividend Income Received	9,602	5,562	9,602	5,562
Cash generated from operations	583,609	392,306	553,203	352,268
Interest Paid	(39,617)	(51,892)	(36,373)	(39,898)
Company Income Tax paid	-	(4,334)	(2,880)	-
Net cash provided by operating activities	543,993	336,080	513,951	312,370
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(78,095)	(60,900)	(52,471)	(36,610)
Proceeds from sale of property, plant and equipment	1,593	787	1,593	337
Purchase of investments	(215,556)	(194,329)	(215,556)	(194,329)
Sales of investments	99,808	51,972	99,808	51,972
Purchase of investment property	(1,589)	-	(1,589)	
Investment incomes and other receipts	32,021	23,553	32,021	23,553
Net Cash provided by investing activities	(161,818)	(178,917)	(136,194)	(155,077)
Cash Flows from Financing Activities				
Proceeds from borrowings	116,308	201,151	116,308	201,151
Net cash provided by financing activities	116,308	201,151	116,308	201,151
Net Increase/(decrease) in cash and cash equiv.				
Cash and Cash equivalent at the beginning	385,243	26,799	385,243	26,799
Net increase/decrease in cash and cash equivalents	498,483	358,314	494,065	358,444
Cash and Cash equivalent at the end of period	883,726	385,113	879,308	385,243

AFRICAN ALLIANCE INSURANCE PLC

Notes to the financial statements
For the year ended 31 December 2012

1 *General Information:*

The financial statements of the company for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 11th October 2013. The company is a public limited company incorporated and domiciled in Nigeria. The registered office is located at 112 Broad Street, Marina, Lagos.

The group is principally engaged in the business of providing risk underwriting for life, related financial and pension services, aviation and hospitality services to its customers.

2 *Summary of significant accounting policies:*

The principal accounting policies applied in the preparation of these financial statements are disclosed on pages 18-37. These policies have been consistently applied to all the years presented, unless otherwise stated.

3 *Critical accounting estimates and judgements:*

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. (i) Fair value of financial assets:

Available-for-sale financial assets are deemed to be impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates the normal volatility in share price, the financial health of the investee industry and sector performance, technological changes and cashflow among other factors.

The fair value of financial instruments where no active market exists or where quoted prices are not available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data derived for that instrument and valued in the case of the group, by applying the rulling exchange rate at close of business.

3. (ii) Liabilities arising from insurance contract:

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported (IBNR) are determined using statistical analyses. The group believes that the reserves are adequate for the period.

3. (iii) *Impairment or receivables:*

In accordance with the accounting policy stated in Note 2.12, the group tests annually whether premium receivables have suffered any impairment on individual bases. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations require the use of estimates.

4 Insurance and Financial risks management:

4 a. Financial risk management

The company monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

4 b. Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risks arises due to flunctuations in both value of assets and liabilities. The company has established policies and procedures in order to manage market risk.

4 c. Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk as the company invest in short term investments at fixed interest rates.
Interest rate risk also exists in products sold by the company. The company manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements

Interest rate risk exposures from guarantees embedded in insurance liabilities. The company's insurance contracts and investment contracts with DPF have certain options and guarantees that transfer interest rate risk to the company. These are:-

• options to surrender the insurance contract or the investment contract with DPF where the surrender value (i.e. the strike price of the option) is either a fixed amount or a fixed amount plus interest depending on the year in which the contract was issued;

• guaranteed annuity options where the company has guaranteed at the inception of certain contracts that it will be paying a life annuity to the surviving policyholders at their retirement dates which will be calculated using the higher of the current annuity rate at that date or the guaranteed annuity rate set in the contract. The guaranteed rate has fixed at inception both the level of mortality risk and the interest rate that will be used to calculate the annuity payments.

4 d. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The areas of exposure to credit risk for the company are in relation to loans on policyholders and intermediaries

The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.
Loans and receivables from policyholders, agents and intermediaries generally do not have a credit rating.

The following shows the carrying value of assets that are neither past due nor impaired, past due but not impaired and assets that have been impaired for loans and receivables

	31-Dec-2012	31-Dec-2011
	N'000	N'000
Neither past due nor impaired	8,000	-
past due but not impaired	42,840	26,463
impaired	78,092	81,013

4 e. Liquidity risk

Liquidity risk is the risk that the company cannot meet its obligations associated with financial liabilities as they fall due.
The company has adopted an appropriate liquidity risk management framework for the management of the company's liquidity requirements. The company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The company is exposed to liquidity risk arising from clients on its insurance and investment contracts. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

Liquidity management ensures that the company has sufficient access to funds necessary to cover insurance claims, surrenders, withdrawals and maturing liabilities. The company's assets contain marketable securities which could be converted in to cash when required.
The following table shows details of the expected maturity profile of the company's obligations with respect to its financial liabilities and estimated cash flows of recognised insurance and participating investment contract liabilities.

			Maturity profile			
31 December 2012	Carrying amount	< 3 months	3-6 months	6- 12 months	1- 5 years	> 5 years
Assets:						
Cash and Cash equivalents	879,308	879,308	-	-	-	-
Financial assets	2,187,053	-	-	230,773	-	1,956,280
Reinsurance assets	20,579	-	-	20,579	-	-
Trade and other receivables	309,458				309,458	
Loans and receivables	50,840	-	3,813	-	47,027	-
Total Assets	3,447,238	879,308	3,813	251,352	356,485	1,956,280
Liabilities		-	-	-	-	-
Trade and other payables	249,485	191,253	21,521	36,711	-	-
Borrowings	116,308	-	-	116,308	-	-
Investment contract liability	3,313,719	165,686	215,392	66,274	662,744	2,203,623
Total liabilities	3,679,512	356,939	236,913	219,294	662,744	2,203,623
liquidity gap	(232,274)	522,369	(233,100)	32,058	(306,259)	(247,343)

			Maturity profile			
31 December 2011		< 3 months	3-6 months	6- 12 months	1- 5 years	> 5 years
	Carrying amount					
Assets:						
Cash and Cash equivalents	385,243	385,243	-	-	-	-
Financial assets	2,202,192	-	-	188,230	-	2,013,962
Reinsurance assets	-	-	-	-	-	-
Trade and other receivables	128,993				128,993	
Loans and receivables	26,463	-	2,119	-	24,344	-
Total Assets	2,742,891	385,243	2,119	188,230	153,337	2,013,962
Liabilities		-	-	-	-	-
Trade and other payables	405,941	312,220	26,654	67,067	-	-
Borrowings	201,151	-	-	201,151	-	-
Investment contract liability	3,393,094	169,655	220,551	67,862	678,619	2,256,408
Total liabilities	4,000,186	481,875	247,205	336,080	678,619	2,256,408
liquidity gap	(1,257,295)	(96,632)	(245,086)	(147,850)	(525,282)	(242,445)

Although the company has access to financing facilities, the company also expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

4 f. Insurance Risks management

The company accepts insurance risk through its insurance contracts and certain investments contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

The company writes life, pensions and annuities business with or without discretionary participating features. The most significant risks arise from mortality, persistency, longevity, morbidity, expense variations and investment returns. Concentration of risk may arise from geographic regions, epidemics, accumulation of risks and market risk.
The concentration of life insurance and investment contracts with DPF by type of contract is summarised below by reference to liabilities.

	Gross		Reinsurance	
	31-Dec-2012	31-Dec-2011	31-Dec-2012	31-Dec-2011
	N'000	N'000	N'000	N'000
Individual life	10,091,349	9,068,098	558	690
Group life	217,980,867	181,721,472	69,809	21,992
Annuities	171,275	12,930	-	-

4 g. Capital Management

The company manages its capital to ensure that the company will be able to continue as going concerns and comply with the regulators' capital requirements of the markets in which the company operates while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management.

The National Insurance Commission (NAICOM) specifies the minimum amount and type of capital that must be held by the company to cover the insurance liabilities. The minimum required capital presented in the table below must be maintained at all times.

	31-Dec-2012	31-Dec-2011
	N'000	N'000
Shareholders' equity	7,594,298	7,544,821
Capital requirement on regulatory basis	2,000,000	2,000,000

4 h. Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged between willing partners in an arms lenght transaction. The three levels of fair value measurement are as follows:

Level 1 - This includes exchange-traded prices of fixed maturities and equity instruments in an active market.

Level 2 - This includes instruments measured using quoted market prices in an active market or quoted market prices for similar instruments in a market considered to be less active or other valuation techniques where observable inputs from market can be applied.

Level 3 - This includes instruments that are valued using unobservable inputs. Unobservable inputs are those not readily available in an active market and instruments here are determined using historical observations or inputs of similar nature.

The table below shows the fair value hierarchy of financial instruments measured at fair value as at 31st December 2012

Assets - Group	Level1	Level 2	Level 3	Total
Equity Instruments - At FVTPL	2,130,252			2,130,252
Equity Instruments - Available for sale			56,800	56,800

Assets - Company	Level1	Level 2	Level 3	Total
Equity Instruments - At fair value through profit or loss	2,130,252			2,130,252
Equity Instruments - Available for sale			56,800	56,800

5 **Segment Information:**

By business segment:	Life Insurance	Catering	Air Freight	2012 Total	2011 Total
	N'000	N'000	N'000	N'000	N'000
Gross income	3,332,966			3,332,966	1,747,226
Reinsurance Expenses	(42,657)	-		(42,657)	(15,551)
Net premium income	3,290,309	-	-	3,290,309	1,731,675
Fee and commission income	17,675			17,675	5,774
Investment income	169,795	271,452		441,247	790,466
Net fair value gain/(loss) on financial assets at fair value through profit or loss	13,643			13,643	(61,625)
Fair value gain/(lossa) on investment properties	323,000			323,000	346,000
Revaluation surplus on PPE	13,171			13,171	12,126
Other operating income	160,551			160,551	122,810
Net income	3,988,144	271,452	-	4,259,596	2,947,226
Insurance benefits and claims	(1,387,379)			(1,387,379)	(921,959)
Insurance claims recovered from re-insurer	27,916			27,916	10,517
Change in contract liabilities	(1,031,430)			(1,031,430)	127,913
Net insurance benefits and claims	(2,390,893)	-	-	(2,390,893)	(783,529)
Acquisition cost	(74,235)			(74,235)	(38,757)
Other underwriting expenses	(325,547)			(325,547)	(279,805)
Administrative expenses	(341,106)	(48,483)	(29,969)	(419,558)	(449,074)
Other operating expenses	(619,360)	(215,844)	(323,312)	(1,158,516)	(1,231,022)
Impairment charges	9,535			9,535	(1,071,109)
Interest expense	(36,373)		(3,244)	(39,617)	(51,892)
Net expenses	(3,777,979)	(264,327)	(356,525)	(4,398,831)	(3,905,188)
Reportable segment profit before tax	210,166	7,125	(356,525)	(139,234)	(957,962)
Income tax expenses	(160,689)	(2,280)	-	(162,969)	75,497
Reportable Profit after tax	49,477	4,845	(356,525)	(302,203)	(882,465)

No single external customer contributed 10 per cent or more of an entity's revenues as at year end.

6 Cash and Cash Equivalents

	GROUP			COMPANY		
	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
This comprises of:	N'000	N'000	N'000	N'000	N'000	N'000
Cash and Bank Balances	307,583	158,077	46,371	303,165	158,178	36,077
Placement with Banks	576,143	207,036	109,727	576,143	207,065	109,727
Treasury bills	-	20,000	-	-	20,000	-
Total	883,726	385,113	156,098	879,308	385,243	145,804

7 Financial asset

This comprises of:						
At fair value through profit or loss	2,130,252	2,153,392	2,226,382	2,130,252	2,153,392	2,226,382
Available for sale	56,800	48,800	53,491	56,800	48,800	53,491
Loans and receivables	50,840	26,463	70,874	50,840	26,463	70,874
Financial assets	2,237,893	2,228,655	2,350,747	2,237,893	2,228,655	2,350,747
Current	2,162,588	2,161,351	2,278,752	2,162,588	2,161,351	2,278,752
Non-current	75,304	67,304	71,995	75,304	67,304	71,995

7 (a) Financial assets at fair value through profit or loss

Equity securities						
-Listed	2,130,252	2,153,392	2,226,382	2,130,252	2,153,392	2,226,382
-Unlisted	-	-	-	-	-	-
Total financial assets at fair value through profit or loss	2,130,252	2,153,392	2,226,382	2,130,252	2,153,392	2,226,382
Current	2,130,252	2,153,392	2,226,382	2,130,252	2,153,392	2,226,382
Non-current	0	0	0	0	-	0

		GROUP			COMPANY		
7 (b)	Available-for-sale financial assets	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
	Equity securities	N'000	N'000	N'000	N'000	N'000	N'000
	-Listed				-	-	-
	-Unlisted	1,062,940	48,800	53,491	1,062,940	48,800	53,491
	Provision for impairment	(1,006,140)	-	-	(1,006,140)	-	-
	Total Equity securities	56,800	48,800	53,491	56,800	48,800	53,491
	Debt securities						
	-Listed	1,787	-	1,787	1,787	-	1,787
	-Unlisted	-	-	-	-	-	
	Provision for impairment	(1,787)	-	(1,787)	(1,787)	-	(1,787)
	Total Debt securities	(0)	-	-	(0)	-	-
	Total available-for-sale financial assets	56,800	48,800	53,491	56,800	48,800	53,491
	Current	-	-	-	-	-	-
	Non-current	56,800	48,800	53,491	56,800	48,800	53,491

7 (c)	Loans and receivables						
	Loans on policies						
	Long-term loans	11,000	3,000	3,000	11,000	3,000	3,000
	Loans on mortgage	15,504	16,504	16,504	15,504	16,504	16,504
	Loans on policies	53,494	37,904	32,716	53,494	37,904	32,716
	Short-term loans	48,934	50,068	50,414	48,934	50,068	50,414
	Impairment (c (i))	(78,092)	(81,013)	(31,760)	(78,092)	(81,013)	(31,760)
	Total loans on policies	50,840	26,463	70,874	50,840	26,463	70,874
	Current	32,336	7,959	52,370	32,336	7,959	52,370
	Non-current	18,504	18,504	18,504	18,504	18,504	18,504

For loans and receivables exceeding 12 months, the estimated fair values of the loans and receivables are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. For loans and receivables with maturity period of below 12 months, no discounting was applied.

