

Guaranty Trust Assurance Plc

**Financial Statements -- 31 December 2006
Together with Directors' and Auditors' Reports**

Directors' Report

For the year ended 31 December 2006

The Directors are pleased to present their annual report on the affairs of Guaranty Trust Assurance Plc (“the Company”), together with the audited financial statements and the auditors’ report for the year ended 31 December 2006.

Legal form and principal activity

The Company was incorporated on the 23rd June 1989 as a private limited liability company called “Heritage Assurance Limited” and issued with a composite insurance licence by the National Insurance Commission in March 2004. The Company’s name was changed to Guaranty Trust Assurance Limited in September 2004 following the acquisition of majority share holding by Guaranty Trust Bank Plc and changed again to Guaranty Trust Assurance Plc in March 2006 following the increase in authorized capital of the Company.

The Company’s principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services for both corporate and individual customers.

Operating Results:

The following is a summary of the Company’s operating results:

	<u>2006</u>	<u>2005</u>
	N’000	N’000
Gross premium income	1,067,486	427,767
Profit before taxation	<u>383,663</u>	<u>16,049</u>
Taxation	(89,231)	11,329
Profit after taxation	<u>294,432</u>	<u>27,378</u>
Transfer to statutory contingency reserve	(53,155)	(10,035)
Transfer to life fund	(51,587)	(15,430)
Retained profit for the year	<u>189,690</u>	<u>1,913</u>
Retained loss, beginning of year	(78,752)	(80,665)
Retained profit/(loss), end of year	<u>110,938</u>	<u>(78,752)</u>
Earnings per share- basic	<u>6.24k</u>	<u>2.74k</u>

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2006

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act 1990, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Company and the profit or loss for the financial year.

The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- (b) the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 1990 and Insurance Act 2003.
- (c) the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed and
- (d) the financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

Directors and their Interests:

The directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company were as follows:

	<u>Number of Ordinary Shares</u>	
	<u>31/12/06</u>	<u>31/12/05</u>
Mr. Victor Gbolade Osibodu -Chairman	70,000,000	50,000,000
Mr. Tosin Runsewe	50,727,272	14,727,272
Mr. Tayo Aderinokun	121,500,000	21,500,000
Mr. Segun Agbaje	Nil	Nil
Mr. Kolapo Omidire (appointed on 15/02/06)	7,045,454	Nil
Mr. Demola Odeyemi (appointed on 15/02/06)	2,000,000	Nil
Mr. Victor Akinbayo	34,100,000	34,100,000
Mr. Olalekan Sanusi (retired on 15/02/06)	Nil	Nil

Retirement of Directors

Mr. Olalekan Sanusi voluntarily retired from the Board of the Company during the year.

Appointment of Directors

Mr. Kolapo Omidire and Mr. Demola Odeyemi were both appointed to the Board at the last Annual General Meeting as replacements for Mr. Deji Alli who retired in 2005 and Mr. Olalekan Sanusi who retired in 2006.

Major Shareholding

The Company's paid up capital of ₦4,842,592,732 is made up of 9,685,185,463 Ordinary shares of 50k each. According to the Register of members no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2006:

	<u>No. of Shares</u>	<u>% Holding</u>
Guaranty Trust Bank Plc	5,398,053,580	55.75%
AfricInvest Limited	905,547,240	9.35%
WSTC Financial Services Limited	554,545,450	5.73%

Analysis of Shareholding

The analysis of the distribution of the shares of the Company at the end of the financial year is as follows:

Share Range	No. of Shareholders	% of Shareholders	No of Holdings	% of Holdings
1	1,000	Nil	Nil	Nil
1,001	5,000	Nil	Nil	Nil
5,001	10,000	Nil	Nil	Nil
10,001	50,000	2	90,000	0.0009
50,001	100,000	4	400,000	0.0041
100,001	150,000	37	9,036,560	0.0933
500,001	1,000,000	16	13,734,060	0.1418
1,000,001 and above		480	9,661,924,841	99.7599

Fixed Assets

Changes in fixed assets during the year under review are shown in Note 8 of the financial statements. In the opinion of the Directors, the market value of the Company's assets is not lower than the value shown in the accounts.

Donations and charitable gifts

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

Employment of Disabled Persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2006, the Company had no disabled persons in its employment.

Health, Safety and Welfare of Employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

Employee Involvement and Training:

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Contracts

In accordance with Section 277 of the Companies and Allied Matters Act, 1990, none of the Directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year under review.

Acquisition of Own Share

The Company did not purchase any of its own shares during the year under review.

Post Balance Sheet Events

There have not been any material post balance sheet events to date which may have any significant effect on the financial statements as at 31 December 2006.

Auditors:

Messrs KPMG Professional Services have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act 1990.

BY ORDER OF THE BOARD

ERHI OBEBEDUO
Company Secretary
Plot 928A Bishop Aboyade Cole Street
Victoria Island
Lagos

23 February 2007

INDEPENDENT AUDITORS' REPORT

To the Members of Guaranty Trust Assurance Plc:

Report on the Financial Statements

We have audited the accompanying financial statements of Guaranty Trust Assurance Plc, which comprise the balance sheet as at 31 December, 2006, and the profit and loss account, statement of cash flows and value added statement for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 1 to 38.

Directors' Responsibility for the Financial Statements

The Directors' are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, and relevant Nigeria Insurance Commission (NAICOM) circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of Guaranty Trust Assurance Plc as at 31 December, 2006, and of its profit and statement of cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, Insurance Act of Nigeria and relevant NAICOM circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us. Additionally, the Company's balance sheet and profit and loss account are in agreement with the books of accounts.

14 March 2007

Lagos, Nigeria

Statement of Accounting Policies

The following is a summary of the significant accounting policies adopted by the Company in the preparation of its financial statements

1. Basis of Accounting

Life Business: The financial statements for life business have been prepared using the fund method.

General Business: The financial statements for general insurance business have been prepared using annual basis of accounting and under the historical cost convention.

2. Cash and Bank balances

Cash and Bank balances represent the Company's balances held with banks in Nigeria and cash in hand.

3. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis at rates calculated to write-off the cost of each asset over its estimated useful life, at the following annual rates:

Motor vehicles	25%
Furniture & fittings	20%
Office equipment	20%
Leasehold improvements	10%
Computer equipment	33.33%
Computers software	20%

Gains or losses arising from the disposal of fixed assets are included in the profit and loss account.

