

Guaranty Trust Assurance Plc

**Financial Statements -- 31 December 2007
Together with Directors' and Auditor's Reports**

Directors' Report

For the year ended 31 December 2007

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 2007.

Legal form and principal activity

The Company was incorporated on 23rd June 1989 as a private limited liability company called "Heritage Assurance Limited" and issued with a composite insurance license 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 a majority share holding by Guaranty Trust Bank Plc, and changed again to Guaranty Trust Assurance Plc in March 2006 following the increase in number of members beyond the maximum required for a private 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>2007</u>	<u>2006</u>
	N'000	N'000
Gross premium income	2,061,655	1,067,486
Profit before taxation	<u>1,100,456</u>	<u>383,663</u>
Taxation	(279,214)	(89,231)
Profit after taxation	<u>821,242</u>	<u>294,432</u>
Transfer to statutory contingency reserve	(166,513)	(53,155)
Transfer to life fund	-	(51,587)
Retained profit for the year	<u>654,729</u>	<u>189,690</u>
Retained profit/(loss), beginning of year	110,938	(78,752)
Retained profit, end of year	<u>765,667</u>	<u>110,938</u>
Earnings per share - basic	<u>9.01k</u>	<u>6.24k</u>
- adjusted	<u>9.01k</u>	<u>3.04k</u>

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2007

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>31/12/07</u>	<u>31/12/06</u>
Mr. Victor Gbolade Osibodu - Chairman	123,750,000	70,000,000
Mr. Tosin Runsewe	25,863,636	50,727,272
Mr. Tayo Aderinokun	158,750,000	121,500,000
Mr. Segun Agbaje	15,000,000	Nil
Mr. Kolapo Omidire	5,022,727	7,045,454
Mr. Demola Odeyemi	8,400,000	2,000,000
Mr. Victor Akinbayo	19,550,000	34,100,000
Mr. Hakim Khelifa (appointed on 23/02/07)	Nil	Nil

Retirement of Directors

None of the directors retired from the Board of the Company during the year.

Appointment of Directors

Mr. Hakim Khelifa was appointed to the Board at the Board Meeting held on 23 February 2007 as part of the conditions for the investment of ~~N~~498,050,982 by AfricInvest Limited.

Major Shareholding

The Company's issued and fully paid share capital was reconstructed by a special resolution of the Board at its meeting on 18th October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid share capital will stand at ₦2,500,000,000 divided into 5,000,000,000 Ordinary shares at 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 2007:

	<u>No. of Shares</u>	<u>% Holding</u>
Guaranty Trust Bank Plc	2,699,026,789	53.98%
AfricInvest Limited	452,773,620	9.06%

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	2	0.2525	2	0.0000
1,001 - 5,000	Nil	Nil	Nil	Nil
5,001 - 10,000	2	0.2525	20,000	0.0004
10,001 - 50,000	33	4.1667	1,297,500	0.0260
50,001 - 100,000	55	6.9444	5,402,500	0.1080
100,001 - 500,000	156	19.6970	58,149,310	1.1630
500,001 - 1,000,000	301	38.0051	296,179,993	5.9236
1,000,001 and above	243	30.6818	<u>4,638,950,695</u>	<u>92.7790</u>
Total			<u>5,000,000,000</u>	<u>100.0000</u>

Fixed Assets

Information relating to changes in fixed assets during the year under review is given in Note 9 of the financial statements.

Donations and charitable gifts

The Company identifies with the aspirations of the community as well as the environment within which it operates and made charitable donations to the under-listed organizations amounting to ₦1,200,000 (2006: Nil) during the year.

Organizations:

	₦
Victoria Island Secondary School	1,150,000
Special Olympics Nigeria	50,000
	<hr style="width: 100%; border: 0.5px solid black;"/> <u>1,200,000</u>

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 2007, 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 Shares

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

Share reconstruction

The Company's issued and fully paid share capital was reconstructed by a special resolution during the year to achieve a reduction of 50%. The resulting issued and fully paid up share capital now stands at N2,500,000,000 divided into 5,000,000,000 Ordinary shares of 50k each. Necessary approvals were obtained for the capital reconstruction.