(i) The movement in impairment charge is as follow:

Balance beginning of year	81,013	31,760	31,760	81,013	31,760	31,760
Impairment written off/(write back)	(2,921)	49,253	-	(2,921)	49,253	-
Balance at period end	78,092	81,013	31,760	78,092	81,013	31,760

8	Trade Receivables						
	Trade debtors	30,119	41,247	42,312	-	-	-
	Total	30,119	41,247	42,312	-	-	-
	Net impairment gain/(loss)		(10,775)	(10,775)	-	-	-
	Balance at end of year	30,119	30,472	31,537	-	-	-
	Current	30,119	30,472	31,537	-	-	-
	Non-current	-	-	-	-	-	-

9	Reinsurance Assets						
	Reinsurance projection as per actuarial valuation	7,131	3,443	-	7,131	3,443	-
	Additions per actuarial valuation	20,579	3,688	3,443	20,579	3,688	3,443
	Reinsurance recovery on claim reserve						
		27,710	7,131	3,443	27,710	7,131	3,443
	Net impairment gain/(loss)	-	-	-	-	-	-
	Total Reinsurance Assets	27,710	7,131	3,443	27,710	7,131	3,443
	Current	27,710	7,131	3,443	27,710	7,131	3,443
	Non-current	-	-	-	-	-	-

There were no indicators of impairments for re-insurance assets as balance are set-off against payable from retrocession at the end of every quarter. Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

10	Deferred Acquisition costs						
	Balance beginning of year	137	242	242	137	242	242
	Additions in the year	307			307	-	-
	Amortisation in the year	-	(105)		-	(105)	-
	Balance at period end	444	137	242	444	137	242

		GROUP			COMPANY		
11 Other Receivables	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
11 (i) The balance is analysed as follow:	N'000	N'000	N'000	N'000	N'000	N'000
Due from agents	28,235	26,014	27,778	28,235	26,014	27,778
Investment income receivable	26,121	26,121	26,121	26,121	26,121	26,121
Prepayment - Rent	77,428	17,090	25,550	77,428	15,422	25,550
Prepayment - Others	109,945	102,923	166,851	51,305	10,692	23,498
Staff mortgage loans & receivables	72,217	83,459	86,388	70,047	63,213	65,944
Deposit for investments (see 11 (iii)	755,061	1,774,201	1,774,201	755,061	1,774,201	1,774,201
Deposit for Aircraft	737,200	737,200	737,200	-	-	-
Due from related company (see 11 iv)	(401)	131,608	614,334	131,605	54,540	554,537
Stock of raw materials & consumables	3,472	60,297	61,460	2,229	1,817	1,254
Staff share loan (see 11 v)	2,144,584	2,148,857	2,150,716	2,144,584	2,148,857	2,150,716
Other debit balances	4,773	2,799	5,296	2,728	754	3,251
	3,958,634	5,110,569	5,675,895	3,289,342	4,121,631	4,652,850
Impairment of other loans and receivables	(3,732,074)	(4,922,446)	(4,562,838)	(2,979,884)	(3,992,638)	(3,633,030)
Balance at period end	226,560	188,123	1,113,057	309,458	128,993	1,019,820
Current	226,560	188,123	1,113,057	309,458	128,993	1,019,820
Non-current	-	-	-	-	-	

11 (ii) The movement in impairment charge is as follow:-

Balance beginning of year	4,744,828	4,562,838	2,460,222	3,992,638	3,633,030	2,271,829
Transfer to unlisted financial assets	(1,006,140)	-	-	(1,006,140)	-	-
Impairment charge for the year	(6,614)	359,608	2,102,616	(6,614)	359,608	1,361,201
Balance at period end	3,732,074	4,922,446	4,562,838	2,979,884	3,992,638	3,633,030
	-	-	-	0	-	

All past due receivables were individually impaired.

11 (iii) Deposits for shares/investments

Deposits for shares/investments comprises of the following investments:-						
First Ghana Building Company Limited, Ghana.	120,000	120,000	120,000	120,000	120,000	120,000
Ghana Life Insurance Company Limited	415,000	415,000	415,000	415,000	415,000	415,000
Paramount Hotel, Ghana.	45,000	45,000	45,000	45,000	45,000	45,000
Deposit for the purchase of Nail producing machine	175,000	175,000	175,000	175,000	175,000	175,000
Frenchies Foods Nigeria Limited	-	13,000	13,000	-	13,000	13,000
Fanison - Nigeria Police Housing Project	-	600,000	600,000	-	600,000	600,000
Fanison International - MBCC Cement	-	134,000	134,000	-	134,000	134,000
PriceWyse BDC Limited	-	250,000	250,000	-	250,000	250,000
Alert General Insurance Limited, Liberia	-	22,140	22,140	-	22,140	22,140
Fountain Trust Limited	36	36	36	36	36	36
Golden Securities Limited	26	25	25	26	25	25
Balance at period end	755,061	1,774,201	1,774,201	755,061	1,774,201	1,774,201

Deposits for investment in Alert General Insurance limited, liberia, Pricewyse BDC Ltd, Fanisson Internal MBCC cement, Fanison Police Project and Frenchies Foods were reclassified to unquoted equities and investment in Frenchies Foods Limited respectively.

11 (iv) Due from related company:-

African Alliance Holding Limited	8,150	8,150	8,150	8,150	8,150	8,150
Universal Insurance Company Plc (a)	1,684,267	1,684,667	1,600,121	1,684,267	1,684,667	1,600,121
Conau Limited (b)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Frenchies Foods Limited				920	920	920
Axion Air Limited		131,608	114,334	130,980	53,515	53,512
African Alliance Realty Company Limited						
African Alliance Trustees Limited				105	105	105
	2,692,417	2,824,425	2,722,605	2,824,423	2,747,357	2,662,808
Impairment of due from associates	(2,692,818)	(2,692,817)	(2,108,271)	(2,692,818)	(2,692,817)	(2,108,271)
	(401)	131,608	614,334	131,605	54,540	554,537

The movement in impairment charge is as follow:-

Balance beginning of year	(2,692,818)	(2,108,271)	(1,608,271)	(2,692,818)	(2,108,271)	(1,608,271)
Charge for the year	-	(584,546)	(500,000)	-	(584,546)	(500,000)
Balance at period end	(2,692,818)	(2,692,817)	(2,108,271)	(2,692,818)	(2,692,817)	(2,108,271)

All past due receivables were individually impaired.

(a) Universal Insurance Company Plc :-

This represent the balance of funds collected on the private placement of African Alliance Insurance Company Plc and shares subscribed to by the company on behalf of its staff. Universal Insurance Plc is listed on the Nigerian Stock Exchange and has common core investors with African Alliance Insurance Plc.

(b) Conau Limited :-

In July 2008, Conau Limited was authorised by the Board of Directors to cary out specific investments on behalf of African Alliance Insurance Company 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. This process is onging, approval has been sort and obtained from the relevant regulatory body of the two countries and the Directors believe that control over the company will be effective on completion of the transfer of title.

11 (v) Staff Share Loan:-

The amount is made up of African Alliance Insurance Company Plc share purchased during the Private Placement exercise on behalf of staff of the company and repayment from staff is ongoing.

12 Investment in subsidiaries

This comprises of investment in:

African Alliance Realty Company Limited (10 a)	-	-	-	53	52	52
Frenchies Foods Nigeria Limited (10 b)	-	-	-	1,013,000	1,000,000	1,000,000
Axiom Air Limited (10 c)	-	-	-	3,000,000	3,000,000	3,000,000
Investment in subsidiaries	-	-	-	4,013,053	4,000,052	4,000,052

12 (a) African Alliance Realty Company Limited :-

The amount represents 100% holding in the company wholly owned by African Alliance Insurance Company Plc. The company is established to engage in the business of property development, rental and management.

12 (b) 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.

12 (c) Axiom Air Limited:-

The company was incorporated on 17 July 2008 to carry on the business of airline owners and management, provide air transport for public use; to provide all necessary and or desirable services incidental to this objective, including booking, reservation, routing and ticketing services, baggage management, flight catering and entertainment and provision of hotel accommodation. The company is wholly owned.

13 Investment in Associates

Pension Alliance Limited (13 a)	684,375	523,824	232,978	849,061	688,510	397,664

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.

13 a. The balance of associate investment is as follow:

Cost						
Balance, beginning of year	523,824	232,978	232,978	688,510	397,664	397,664
Additions	-	171,990	-	-	171,990	-
Share of profit after taxation: @ 49% of N160,551						
(2011 - N118,856)	160,551	118,856	-	160,551	118,856	
Investment associates	684,375	523,824	232,978	849,061	688,510	397,664

14 Investment properties

This comprises of investment in the following properties:

Investment properties	5,604,000	4,058,000	4,094,120	5,604,000	4,058,000	4,094,120
Additions	-	-	22,939	-	-	22,939
Transferred from fixed asset::	-	-	-			
-Cost	-	1,005,000	-	-	1,005,000	-
-Fair value gain		213,783			213,783	
-Accumulated Depreciation	-	(18,783)	-	-	(18,783)	-
Fair value gain/(loss)	323,000	346,000	(59,059)	323,000	346,000	(59,059)
Investment properties	5,927,000	5,604,000	4,058,000	5,927,000	5,604,000	4,058,000

	GROUP			COMPANY		
	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
A brief descriptions of the properties held by the company are as follows:	N'000	N'000	N'000	N'000	N'000	N'000
Land at Beach Front Plot 12 Block A4, Lekki Phase 1	430,000	420,000	400,000	430,000	420,000	400,000
Breadfruit Street Marina Lagos	1,400,000	1,300,000	-	1,400,000	1,300,000	-
Land at Pankere Village, Abijo, Ibeju Lekki	2,100,000	2,000,000	1,800,000	2,100,000	2,000,000	1,800,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	603,000	583,000	574,000	603,000	583,000	574,000
Sani Abacha Estate, Abuja	675,000	600,000	600,000	675,000	600,000	600,000
73 Oyemekun street, Akure	17,000	16,000	15,000	17,000	16,000	15,000
Property at Lekki Phase 1	128,000	120,000	110,000	128,000	120,000	110,000
Property at Lekki Seagate	73,000	72,000	70,000	73,000	72,000	70,000
Property at Millennium Housing estate	74,000	70,000	69,000	74,000	70,000	69,000
35 Marple street, London	360,000	360,000	360,000	360,000	360,000	360,000
4 bedroom duplex, Ajah road, Ajah, Lagos	67,000	63,000	60,000	67,000	63,000	60,000
Total	5,927,000	5,604,000	4,058,000	5,927,000	5,604,000	4,058,000

Investment properties represent buildings and un-developed land acquired for subseequent disposal in the near future and not occupied substantially by the company or members of the group of the holding company. They are not subjected to periodic charges for depreciation. Valuation is carried out at least once in three (3) years or as the need arise.

All the properties of the company within Nigeria were revalued on 1st January 2012 and 31st December 2012 by A.C. Otegbulu & Partners, Estate Surveyors & Valuers(FRC/2013/NIESV/00000001582) to ascertain the open market value of the investment properties. The open market value of the local properties was N5,927,000,000, (1/1/2012 - N5,604,000.000), see table bellow. The fair value gain/(loss) on the investment properties have been recognised in the respective retained earnings for the period.

Property	Value 1st Jan. 2012	Value 31st Dec. 2012
	N'000	N'000
Land at Beach Front Plot 12 Block A4, Lekki Phase 1	410,000	430,000
Breadfruit Street Marina Lagos	1,360,000	1,400,000
Land at Pankere Village, Abijo, Ibeju Lekki	1,900,000	2,100,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	585,000	603,000
Sani Abacha Estate, Abuja	618,750	675,000
73 Oyemekun street, Akure	16,500	17,000
Property at Lekki Phase 1	117,000	128,000
Property at Lekki Seagate	71,500	73,000
Property at Millennium Housing estate	72,000	74,000
4 bedroom duplex, Ajah road, Ajah, Lagos	65,000	67,000
Total	5,215,750	5,567,000

15 Intangible Assets

	GROUP			COMPANY		
COMPUTER SOFTWARE	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
Balance, beginning of period	33,661	27,031	22,683	33,661	27,031	22,683
Additions	-	6,630	4,348	-	6,630	4,348
Disposals	-	-	-	-	-	-
Balance, end of period	33,661	33,661	27,031	33,661	33,661	27,031
Accumulated amortisation						
Balance, beginning of period	17,621	15,136	12,868	17,621	15,136	12,868
Amortisation expense/impairment charge	2,709	2,485	2,268	2,709	2,485	2,268
Disposals	-	-	-	-	-	-
Balance, end of period	20,330	17,621	15,136	20,330	17,621	15,136
Net book amount	13,331	16,040	11,894	13,331	16,040	11,894
GOODWILL ON CONSOLIDATION						
At 1 January		54,158	143,480			
Impairment charges		(54,158)	(89,322)			
At 31 December	-	-	54,158	-	-	-
End of period	13,331	16,040	66,052	13,331	16,040	11,894

The intangible assets of the company comprised of computer software. The computer softwares are accounted for using the cost model of IAS 38 i.e. cost less accumulated amortization and less accumulated impairment. The amortization is charged to the income statement in line with the Company's policy.

16 (i) Property, plants and equipments

(a) GROUP

	Land	Buildings	Motor Vehicle	Furniture and fittings	Computer Equipment	Office Equipmen	Plant & Machinery	Air Craft	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost/Revalued amount									
Balance, beginning of period (16 b)	62,000	2,023,977	146,447	86,087	70,052	38,608	113,111	2,172,572	4,712,855
Additions during the year	-	27,467	28,779	4,011	3,999	13,839	-	-	78,095
Disposals	-	-	(12,270)	(200)	(1,328)	(871)			(14,669)
Revaluation	-	13,171	-	-	-	-			13,171
			-	-	-	-			-
Balance, end of period	62,000	2,064,615	162,956	89,898	72,723	51,576	113,111	2,172,572	4,789,452
Accumulated depreciation									
Balance, beginning of period (16 b)	-	83,733	101,038	46,653	38,625	22,749	101,679	229,068	623,545
Charge for the year	-	26,639	27,581	10,342	5,128	3,278	12,228	143,969	229,165
On Disposal	-	-	(10,130)	(200)	(1,328)	(606)			(12,264)
Transfer to Investment properties	-	-	-	-	-	-			-
Balance, end of period	-	110,372	118,489	56,796	42,425	25,421	113,907	373,037	840,447
Netbook value as at 31 December 2012	62,000	1,954,244	44,467	33,102	30,298	26,155	(796)	1,799,535	3,949,005
Netbook value as at 31 December 2011	62,000	1,940,244	45,409	39,434	31,428	15,859	11,432	1,943,504	4,089,310

(b) Property, plants and equipments

GROUP	Land	Buildings	Motor Vehicle	Furniture and fittings	Computer Equipment	Office Equipmen	Plant & Machinery	Air Craft	Total
	N' 000	N' 000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost/Revalued amount									
Balance, beginning of period	462,000	2,855,090	140,865	71,315	56,911	30,462	107,301	2,172,572	5,896,516
Additions during the year	-	11,322	5,582	15,694	13,301	9,191	5,810		60,900
Disposals	-		-	(922)	(160)	(1,044)			(2,126)
Revaluation	-	12,126	-	-	-	-			12,126
Reclassification		(35,781)							(35,781)
Transfer to Investment properties	(400,000)	(818,780)	-	-	-	-			(1,218,780)
Balance, end of period	62,000	2,023,977	146,447	86,087	70,052	38,608	113,111	2,172,572	4,712,855
Accumulated depreciation									
Balance, beginning of period	-	63,162	74,559	39,785	34,099	21,329	94,749	156,721	484,404
Charge for the year	-	39,354	26,479	7,557	4,686	2,434	6,930	72,347	159,787
On Disposal	-	-	-	(689)	(160)	(1,014)			(1,862)
Transfer to Investment properties	-	(18,783)	-	-	-	-			(18,783)
Balance, end of period	-	83,733	101,038	46,653	38,625	22,749	101,679	229,068	623,545
Netbook value as at 31 December 2011	62,000	1,940,244	45,409	39,434	31,428	15,859	11,432	1,943,504	4,089,310
Netbook value as at 1 January 2011	462,000	2,791,928	66,306	31,530	22,813	9,133	12,552	2,015,851	5,412,113
	-		-	-	-	-	-	-	-

The company's property at 112, Broad Street, Lagos was revalued on 31st December 2012 and 1st January 2012 by A.C. Otegbulu & Partners, Estate Surveyors & Valuers (FRC/2013/NIESV/00000001582) to ascertain the open market value. The open market value of N936,000,000, (1/1/2012 - N900,000.000), have been incorporated in this financial statement and recognised in the respective statement of equity.