4. Gross Premium

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover

5. Net Premium Income

Net premium represents the total amount invoiced policy holders less reinsurance. It is recognized as income from the date of attachment of risks.

6. Claims Expenses

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognized when re-insurer accepts liability for the claims and netted of claims expense.

7. Underwriting Expenses

Underwriting expenses for insurance contract are recognized as expenses when incurred with the exception of acquisition costs which are recognized on time apportionment basis in respect of risks.

8. Deferred Acquisition Cost

Acquisition cost comprises all direct and indirect costs arising from the writing of insurance contracts. Deferred acquisition cost represents a proportion of commission and other acquisition costs which are incurred during a financial period and are deferred to the extent that they are recoverable out of future revenue margins

9. Management Expenses

Management expenses are expenses other than claims, investment and underwriting expenses. It includes salaries and wages, depreciation expenses and other non-operating expenses. They are accounted for on accrual basis.

10. Debtors

Debtors are stated after deducting provision made for specific debts considered doubtful of recovery. Bad debts are written-off to the profit and loss account when the extent of the loss has been determined.

11. Foreign Currency Transaction

Transactions in foreign currencies are recorded in Naira at the rate ruling on the date of transactions. Assets and liabilities in foreign currencies are translated to Naira at rate ruling at the balance sheet date. All differences arising from the conversion of balances in foreign currencies to the Naira are taken to profit and loss account.

12. Technical Reserves

These are computed in accordance with the provision of Section 20, 21, and 22 of the Insurance Act 2003 as follows:

- (a) General Insurance business

Reserve for unexpired risks

In accordance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unexpired risks is calculated on time apportionment basis in respect of the risks accepted during the year

Reserves for outstanding claims

In accordance with Section 20 (1) (b) of Insurance Act 2003, the reserve for outstanding claims is maintained at the total amount of outstanding claims plus 10% thereof to cover claims incurred but not reported at the balance sheet date .

Contingency Reserve

In accordance with Section 21 (1) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

- (b) Life Business

General Reserve Fund

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 date.

Contingency Reserves

In accordance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% profit.

13. Long-term Investments

Quoted Investments

Quoted investments are stated at cost while the market values are disclosed for information purpose only. However, where the market value falls below the cost at the balance sheet date, provision is made in the profit and loss account for such deficit.

Unquoted Investments

These are stated at cost. Where in the opinion of the Directors the value of any unquoted investment falls below its cost, an appropriate provision for diminution in value thereof is charged against the profit and loss account.

14. Short-term Investments

Short-term investments are stated at the lower of cost or market value. The carrying cost is determined on an item by item basis. The amount by which cost exceeds market value (unrealised loss) is charged to the profit and loss account. Realised gains or losses on disposal of short-term investments are taken to the profit and loss account. Interest receivable on investments is accrued and credited to the profit and loss account.

15. Investment Income

Investment income is accounted for on accrual basis.

16. Investment Expense

Investment expenses are expenses incurred in buying, holding and selling of all type of investments. They are accounted for on accrual basis.

17. Dividend Distribution

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

18. Taxation

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected tax payable on the tax income for the year using the statutory tax rate at the time of reversal.

19. Deferred Taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal.

20. Pension and Gratuity

The Company operates a defined contributory pension scheme for eligible employees. Employees' and the Company contribute 7.5% each of the qualifying staff's salary.

21. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

22. Contingent Liabilities

The Company provides financial guarantees and bonds to third parties on the request of customers in form of bid and performance bonds or advance payments guarantees. The amounts reflected in the financial statements represent maximum loss that would be recognised if counter parties failed completely to perform as contracted. Commission and fees charged to customers for services rendered are recognised at the time the services or transactions are effected.

23. Deposit Administration

Receipt for deposit administration and other business of savings nature is recognised as liability. Interest accruing to the life assurer from investment of the savings is recognised in the profit and loss account in the period it is earned while interest paid and due to depositors is recognised as an expense.

Composite Balance Sheet

As at 31 December 2006

	Notes	2006 N'000	2005 N'000
Assets:			
Cash and bank balances	1	13,533	2,402
Short-term investments	2	4,631,967	2,785,965
Debtors and prepayments	4	707,125	298,000
Long-term investments	5	655,868	102,843
Deferred tax asset	6	15,074	13,929
Statutory deposit	7	35,000	35,000
Fixed assets	8	123,075	123,133
Total Assets		6,181,642	3,361,272
Liabilities			
Outstanding claims	9	30,810	11,956
Creditors and accruals	10	199,050	129,029
Insurance fund	11	322,503	53,817
Taxation	13	79,642	4,561
Deposit administration	12	198,550	60,654
Deferred taxation	6	15,295	-
Total liabilities		845,850	260,017
NET ASSETS		5,335,792	3,101,255
Capital and Reserves			
Share capital	14	4,842,593	500,000
Share premium	15	312,462	24,705
Deposit for shares	16	-	2,638,658
Statutory contingency reserve	17	69,799	16,644
Retained profit/(loss)		110,938	(78,752)
Shareholders' fund		5,335,792	3,101,255
Contingent liabilities	18	432,326	57,940

SIGNED ON BEHALF OF THE BOARD BY:

Mr. Gbolade Osibodu _____) Director
 _____)
 Mr. Tosin Runsewe _____) Director

Approved by the Board of Directors on 23 February 2007

The accompanying notes form an integral part of these balance sheets.

Profit and Loss Account

For the year ended 31 December 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		N'000	N'000
Income			
Gross premiums	19	1,067,486	427,767
Outward insurance premiums		(239,371)	(84,138)
Net premiums		<u>828,115</u>	<u>343,629</u>
Unexpired premium reserve	11.1	(217,099)	(20,964)
Premium earned		<u>611,016</u>	<u>322,665</u>
Investment income		348,273	22,898
Other income		46,963	6,079
Commission received		49,774	27,282
		<u>1,056,026</u>	<u>378,924</u>
Expenses			
Claims incurred		(125,779)	(58,529)
Provision for bad debts		(6,736)	(3,029)
Underwriting expenses		(106,487)	(47,690)
Management expenses	20	(433,361)	(253,627)
Profit before taxation		<u>383,663</u>	<u>16,049</u>
Taxation	13(b)	(89,231)	11,329
Profit after taxation		<u>294,432</u>	<u>27,378</u>
Transfer to contingency reserve	17	(53,155)	(10,035)
Transfer to life fund	11.2	(51,587)	(15,430)
Profit for the year		<u>189,690</u>	<u>1,913</u>
Accumulated loss, beginning of year		(78,752)	(80,665)
Accumulated profit/(loss), end of year		<u>110,938</u>	<u>(78,752)</u>
Earnings per share- basic	22	<u>6.24k</u>	<u>2.74k</u>

The accompanying notes form an integral part of these profit and loss accounts.