Post Balance Sheet Events

The directors proposed a dividend of 6 kobo per share (2006: Nil) from the balance outstanding in the retained profit account as at 31 December 2007.

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 OBEDEDUO

Company Secretary

Plot 928A Bishop Abovade Cole Street

Victoria Island

Lagos

20 February 2008

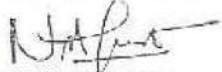
Report of the Audit Committee

For the year ended 31 December 2007

To the members of **Guaranty Trust Assurance Plc**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act 1990, the members of the Audit Committee of Guaranty Trust Assurance Plc hereby report as follows:

- ◆ We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 1990 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- ◆ We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2007 were satisfactory and reinforce the Company's internal control systems.
- ◆ We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.



Mr. Tofarati Augusto
Chairman, Audit Committee

19 February 2008

Members of the Audit Committee are:

1. Mr. Tofarati Augusto - Chairman
2. Mr. Demola Odeyemi
3. Mr. Kolapo Omidire
4. Mr. Gbola Akinola

In attendance:

Mr. Toluope Beecroft - Secretary



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INDEPENDENT AUDITOR'S 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 ("the Company"), which comprise the balance sheet as at 31 December 2007, and the profit and loss account, statement of cash flows, value added statement for the year then ended, the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 9 to 23.

Directors' Responsibility for the Financial Statements

The Company's 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 National 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 these 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, 2007, and of its profit and 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.

KPMG

20 February 2008
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. These accounting policies have been consistently applied for all years presented.

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 the 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%
Land & Buildings	2%
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

Net premium represents the total amount invoiced to 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 the re-insurer accepts liability for the claims and netted off claims expense.

7. Underwriting expenses

Underwriting expenses for insurance contracts are recognized as expenses when incurred, with the exception of acquisition costs, which are recognized on a 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. They include salaries and wages, depreciation expenses and other non-operating expenses. They are accounted for on an accrual basis.

10. Debtors

Debtors are stated after deducting allowance 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 transactions

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 the 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 a 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 net 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 dates.

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, allowance 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 allowance for diminution in value thereof is charged against the profit and loss account.

14. Short-term investments

Short-term investments comprise of treasury bills, short term deposits and quoted securities. These 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 comprises of income earned on short term deposits and income earned on trading of securities. It is accounted for on an accrual basis.

16 Investment expense

Investment expenses are expenses incurred in buying, holding and selling of all types 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.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer possible that the related tax benefit will be realized.

20. Pension

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 in line with the provisions of Pension Reform Act 2004.

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. Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's formats for segment reporting are based on business segments.

23. 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.

24. Deposit administration

Receipts for deposit administration and other business of savings nature are recognised as liabilities. 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.

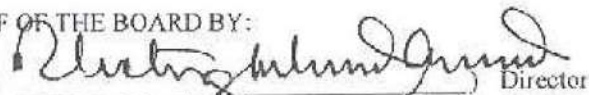
Composite Balance Sheet

As at 31 December 2007

	Notes	2007 N'000	2006 N'000
Assets			
Cash and bank balances	1	188,320	13,533
Short-term investments	2	5,338,525	5,150,301
Debtors and prepayments	4	988,024	679,898
Deferred acquisition cost	5	69,365	27,227
Long-term investments	6	211,918	137,534
Deferred tax asset	7	15,523	15,074
Statutory deposit	8	500,000	35,000
Fixed assets	9	664,268	123,075
		<hr/>	<hr/>
Total Assets		7,975,943	6,181,642
Liabilities			
Creditors and accruals	11	424,678	199,050
Outstanding claims	10	69,827	30,810
Insurance fund	12	555,245	522,503
Taxation payable	14	240,843	79,642
Deposit administration	13	336,514	198,550
Deferred taxation	7	50,179	15,295
		<hr/>	<hr/>
Total liabilities		1,677,286	845,850
		<hr/>	<hr/>
NET ASSETS		6,298,657	5,335,792
Capital and Reserves			
Share capital	15	2,500,000	1,842,593
Share premium	16	296,678	312,462
Statutory contingency reserve	17	236,312	69,799
Capital reserve	15d	2,500,000	-
Retained profit		765,667	110,938
		<hr/>	<hr/>
Shareholders' fund		6,298,657	5,335,792
		<hr/>	<hr/>
Contingent liabilities	18a	382,186	432,326
		<hr/>	<hr/>