The company's property at 34 Association Avenue, Ilupeju, Lagos was revalued on 31st December 2012 and 1st January 2012 by A.C. Otegbulu & Partners, Estate Surveyors & Valuers (FRC/2013/NIESV/00000001582) to ascertain the open market value. The open market value of N205,000,000, (1/1/2012 - N217,000.000), have been incorporated in this financial statement and recognised in the respective statement of equity.

(c) Componentisation of Aircraft

Depreciation rate:	4%	3%	10%	15%	
Names	Engines	Conversion/ Airframe	Landing Gear	APU, Avionic & others	Total
	N'000	N'000	N'000	N'000	N'000
Costs	480,000	1,003,570	240,000	449,002	2,172,572
Depreciation					
At 1 January	50,616	105,824	25,310	47,318	229,068
Charge for year	19,200	33,419	24,000	67,350	143,969
At 31, December	69,816	139,243	49,310	114,668	373,037
Net Book Value					
At 31, December, 2012	410,184	864,327	190,690	334,334	1,799,535

The componentisation was done with the assistance of certified A&C and B2 avionics Engineers with current practice licence.

16 (ii) Property, plants and equipments

(a) COMPANY

	Land	Buildings	Motor Vehicle	Furniture and fittings	Computer Equipment	Office Equipmen	Total
	N' 000	N' 000	N'000	N'000	N'000	N'000	N'000
Cost/Revalued amount							
Balance, beginning of period (16(ii) b)	62,000	148,318	131,395	56,593	68,765	38,608	505,679
Additions during the year	-	1,983	28,779	3,871	3,999	13,839	52,471
Disposals	-	-	(12,270)	(200)	(1,328)	(871)	(14,669)
Revaluation	-	13,171	-	-	-	-	13,171
							-
Balance, end of period	62,000	163,472	147,905	60,264	71,436	51,576	556,652
Accumulated depreciation							
Balance, beginning of period (16(ii) b)	-	7,317	93,222	29,996	37,645	22,749	190,928
Charge for the year	-	1,155	23,817	4,415	4,821	3,278	37,486
On Disposal	-		(10,130)	(200)	(1,328)	(606)	(12,264)
Transfer to Investment properties	-		-		-	-	-
Balance, end of period	-	8,472	106,909	34,212	41,138	25,421	216,151
Netbook value as at 31 December 2012	62,000	155,000	40,996	26,052	30,298	26,155	340,501
Netbook value as at 31 December 2011	62,000	141,000	38,173	26,597	31,121	15,859	314,750

(b) Property, plants and equipments

COMPANY	Land	Buildings	Motor Vehicle	Furniture and fittings	Computer Equipment	Office Equipmen	Total
	N' 000	N' 000	N'000	N'000	N'000	N'000	N'000
Cost/Revalued amount							
Balance, beginning of period	462,000	954,972	128,460	52,797	55,789	30,462	1,684,480
Additions during the year	-		2,935	4,718	13,136	9,191	29,980
Disposals	-	-	-	(922)	(160)	(1,044)	(2,126)
Revaluation		12,126	-	-	-	-	12,126
Transfer to Investment properties	(400,000)	(818,780)	-	-	-	-	(1,218,780)
Balance, end of period	62,000	148,318	131,395	56,593	68,765	38,608	505,680
Accumulated depreciation							
Balance, beginning of period	-	24,972	70,027	26,561	33,441	21,329	176,330
Charge for the year	-	1,129	23,195	4,124	4,364	2,434	35,246
On Disposal	-	-	-	(689)	- (160)	(1,014)	(1,862)
Transfer to Investment properties	-	(18,783)					(18,783)
Balance, end of period	-	7,318	93,222	29,996	37,645	22,749	190,930
Netbook value as at 31 December 2011	62,000	141,000	38,173	26,597	31,121	15,859	314,750
Netbook value as at 1 January 2011	462,000	930,000	58,433	26,236	22,349	9,133	1,508,151

17 Statutory deposit

	GROUP 31-Dec-2012	GROUP 31-Dec-2011	GROUP 1-Jan-2011	COMPANY 31-Dec-2012	COMPANY 31-Dec-2011	COMPANY 1-Jan-2011
	N'000	N'000	N'000	N'000	N'000	N'000
Statutory deposit	200,000	200,000	200,000	200,000	200,000	200,000
Total	200,000	200,000	200,000	200,000	200,000	200,000

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.

18 Insurance Contract Liabilities

		GROUP 31-Dec-2012	GROUP 31-Dec-2011	GROUP 1-Jan-2011	COMPANY 31-Dec-2012	COMPANY 31-Dec-2011	COMPANY 1-Jan-2011
	This comprises of:	N'000	N'000	N'000	N'000	N'000	N'000
(i)	Life Insurance Fund	1,644,469	1,576,578	1,160,320	1,644,469	1,576,578	1,160,320
	Unearned Premium (iii)	80,700	74,287	-	80,700	74,287	
	Outstanding Claims (iv)	4,752	2,419	-	4,752	2,419	
	Claims Incurred but not reported (IBNR) (v)	114,040	71,773	-	114,040	71,773	
	Life fund valuation surplus as per actuarial valuation	-	-	-	-	-	-
	Net accretion to life fund	1,031,430	(127,913)	419,701	1,031,430	(127,913)	419,701
	Reinsurance receivable (ii)	(20,579)	(3,688)	(3,443)	(20,579)	(3,688)	(3,443)
	Change in unearned premium (iii)	(21,507)	6,413	-	(21,507)	6,413	-
	Change in outstanding claims (iv)	3,025	2,333	-	3,025	2,333	-
	Change in IBNR (v)	111,978	42,267	-	111,978	42,267	-
	Balance end of period	2,948,308	1,644,469	1,576,578	2,948,308	1,644,469	1,576,578
		152,741	(94,415)	278,596	152,741	(94,415)	278,596
	Current	1,737,420	1,582,016	1,565,854	1,737,420	1,582,016	1,565,854
	Non-current	1,210,888	62,453	10,724	1,210,888	62,453	10,724

(ii) Reinsurance expenses (note 29)

Individual life business	(558)	(690)	-	(558)	(690)	-
Group life business	-	(21,992)	-		(21,992)	-
Prepaid reinsurance	20,579	3,688	3,443	20,579	3,688	3,443
Reinsurance cost	20,021	(18,994)	3,443	20,021	(18,994)	3,443

(iii) Changes in unearned premium (note 28)

Unearned premium at beginning of year- Group life	80,700	74,287	-	80,700	74,287	-
Net movement during the year	(21,507)	6,413	-	(21,507)	6,413	-
Unearned premium at end of year- Group life	59,193	80,700	-	59,193	80,700	-

(iv) Provision for outstanding claims (note 31)

Provision at beginning of year- Individual life	4,752	2,419	-	4,752	2,419	-
Net movement during the year	3,025	2,333	-	3,025	2,333	-
Provision at end of year- Individual life	7,777	4,752	-	7,777	4,752	-

(v) Claims Incurred but not reported (IBNR) (note 31)

Provision at beginning of year- Individual life	114,040	71,773	-	114,040	71,773	-
Net movement during the year	111,978	42,267	-	111,978	42,267	-
Provision at end of year- Individual life	226,018	114,040	-	226,018	114,040	-

The latest actuarial valuation of the insurance contract liabilities was as at 31 December 2012 by HR Nigeria Limted. At that date, the determined value of the liabilities stood at N2.948 Billion. (2011 N1.644 Billion)

19	Investment Contract Liabilities	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
	This comprises of:	N'000	N'000	N'000	N'000	N'000	N'000
	Investment Contracts {(19a)+(19b)}	3,313,719	3,393,094	3,191,530	3,313,719	3,393,094	3,191,530
(a)	Liabilities on administered deposits						
	Balance, beginning of period	3,241,755	3,082,033	2,954,640	3,241,755	3,082,033	2,954,640
	Deposit received during the year:	1,261,777	1,696,055	1,225,971	1,261,777	1,696,055	1,225,971
	Withdrawals in the year	(1,545,784)	(1,678,728)	(1,250,276)	(1,545,784)	(1,678,728)	(1,250,276)
	Guaranteed interest	141,558	142,395	151,698	141,558	142,395	151,698
	Balance end of period	3,099,305	3,241,755	3,082,033	3,099,305	3,241,755	3,082,033

The latest available actuarial valuation of the liabilities for adminitstered deposits as at 31 December 2012 was carried out by HR Nigeria Limited. At that date, the book value of the liabilities for administered deposits N3.099 Billion. (2011 N3.241 Billion)

(b) Investment linked fund

	GROUP			COMPANY		
This comprises of:	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance, beginning of period	151,339	109,497	-	151,339	109,497	-
Transfer from life fund	-	-	68,197	-	-	68,197
Deposit received during the year:	111,259	39,518	36,993	111,259	39,518	36,993
Withdrawals in the year	(52,012)	-	-	(52,012)	-	-
Guaranteed interest	3,828	2,324	4,307	3,828	2,324	4,307
Balance end of period	214,414	151,339	109,497	214,414	151,339	109,497

The latest available actuarial valuation of the investment linked fund put the value of the liabilities of the fund at N214.414 Million at 31 December 2012. (2011 N151.339 Million)

19 c. Hypothetication of investment/assets

	Life Policy Holders Fund	Deposit Admin Fund	Investment Linked Fund	Shareholders Fund	2012 Total	2011 Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and Bank Balances (note 6)	712,249	156,271	10,788	-	879,308	385,243
Financial Assets (note 7)	524,745	1,527,834	128,513	56,800	2,237,892	2,585,453
Investment in Subsidiaries (note 12)				4,013,053	4,013,053	
Investment in Associates (note 13)	517,861	331,200		-	849,061	291,533
Investment Properties (note 14)	1,193,453	1,084,000	75,113	3,574,434	5,927,000	1,775,333
Statutory Deposit (note 17)				200,000	200,000	
	2,948,308	3,099,305	214,414	7,844,287	14,106,314	5,037,562
Contract Liabilites (note 18 & 19)	2,948,308	3,099,305	214,414			

20 Borrowings

Bank overdrafts	127,054	217,146	169,069	116,308	201,151	130,394
Term Loans	-	28,333	48,333	-	-	-
Per IFRS	127,054	245,479	217,402	116,308	201,151	130,394

The bank overdraft (N116,308,000), (2011 - N201,151,000) was obtained by African Alliance Insurance Plc from Guaranty Trust Bank Plc at an interest rate of 21%. The facility was secured by a legal mortgage over the company's property located at Breadfruit Street, Lagos.

A bank overdraft (N10,746,000), (2011 - N9,962,000) was obtained by Axiom Air Limited from Diamond Bank Plc for a 90 days tenor. The facility was obtained at an interest rate of 10% per annum, upon a lien on cash deposit of N15 Million in favour of African Alliance Insurance Plc.

21 Trade Payable

Due to reinsurance	22,035	21,824	16,333	22,035	21,824	16,333
Premium deposits	73,532	14,593	3,151	73,532	14,593	3,151
Trade creditors	123,210	57,945	35,744	-	-	-
	218,777	94,362	55,228	95,567	36,417	19,484
Current	218,777	94,362	55,228	95,567	36,417	19,484
Non-current	-	-	-	-	-	-

22 Other payables

	GROUP			COMPANY		
	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
This is analysed as follow:	N'000	N'000	N'000	N'000	N'000	N'000
Due to related company	289,634	307,162	303,882	13,758	13,758	13,758
Private placement issuing fees	-	-	5,000	-	-	5,000
Agent savings	41,582	33,876	25,660	41,582	33,876	25,660
PAYE and other taxes	90,017	72,042	57,656	14,384	8,959	9,978
Other creditors	91,170	364,443	158,528	71,126	301,931	122,530
Provision for legal liabilities	-	-	14,002	-	-	14,002
Provisions and accruals	78,663	51,077	26,470	13,068	11,000	11,000
	591,066	828,600	591,198	153,918	369,524	201,928
Current	301,432	521,438	282,316	140,160	355,766	183,170
Non-current	289,634	307,162	308,882	13,758	13,758	18,758

23 Employee Benefits Liabilities

	GROUP			COMPANY		
	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
	N'000	N'000	N'000	N'000	N'000	N'000
Staff pension scheme (i)	59,491	40,282	20,533	15,965	19,513	10,518
Staff Defined Benefit Plan (ii)	126,750	89,406	76,724	126,750	89,406	76,724
	186,241	129,688	97,257	142,715	108,919	87,242
Due within 12 months	59,491	40,282	20,533	15,965	19,513	10,518
Due after more than 12 months	126,750	89,406	76,724	126,750	89,406	76,724

The company has a post- employment benefit scheme which is not funded.

Under Nigeria GAAP, the Company did not accrue for liability in respect of the staff other long term employee benefit "staff gratuity". The adjustment of N126.750Million, (2011) N89.406million was raised to account for the staff other long term employee benefit. This is based on actuarial valuation of the pension scheme carried out by HR Nigeria Limited as at 31st December 2012. The Projected Unit Credit (PUC) method was adopted to establish the value of the accrued liabilities.

(i) Staff pension scheme

Balance at beginning of period	40,282	20,533	15,744	19,513	10,518	3,329
Provision for the year	51,152	51,691	41,723	16,374	39,594	35,735
Payment to PFAs	(31,943)	(31,942)	(36,934)	(19,922)	(30,599)	(28,546)
Balance at end of period	59,491	40,282	20,533	15,965	19,513	10,518
Current	59,491	40,282	20,533	15,965	19,513	10,518
Non-current	0	0	0	0	-	0

(ii) Staff Defined Benefit Plan

At beginning of year:	89,406	76,724	76,724	89,406	76,724	76,724
Current service cost	9,275	11,013		9,275	11,013	
Interest cost	17,008	11,765		17,008	11,765	
Contributions by plan participants	(15,107)	(14,640)	-	(15,107)	(14,640)	-
Actuarial losses/(gains)	26,168	4,544	-	26,168	4,544	-
Benefits paid	0	-	-	-	-	-
Curtailments	-	-	-	-	-	-
At 31 December	126,750	89,406	76,724	126,750	89,406	76,724
Current	-	-	-	-	-	-
Non-current	126,750	89,406	76,724	126,750	89,406	76,724

The principal actuarial assumptions used were as follows:

Discount rate	13%	13%	11%	13%	0	11%
Inflation rate	10%	10%	10%	10%	0	10%
Future salary increases	13%	13%	10%	13%	0	10%

The amounts recognised in the statement of comprehensive income are as follows:

	N'000	N'000	N'000	N'000	~~N'000~~	N'000
Current service cost	16,209	15,144	76,724	16,209	15,144	76,724
Interest cost	17,008	11,765	-	17,008	11,765	-
Expected returns on assets	(6,934)	(4,131)	-	(6,934)	(4,131)	-
Actuarial gain/(loss)	26,168	4,544	-	26,168	4,544	-
Additional cost provision	(15,107)	(14,640)	-	(15,107)	(14,640)	-
Total	37,344	12,682	76,724	37,344	12,682	76,724

		GROUP			COMPANY	
	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
24 Income tax liabilities	N'000	N'000	N'000	N'000	N'000	N'000
The movement in income tax during the year is as follow:						
Balance at beginning of the year	158,595	144,347	145,801	139,943	129,488	130,942
Payment during the year	(2,880)	-	(4,334)	(2,880)	-	(4,334)
Tax expense for the year	15,535	14,248	2,880	13,255	10,455	2,880
Income tax payable	171,250	158,595	144,347	150,318	139,943	129,488

The tax computed for the year is based on the provisions of the Companies Income Tax Axt CAP C21 LFN 2004 as amended.