Statement of Cash Flows

For the year ended 31 December, 2006

	<u>Notes</u>	<u>2006</u> N'000	<u>2005</u> N'000
Cash flow from operating activities			
Operating profit before changes in working capital	23	643,264	76,592
Changes in working capital			
Debtors and prepayment		(409,125)	(179,540)
Outstanding claims		18,854	11,956
Creditors and accruals		70,021	67,884
Deposit administration		137,896	60,460
Net change in working capital		(182,354)	(39,240)
Tax paid		-	(565)
Net cash flow from operating activities		(182,354)	(39,805)
Cash flow from investing activities			
Proceeds from sale of fixed assets		1,292	1,908
Purchase of fixed assets		(50,310)	(19,781)
Purchase of investments		(578,025)	(49,956)
Disposal of investments		31,574	40,329
Purchase of trading securities		(198,908)	-
Net cash flow from investing activities		(794,377)	(27,500)
Cash flow from financing activities			
Share issue expenses		(146,502)	-
Proceed from share capital increase/deposit for share		2,138,194	2,638,658
Net cash flow from financing activities		1,991,692	2,638,658
Net increase in cash and cash equivalent		1,658,225	2,647,945
Cash & cash equivalent, beginning of year		2,788,367	140,422
Cash & cash equivalent, end of year	3	4,446,592	2,788,367

General Business Balance Sheet

As at 31 December 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		N'000	N'000
Assets:			
Cash and bank balances	1.1	13,137	1,825
Short-term investments	2.1	4,472,818	2,677,331
Debtors and prepayments	4.1	676,040	292,463
Long-term investments	5.1	463,649	33,235
Deferred taxation	6	-	13,929
Statutory deposit	7	20,000	20,000
Fixed assets	8.1	113,594	119,618
Total Assets		5,759,238	3,158,401
Liabilities:			
Outstanding claims	9.1	30,810	11,956
Creditors and accruals	10.1	199,808	153,292
Taxation	13.1(a)	78,829	4,561
Insurance fund	11.1	254,772	37,673
Deferred taxation		15,295	-
Total liabilities		579,514	207,482
Net Assets		5,179,724	2,950,919
Capital and Reserves:			
Share capital	14.1	4,692,593	350,000
Share premium	15.1	312,462	24,705
Deposit for shares	16	-	2,638,658
Statutory contingency reserve	17.1	63,890	16,467
Retained profit/(loss)		110,779	(78,911)
Shareholders' fund		5,179,724	2,950,919

General Business Revenue Account

For the Year ended 31 December, 2006

	Notes	<u>Motor</u>	<u>Fire</u>	<u>General Accident</u>	<u>Marine</u>	<u>Bond</u>	<u>Engineering</u>	<u>Oil & Energy</u>	<u>Total</u>
Income									
Direct premium		318,256	156,660	151,418	198,099	36,303	38,079	55,761	954,576
Inward premium		6,772	126	(99)	1,422	-	229	-	8,450
Gross premium	19.1	325,028	156,786	151,319	199,521	36,303	38,308	55,761	963,026
Outward premium		(8,796)	(73,881)	(1,872)	(74,389)	(5,929)	(20,831)	(47,669)	(233,367)
Net premium		316,232	82,905	149,447	125,132	30,374	17,477	8,092	729,659
Provision for unexpired risks		(87,062)	(29,324)	(46,742)	(41,122)	(6,549)	(4,426)	(1,874)	(217,099)
Premium earned		229,170	53,581	102,705	84,010	23,825	13,051	6,218	512,560
Commission received		100	20,627	26	18,416	1,471	6,764	238	47,642
Total Income		229,270	74,208	102,731	102,426	25,296	19,815	6,456	560,202
Expenses									
Claims paid		69,451	6,502	21,090	12,407	(340)	11,354	-	120,464
Reinsurance claims recoveries		(60)	(6,316)	(6,777)	(6,420)	-	(1,301)	-	(20,874)
Net claims paid		69,391	186	14,313	5,987	(340)	10,053	-	99,590
Outstanding claims provision		3,260	8,241	4,931	1,567	-	854	-	18,853
Claims incurred		72,651	8,427	19,244	7,554	(340)	10,907	-	118,443
Commission paid		14,573	21,154	17,640	26,345	1,561	5,660	508	87,441
Technical expenses		208	877	-	8,352	-	-	-	9,437
Underwriting expenses		14,781	22,031	17,640	34,697	1,561	5,660	508	96,878
Total Expenses		87,432	30,458	36,884	42,251	1,221	16,567	508	215,321
Underwriting profit/(loss)		141,838	43,750	65,847	60,175	24,075	3,248	5,948	344,881

General Business Profit and Loss Account

For the Year ended 31 December 2006

	<u>Notes</u>	<u>2006</u> N'000	<u>2005</u> N'000
Income			
Gross premium	19.1	963,026	411,608
Outward insurance premium		(233,367)	(82,466)
		<hr/>	<hr/>
Net premium		729,659	329,142
Provision for unexpired risks	11.1	(217,099)	(20,964)
		<hr/>	<hr/>
Premium earned		512,560	308,178
Investment income		304,912	13,037
Commission received		47,642	26,592
Other income		46,963	6,079
		<hr/>	<hr/>
Total income		912,077	353,886
 Expenses			
Claims incurred		(118,443)	(58,249)
Underwriting expenses		(96,878)	(46,995)
Provision for bad debts		(6,736)	(3,029)
Management expenses	20.1	(349,415)	(245,314)
		<hr/>	<hr/>
Profit before tax		340,605	299
Taxation	13.1(b)	(103,492)	11,329
		<hr/>	<hr/>
Profit after tax		237,113	11,628
Transfer to contingency reserve		(47,423)	(9,874)
		<hr/>	<hr/>
Retained profit		189,690	1,754
Accumulated loss, beginning of year		(78,911)	(80,665)
		<hr/>	<hr/>
Accumulated loss, end of year		110,779	(78,911)
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these profit and loss accounts.