SIGNED ON BEHALF OF THE BOARD BY:

Mr. Gbolade Osibodu

 Director

Mr. Tosin Runsewe

 Director

Approved by the Board of Directors on 20 February 2008

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

Profit and Loss Account

For the year ended 31 December 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		N'000	N'000
Income			
Gross premiums	19	2,061,655	1,067,486
Outward insurance premiums		(681,388)	(239,371)
Net premiums		<u>1,380,267</u>	<u>828,115</u>
Unexpired premium reserve	12.1	(210,215)	(217,099)
Premium earned		<u>1,170,052</u>	<u>611,016</u>
Investment income	20	1,312,503	385,916
Commission received		85,181	49,774
Other income		33,401	9,320
		<u>2,601,137</u>	<u>1,056,026</u>
Expenses			
Claims incurred		(362,742)	(125,779)
Allowance for bad debts		(17,784)	(6,736)
Underwriting expenses		(210,662)	(106,487)
Increase in Life funds		(22,527)	-
Management expenses	21	(886,966)	(433,361)
Profit before taxation		<u>1,100,456</u>	<u>383,663</u>
Taxation	14(b)	(279,214)	(89,231)
Profit after taxation		<u>821,242</u>	<u>294,432</u>
Transfer to contingency reserve	17	(166,513)	(53,155)
Transfer to life fund	12.2	-	(51,587)
Retained profit for the year		<u>654,729</u>	<u>189,690</u>
Accumulated profit/(loss), beginning of year		110,938	(78,752)
Accumulated profit, end of year		<u>765,667</u>	<u>110,938</u>
Earnings per share - basic	23	9.01k	6.24k
- adjusted		9.01k	3.04k

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

Statement of Cash Flows

For the year ended 31 December, 2007

	<u>Notes</u>	<u>2007</u> N'000	<u>2006</u> N'000
Cash flow from operating activities			
Operating profit before changes in working capital	24	1,398,762	643,264
Changes in working capital			
Debtors and prepayment		(308,126)	(381,898)
Deferred acquisition cost		(42,138)	(27,227)
Statutory deposit		(465,000)	-
Outstanding claims		39,017	18,854
Creditors and accruals		225,628	70,021
Deposit administration		137,964	137,896
Net change in working capital		(412,655)	(182,354)
Tax paid	14a	(83,578)	-
Net cash flow from operating activities		902,529	460,910
Cash flow from investing activities			
Proceeds from sale of fixed assets		1,873	1,292
Purchase of fixed assets	9	(608,630)	(50,310)
Purchase of investments	6b	(118,074)	(578,025)
Disposal of investments	6b	43,690	31,574
Purchase of trading securities		(1,597,756)	198,908
Net cash flow from investing activities		(2,278,897)	(794,377)
Cash flow from financing activities			
Share issue expenses		(47,265)	(146,502)
Proceeds from share capital increase/deposit for share	15	188,888	2,138,194
Net cash flow from financing activities		141,623	1,991,692
Net increase/(decrease) in cash and cash equivalents		(1,234,745)	1,658,225
Cash & cash equivalents, beginning of year		4,446,592	2,788,367
Cash & cash equivalents, end of year	3	3,211,847	4,446,592