Section 12 (2A) of the Nigerian Information Technology Development Agency (NITDA) Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. Provision for NITDA has been made in this financial statements.

25 Deferred Tax liabilites		GROUP			COMPANY	
	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance beginning period	201,442	287,382	232,826	161,994	247,934	193,378
Charge for the year	158,637	107,438	54,556	158,637	107,438	54,556
Release for the year	-	(193,378)	-	-	(193,378)	-
Balance end period	360,079	201,442	287,382	320,631	161,994	247,934
Deferred tax assets						
Balance beginning period	26,822	23,017	-	26,822	23,017	
Charge for the year	11,203	3,805	23,017	11,203	3,805	23,017
Release for the year	-	-	-	-	-	-
Balance end period	38,025	26,822	23,017	38,025	26,822	23,017

26 (i) Share capital

The share capital comprises:

Authorised -						
30,000,000,000 Ordinary shares of 50k each	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Issued and fully paid -						
20,585,000,000 Ordinary shares of N0.50k each	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
On issue at period end	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500

26 (ii) Share premium		GROUP			COMPANY	
	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
On issue at period end	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
26 (iii) Contingency Reserve						
Balance, beginning of period	78,887	60,607	60,607	78,887	60,607	60,607
Transfer from profit and loss	33,922	18,279	-	33,922	18,279	
Balance, end of period	112,809	78,886	60,607	112,809	78,886	60,607

In accordance with the Insurance act, a contigency reserve is credited with the greater of 1% of total premiums or 10% of profits. This shall accumulate until it reaches the amount of, greater of minimum paid- up capital or 50 percent of net premium.

26 (iv) Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity holders of the company. See statement of changes in equities for movement in retained earnings.

		GROUP			COMPANY	
26 (v) Revaluation Reserve	31-Dec-2012	31-Dec-2011	1-Jan-2011	31-Dec-2012	31-Dec-2011	1-Jan-2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance, beginning of period	1,690,513	2,879,754	2,638,842	153,903	1,343,141	1,102,229
Revaluation Surplus	13,171	12,126	240,912	13,171	12,126	240,912
Correction of classification errors at conversion		-	-			
Transfer to invest property reserve(retained earnings)		(1,201,367)	-		(1,201,367)	-
Balance as at period end	1,703,684	1,690,513	2,879,754	167,074	153,900	1,343,141

The relevant deferred tax effect of the surplus have been provided for in the diferred tax liability account.

26 (vi) Investment Property Revaluation Reserve	GROUP 31-Dec-2012 N'000	31-Dec-2011 N'000	1-Jan-2011 N'000	COMPANY 31-Dec-2012 N'000	31-Dec-2011 N'000	1-Jan-2011 N'000
Balance, beginning of period	0	0	163,410	0	-	163,410
Transfer from PPE revaluation reserve		1,201,367	-		1,201,367	-
Transfer to retained earnings		(1,201,367)	(163,410)		(1,201,367)	(163,410)
Balance as at period end	0	0	0	0	-	0

27 Contingencies and commitments

(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. There were (7) (2011 - (7)) outstanding legal proceedings against the Company as at 31 December 2012 with claims totaling N 13,137,069. (2011 - N13,835,000). While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

The Company is also subject to insurance solvency regulations and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(b) Capital commitments

The Company has no capital commitments as at the reporting date.

		GROUP 31-Dec-2012	31-Dec-2011	COMPANY 31-Dec-2012	31-Dec-2011
28	Gross Premium Income	N'000	N'000	N'000	N'000
	Individual life business	887,238	736,018	887,238	736,018
	Annuity	1,210,815	105,791	1,210,815	105,791
	Group life business	715,644	556,521	715,644	556,521
	Takaful	240,030	161,804	240,030	161,804
	Esusu	338,432	267,792	338,432	267,792
	Gross Premium Written	3,392,159	1,827,926	3,392,159	1,827,926
	Unearned premium	(80,700)	(74,287)	(80,700)	(74,287)
	Changes in unearned premium (i)	21,507	(6,413)	21,507	(6,413)
	Gross premium earned	3,332,966	1,747,226	3,332,966	1,747,226
	Reinsurance expenses (note 29)	(42,657)	(15,551)	(42,657)	(15,551)
	Net Premium Income	3,290,309	1,731,675	3,290,309	1,731,675
(i)	Changes in unearned premium				
	Unearned premium at beginning of year- Group life	80,700	74,287	80,700	74,287
	Net movement during the year	(21,507)	6,413	(21,507)	6,413
	Unearned premium at end of year- Group life	59,193	80,700	59,193	80,700
29	Reinsurance expenses				
	Individual life business	(558)	(690)	(558)	(690)
	Group life business	(69,809)	(21,992)	(69,809)	(21,992)
	Reinsurance projection as per actuarial valuation	27,710	7,131	27,710	7,131
	Reinsurance cost	(42,657)	(15,551)	(42,657)	(15,551)
30	Fees and Commission Income				
	Commission received	17,675	5,774	17,675	5,774
		17,675	5,774	17,675	5,774
31	Claims expenses				
	Direct claims paid	(549,228)	(410,878)	(549,228)	(410,878)
	Annuity claims	(71,191)	(2,018)	(71,191)	(2,018)
	Surrenders	(37,852)	(47,616)	(37,852)	(47,616)
	Maturity claims	(495,313)	(342,655)	(495,313)	(342,655)
	Gross Claims paid	(1,153,583)	(803,167)	(1,153,583)	(803,167)
	Outstanding claims & IBNR	(118,792)	(74,192)	(118,792)	(74,192)
	Change in outstanding claims (i)	(3,025)	(2,333)	(3,025)	(2,333)
	Change in claims incurred but not reported (IBNR) (ii)	(111,978)	(42,267)	(111,978)	(42,267)
		(1,387,379)	(921,959)	(1,387,379)	(921,959)
	Claims and benefits recoverable from reinsurers (iii)	27,916	10,517	27,916	10,517
		(1,359,463)	(911,442)	(1,359,463)	(911,442)
(i)	Provision for outstanding claims				
	Provision at beginning of year- Individual life	4,752	2,419	4,752	2,419
	Net movement during the year	3,025	2,333	3,025	2,333
	Provision at end of year- Individual life	7,777	4,752	7,777	4,752

		GROUP		COMPANY	
(ii)	Claims Incurred but not reported (IBNR)	31-Dec-2012	31-Dec-2011	31-Dec-2012	31-Dec-2011
		N'000	N'000	N'000	N'000
	Provision at beginning of year- Individual life	114,040	71,773	114,040	71,773
	Net movement during the year	111,978	42,267	111,978	42,267
	Provision at end of year- Individual life	226,018	114,040	226,018	114,040
(iii)	Claims and benefits recoverable from reinsurers				
	Death Claims Group Life - African Reinsurance	26,135	10,517	26,135	10,517
	Death Claims Group Life - Nigeria Reinsurance	1,781	-	1,781	-
		-	-		
		27,916	10,517	27,916	10,517
(iv)	Changes in contract liabilities				
	Transfer to Life fund	-	-	-	-
	Life fund valuation surplus as per actuarial valuation	-	-	-	-
	Net accretion to life fund	1,031,430	(127,913)	1,031,430	(127,913)
	Net accretion to life fund	1,031,430	(127,913)	1,031,430	(127,913)
32	Investment Income				
	Investment income attributable to policyholders	91,085	122,959	91,085	119,005
	Investment income attributable to shareholders	350,162	667,507	78,710	55,244
		441,247	790,466	169,795	174,249
(a)	Investment income attributable to policyholders				
	Dividend - Quoted and unquoted investments	3,841	5,562	3,841	5,562
	Gains on sales of shares	25,745	16,243	25,745	16,243
	Interest on bankers acceptance	-	126	-	126
	Interest on Treasury bills	10,139	506	10,139	506
	Profit/(loss) on disposal of fixed assets	(776)	523	(776)	73
	Interest on term deposits	30,115	6,940	30,115	6,940
	Interest on Annuity Investment	-	326	-	326
	Other income	2,926	84,546	2,926	84,546
	Sundry revenue	19,095	8,187	19,095	4,683
		91,085	122,959	91,085	119,005
(b)	Investment income attributable to shareholders				
	Dividend - Quoted and unquoted investments	5,761	8,344	5,761	8,344
	Gains on sales of shares	38,617	24,364	38,617	24,364
	Interest on statutory deposit	24,333	12,010	24,333	12,010
	Rental income	10,000	10,526	10,000	10,526
	Restaurant Operations	271,452	265,839	-	-
	Air Freight Income	-	346,424	-	-
		350,162	667,507	78,710	55,244
33	Other operating income				
	Other income	-	3,954	-	-
	Share of profit of equity accounted investee	160,551	118,856	160,551	118,856
		160,551	122,810	160,551	118,856
34	Impairment charge/ write back				
	Impairment charges is made up of the following:				
	Cash and bank	-	3,486	-	3,486
	Long term investments	-	(27,030)	-	(27,030)
	Loans on policies	2,921	(49,253)	2,921	(49,253)
	Impairment of goodwill	-	(54,158)		-
	Other receivables	6,614	(359,608)	6,614	(359,608)
	Due from related companies	-	(584,546)	-	(584,546)
	Impairment charge	9,535	(1,071,109)	9,535	(1,016,951)

		GROUP		COMPANY	
		31-Dec-2012	31-Dec-2011	31-Dec-2012	31-Dec-2011
35	Net fair value gains/(loss) on financial assets at fair value through profit or loss	N'000	N'000	N'000	N'000
	Financial assets at fair value through profit or loss	13,643	(61,625)	13,643	(61,625)
	Net fair value gains on investment properties	323,000	346,000	323,000	346,000
		336,643	284,375	336,643	284,375
36	Administrative expenses				
	Staff cost	(332,633)	(364,445)	(257,481)	(257,140)
	Contributions to defined contribution plans	(19,674)	(32,917)	(16,374)	(28,657)
	Increase/ decrease in liabilty for defined benefit plan	(37,344)	(12,682)	(37,344)	(12,682)
	Other staff costs	(29,906)	(39,030)	(29,906)	(32,686)
		(419,558)	(449,074)	(341,106)	(331,165)
37	Other operating expenses				
	Bank charges	(19,026)	(21,169)	(15,619)	(14,824)
	Other charges and expenses	(279,391)	(182,653)	(264,607)	(151,372)
	General maintenance and running costs	(132,435)	(160,945)	(83,503)	(114,786)
	Legal and professional fees	(47,946)	(32,263)	(45,071)	(25,739)
	NAICOM supervision fees	(24,977)	(16,504)	(24,977)	(16,504)
	Depreciation	(229,164)	(159,787)	(37,486)	(35,246)
	Guaranteed interest on Investment contracts	(145,386)	(144,719)	(145,386)	(144,719)
	Amortisation of Intangible Assets	(2,709)	(2,485)	(2,709)	(2,485)
	Cost of sales - Restaurant	(107,581)	(158,398)	-	-
	Direct operating cost - Air freight	(169,899)	(383,283)	-	-
	Net effect of consolidation errors adjusted in retained earnings		31,184		
	Other operating expenses	(1,158,516)	(1,231,022)	(619,360)	(505,675)
(i)	Interest expense				
	Interest on overdrafts	(39,617)	(51,892)	(36,373)	(39,898)
	Other operating expenses	(39,617)	(51,892)	(36,373)	(39,898)
38	Income tax expense				
	Company income tax (note 24)	13,566	14,248	11,285	10,455
	Information Technology Tax	1,970	-	1,970	-
	Deferred tax expense (note 25)	147,434	103,633	147,434	103,633
	Release for the year (note 25)	-	(193,378)	-	(193,378)
	Income tax expense	162,970	(75,497)	160,689	(79,290)
39	Earnings per share				
	Basic earnings per share	(1.53)	(4.35)	0.18	(2.92)

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares

Weighted average number of ordinary shares

	GROUP 31-Dec-2012	GROUP 31-Dec-2011	COMPANY 31-Dec-2012	COMPANY 31-Dec-2011
Issued ordinary shares as at 1 January	20,585,000,000	20,585,000,000	20,585,000,000	20,585,000,000
Weighted effect of shares issued during the year	-	-	-	-
Effect of share based payments	-	-	-	-
Weighted average number of ordinary shares	20,585,000,000	20,585,000,000	20,585,000,000	20,585,000,000

40 Related parties

40.1 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 during the private placement of the company in April 2008.

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 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:

Description	Amount N'000
Offshore:	
- Ghana Life Insurance Company Limited, Accra, Ghana	1,000,000
- 2 Nos Presidential Mansion (House NO. 4 & 9) 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 propeties:	
- Land at Beach Front Plot 12 Block A4, Lekki Phase 1	400,000
- Land at Pankere Village, Abijo, Ibeju Lekki	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

Status of Perfection of Title:

- For the Ghana Life Insurance Company Limited, approvals have been sought and obtained from the National Insurance Commission (NIC), Ghana and National Insurance Commission (NAICOM) of Nigeria for transfer of title from Conau Limited to African Alliance Insurance Plc. Once the investments in Ghana Life Insurance Company Limited have been transfered, the remaining assets which were applied as additional capital injection into Ghana Life will revert to Africa Alliance Insurance Plc.

- For the investment, 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. Process is in advance stage.

- The firm of Mathew Ituah Oboh & Co have been engaged to take up the issue of the nail producing equipment with Damtina Stores Limited who were responsible for the importation.

The directors believe that the ultimate costs for perfecting these titles will not impact on the operations of the company.

40.2 Axiom Air Limited

The company was incorporated on the 17 July 2008 to carry on the business of airline owners and managers; to provide air transport for public use; to provide all necessary and or desirable services incidental to the aforementioned object, including booking, reservation, routing and ticketing services, baggage management, in-flight catering and entertainment and provision of hotel accommodation. The company is wholly owned.

40.3 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.

40.4 Frenchies Foods Nigeria Limited

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

40.5 Related party transactions

A number of transactions are entered into with related parties in the normal course of business. Such transactions are as stated below:

Related party	*transaction*
Frenchies foods Nigeria Limited	insurance policy
Universal Insurance Plc	insurance policy

40.6 Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with African Alliance Insurance Plc.