Life Business Balance Sheet

As at 31 December 2006

	<u>Notes</u>	<u>2006</u> N'000	<u>2005</u> N'000
Assets:			
Cash and bank balances	1.2	396	577
Short-term investments	2.2	159,149	108,634
Debtors and prepayments	4.2	38,498	30,127
Long-term investments	5.2	192,219	69,608
Deferred taxation assets	6.2	15,074	-
Statutory deposit	7	15,000	15,000
Fixed assets	8.2	9,481	3,515
Total Assets		429,817	227,461
Liabilities:			
Creditors and accruals	10.2	6,655	327
Taxation	13.2(a)	813	-
Life fund	11.2	67,731	16,144
Deposit administration	12	198,550	60,654
Total liabilities		273,749	77,125
Net Assets		156,068	150,336
Capital and Reserves:			
Share capital	14.2	150,000	150,000
Statutory contingency reserve	17.2	5,909	177
Retained profit		159	159
Shareholders' fund		156,068	150,336

Life Business Revenue Account
For the Year ended 31 December 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		N'000	N'000
Income			
Direct premium	19.2	104,460	16,159
Outward insurance premium		(6,004)	(1,671)
		<hr/>	<hr/>
Premium earned		98,456	14,488
Commission received		2,132	690
		<hr/>	<hr/>
Net Premium		100,588	15,178
Claims incurred		7,336	280
Commission paid		9,609	695
		<hr/>	<hr/>
Total expenses		16,945	975
Underwriting profit		<hr/> <hr/>	<hr/> <hr/>
		83,643	14,203

Life Business Profit and Loss Account

For the Year ended 31 December 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		N'000	N'000
Income			
Gross premium	19.2	104,460	16,159
Outward insurance premium		(6,004)	(1,671)
		<hr/>	<hr/>
Premium earned		98,456	14,488
Commission received		2,132	690
Investment income		43,361	9,861
		<hr/>	<hr/>
		143,949	25,039
		<hr/> <hr/>	<hr/> <hr/>
Expenses			
Claims incurred		7,336	281
Underwriting expenses		9,609	695
Management expenses	20.2	83,946	8,313
		<hr/>	<hr/>
Profit before tax		43,058	15,750
Taxation		14,261	-
		<hr/>	<hr/>
Profit after tax		57,319	15,750
Transfer to contingency reserve		(5,732)	(161)
Transfer to life fund		(51,587)	(15,430)
		<hr/>	<hr/>
Retained profit for the year		-	159
Retained profit, beginning of year		159	-
		<hr/>	<hr/>
Retained profit, end of year		159	159
		<hr/> <hr/>	<hr/> <hr/>

Note to the Financial Statements
For the Year ended 31 December, 2006

1. Cash and Bank balances

Cash and bank balances comprise:

	2006	2005
	N'000	N'000
Cash in hand	12	62
Balances held with banks in Nigeria	13,521	2,340
	13,533	2,402

1.1 General Business

	2006	2005
	N'000	N'000
Cash in hand	12	62
Balances held with banks in Nigeria	13,125	1,763
	13,137	1,825

1.2 Life Business

	2006	2005
	N'000	N'000
Balances held with banks in Nigeria	396	577
	396	577

2. Short-term Investments

Short-term investments comprise:

	2006	2005
	N'000	N'000
Treasury bills (see Note 3)	300,000	10,000
Investments in bankers' acceptances (see Note 3)	-	8,385
Short-term deposits (see Note 3)	4,133,059	2,767,580
Investment in trading securities.	198,908	-
(Market value: N-204,054,265 see Note (a) below)		
	4,631,967	2,785,965

(a) Investment in trading securities represent investment in equity of quoted stocks by the Company

2.1 General Business

Short-term investments comprise:

	2006	2005
	N'000	N'000
Treasury bills	300,000	10,000
Investments in Bankers Acceptances	-	8,385
Short-term deposits	3,973,910	2,658,946
Investment in trading securities	198,908	-
	4,472,818	2,677,331

2.2 Life Business

Short term investments comprise:

	2006	2005
	N'000	N'000
Short-term deposits	159,149	108,634
	159,149	108,634

3. Cash and Cash equivalent

For the purpose of the cash flow statement, cash and cash equivalent comprise the following balances with less than three months maturity from the date of acquisition

	2006	2005
	N'000	N'000
Cash and bank balances (see Note 1)	13,533	2,402
Treasury bills (see Note 2)	300,000	10,000
Investments in bankers' acceptances (see Note 2)	-	8,385
Short-term deposits (see Note 2)	4,133,059	2,767,580
	4,446,592	2,788,367

4. Debtors and Prepayments

(a) Debtors and prepayments comprise:

	2006	2005
	N'000	N'000
Trade debtors	306,032	155,868
Deferred acquisition cost	27,227	-
Prepayments	24,608	33,363
Accrued interest	36,059	3,719
Other debtors	223,704	95,064
Staff investment trust scheme	99,260	13,015
	716,890	301,029
Less allowance for bad debt	(9,765)	(3,029)
	707,125	298,000

(b) The movements in provision for bad debts is analysed below:

	2006	2005
	N'000	N'000
Balance, beginning of year	3,029	-
Charged for the year	6,736	3,029
	9,765	3,029
	9,765	3,029

4.1 General Business

Debtors and prepayments comprise:

	2006	2005
	N'000	N'000
Trade debtors	288,872	151,969
Deferred acquisition cost	27,227	-
Other debtors	223,704	95,064
Prepayments	24,608	33,363
Accrued interest	22,134	2,081
Staff investment trust scheme	99,260	13,015
	685,805	295,492
Less: allowance for bad debts	(9,765)	(3,029)
	676,040	292,463
	676,040	292,463

4.2 Life Business

Debtors and prepayments comprise:

	2006	2005
	N'000	N'000
Trade debtors	17,160	3,899
Intracompany receivable	7,413	24,590
Accrued interest	13,925	1,638
	38,498	30,127
	38,498	30,127

5. Long Term Investments

(a) Long-term investments comprise:

	2006	2005
	N'000	N'000
Investment in properties	-	25,000
Investment in stocks	583,024	54,999
Investment in FGN Bond (See Note (c) below)	50,000	-
Investment in Hygeia HMO	22,844	22,844
	655,868	102,843

(b) The movement in long-term investments during the year is shown below:

	2006	2005
	N'000	N'000
Balance, beginning of year	102,843	93,216
Investments purchased during the year	578,025	49,956
Investments disposed off during the year	(25,000)	(40,329)
	655,868	102,843

(c) This represents the Company's investments of N=50,000,000 in Federal Government Bond with interest rate fixed at 12% and maturing 25 August 2009.

(d) This represents the Company's investments in Wheatbaker project sold during the year.

5.1 General Business

Long-term investments comprise:

	2006	2005
	N'000	N'000
Investment in stocks	413,649	33,235
Investment in FGN Bond 2008 (See Note 5(c) above)	50,000	-
	463,649	33,235

5.2 Life Business

Long-term investments comprise:

	2006	2005
	N'000	N'000
Investment in properties (See Note 5(d) above)	-	25,000
Investment in stocks/diversified portfolio	169,375	21,764
Investment in Hygeia HMO	22,844	22,844
	192,219	69,608

6. Deferred tax account

(a) Assets

The movement in this account during the year was as follow:

	2006	2005
	N'000	N'000
Balance beginning of the year	13,929	-
Reversal during the year-General business (see Note13 (b))	(13,929)	-
Charge for the year (see Note 13(b))	15,074	13,929
Balance end of year	15,074	13,929

(b) Liabilities

The movement in this account during the year was as follow:

	2006	2005
	N'000	N'000
Balance beginning of the year	-	-
Charge for the year (see Note 13(b))	15,295	-
Balance end of year	15,295	-

(c) Net deferred tax assets are attributable to the following

Fixed assets	655	31,625
Unrelieved loss	14,419	(17,696)
Total	15,074	13,929

6.1 General Business

(a) Assets

The movement in this account during the year was as follow:

	2006	2005
	N'000	N'000
Balance beginning of the year	13,929	-
Reversal during the year (See Note13 (b))	(13,929)	13,929
Balance, end of year	-	13,929

(b) Liabilities

The movement in this account during the year was as follow:

	2006	2005
	N'000	N'000
Balance beginning of the year	-	-
Charge for the year (see Note 13(b))	15,295	-
Balance end of year	15,295	-

(c) Net deferred tax liabilities are attributable to the following

Fixed assets	19,078	31,625
General provision	(2,930)	-
Diminution in investments	(1,056)	-
Unrealised exchange loss	203	-
Unrelieved loss	-	(17,696)
Total	15,295	13,929

6.2 Life Business

(a) Assets

The movement in this account during the year was as follow:

	2006	2005
	N'000	N'000
Balance beginning of the year	-	-
Credit for the year (see Note 13(b))	15,074	-
Balance end of year	15,074	-

(b) Net deferred tax assets are attributable to the following

Fixed assets	655	-
Unrelieved loss	14,419	-
	<hr/>	<hr/>
Total	15,074	-
	<hr/>	<hr/>

7. Statutory Deposit

This represents amount deposited with the CBN pursuant to Section 10(3) of the Insurance Act, 2003. Subsequent to year end, the Company has increased its statutory deposit in line with its new capital base.

8. Fixed Assets:

The movement on these accounts during the year was as follows:

	<u>Leasehold Improvement</u> N'000	<u>Motor Vehicles</u> N'000	<u>Computer equipments</u> N'000	<u>Computer software</u> N'000	<u>Office equipment</u> N'000	<u>Furniture & Fittings</u> N'000	<u>Total</u> N'000
COST:							
Beginning of year	21,329	79,205	20,365	39,973	14,101	15,858	190,831
Additions	2,027	17,610	12,800	12,336	1,264	4,273	50,310
Disposals	-	(3,260)	-	-	-	-	(3,260)
End of year	<u>23,356</u>	<u>93,555</u>	<u>33,165</u>	<u>52,309</u>	<u>15,365</u>	<u>20,131</u>	<u>237,881</u>
ACCUMULATED DEPRECIATION:							
Beginning of year	3,038	34,539	9,984	9,656	5,782	4,699	67,698
Charge for the year	2,227	22,791	8,316	9,195	2,950	3,438	48,917
Disposal	-	(1,809)	-	-	-	-	(1,809)
End of year	<u>5,265</u>	<u>55,521</u>	<u>18,300</u>	<u>18,851</u>	<u>8,732</u>	<u>8,137</u>	<u>114,806</u>
NET BOOK VALUE:							
At 31 December, 2006	<u>18,091</u>	<u>38,034</u>	<u>14,865</u>	<u>33,458</u>	<u>6,633</u>	<u>11,994</u>	<u>123,075</u>
At 31 December, 2005	<u>18,291</u>	<u>44,666</u>	<u>10,381</u>	<u>30,317</u>	<u>8,319</u>	<u>11,159</u>	<u>123,133</u>

- i) No leased assets are included in the above fixed assets account.
- ii) The Company had no capital commitment as at 31 December 2006.

8.1 General Business

	<u>Leasehold Improvement</u> N'000	<u>Motor Vehicles</u> N'000	<u>Computer equipments</u> N'000	<u>Computer software</u> N'000	<u>Office equipment</u> N'000	<u>Furniture & Fittings</u> N'000	<u>Total</u> N'000
COST:							
Beginning of year	21,329	75,905	19,683	39,973	13,998	15,230	186,118
Additions	2,027	10,810	12,800	11,151	1,264	4,107	42,159
Disposals	-	(3,260)	-	-	-	-	(3,260)
End of year	<u>23,356</u>	<u>83,455</u>	<u>32,483</u>	<u>51,124</u>	<u>15,262</u>	<u>19,337</u>	<u>225,017</u>
ACCUMULATED DEPRECIATION:							
Beginning of year	3,038	33,714	9,757	9,656	5,762	4,573	66,500
Charge for the year	2,227	21,117	8,089	9,057	2,930	3,312	46,732
Disposal	-	(1,809)	-	-	-	-	(1,809)
End of year	<u>5,265</u>	<u>53,022</u>	<u>17,846</u>	<u>18,713</u>	<u>8,692</u>	<u>7,885</u>	<u>111,423</u>
NET BOOK VALUE:							
At 31 December, 2006	<u>18,091</u>	<u>30,433</u>	<u>14,637</u>	<u>32,411</u>	<u>6,570</u>	<u>11,452</u>	<u>113,594</u>
At 31 December, 2005	<u>18,291</u>	<u>42,191</u>	<u>9,926</u>	<u>30,317</u>	<u>8,236</u>	<u>10,657</u>	<u>119,618</u>