Key management personnel compensation for the period comprised:

	31-Dec-2012	31-Dec-2011	31-Dec-2012	31-Dec-2011
	N'000	N'000	N'000	N'000
Short-term employee benefits	23,403	22,853	23,403	22,853
	23,403	22,853	23,403	22,853

Employees and directors

a. Employees
The average number of persons employed by the Company during the year was as follows:

	2012	2011	2012	2011
	Number	Number	Number	Number
Executive directors	3	0	3	0
Management	11	14	6	9
Non-management	183	183	60	65
	197	197	69	74

Compensation for the above staff (excluding executive directors):

	N'000	N'000	N'000	N'000
Salaries and wages	332,634	364,445	257,482	257,140
Retirement benefit costs	44,342	58,275	41,042	54,015
Medical	18,902	27,294	18,902	20,950
Staff training	11,004	11,736	11,004	11,736
	406,882	461,750	328,430	343,841
	0	0	0	0

The number of employees of the Company, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits), were:

	Number	Number	Number	Number
Less than N800,001	0	1	0	-
N800,001 - N2,000,000	21	24	21	24
N2,000,001 - N2,800,000	30		30	32
N2,800,001 - N3,500,000	9		9	9
N3,500,001 - and Above	6		6	9
	66	25	66	74

b. Directors
Remuneration paid to the Company's directors (excluding pension contribution) was:

	N'000	N'000	N'000	N'000
Fees and sitting allowances	4,500	0	4,500	0
Executive compensation	23,403	0	23,403	0
Other director expenses	0	0	0	0
	27,903	0	27,903	0

Fees and other emoluments disclosed above include amounts paid to:

The chairman	2,000	-	2,000	-
The highest paid director	15,237	15,237	15,237	15,237

The number of directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges was:

	2012	2011	2012	2011
	Number	Number	Number	Number
Below N1,600,000	2	-	2	-
N1,600,000 - N2,000,000	1	-	1	-
N2,000,001 - N2,900,000	0	-	0	-
N2,900,001 - N3,400,000	0	-	0	-
N3,400,000 - and above	0	-	0	-
	3	0	3	8

41 Contraventions:

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 the contraventions and the related penalties paid are as stated below:

Description of contravention	Section	Penalties paid N'000
Late submission of quarterly returns	S. 26 & prg 1.1	510
Late submission of audited accounts	S. 26 (3)	690
Violation of Policy Guideline	Form 11E	500
Allocation of admissible assets	S. 25	50
		1750

42 Subsequent events review

There were no post balance sheet events which could have had material effect on the state of the company's financial position since the reporting date of 31 December, 2012 and the state of the comprehensive income for the year ended on that date which might require adjustments or disclosure in the financial statements.

However, at time of signing this report, the following progress have been made by the Company on private placement investments stated on Note 40:

(a) Ghana Life: Title has been transferred and properties in Ghana now in Ghana Life name. This will be considered as another subsidiary in the subsequent year. The impact is a release of N1.415 billion from accummulated impairment charges to profit.

(b) First Ghana Building/Paramount Hotel is still held as deposit for investment untill title is finaly transferred.

(c) For the properties in Nigeria, Ibom Partners have gotten the survey plans and are now processing the C of O in the name of African Alliance Insurance Plc.

(d) Axiom Air has bounced back to life with the Lease Arrangement with Skypower Express Airways Limited now running on the aircraft. Operational costs have been reduced by about 60%. The expected returns will have great impact on the Group performance in the subsequent year.

43 Explanation of transition to IFRS

(a) Implementation of IFRS

As stated in note 2 on significant accounting policies, these are the Company's first financial statements prepared in accordance with International Financial Reporting Standards. As the company publishes comparative information for one year in its financial statements, the date of transition to IFRS is effectively, 1 January 2011, which represents the start of the earliest period of comparative information presented. The opening balance sheet as at 1 January 2011 has been restated accordingly. The accounting policies as set out in note 2 have been applied consistently to all periods presented in these financial statements.

Comparative information at 31 December, 2011 is restated to take account of the requirements of all standards including IAS 39 – Financial instruments: Recognition and Measurement.

The most significant IFRS impact for the company originated from the implementation of IAS 39 - Financial instruments: Recognition and Measurement which requires the valuation of financial assets and liabilities at fair values and impairment of financial assets to only be accounted if there is objective evidence that a loss event has occurred after initial recognition but before the balance sheet date.

An explanation of how the transition from Nigerian GAAP to IFRS has affected the company's financial position, financial performance and cash flows is set out in the accompanying notes.

Transitional arrangements

The company adopted IFRS effective 1 January 2011. The key principle of IFRS 1 – First-time Adoption of International Financial Reporting Standards for reporting entities with adoption date subsequent to 1 January 2006 is a full retrospective application of IFRSs. However, this statement provides exemption from retrospective application in certain instances due to costs and practical considerations. The company's transitional elections in this regard are set out below:

(b) Key impact analysis of IFRS on the financial position as at 31 December 2011 and 1 January 2011, date of transition.

IAS 32, 39 and IFRS 7 financial instruments

Under IFRS, financial assets and liabilities are required to be classified as held for trading, at fair value through profit or loss, fair value through equity, loans and receivables and held to maturity and other financial assets and liabilities. Financial instruments are measured based on their classification. Nigerian GAAP does not require such classification of financial instruments and measurement. The basis of valuation of individual instruments is provided in the accompanying statement of accounting policy.

Impairment of loans and advances:

Under Nigerian GAAP, loans and advances are measured at cost net of impairment losses. A specific risk provision for loan impairment is established to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. This provision is made for each account that is not performing in accordance with the terms of the related facility. Under IFRSs, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before the balance sheet date.

Intangible assets

Prior to 2011 under Nigerian GAAP, acquired software was capitalised as computer and office equipment under property and equipment, and depreciated over the estimated useful life of the asset. IFRSs require that software should be classified as intangible assets. As a result, the cost of software amounting to N27.031million and N33.661million was reclassified to intangible assets as at 1 January 2011 and 31 December 2011. The reclassification resulted to a decrease in the balance of property, plant and equipment.

IAS 12 Income taxes

Adjustments in respect of the conversion to IFRS resulted in an increase in deferred taxation liabilities of N54.556million and an equivalent decrease in the net assets of the company at 1 January 2011. As at 31 December 2011, additional deferred taxation liabilities resulting from adjustments to the carrying value of financial assets and liabilities, based on IFRS valuation was N107.438million.

cash and cash equivalents

The net impact of application of IFRS on cash and cash equivalents of the company is an increase in cash and cash equivalents at 01 January 2011 of N109.727million . Apart from the reclassification of restricted cash to other assets, there have been no material adjustments to the cash flow statements in respect of cash utilised by operating activities before tax, cash flows from investing activities and cash flows from financing activities as a result of the adoption of IFRS.

Revaluation surplus on investment properties

Under Nigeria GAAP, the Company has revaluation surplus of N163.4million in respect of investment properties. The revaluation surplus was transferred to retained earnings in line with IFRS election on revaluation surplus.

Retained earnings

The effect of IFRS measurement on retained earnings is as follows

	GROUP		COMPANY	
	31-Dec-2011	31-Dec-2010	31-Dec-2011	31-Dec-2010
	N'000	N'000	N'000	N'000
As per Nigerian GAAP	(21,108,758)	(19,796,187)	(18,915,943)	(17,632,023)
Transfer from investment property reserve (xvii)	1,201,367	163,410	1,201,367	163,410
Recogntion of share of associated company returns		-	118,856	-
Correction of errors - Bank balances		(1,205)		
Correction of errors - Other receivables		(23,551)		
Correction of errors - Borrowing		(18,675)		
Correction of errors - Other payables		19,982		
Correction of errors - employee benefit liability		(11,191)		
Correction of errors - Income tax liability		14,297		
Provision for fees payable no longer required		121,383		121,383
Adjustment for deferred acquisition cost	(105)	242	(105)	242
Deferred tax impact of revaluation surplus	(3,638)	(72,274)	(3,638)	(72,274)
Net fair value gain/loss on investment property	346,000	(59,059)	346,000	(59,059)
Deferred tax impact of fair value gain on invest. Property	(103,800)	17,718	(103,800)	17,718
Additional liability on staff gratuity	(12,682)	(76,724)	(12,682)	(76,724)
Deferred tax impact of the liability on staff gratuity	3,805	23,017	3,805	23,017
Recogntion of reinsurance assets in respect of life fund valuation	3,688	3,443	3,688	3,443
Recogntion of net change in insurance contract liabilities	(104,303)	(416,258)	(104,303)	(416,258)
Net impact of IFRS on opening period	(44,709)	-	121,157	-
	1,285,623	(315,445)	1,570,345	(295,102)
As per IFRS	(19,823,135)	(20,111,632)	(17,345,598)	(17,927,125)

(c) Explanation of material changes to income statement items

Gross Premium Earned

Premium are recognised as revenue when paid by contract holders, the portion of premium received that relates to unexpired risk were reported as unearned premium which affected the gross premium written for the year.

fair value gain on investment properties and property, plant and equipment

The Company elected to use the fair value as deem cost at date of transiting to IFRS. The impact of the deemed cost election is the fair value loss of N59.059million and gain of N346million raised to recognise the impact of deemed cost election on the fair value of investment properties at 1 January 2011 and 31 December 2011 respectively whilst property, plant and equipment was N240.912million and N12.126million fair value gains as at 1 January 2011 and 31 December 2011 respectively.

44 a. Equity reconciliation (Group)

				Adjustments			
		Previous GAAP	Reclassification	Measurement	Error/Opening Adjustment	Total	IFRS
As at 1 January 2011	Note	N '000	N '000	N '000	N '000	N '000	N '000
(Company)							
Assets							
Cash and bank balances	(i)	47,605	(47,605)			(47,605)	-
Placement with banks	(ii)	109,698	(109,698)			(109,698)	-
Cash and cash equivalents	a(i,ii)	-	157,303		(1,205)	156,098	156,098
Long term investments	(iv)	2,279,873	(2,279,873)			(2,279,873)	-
Financial Assets	b(iv,v)	-	2,350,747			2,350,747	2,350,747
Trade Receivables	c(vii)		31,537			31,537	31,537
Reinsurance Assets	d	-		3,443		3,443	3,443
Loans on policies	(v)	70,874	(70,874)			(70,874)	-
Deferred Acquisition Cost	e			242		242	242
Due from related company	(vi)	196,118	(196,118)			(196,118)	-
Other Receivables	f(vi,vii)		1,136,608		(23,551)	1,113,057	1,113,057
Investmement in subsidiaries	g(iv)	-	-			-	-
Investment in associated company		232,978				-	232,978
Investment properties	h	4,117,059		(59,059)		(59,059)	4,058,000
Debtors and prepayments	(vii)	668,145	(668,145)			(668,145)	-
Deferred Tax Asset	i	-		23,017		23,017	23,017
Statutory deposit		200,000				-	200,000
Intangible Assets	j(viii,ix)	-	66,052			66,052	66,052
Fixed Assets	(viii)	5,183,095	(5,183,095)	-		(5,183,095)	-
Property, plant and equipment	k(viii)		5,171,201	240,912	-	5,412,113	5,412,113
Goodwill on consolidation	(ix)	54,158	(54,158)			(54,158)	-
Total Assets		13,159,603	303,882	208,555	(24,756)	487,681	13,647,284
Liabilities							
Bank overdraft	(x)	150,394	(150,394)			(150,394)	-
Borrowings	l(x.xi)	-	198,727		18,675	217,402	217,402
Creditors and accruals	(xii)	476,918	(476,918)			(476,918)	-
Trade Payable	m(xii,xiii)		55,228			55,228	55,228
Other payables	n(xii)	-	732,563		(141,365)	591,198	591,198
Employee Benefit Liability	o(xii)		9,342	76,724	11,191	97,257	97,257
Due to reinsurance	(xiii)	16,333	(16,333)			(16,333)	-
Income Tax liabilities		158,644			(14,297)	(14,297)	144,347
Deferred tax liability	q	232,826		54,556		54,556	287,382
Term Loans	(xi)	48,333	(48,333)	-		(48,333)	-
Investment contract liabilities	r(xv,xvi)	-	3,191,530			3,191,530	3,191,530
Insurance contract liabilities	s(xiv)		1,160,320	416,258		1,576,578	1,576,578
Life Insurance funds	(xiv)	1,160,320	(1,160,320)			(1,160,320)	-
Liabilities for Administered Deposits	(xv)	3,082,033	(3,082,033)			(3,082,033)	-
Investment Link Fund	(xvi)	109,497	(109,497)			(109,497)	-
						-	-
Total Liabilities		5,435,298	303,882	547,538	(125,796)	725,624	6,160,922
Equity							
Share capital		10,292,500				-	10,292,500
Share premium		14,365,133				-	14,365,133
General reserve (Retained Earnings)	t	(19,796,187)	163,410	(579,895)	101,040	(315,445)	(20,111,632)
Contingency reserves		60,607				-	60,607
Fixed Assets Revaluation Reserve	u	2,638,842	-	240,912		240,912	2,879,754
Investment property revaluation reserve	(xvii)	163,410	(163,410)			(163,410)	-
Fair value reserve	v					-	-
Shareholders' Equity		7,724,305	-	(338,983)	101,040	(237,943)	7,486,362
Total Equity and Liabilities		13,159,603	303,882	208,555	(24,756)	487,681	13,647,284

44 b. Equity reconciliation (Company)

				Adjustments			
					Error/Opening		
		Previous GAAP	Reclassification	Measurement	Adjustment	Total	IFRS
As at 1 January 2011	Note	N '000	N '000	N '000	N '000	N '000	N '000
(Company)							
Assets							
Cash and bank balances	(i)	36,077	(36,077)	-		(36,077)	-
Placement with banks	(ii)	109,727	(109,727)			(109,727)	-
Cash and cash equivalents	a(i,ii)	-	145,804	-		145,804	145,804
Long term investments	(iv)	6,279,925	(6,279,925)			(6,279,925)	-
Financial Assets	b(iv,v)	-	2,350,747			2,350,747	2,350,747
Trade Receivables	c(vii)		-			-	-
Reinsurance Assets	d	-		3,443		3,443	3,443
Loans on policies	(v)	70,874	(70,874)			(70,874)	-
Deferred Acquisition Cost	e			242		242	242
Due from related company	(vi)	540,779	(540,779)			(540,779)	-
Other Receivables	f(vi,vii)		1,019,820			1,019,820	1,019,820
Investmement in subsidiaries	g(iv)		4,000,052			4,000,052	4,000,052
Investment in associated company		397,664	-			-	397,664
Investment properties	h	4,117,059	-	(59,059)		(59,059)	4,058,000
Debtors and prepayments	(vii)	465,283	(465,283)			(465,283)	-
Deferred Tax Asset	i	-	-	23,017		23,017	23,017
Statutory deposit		200,000	-			-	200,000
Intangible Assets	j(viii,ix)	-	11,894			11,894	11,894
Fixed Assets	(viii)	1,279,133	(1,279,133)			(1,279,133)	-
Property, plant and equipment	k(viii)		1,267,239	240,912		1,508,151	1,508,151
Goodwill on consolidation	(ix)	-	-			-	-
Total Assets		13,496,521	13,758	208,555	-	222,313	13,718,834
Liabilities							
Bank overdraft	(x)	130,394	(130,394)			(130,394)	-
Borrowings	l	-	130,394			130,394	130,394
Creditors and accruals	(xii)	323,222	(323,222)			(323,222)	-
Trade Payable	m(xii,xiii)		19,484			19,484	19,484
Other payables	n(xii)	-	323,311	-	(121,383)	201,928	201,928
Employee Benefit Liability	o(xii)		10,518	76,724		87,242	87,242
Due to reinsurance	(xiii)	16,333	(16,333)			(16,333)	-
Income Tax liabilities	p	129,488	-			-	129,488
Deferred tax liability	q	193,378		54,556		54,556	247,934
Term Loans	(ix)					-	-
Investment contract liabilities	r(xv,xvi)	-	3,191,530			3,191,530	3,191,530
Insurance contract liabilities	s(xiv)		1,160,320	416,258		1,576,578	1,576,578
Life Insurance funds	(xiv)	1,160,320	(1,160,320)			(1,160,320)	-
Liabilities for Administered Deposits	(xv)	3,082,033	(3,082,033)			(3,082,033)	-
Investment Link Fund	(xvi)	109,497	(109,497)			(109,497)	-
						-	-
Total Liabilities		5,144,665	13,758	547,538	(121,383)	439,913	5,584,578
Equity							
Share capital		10,292,500	-			-	10,292,500
Share premium		14,365,133	-			-	14,365,133
General reserve (Retained Earnings)	t	(17,632,023)	163,410	(579,895)	121,383	(295,102)	(17,927,125)
Contingency reserves		60,607				-	60,607
Fixed Assets Revaluation Reserve	u	1,102,229	-	240,912		240,912	1,343,141
Investment property revaluation reserve	(xvii)	163,410	(163,410)			(163,410)	-
Fair value reserve	v					-	-
Shareholders' Equity		8,351,856	-	(338,983)	121,383	(217,600)	8,134,256
Total Equity and Liabilities		13,496,521	13,758	208,555	-	222,313	13,718,834