8.2 Life business

	<u>Leasehold Improvement</u> N'000	<u>Motor Vehicles</u> N'000	<u>Computer equipments</u> N'000	<u>Computer software</u> N'000	<u>Office equipment</u> N'000	<u>Furniture & Fittings</u> N'000	<u>Total</u> N'000
COST:							
Beginning of year		3,300	682	-	103	628	4,713
Additions	-	6,800	-	1,185	-	166	8,151
End of year	-	10,100	682	1,185	103	794	12,864
ACCUMULATED DEPRECIATION:							
Beginning of year	-	825	227	-	20	126	1,198
Charge for the period	-	1,674	227	138	20	126	2,185
End of year	-	2,499	454	138	40	252	3,383
NET BOOK VALUE:							
At 31 December, 2006	-	7,601	228	1,047	63	542	9,481
At 31 December, 2005	-	2,475	455	-	83	502	3,515

9. Outstanding Claims

This balance is inclusive of the 10% Incurred But Not Reported (IBNR) as required under section 20(1)(b) of the Insurance Act, 2003.

The age analysis of outstanding claims is as follow:

	2006	2005
	N'000	N'000
Days		
0 - 90	15,297	4,189
91 - 180	5,192	2452
181 - 270	4,924	245
271 - 360	1,919	5070
361 and above	3,478	-
Total	30,810	11,956

9.1 General Business

The outstanding claims are analysed below:

	2006	2005
	N'000	N'000
Fire	13,450	5,208
General accidents	7,589	2,657
Motor	5,195	1,935
Marine	2,283	718
Engineering	2,293	1,438
Total	30,810	11,956

10. Creditors and Accruals

Creditors and accruals comprise:

	2006	2005
	N'000	N'000
Trade creditors	43,310	4,980
Other creditors	73,752	101,554
Deposits for bonds (see (a) below)	81,988	22,495
Total	199,050	129,029

(a) This represents amount deposited by the customers as collateral for the bid and performance bonds or advance payments guarantees provided by the Company (see Note 18).

10.1 General Business

Creditors and accruals comprise:

	2006	2005
	N'000	N'000
Trade creditors	37,465	4,653
Other creditors	72,942	101,554
Deposits for bonds	81,988	22,495
Intra-company payable	7,413	24,590
Total	199,808	153,292

10.2 Life Business

Creditors and accruals comprise:

	2006	2005
	N'000	N'000
Trade creditors	5,845	327
Other creditors	810	-
Total	6,655	327

11. Insurance Fund

Insurance fund is analysed below:

	2006	2005
	N'000	N'000
Reserve for unexpired risks	254,772	37,673
Life fund	67,731	16,144
Total	322,503	53,817

11.1 General Business

The movement in unexpired risks during the year was as follows:

	2006	2005
	N'000	N'000
Balance, beginning of year	37,673	16,709
Increase in provision for unexpired risk	217,099	20,964
Balance, end of year	254,772	37,673

11.2 Life Business

The movement in life fund during the year was as follows:

	2006	2005
	N'000	N'000
Balance, end of year	16,144	713
Life fund	51,587	15,431
	67,731	16,144

12 Deposit Administration

The movement in deposit administration during the year was as follow:

	2006	2005
	N'000	N'000
Balance, beginning of year	60,654	194
Deposit administration (GT life savings)	126,509	60,460
Interest payable on GT life savings	11,387	-
	198,550	60,654

13. Taxation Payable

(a) The movement on this account during the year was as follows:

	2006	2005
	N'000	N'000
Balance, beginning of year	4,561	2,526
Charge for the year (see Note (b) below)		
-General	74,268	2,600
-Life	813	-
Payments during the year	-	(565)
	79,642	4,561

(b) The tax charge for the year comprises:

	2006	2005
	N'000	N'000
Corporate income tax charge-General	66,198	1,737
-Life	813	-
Education tax (see 13.1 (c) below)	8,070	863
	75,081	2,600
Deferred tax assets charge/(credit)-General	13,929	(13,929)
-General	15,295	-
-Life	(15,074)	-
Total tax charge for the year	89,231	(11,329)

13.1 General Business

(a) The movement on this account during the year was as follows:

	2006	2005
	N'000	N'000
Balance, beginning of year	4,561	2,526
Charge for the year (see Note (b) below)-General	74,268	2,600
Payments during the year	-	(565)
Balance, end of year	78,829	4,561

(b) The tax charge for the year comprises:

	2006	2005
	N'000	N'000
Corporate income tax charge-General -	66,198	1,737
Education tax (see 13.1 (c) below)	8,070	863
	74,268	2,600
Deferred charge-Reversal (see Note 6.1 (b))	13,929	(13,929)
-Tax credits (see Note 6.1 (b))	15,295	-
Total tax charge for the year	103,492	(11,329)

(c) Income tax has been computed at the rate of 30% (2005:30%) and education levy at the rate of 2% (2005:2%) on the profit for the year after adjusting for certain items of income and expenditure which are not deductible or chargeable for the tax purposes.

13.2 Life business

(a) The movement on this account during the year was as follows:

	2006 N'000	2005 N'000
Balance, beginning of year	-	-
Charge for the year	813	-
Payments during the year	-	-
	813	-
	813	-

(b) The tax charge for the year comprises:

	2006 N'000	2005 N'000
Corporate income tax charge (see (c) below)	813	-
Education tax (see (c) below)	-	-
	813	-
Deferred tax credit	(15,074)	-
	(14,261)	-
	(14,261)	-

(c) The Company did not has taxable profit for the year and the corporate tax charge has been computed based on the minimum tax.

14. Share Capital:

Share capital comprises:

	2006 N'000	2005 N'000
Authorised:		
10,000,000,000 Ordinary shares of 50k each		
(2005: 10,000,000,000 Ordinary shares of 50k each)	5,000,000	5,000,000
Issued and fully paid:		
9,685,185,463 Ordinary shares of 50k each		
(2005: 1,000,000,000 Ordinary shares of 50k each)	4,842,593	500,000

(b) The movement in share capital during the year was as follow:

Balance, beginning of year	500,000	500,000
Offer for subscription (see Note (c) below)	4,342,593	-
Balance, end of year	4,842,593	500,000

(c) During the year, the Company offered 6,650,000,000 and 4,253,559,046 ordinary shares as right and private placement for subscription at N0.55 kobo, out of which 3,938,744,509 and 4,746,440,954 of the right and private placement were allotted and paid for. The proceeds from the offer were accounted as follow:

	2006 N'000
Prior year deposit for shares	2,638,658
Proceeds from share issue during the year	2,138,194
Gross proceeds from offer	4,776,852
Share issue expenses	(146,502)
Net proceeds	4,630,350
Transfer to issue and fully paid share capital account (see Note (b) above)	(4,342,593)
Transfer to share premium (see Note 15.1)	(287,757)
	-

14.1 General Business

Issued and fully paid:

	2006 N'000	2005 N'000
9,385,185,463 Ordinary shares of 50k each (2005: 700,000,000 Ordinary shares of 50k each)	4,692,593	350,000
	4,692,593	350,000

(b) The movement in share capital during the year was as follow:

Balance, beginning of year	350,000	350,000
Offer for subscription (see Note 13 (c) above)	4,342,593	-
	4,692,593	350,000

14.2 Life Business

Issued and fully paid:

	2006 N'000	2005 N'000
300,000,000 Ordinary shares of 50k each (2005: 300,000,000 Ordinary shares of 50k each)	150,000	150,000
	150,000	150,000

15. Share Premium:

The movement in deposit administration during the year was as follow:

	2006 N'000	2005 N'000
Balance, beginning of year	24,705	24,705
Premium from share issues (see Note 14(c) above)	287,757	-
	312,462	24,705

15.1 General Business

	2006 N'000	2005 N'000
Balance, beginning of year	24,705	24,705
Premium from share issues (see Note 14c above)	287,757	-
	312,462	24,705

16 Deposit for shares

During the year, the Company completed the right issue of its shares and the deposit for shares in prior year transferred to share capital (see 14(c) above):

	2006	2005
	N'000	N'000
Balance, beginning of year	2,638,658	-
Transfer to share capital (see Note 14(c) above)	(2,638,658)	2,638,658
Balance, end of year	-	2,638,658

17. Statutory Contingency Reserves

	2006	2005
	N'000	N'000
Balance, beginning of year	16,644	6,609
Addition	53,155	10,035
Balance, end of year	69,799	16,644

17.1 General Business

Balance, beginning of year	16,467	6,593
Addition	47,423	9,874
Balance, end of year	63,890	16,467

17.2 Life Business

Balance, beginning of year	177	16
Addition	5,732	161
Balance, end of year	5,909	177

18 Contingent liabilities

The Company provides financial guarantees and bonds to third parties on the request of customers in form of bid and performance bonds or advance payments guarantees. The N432,326,228 (2005: N57,940,000) reflected in the financial statements represent maximum loss that would be recognised if counter parties failed completely to perform as contracted. As at 31 December 2006, the balance on contingent liabilities all represents performance bonds.

19. Gross Premium

	2006	2005
	N'000	N'000
General business	963,026	411,608
Life business	104,460	16,159
Total	1,067,486	427,767

19.1 General Business

	2006	2005
	N'000	N'000
Fire	156,786	80,948
General accidents	151,319	40,728
Motor	325,028	176,698
Marine	199,521	75,234
Bond	36,303	10,223
Engineering	38,308	25,609
Oil and Energy	55,761	2,168
Total	963,026	411,608

19.2 Life Business

	2006	2005
	N'000	N'000
Ordinary life	42,287	3,909
Group life	60,118	12,183
Health insurance	472	67
Education endowment	1,583	-
Total	104,460	16,159

20. Management Expenses

Management expenses comprise:

	2006	2005
	N'000	N'000
Staff expenses	201,004	130,864
Agency expenses	5,354	1,865
Promotional expenses	60,894	25,169
Administration expenses	83,085	48,981
Depreciation	48,917	39,348
Other expenses	34,107	7,400
Total	433,361	253,627

20.1 General Business

Management expenses comprise:

	2006	2005
	N'000	N'000
Staff expenses	159,410	125,236
Agency expenses	4,345	1,865
Promotional expenses	49,717	25,169
Administration expenses	65,627	48,981
Depreciation	46,732	38,150
Other expenses	23,584	5,913
Total	349,415	245,314

20.2 Life Business

Management expenses comprise:

	2006	2005
	N'000	N'000
Staff expenses	41,594	5,628
Agency expenses	1,009	-
Promotional expenses	11,177	-
Administration expenses	17,458	-
Depreciation expenses	2,185	1,198
Other	10,523	1,487
Total	83,946	8,313

21. Supplementary Profit and Loss Information:

(a) **General information:**

The Company's profit before taxation for the year is stated after charging/(crediting) the following:

	2006	2005
	N'000	N'000
Depreciation	48,917	39,348
Loss on disposal of fixed assets	159	230
Auditors' remuneration	4,000	2,500
	48,917	39,348

(b) **Staff and directors' costs:**

i. Employee costs, including executive directors, during the year amounted to:

	2006	2005
	N'000	N'000
Wages and salaries	201,004	130,864
	201,004	130,864

ii. Employees earning more than N100,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and other allowances) in the following ranges:

	2006	2005
	Number	Number
N101,001 - N150,000	-	44
N150,001 - N200,000	47	3
N200,001 - N250,000	5	9
N250,001 - N300,000	9	5
N300,001 - N350,000	6	-
N350,001 - N400,000	-	2
N400,001 - N450,000	-	3
N450,001 - N500,000	2	-
N500,001 - N550,000	3	-
N550,001 - N600,000	-	3
N600,001 - N650,000	3	-
N650,001 - N700,000	-	-
N700,001 - N750,000	-	1
N750,000 and above	3	-
	78	70

- iii. The average number of full time persons employed by the Company during the year was as followed:

	2006	2005
	Number	Number
Management staff	10	8
Non-management staff	68	61
	78	69

(c) **Directors' remuneration:**

- i. Remuneration paid to directors of the Company (excluding pension contribution and certain benefits) was as follows:

	2006	2005
	N'000	N'000
Fees as directors	1,250	540
Other emolument	10,858	8,600
	12,108	9,140

- ii. The directors' remuneration shown above (excluding pension contributions and other allowances) includes:

	2006	2005
	N'000	N'000
Chairman	375	100
Highest paid director	1,700	1,600

- iii. The emoluments of all other directors fell within the following ranges:

	2006	2005
	Number	Number
₦300,001 - ₦350,000	5	4
	5	4

22 Earnings per Share

Unadjusted earnings per share are based on the profit after taxation and weighted average number of ordinary shares outstanding during the year ended 31 December 2006 of 4,559,830,716 units(2005:1,000,000,000).