45 a. Equity reconciliation (Group)

As at 31 December 2011	Note	Previous GAAP	Reclassification	Adjustments Measurement	Error/Opening Adjustment	Total	IFRS
		N '000	N '000	N '000	N '000	N '000	N '000
Cash and bank balances	(i)	158,077	(158,077)			(158,077)	-
Placement with banks	(ii)	207,036	(207,036)			(207,036)	-
Treasury bills	(iii)	20,000	(20,000)			(20,000)	-
Cash and Cash equivalents	a(i,ii,iii)	-	385,113			385,113	385,113
Long term investments	(iv)	2,202,192	(2,202,192)			(2,202,192)	-
Financial Assets	b(iv,v)	-	2,228,655			2,228,655	2,228,655
Trade Receivables	c(vii)		30,472			30,472	30,472
Reinsurance Assets	d	-		3,688	3,443	7,131	7,131
Loans on policies	(iv)	26,463	(26,463)			(26,463)	-
Deferred Acquisition Cost	e			(105)	242	137	137
Due from related company	(vi)	-				-	-
Other Receivables	f(vi,vii)		357,531		(169,408)	188,123	188,123
Investmement in subsidiaries	g(iv)	-				-	-
Investment in associated company		489,932			33,892	33,892	523,824
Investment properties	h	5,103,276		346,000	154,724	500,724	5,604,000
Debtors and prepayments	(vii)	388,003	(388,003)			(388,003)	-
Deferred Tax Asset	i	-		3,805	23,017	26,822	26,822
Statutory deposit		200,000				-	200,000
Intangible Assets	j(viii,ix)	-	16,040			16,040	16,040
Fixed Assets	(viii)	4,066,093	(4,066,093)			(4,066,093)	-
Property, plant and equipment	k (viii)		4,050,053	12,126	27,131	4,089,310	4,089,310
Total Assets		12,861,072	-	365,514	73,041	438,555	13,299,627
Liabilities							
Bank overdraft	(ix)	217,146	(217,146)			(217,146)	-
Borrowings	l(x.xi)	-	245,479			245,479	245,479
Creditors and accruals	(xii)	744,886	(744,886)			(744,886)	-
Trade Payable	m(xii,xiii)		94,362			94,362	94,362
Other payables	n(xii)	-	950,420	-	(121,820)	828,600	828,600
Employee Benefit Liability	o(xii)		29,090	12,682	87,916	129,688	129,688
Due to reinsurance	(xiii)	21,824	(21,824)			(21,824)	-
Due to related company	(xii)	307,162	(307,162)			(307,162)	-
Income Tax liabilities	p	170,102			(11,507)	(11,507)	158,595
Deferred tax liability	q	8,346		107,438	85,658	193,096	201,442
Term Loans	(ix)	28,333	(28,333)			(28,333)	-
Investment contract liabilities	r(xv,xvi)		3,393,094			3,393,094	3,393,094
Insurance contract liabilities	s(xiv)		1,540,166	104,302		1,644,468	1,644,468
Life Insurance funds	(xiv)	1,540,166	(1,540,166)			(1,540,166)	-
Liabilities for Administered Deposits	(xv)	3,241,755	(3,241,755)			(3,241,755)	-
Investment Link Fund	(xvi)	151,339	(151,339)			(151,339)	-
						-	-
Total Liabilities		6,431,059	-	224,422	40,247	264,669	6,695,728
		-				-	-
Equity						-	-
						-	-
Share capital		10,292,500				-	10,292,500
Share premium		14,365,133				-	14,365,133
General reserve (Retained Earnings)	t	(21,108,758)	1,150,994	128,966	5,665	1,285,625	(19,823,133)
Contingency reserves		78,886				-	78,886
Fixed Assets Revaluation Reserve	u	1,651,258		12,126	27,129	39,255	1,690,513
Investment property revaluation reserve	(xvii)	1,150,994	(1,150,994)			(1,150,994)	-
Fair value reserve	v					-	-
Shareholders' Equity		6,430,013	-	141,092	32,794	173,886	6,603,899
Total Equity and Liabilities		12,861,072	-	365,514	73,041	438,555	13,299,627

45 b. Equity reconciliation (Company)

As at 31 December 2011	Note	Previous GAAP	Reclassification	Adjustments Measurement	Error/Opening Adjustment	Total	IFRS
		N '000	N '000	N '000	N '000	N '000	N '000
Cash and bank balances	(i)	158,178	(158,178)			(158,178)	-
Placement with banks	(ii)	207,065	(207,065)			(207,065)	-
Treasury bills	(iii)	20,000	(20,000)			(20,000)	-
Cash and Cash equivalents	a(i,ii,iii)	-	385,243			385,243	385,243
Long term investments	(iv)	6,202,244	(6,202,244)			(6,202,244)	-
Financial Assets	b(iv,v)	-	2,228,655			2,228,655	2,228,655
Trade Receivables	c(vii)		-			-	-
Reinsurance Assets	d	-	3,443	3,688		7,131	7,131
Loans on policies	(iv)	26,463	(26,463)			(26,463)	-
Deferred Acquisition Cost	e		242	(105)		137	137
Due from related company	(vi)	40,782	(40,782)			(40,782)	-
Other Receivables	f(vi,vii)		128,993			128,993	128,993
Investmement in subsidiaries	g(iv)	-	4,000,052			4,000,052	4,000,052
Investment in associated company		569,654	118,856			118,856	688,510
Investment properties	h	5,103,276	154,724	346,000		500,724	5,604,000
Debtors and prepayments	(vii)	74,453	(74,453)			(74,453)	-
Deferred Tax Asset	i	-	23,017	3,805		26,822	26,822
Statutory deposit		200,000	-			-	200,000
Intangible Assets	j(viii,ix)	-	16,040			16,040	16,040
Fixed Assets	(viii)	291,533	(291,533)			(291,533)	-
Property, plant and equipment	k (viii)		302,622	12,126		314,748	314,748
Total Assets		12,893,648	341,169	365,514	-	706,683	13,600,331
Liabilities							
Bank overdraft	(ix)	201,151	(201,151)			(201,151)	-
Borrowings	l(x.xi)	-	201,151			201,151	201,151
Creditors and accruals	(xii)	511,255	(511,255)			(511,255)	-
Trade Payable	m(xii,xiii)		36,417			36,417	36,417
Other payables	n(xii)	-	369,524	-		369,524	369,524
Employee Benefit Liability	o(xii)		96,237	12,682		108,919	108,919
Due to reinsurance	(xiii)	21,824	(21,824)			(21,824)	-
Due to related company		-	-			-	-
Income Tax liabilities	p	139,943	-			-	139,943
Deferred tax liability	q	-	54,556	107,438		161,994	161,994
Term Loans	(ix)	-	-			-	-
Investment contract liabilities	r(xv,xvi)		3,393,094			3,393,094	3,393,094
Insurance contract liabilities	s(xiv)		1,540,166	104,302		1,644,468	1,644,468
Life Insurance funds	(xiv)	1,540,166	(1,540,166)			(1,540,166)	-
Liabilities for Administered Deposits	(xv)	3,241,755	(3,241,755)			(3,241,755)	-
Investment Link Fund	(xvi)	151,339	(151,339)			(151,339)	-
						-	-
Total Liabilities		5,807,433	23,655	224,422	-	248,077	6,055,510
Equity							
Share capital		10,292,500	-			-	10,292,500
Share premium		14,365,133	-			-	14,365,133
General reserve	t	(18,915,943)	1,441,379	128,966		1,570,345	(17,345,598)
Contingency reserves		78,886				-	78,886
Fixed Assets Revaluation Reserve	u	114,645	27,129	12,126		39,255	153,900
Investment property revaluation reserve	(xvii)	1,150,994	(1,150,994)			(1,150,994)	-
Fair value reserve	v	-				-	-
Shareholders' Equity		7,086,215	317,514	141,092	-	458,606	7,544,821
Total Equity and Liabilities		12,893,648	341,169	365,514	-	706,683	13,600,331

46 a. Profit reconciliation (Group)

31 December 2011

	Note	NIGERIAN Previous GAAP	Reclassification	Adjustments Measurement	Total	IFRS
		N '000	N '000	N '000	N '000	N '000
Gross Premium Earned	w	1,827,926	-		-	1,827,926
Unearned premium	w1			(80,700)	(80,700)	(80,700)
		1,827,926	-	(80,700)	(80,700)	1,747,226
Insurance premium ceded to reinsurer	w1a	(22,682)	-	7,131	7,131	(15,551)
Net Premium Earned		1,805,244	-	(73,569)	(73,569)	1,731,675
Commission Earned		5,774	-	-	-	5,774
TOTAL UNDERWRITING INCOME		1,811,018	-	(73,569)	(73,569)	1,737,449
Operating income						
Investment income		178,203	612,263		612,263	790,466
Fair value gain/loss on investment properties	w2	-	-	346,000	346,000	346,000
Net fair value gain on financial assets at fair value through profit or loss	w3	-	-	(61,625)	(61,625)	(61,625)
Income from restaurant operations		265,839	(265,839)		(265,839)	-
Air freight income		346,519	(346,519)		(346,519)	-
Other operating income		-	-	3,954	3,954	3,954
		2,601,579	(95)	214,760	214,665	2,816,244
						-
Direct claims paid	w4	(460,512)	460,512		460,512	-
Maturity claims	w4	(342,655)	342,655		342,655	-
Insurance claims and loss adjustment expenses	w4		(803,167)	(118,792)	(921,959)	(921,959)
Changes in contract liability	w1			127,913	127,913	127,913
Insurance claims and loss adjustment expenses recovered from reinsurer		10,517	-	-	-	10,517
Net claim expenses		(792,650)	-	9,121	9,121	(783,529)
Acquisition expenses	w5	(38,862)	-	105	105	(38,757)
Maintenance expenses		(279,805)	-		-	(279,805)
Management expenses	w5b	(1,012,200)	1,012,200		1,012,200	-
Guaranteed interest on deposit administration	w5e	(144,719)	144,719		144,719	-
Cost of sales - Restaurant	w5c	(158,398)	158,398		158,398	-
Direct operating cost- Air freight	w5d	(383,283)	383,283		383,283	-
Administrative expenses	w5a	-	(436,392)	(12,682)	(449,074)	(449,074)
Transfer to Life fund			-		-	-
Interest on overdrafts	w5f	(51,892)			-	(51,892)
Other operating expenses	w5g	-	(1,231,022)		(1,231,022)	(1,231,022)
		(2,069,159)	31,186	(12,577)	18,609	(2,050,550)
Underwriting Profit/(Loss)		(260,230)	31,091	211,304	242,395	(17,835)
Share of profit of equity accounted investee		118,856	-		-	118,856
Net Operating Income		(141,374)	31,091	211,304	242,395	101,021
					-	
Impairment of goodwill	w6a	(54,158)	54,158		54,158	-
Impairment charges	w6b	(1,078,576)	(54,158)	61,625	7,467	(1,071,109)
Profit before Taxation		(1,274,108)	31,091	272,929	304,020	(970,088)
Income Tax Expense/ (Credit)	w7	179,130	-	(103,633)	(103,633)	75,497
Profit after Taxation		(1,094,978)	31,091	169,296	200,387	(894,591)
Profit attributable to:						
Equity holders of the Company		(1,094,978)	31,091	169,296	200,387	(894,591)
Non-controlling interest			-		-	
Profit/(loss) for the period		(1,094,978)	31,091	169,296	200,387	(894,591)
					-	
Other comprehensive income /(loss)					-	
Items within OCI that will not be reclassified to the profit or loss:						
Revaluation surplus on PPE	u	-	-	12,126	12,126	12,126
Total other comprehensive income		-	-	12,126	12,126	12,126
Total comprehensive income / (loss) for the year		(1,094,978)	31,091	181,422	212,513	(882,465)
Total comprehensive income attributable to:						
Equity holders of the company		(1,094,978)	31,091	181,422	212,513	(882,465)
Non-controlling interest			-		-	
Total comprehensive income for the period		(1,094,978)	31,091	181,422	212,513	(882,465)
Earnings per share-basic						(4.35)

46 b. Profit reconciliation (Company)
31 December 2011

				Adjustments		
		Previous GAAP	Reclassification	Measurement	Total	IFRS
	Note	N '000	N '000	N '000	N '000	N '000
Gross Premium Earned	w	1,827,926	-		-	1,827,926
Unearned premium	w1			(80,700)	(80,700)	(80,700)
		1,827,926	-	(80,700)	(80,700)	1,747,226
Insurance premium ceded to reinsurer	w1a	(22,682)	-	7,131	7,131	(15,551)
Net Premium Earned		1,805,244	-	(73,569)	(73,569)	1,731,675
Commission Earned		5,774	-	-	-	5,774
TOTAL UNDERWRITING INCOME		1,811,018	-	(73,569)	(73,569)	1,737,449
Operating income						
Investment income		174,249			-	174,249
Fair value gain/loss on investment properties	w2	-	-	346,000	346,000	346,000
Net fair value gain on financial assets at fair value through profit or loss	w3	-	-	(61,625)	(61,625)	(61,625)
Other operating income		-	-		-	-
		1,985,267	-	210,806	210,806	2,196,073
Direct claims paid	w4	(460,512)	460,512		460,512	-
Maturity claims	w4	(342,655)	342,655		342,655	-
Insurance claims and loss adjustment expenses	w4		(803,167)	(118,792)	(921,959)	(921,959)
Changes in contract liability	w1		-	127,913	127,913	127,913
Insurance claims and loss adjustment expenses recovered from reinsurer		10,517	-	-	-	10,517
Net claim expenses		(792,650)	-	9,121	9,121	(783,529)
Acquisition expenses	w5	(38,862)	-	105	105	(38,757)
Maintenance expenses		(279,805)	-		-	(279,805)
Personnel expense	w5a	(318,483)	318,483		318,483	-
Guaranteed interest on deposit administration	w5e	(144,719)	144,719		144,719	-
Administrative expenses	w5a	-	(318,483)	(12,682)	(331,165)	(331,165)
Transfer to Life fund	w5g	(379,846)	379,846		379,846	-
Interest on overdrafts	w5f	(39,898)			-	(39,898)
Other operating expenses	w5g	(360,993)	(144,682)		(144,682)	(505,675)
		(1,562,606)	379,883	(12,577)	367,306	(1,195,300)
Underwriting Profit/(Loss)		(369,989)	379,883	207,350	587,233	217,244
Share of profit of equity accounted investee		118,856	-		-	118,856
Net Operating Income		(251,133)	379,883	207,350	587,233	336,100
Impairment of goodwill	w6a				-	-
Impairment charges	w6b	(1,078,576)	-	61,625	61,625	(1,016,951)
Profit before Taxation		(1,329,709)	379,883	268,975	648,858	(680,851)
Income Tax Expense/ (Credit)	w7	182,923	-	(103,633)	(103,633)	79,290
Profit after Taxation		(1,146,786)	379,883	165,342	545,225	(601,561)
Profit attributable to:						
Equity holders of the Company		(1,146,786)	379,883	165,342	545,225	(601,561)
Non-controlling interest		-	-		-	-
Profit/(loss) for the period		(1,146,786)	379,883	165,342	545,225	(601,561)
Other comprehensive income /(loss)					-	
Items within OCI that will not be reclassified to the profit or loss:						
Revaluation surplus on PPE		-	-	12,126	12,126	12,126
Total other comprehensive income	u	-	-	12,126	12,126	12,126
Total comprehensive income / (loss) for the year		(1,146,786)	379,883	177,468	557,351	(589,435)
Total comprehensive income attributable to:						
Equity holders of the company		(1,146,786)	379,883	177,468	557,351	(589,435)
Non-controlling interest			-			
Total comprehensive income for the period		(1,146,786)	379,883	177,468	557,351	(589,435)
Earnings per share-basic						(2.92)

EXPLANATORY NOTES ON CONVERSION FROM GAAPS ACCOUNT TO IFRS

		GROUP		COMPANY	
		31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
		N'000	N'000	N'000	N'000
a.	Cash and cash equivalents				
	Per Nigerian GAAP	-	-	-	-
	Transfer from cash and bank balances (i)	158,077	47,605	158,178	36,077
	Transfer from placements and similar deposits (ii)	207,036	109,698	207,065	109,727
	Transfer from Treasury Bills (iii)	20,000	-	20,000	-
	Correction of error in cash consolidated		(1,205)		
		385,113	156,098	385,243	145,804

An adjustment of N385,243.00 was raised to reclassify placements with banks (N207.065M), cash and bank balances (N158.178M) and treasury bills to cash and cash equivalent because they are fixed income instruments with maturity of less than 90 days.

b.	Financial Assets				
	Per Nigerian GAAP	-	-	-	-
	Quoted equity at fair value through profit or loss transferred from long term investments (iv)	2,153,392	2,226,382	2,153,392	2,226,382
	Available -for-sale Unquoted equity at cost transferred from long term investments (iv)	48,800	53,491	48,800	53,491
	Transferred from loans on policy (v)	26,463	70,874	26,463	70,874
	Per IFRS	2,228,655	2,350,747	2,228,655	2,350,747

Under IFRS, long term investments are reclassification to financial assets hence loans on policies, quoted and unquoted equities were reclassified to financial assets

c	Trade Receivables				
	Per Nigerian GAAP	-	-	-	-
	Transfer from Debtors and prepayments (vii)	30,472	31,537	-	-
	Per IFRS	30,472	31,537	-	-
d	Reinsurance Assets				
	Per Nigerian GAAP	-	-	-	-
	Reinsurance projection computed as per actuarial valuation	7,131	3,443	7,131	3,443
	Per IFRS	7,131	3,443	7,131	3,443

Under Nigeria GAAP the insurance contract liability was recognised gross and liability charged to profit or loss account. In line with IFRS, the Company revised the insurance contract liability based on IFRS requirement and the reinsurance asset was taken into consideration in the valuation. The adjustment of N7.131 million relates to reinsurance asset which was not considered in previous valuation of the insurance liability

e	Deferred acquisition cost				
	Per Nigerian GAAP	-	-	-	-
	Adjustment for the year	137	242	137	242
	Per IFRS	137	242	137	242

		GROUP		COMPANY	
f	Other receivables	31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
		N'000	N'000	N'000	N'000
	Per Nigerian GAAP	-	-	-	-
	Transfer from Debtors and prepayments (vii)	357,531	636,608	74,453	465,283
	Transfer from Due from related companies (vi)	-	500,000	54,540	554,537
	Correction of error on b/fwd balances	(169,408)	(23,551)		
	Per IFRS	188,123	1,113,057	128,993	1,019,820
g.	Investment in Subsidiaries				
	Per Nigerian GAAP	-	-	-	-
	Transfer from Long Term Investments (iv)	-	-	4,000,052	4,000,052
	Per IFRS	-	-	4,000,052	4,000,052

Under Nigeria GAAP, some long term investments were reclassified to investment in subsidiairies and the above adjustment was done to effect the change

		GROUP		COMPANY	
		31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
		N'000	N'000	N'000	N'000
h	Investment Property				
	Per Nigerian GAAP	5,103,276	4,117,059	5,103,276	4,117,059
	fair value gain on investment properties	500,724	(59,059)	500,724	(59,059)
	Per IFRS	5,604,000	4,058,000	5,604,000	4,058,000

Investment property were measured at fair value and the impact of the fair value gain was recognised in investment property and profit or loss account

i	Deferred Tax Asset				
	Per Nigerian GAAP	-	-	-	-
	Deferred tax asset arising on additional provision for gratuity required under IFRS	26,822	23,017	26,822	23,017
	Per IFRS	26,822	23,017	26,822	23,017

The adjustment consist of N23.017 million in respect of deferred tax asset on defined benefit liability in 2010 and N3.805 million in 2011.

j	Intangible Assets				
	Per Nigerian GAAP	-	-	-	-
	Transfer from fixed assets (viii)	16,040	11,894	16,040	11,894
	Transfer from goodwill on consolidation (ix)	-	54,158	-	-
	Impairment of goodwill on consolidation	-	-	-	-
	Per IFRS	16,040	66,052	16,040	11,894
k	PPE				
	Per Nigerian GAAP	-	-	-	-
	Transfer from fixed assets (viii)	4,050,053	5,171,201	275,493	1,267,239
	Revaluation Surplus	39,257	240,912	39,257	240,912
	Assets written off	(591,290)	(591,290)		
	Per IFRS	3,498,020	4,820,823	314,750	1,508,151

PPE of the company were revalued based on the policy of the company and the surplus therein was as noted above. Also, softwares classified under computer equipment were reclassified to intangible assets as required by IAS 16, the value of which is noted above.

l	Borrowings				
	Per Nigerian GAAP	-	-	-	-
	Transfer from bank overdraft (x)	217,146	150,394	201,151	130,394
	Transfer from term loans (xi)	28,333	48,333	-	-
	Correction of error in b/fwd balances		18,675		
	Per IFRS	245,479	217,402	201,151	130,394
m	Trade payables				
	Per Nigerian GAAP	-	-	-	-
	reclassification from Creditors & Accruals (xii)	72,538	38,895	14,593	3,151
	reclassification from due to reinsurance (xiii)	21,824	16,333	21,824	16,333
	Per IFRS	94,362	55,228	36,417	19,484
n	Other payables				
	Per Nigerian GAAP	-	-	-	-
	reclassification from due from related company (xviii)	307,162	303,882	13,758	13,758
	reclassification from Creditors & Accruals (xii)	643,258	428,681	477,149	309,553
	Fees payable no longer required	(121,383)	(121,383)	(121,383)	(121,383)
	Correction of errors at consolidation	(437)			
	Per IFRS	828,600	611,180	369,524	201,928
o.	Employee Benefit liability	-	-	-	-
	Per Nigerian GAAP				
	Transferred from Creditors and accruals (xii)	29,090	9,342	19,513	10,518
	Provision for Gratuity based on actuarial valuation	89,406	76,724	89,406	76,724
	Correction of errors at consolidation	11,192	11,191		
	Per IFRS	129,688	97,257	108,919	87,242

Under Nigeria GAAP, the Company did not accrue for liability in respect of the staff other long term employee benefit "staff gratuity". The adjustment of N76.724million was raised to account for the staff other long term employee benefit from 2010.

q	Deferred Tax Liability				
	Per Nigerian GAAP	8,346	232,826	-	193,378
	Deferred tax impact on fair value gain on investment properties	86,082	(17,718)	86,082	(17,718)
	Deferred tax impact on PPE Revaluation reserve	75,912	72,274	75,912	72,274
	Adjustment for net b/fwd difference	31,102			
	Per IFRS	201,442	287,382	161,994	247,934

This is the net effect of tax impact of fair value gain on investment properties and revaluation reserve on property plant and equipment calculated at the rulling tax rate.

r	Investment Contract Liability				
	Per Nigerian GAAP	-	-	-	-
	Reclassification from Deposit Administration fund (xv)	3,241,755	3,082,033	3,241,755	3,082,033
	Reclassification from Investment linked fund (xvi)	151,339	109,497	151,339	109,497
	Per IFRS	3,393,094	3,191,530	3,393,094	3,191,530

		GROUP		COMPANY	
		31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
s	Insurance Contract Liability	N'000	N'000	N'000	N'000
	Per Nigerian GAAP	-	-	-	-
	Transfer from Insurance Funds (xiv)	1,540,166	1,160,320	1,540,166	1,160,320
	Life fund valuation surplus as per actuarial valuation	-	-	-	-
	Net accretion to life fund	162,447	419,701	162,447	419,701
	Reinsurance receivable (i)	(7,131)	(3,443)	(7,131)	(3,443)
	Change in unearned premium (ii)	(6,413)	-	(6,413)	-
	Change in outstanding claims (iii)	(2,333)	-	(2,333)	-
	Change in IBNR (iv)	(42,267)	-	(42,267)	-
	Per IFRS	1,644,469	1,576,578	1,644,469	1,576,578

The Company revised the insurance contract liability based on IFRS requirements and an actuarial valuation was done by HR Nigeria Limited. The balances as shown for the respective periods are the determined liability.

		GROUP		COMPANY	
		31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
t.	Retained earnings	N'000	N'000	N'000	N'000
	As per Nigerian GAAP	(21,108,758)	(19,796,187)	(18,915,943)	(17,632,023)
	Transfer from investment property reserve (xvii)	1,201,367	163,410	1,201,367	163,410
	Recogntion of share of associated company returns		-	118,856	-
	Correction of errors - Bank balances		(1,205)		
	Correction of errors - Other receivables		(23,551)		
	Correction of errors - Borrowing		(18,675)		
	Correction of errors - Other payables		19,982		
	Correction of errors - employee benefit liability		(11,191)		
	Correction of errors - Income tax liability		14,297		
	Provision for fees payable no longer required		121,383		121,383
	Adjustment for deferred acquisition cost	(105)	242	(105)	242
	Deferred tax impact of revaluation surplus	(3,638)	(72,274)	(3,638)	(72,274)
	Net fair value gain/loss on investment property	346,000	(59,059)	346,000	(59,059)
	Deferred tax impact of fair value gain on invest. Property	(103,800)	17,718	(103,800)	17,718
	Additional liability on staff gratuity	(12,682)	(76,724)	(12,682)	(76,724)
	Deferred tax impact of the liability on staff gratuity	3,805	23,017	3,805	23,017
	Recogntion of reinsurance assets in respect of life fund valuation	3,688	3,443	3,688	3,443
	Recogntion of net change in insurance contract liabilities	(104,302)	(416,258)	(104,302)	(416,258)
	Net impact of IFRS on opening period	(44,709)	-	121,157	-
		1,285,624	(315,445)	1,570,346	(295,102)
	As per IFRS	(19,823,134)	(20,111,632)	(17,345,597)	(17,927,125)

		GROUP		COMPANY	
		31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
u.	Revaluation Reserve	N'000	N'000	N'000	N'000
	As per Nigerian GAAP	1,651,258	2,638,842	114,645	1,102,229
	Revaluation surplus during the year	39,255	240,912	39,255	240,912
	As per IFRS	1,690,513	2,879,754	153,900	1,343,141

u. 1	Investment property revaluation reserve	N'000	N'000	N'000	N'000
	As per Nigerian GAAP	163,410	163,410	163,410	163,410
	Transfer from fixed asset revaluation reserve	1,201,367		1,201,367	
	Transfer to retained earnings	(1,364,777)	(163,410)	(1,364,777)	(163,410)
	As per IFRS	-	-	-	-

w Insurance contracts

Under IFRS, Life insurance contracts are accounted for on an annual basis with premium recognised as revenue when they become payable by the contract holders. Under Nigerian GAAP, Life contracts are accounted for using the fund accounting method. The change in accounting policies resulted in the reclassification of balances previously recognised in the revenue account into the income statement.

w1 Changes in contract liability

Life fund valuation surplus as per actuarial valuation	-	-	-	-
Net accretion to life fund	127,913	419,701	127,913	419,701
	127,913	419,701	127,913	419,701

Under NGAAP the life fund was used to account for all premium and associated expenses on life contracts using the fund accounting method with changes in the actuarially determined life fund transferred to the income statement. Under IFRS the fund represents the actual liability due to only long term life contracts with changes in the life fund being transferred as an underwriting expense to the income statement. The changes in the treatment of life contracts resulted in the reclassification to re-insurance recovery, IBNR on claims and shareholder's share of life valuation surplus to and from the increase in life fund. The outstanding balance represents changes in unearned premium on life contracts which is used to offset premium income recognised. The surplus have not been appropriated in the financial statement.