23. Net cash flow from operating activities before changes in operating assets.

This comprises:

	2006 N'000	2005 N'000
Profit before taxation	383,663	16,050
Adjustments to reconcile profit before taxation to net cash flow from operations:		
Depreciation on fixed assets	48,917	39,348
Increase in provision for unexpired risks	217,099	20,964
Loss on sale of fixed assets	159	230
Profit on disposal of investments	(6,574)	-
Net cash flow from operating activities	643,264	76,592

24. Related Party Transactions:

(a) Guaranty Trust Bank Plc

The Bank is the parent Company and provides marketing platform for some of the Company's products. It also acts as one of the Company's correspondent banks.

(b) Hygeia-HMO (affiliate)

The Company has 10% investment in Hygeia and the Managing Director sits on the board of the Company. The Company handles the health insurance product of GTA.

(c) Helmsman Insurance Brokers

Helmsman Insurance Broker is owned by Helms Limited one of the shareholding companies and one of the key insurance broking firms of the Company.

Businesses relationship with related parties are done at arm's length.

(d) ARM Pension Managers Limited

The Company has 5% investment in ARM Pension Managers. The Company acts as one of the Pension Fund Administrators used by GTA Plc.

The premium income earned on related parties during the year is summarised below:

Related parties	2006
	N'000
Guaranty Trust Bank Plc	15,757
Hygeia-HMO (affiliated)	1,008
ARM Pension Managers Ltd.	965
	17,730
Total	

25. Contravention of laws and regulations

The Company did not contravene any law or regulations during the year and no penalty was paid.

26. Litigations:

The Company is a defendant in a suit. The plaintiff had an insurance policy valued at N6million but as at the time of occurrence of the insured event, the insured had not paid the insurance premium. The litigation arose in the normal course of business and is being contested by the Company. The directors having sought professional legal counsel are of the opinion that no significant liability will crystallise from this litigation and therefore no provisions are deemed necessary for this legal claim.

27. Post balance sheet Event.

NAICOM completed the verification of the minimum capital and found it to be within the prescribed minimum capital requirement of ₦5 billion for all companies operating composite business in Nigeria effective 20 February 2007. The Company has therefore been adjudged to be duly capitalized and NAICOM approval has been obtained. The Company has also made up its statutory deposit with CBN in line with section 10(3) of the Insurance Act, 2003 to N500million.

The Board of Directors approved the financial statements on 23 February, 2007. No adjusting post balance sheet events occurred between 23 February, 2007 and 14 March 2007.

28. Prior year comparative figures:

Certain prior year comparative figures have been amended to conform with the current year reporting format.

Statement of Value Added

For the year ended 31 December 2006

	<u>2006</u>	%	<u>2005</u>	%
	N'000		N'000	
Gross premium	1,067,486		427,767	
Reinsurance, claims and commission and services	(878,912)		(297,765)	
	<u>188,574</u>		<u>130,002</u>	
Other income	445,010		56,259	
	<u>633,584</u>		<u>186,261</u>	
Value added	633,584	100	186,261	100
Applied to pay:				
Employee cost	201,004	32	130,864	70
Government as taxes	89,231	14	(11,329)	(6)
Retained in the business:				
Life fund	52,588	8	15,430	8
Contingency reserve	50,757	8	10,035	6
Depreciation	48,917	8	39,348	21
Profit for the year	191,087	30	1,913	1
	<u>633,584</u>		<u>186,261</u>	
Value added	633,584	100	186,261	100

Five - Year Financial Summary

For the year ended 31 December 2006

	12 months December <u>2006</u> N'000	12 months December <u>2005</u> N'000	14 months February <u>2004</u> N'000	12 months December <u>2003</u> N'000	12 months December <u>2002</u> N'000
ASSETS:					
Cash and bank balance	13,533	2,402	4,460	2,199	1,818
Short-term investments	4,631,967	2,785,965	135,962	31,650	55,629
Debtors and prepayments	707,125	298,000	93,216	-	-
Long-term investment	655,868	102,843	198,746	261,093	30,821
Deferred tax assets	15,074	13,929	-	-	-
Statutory deposit	35,000	35,000	35,000	35,000	10,000
Fixed assets	123,075	123,133	144,838	42,566	6,932
Total Assets	<u>6,181,642</u>	<u>3,361,272</u>	<u>612,222</u>	<u>372,508</u>	<u>105,200</u>
Liabilities					
Outstanding claims	30,810	11,956	-	-	-
Creditors and accruals	199,050	129,029	141,430	14,058	2,792
Insurance fund	323,504	53,817	17,423	11,293	9,485
Deposit administration	198,550	60,654	194	-	-
Taxation	79,642	4,561	2,526	835	835
Deferred taxation	15,295	-	-	-	-
Net Assets	<u>5,334,791</u>	<u>3,101,255</u>	<u>450,649</u>	<u>346,322</u>	<u>92,088</u>
Capital Reserves					
Share capital	4,842,593	500,000	500,000	358,909	100,064
Share premium	312,462	24,705	24,705	21,200	2,379
Deposit for shares	-	2,638,658	-	-	-
Statutory contingency reserve	67,401	16,644	6,609	3,749	3,546
Retained profit	112,335	(78,752)	(80,665)	(37,536)	(13,901)
Shareholders' fund	<u>5,334,791</u>	<u>3,101,255</u>	<u>450,649</u>	<u>346,322</u>	<u>92,088</u>
Contingent liabilities	432,326	57,940	-	-	-
Profit and Loss Account					
Gross premium income	1,067,486	488,228	136,285	29,259	24,459
Premium earned	611,016	383,126	91,168	25,229	20,429
Profit/(loss) before taxation	383,663	16,050	(37,029)	(37,534)	(14,380)
Taxation	(89,231)	11,329	(2,526)	(109)	(109)
Profit/(Loss) after taxation	294,432	27,379	(39,555)	(37,643)	(14,489)
Transfer to contingency reserve	(50,757)	(10,035)	(2,860)	(757)	(638)
Earnings/(loss) per share -basic	6.24k	2.74k	(3.96k)	(5.23k)	(7.24k)