		GROUP		COMPANY	
		31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
w1a	Reinsurance expense	N'000	N'000	N'000	N'000
	As per Nigerian GAAP	(22,682)	-	(22,682)	-
	Net impact of reinsurance assets	7,131		7,131	-
	As per IFRS	(15,551)	-	(15,551)	-

Under Nigeria GAAP the insurance contract liability was recognised gross and liability charged to profit or loss account. In line with IFRS, the Company revised the insurance contract liability to take in reinsurance elements in the valuation. The adjustment of N7.131 million relates to reinsurance elements which were not considered in previous valuation of the insurance liability

w2	Fair value gain/(loss) on investment properties				
	As per Nigerian GAAP	-	-	-	-
	The net effect of fair value gain on investment properties	346,000	-	346,000	-
	As per IFRS	346,000	-	346,000	-

The net effect of fair value gain on investment properties for year 2011 valuation (N346million) recognised in the statement of comprehensive income.

w3	Fair value gain/(loss) on financial assets at FVTPL				
	As per Nigerian GAAP	-	-	-	-
	Transfer from impairment charges	(61,625)	-	(61,625)	-
	As per IFRS	(61,625)	-	(61,625)	-

Under NGAAP trading properties, equity securities and investment in treasury bills were measured at the lower of cost and net realisable value. Under IFRS, these investments are measured at fair value with any change in the carrying amount recognised through the income statement.

w4	Claim Expenses				
	As per Nigerian GAAP	-	-	-	-
	Transfer from direct claims	460,512		460,512	
	Transfer from maturity claims	342,655		342,655	
	Outstanding claims & IBNR	74,192		74,192	
	Change in outstanding claims	2,333		2,333	
	Change in claims incurred but not reported (IBNR)	42,267		42,267	
	As per IFRS	921,959	-	921,959	-
w5	Acquisition expenses				
	Per Nigerian GAAP	38,862	-	38,862	-
	Adjustment for deferred acquisition cost	(105)	242	(105)	242
	Per IFRS	38,757	242	38,757	242
w5a	Administrative Expenses				
	Per Nigerian GAAP	-	-	-	-
	Transfer from personnel expenses	436,392	-	318,483	-
	Addition to employee benefit	12,682	-	12,682	-
	Per IFRS	449,074	-	331,165	-
w5b	Personnel expenses				
	Per Nigerian GAAP	436,392	-	318,483	-
	Transfer to administrative expenses	(436,392)	-	(318,483)	-
	Per IFRS	-	-	-	-
w5c	Cost Of sales - Restaurant				
	Per Nigerian GAAP	158,398	-	-	-
	Transfer to other operating expenses	(158,398)	-	-	-
	Per IFRS	-	-	-	-
w5d	Direct operating cost - Air freight				
	Per Nigerian GAAP	383,283	-	-	-
	Transfer to other operating expenses	(383,283)	-	-	-
	Per IFRS	-	-	-	-
w5e	Guaranteed interest on DA				
	Per Nigerian GAAP	144,719	-	144,719	-
	Transfer to other operating expenses	(144,719)	-	(144,719)	-
	Per IFRS	-	-	-	-

		GROUP		COMPANY	
		31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
w5f	Interest on overdrafts	N'000	N'000	N'000	N'000
	Per Nigerian GAAP	51,892	-	39,898	-
	Per IFRS	51,892	-	39,898	-
w5g	Other operating expenses				
	Per Nigerian GAAP	575,808	-	360,956	-
	Transfer from guaranteed interest on DA	144,719	-	144,719	-
	Transfer from Cost of sales - Restaurant	158,398		-	
	Transfer from Direct operating cost-Air freight	383,283		-	
	Life fund valuation surplus as per actuarial valuation				
	Net effect of consolidation errors	(31,186)		-	
	Per IFRS	1,231,022	-	505,675	-
w6a	Impairment of goodwill				
	Per Nigerian GAAP	54,158	-	-	-
	Transfer to impairment charges	(54,158)	-	-	-
	Per IFRS	-	-	-	-
w6b	Impairment charges				
	Per Nigerian GAAP	1,078,576	-	1,078,576	-
	Transfer from impairment of goodwill	54,158	-	-	-
	Transfer to fair value gain/(loss)	(61,625)	-	(61,625)	-
	Per IFRS	1,071,109	-	1,016,951	-
w7	Income Tax Expense				
	As per Nigerian GAAP	179,130	-	182,923	-
	Adjustment for over provision in the year	(150,994)		(158,580)	
	Net effect of deferred tax on gratuity	3,805		3,805	-
	Net effect of deferred tax on fair value gain on inv. Prop	(103,800)	17,718	(107,438)	17,718
	Net effect of deferred tax on PPE revaluation surplus	(3,638)	(72,274)	-	(72,274)
	Release for the year				
	As per IFRS	(75,497)	(54,556)	(79,290)	(54,556)

The net effect of deferred tax asset on gratuity, deferred tax liability on fair value gain on investment property and deferred tax liability on revaluation reserve on PPE recognised in the Statement of Comprehensive income

		GROUP		COMPANY	
(i)	Cash and bank balances	31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
		N'000	N'000	N'000	N'000
	Per Nigerian GAAP	158,077	47,605	158,178	36,077
	Transfer to cash and cash equivalents	(158,077)	(47,605)	(158,178)	(36,077)
	Per IFRS	-	-	-	-
(ii)	Placement with banks				
	Per Nigerian GAAP	207,036	109,698	207,065	109,727
	Transfer to cash and cash equivalents	(207,036)	(109,698)	(207,065)	(109,727)
	Per IFRS	-	-	-	-
(iii)	Treasury Bills				
	Per Nigerian GAAP	20,000	-	20,000	-
	Transfer to cash and cash equivalents	(20,000)	-	(20,000)	-
	Per IFRS	-	-	-	-
(iv)	Long Term Investments				
	Per Nigerian GAAP	2,202,192	2,279,873	6,202,244	6,279,925
	Transfer to Financial assets	(2,202,192)	(2,279,873)	(2,202,192)	(2,279,873)
	Transfer to Investment in subsidiaries	-	-	(4,000,052)	(4,000,052)
	Per IFRS	-	-	-	-
(v)	Loans on policies				
	Per Nigerian GAAP	26,463	70,874	26,463	70,874
	Transfer to Financial assets	(26,463)	(70,874)	(26,463)	(70,874)
	Per IFRS	-	-	-	-
(vi)	Due from related company				
	Per Nigerian GAAP	-	196,118	40,782	540,779
	Transfer to other receivables	-	(500,000)	(54,540)	(554,537)
	Transfer to other payables		303,882	13,758	13,758
	Per IFRS	-	-	-	-

		GROUP		COMPANY	
		31-Dec-2011	1-Jan-2011	31-Dec-2011	1-Jan-2011
		N'000	N'000	N'000	N'000
(vii)	Debtors and prepayments				
	Per Nigerian GAAP	388,003	668,145	74,453	465,283
	Transfer to Trade receivables	(30,472)	(31,537)	-	-
	Transfer to other receivables	(357,531)	(636,608)	(74,453)	(465,283)
	Per IFRS	-	-	-	-
(viii)	Fixed assets				
	Per Nigerian GAAP	4,066,093	5,183,095	291,533	1,279,133
	Transfer to PPE	(4,050,053)	(4,579,911)	(275,493)	(1,267,239)
	Transfer to Intangible assets	(16,040)	(11,894)	(16,040)	(11,894)
	Assets written off		(591,290)		
	Per IFRS	-	-	-	-
(ix)	Goodwill on consolidation				
	Per Nigerian GAAP	-	54,158	-	-
	Transfer to Intangible assets		(54,158)		
	Per IFRS	-	-	-	-
(x)	Bank overdraft				
	Per Nigerian GAAP	217,146	150,394	201,151	130,394
	Transfer to Borrowings	(217,146)	(150,394)	(201,151)	(130,394)
	Per IFRS	-	-	-	-
(xi)	Term Loans				
	Per Nigerian GAAP	28,333	48,333	-	-
	Transfer to Borrowings	(28,333)	(48,333)	-	-
	Per IFRS	-	-	-	-
(xii)	Creditors and accruals				
	Per Nigerian GAAP	744,886	476,918	511,255	323,222
	Transfer to Trade payable	(72,538)	(38,895)	(14,593)	(3,151)
	Transfer to Employee benefit liability	(29,090)	(9,342)	(19,513)	(10,518)
	Transfer to Other payable	(643,258)	(428,681)	(477,149)	(309,553)
	Per IFRS	-	-	-	-
(xiii)	Due to reinsurance				
	Per Nigerian GAAP	21,824	16,333	21,824	16,333
	Transfer to Trade payable	(21,824)	(16,333)	(21,824)	(16,333)
	Per IFRS	-	-	-	-
(xiv)	Life insurance funds				
	Per Nigerian GAAP	1,540,166	1,160,320	1,540,166	1,160,320
	Transfer to Insurance contract liability	(1,540,166)	(1,160,320)	(1,540,166)	(1,160,320)
	Per IFRS	-	-	-	-
(xv)	Liabilities for administered deposits				
	Per Nigerian GAAP	3,241,755	3,082,033	3,241,755	3,082,033
	Transfer to Investment contract liability	(3,241,755)	(3,082,033)	(3,241,755)	(3,082,033)
	Per IFRS	-	-	-	-
(xvi)	Investment link fund				
	Per Nigerian GAAP	151,339	109,497	151,339	109,497
	Transfer to Investment contract liability	(151,339)	(109,497)	(151,339)	(109,497)
	Per IFRS	-	-	-	-
(xvii)	Investment property revaluation reserve				
	Per Nigerian GAAP	1,150,994	163,410	1,150,994	163,410
	Transfer to Retained Earnings	(1,150,994)	(163,410)	(1,150,994)	(163,410)
	Per IFRS	-	-	-	-
(xviii)	Due from related company				
	Per Nigerian GAAP	307,162	-	-	-
	Transfer to other payable	(307,162)	-	-	-
	Per IFRS	-	-	-	-

REVENUE ACCOUNT

For the period ended 31 December 2012

	GROUP LIFE N'000	INDIVIDUAL LIFE N'000	ANNUITY N'000	TAKAFUL & ESUSU N'000	DEC. 2012 TOTAL N'000	DEC. 2011 TOTAL N'000
Gross Premium written	715,644	887,238	1,210,815	578,462	3,392,159	1,827,926
Gross Premium Income	656,451	887,238	1,210,815	578,462	3,332,966	1,747,226
Reinsurance Expense	(42,099)	(558)	-	-	(42,657)	(15,551)
Net Premium Income	614,352	886,680	1,210,815	578,462	3,290,309	1,731,675
Fees and Commission income	17,452	223	-	-	17,675	5,774
NET UNDERWRITING INCOME	631,804	886,903	1,210,815	578,462	3,307,984	1,737,449
Insurance benefits					-	
Claims expenses	(654,953)	(165,921)	(71,190)	(495,315)	(1,387,379)	(921,959)
Reinsurance claims	27,916	-	-	-	27,916	10,517
Changes in contract liabilities			(1,031,430)		(1,031,430)	127,913
Net claims expenses	(627,037)	(165,921)	(1,102,620)	(495,315)	(2,390,893)	(783,529)
Underwriting Expenses					-	
Acquisition expenses	(72,265)	(1,970)	-	-	(74,235)	(38,757)
Maintenance expenses	(90,962)	(184,940)	(36,720)	(12,925)	(325,547)	(279,805)
	(163,227)	(186,910)	(36,720)	(12,925)	(399,782)	(318,562)
Underwriting Profit/(Loss)	(158,460)	534,073	71,475	70,222	517,309	635,358
Investment income attributable to policyholders fund	4,235	36,568	41,139	9,142	91,085	122,959
Underwriting Results	(154,225)	570,641	112,614	79,364	608,394	758,317

AFRICAN ALLIANCE INSURANCE PLC
STATEMENT OF VALUE ADDED
For the period ended 31 December 2012

	GROUP				COMPANY			
	Dec- 2012	%	Dec- 2011	%	Dec- 2012	%	Dec- 2011	%
Underwriting income	3,307,984		1,737,449		3,307,984		1,737,449	
Re-insurance, claims and commission & others	(3,237,034)		(2,874,531)		(2,886,312)		(2,211,527)	
Investment and other income	441,247		790,466		169,795		174,249	
Value added	512,197		(346,616)		591,467		(299,829)	
Applied to pay:								
Staff and other Costs	419,558	82%	449,074	-130%	341,106	58%	331,165	-110%
Government as tax	162,970	32%	(75,497)	22%	160,689	27%	(79,290)	26%
Retained in the business:								
Depreciation and amortisation	231,873	45%	162,272	-47%	40,195	7%	37,731	-13%
Retained profit for the period	(315,375)	-62%	(894,591)	258%	36,306	6%	(601,561)	201%
Fair value reserves	13,171	3%	12,126	-3%	13,171	2%	12,126	-4%
Value added	512,197	100%	(346,616)	100%	591,467	100%	(299,829)	100%

THREE YEAR FINANCIAL SUMMARY

For the period ended 31 December:-

STATEMENT OF FINANCIAL POSITION	GROUP			COMPANY		
	2012	2011	2010	2012	2011	2010
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	883,726	385,113	156,098	879,308	385,243	145,804
Financial Assets	2,237,893	2,228,655	2,350,747	2,237,893	2,228,655	2,350,747
Trade Receivables	30,119	30,472	31,537	-	-	-
Reinsurance Assets	27,710	7,131	3,443	27,710	7,131	3,443
Deferred Acquisition Cost	444	137	242	444	137	242
Other Receivables	226,560	188,123	1,113,057	309,458	128,993	1,019,820
Investment in subsidiaries	-	-	-	4,013,053	4,000,052	4,000,052
Investment in Associates	684,375	523,824	232,978	849,061	688,510	397,664
Investment Properties	5,927,000	5,604,000	4,058,000	5,927,000	5,604,000	4,058,000
Deferred Tax Assets	38,025	26,822	23,017	38,025	26,822	23,017
Intangible Asset	13,331	16,040	66,052	13,331	16,040	11,894
Property Plant and Equipment	3,949,005	4,089,310	5,412,113	340,501	314,750	1,508,151
Statutory Deposits	200,000	200,000	200,000	200,000	200,000	200,000
Total Assets	14,218,188	13,299,626	13,647,284	14,835,783	13,600,332	13,718,834
Liabilities						
Insurance Contract Liabilities	2,948,308	1,644,469	1,576,578	2,948,308	1,644,469	1,576,578
Investment Contracts Liabilities	3,313,719	3,393,094	3,191,530	3,313,719	3,393,094	3,191,530
Borrowings	127,054	245,479	217,402	116,308	201,151	130,394
Trade Payable	218,777	94,362	55,228	95,567	36,417	19,484
Other payables	591,066	828,600	591,198	153,918	369,524	201,928
Retirement Benefits obligations	186,241	129,688	97,257	142,715	108,919	87,242
Income Tax liabilities	171,250	158,595	144,347	150,318	139,943	129,488
Deferred tax liabilities	360,079	201,442	287,382	320,631	161,994	247,934
Total Liabilities	7,916,495	6,695,729	6,160,922	7,241,485	6,055,511	5,584,578
Equity						
Issued and paid Share capital	10,292,500	10,292,500	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	14,365,133	14,365,133
Contigency Reserves	112,808	78,886	60,607	112,808	78,886	60,607
Retained earnings	(20,172,432)	(19,823,135)	(20,111,632)	(17,343,214)	(17,345,598)	(17,927,125)
Assets Revaluation reserves	1,703,684	1,690,513	2,879,754	167,071	153,900	1,343,141
Shareholders funds	6,301,693	6,603,897	7,486,362	7,594,298	7,544,821	8,134,256
Total liabilities & Reserves	14,218,188	13,299,626	13,647,284	14,835,783	13,600,332	13,718,834

STATEMENT OF COMPREHENSIVE INCOME	GROUP		COMPANY	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Gross premium written	3,332,966	1,747,226	3,332,966	1,747,226
Premium earned	3,290,309	1,731,675	3,290,309	1,731,675
Profit before taxation	(152,405)	(970,088)	196,995	(680,851)
Taxation	(162,970)	75,497	(160,689)	79,290
Profit after taxation	(315,375)	(894,591)	36,306	(601,561)
Transfer to contingency reserve	33,922	18,279	33,922	18,279
Retained earining	(302,204)	(882,465)	49,477	(589,435)
Earnings per share	(1.53)	(4.35)	0.18	(2.92)