General Business Balance Sheet

As at 31 December 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		N'000	N'000
Assets:			
Cash and bank balances	1.1	138,995	13,137
Short-term investments	2.1	4,932,362	4,865,467
Debtors and prepayments	4.1	910,941	648,813
Deferred acquisition cost		69,365	27,227
Long-term investments	6.1	189,074	71,000
Statutory deposit	8.1	300,000	20,000
Fixed assets	9.1	656,283	113,594
Total assets		7,197,020	5,759,238
Liabilities:			
Creditors and accruals	11.1	2,105,487	199,808
Outstanding claims	10.1	69,827	30,810
Taxation payable	14.1(a)	216,782	78,829
Insurance fund	12.1	464,987	254,772
Deferred taxation	7.1	50,179	15,295
Total liabilities		2,907,262	579,514
Net Assets		4,289,758	5,179,724
Capital and Reserves:			
Share capital	15.1	1,500,000	4,692,593
Share premium	16.1	296,678	312,462
Statutory contingency reserve	17.1	227,572	63,890
Capital reserve	15d	1,500,000	-
Retained profit		765,508	110,779
Shareholders' funds		4,289,758	5,179,724

Guaranty Trust Assurance Plc
Financial Statements -- 31 December 2007
Together with Directors' and Auditors' Reports

General Business Revenue Account
For the Year ended 31st December, 2007

Note	Motor N' 000	Fire N' 000	General Accident N' 000	Marine N' 000	Bond N' 000	Engineering N' 000	Aviation N' 000	Oil & Energy N' 000	Total N' 000
Income									
	531,979	234,402	265,553	201,543	41,665	105,481	1,544	374,033	1,756,200
	2,621	(384)	1,493	18,426	-	71	-	-	22,227
19.1	534,600	234,018	267,046	219,969	41,665	105,552	1,544	374,033	1,778,427
	(15,147)	(135,886)	(13,953)	(62,516)	(4,492)	(37,416)	-	(338,806)	(608,216)
	519,453	98,132	253,093	157,453	37,173	68,136	1,544	35,227	1,170,211
	(99,242)	(11,862)	(39,828)	(19,127)	(5,885)	(34,435)	(149)	314	(210,214)
	420,211	86,270	213,265	138,326	31,288	33,701	1,395	35,541	959,997
	-	35,252	-	20,171	1,745	15,180	-	170	72,518
	420,211	121,522	213,265	158,497	33,033	48,881	1,395	35,711	1,032,515
Expenses									
	208,999	1,538	32,626	25,208	-	41,271	-	-	309,642
	208,999	1,538	32,626	25,208	-	41,271	-	-	309,642
	(11,266)	(15,341)	(6,673)	(7,945)	-	(9,084)	-	-	(50,309)
	197,733	(13,803)	25,953	17,263	-	32,187	-	-	259,333
	29,866	9,159	(272)	838	-	(574)	-	-	39,017
	227,599	(4,644)	25,681	18,101	-	31,613	-	-	298,350
	39,541	33,423	42,614	29,727	4,167	10,960	18	2,385	162,835
	4,692	2,073	-	9,778	-	60	-	-	16,603
	44,233	35,496	42,614	39,505	4,167	11,020	18	2,385	179,438
	271,832	30,852	68,295	57,606	4,167	42,633	18	2,385	477,788
	148,379	90,670	144,970	100,891	28,866	6,248	1,377	33,326	554,727

General Business Profit and Loss Account

For the year ended 31 December 2007

	<u>Notes</u>	<u>2007</u> N'000	<u>2006</u> N'000
Income			
Gross premium	19.1	1,778,427	963,026
Outward insurance premium		(608,216)	(233,367)
		1,170,211	729,659
Net premium			
Provision for unexpired risks	12.1	(210,215)	(217,099)
		959,996	512,560
Premium earned			
Investment income	20.1	1,191,799	346,469
Commission received		72,518	47,642
Other income		30,158	5,406
		2,254,471	912,077
Total income			
Expenses			
Claims incurred		(298,350)	(118,443)
Underwriting expenses		(179,438)	(96,878)
Allowance for bad debts		(17,784)	(6,736)
Management expenses	21.1	(686,516)	(349,415)
		1,072,383	340,605
Profit before tax			
Taxation	14.1(b)	(253,972)	(103,492)
		818,411	237,113
Profit after tax			
Transfer to contingency reserve		(163,682)	(47,423)
		654,729	189,690
Retained profit			
Accumulated profit/(loss), beginning of year		110,779	(78,911)
		765,508	110,779
Accumulated profit, end of year		765,508	110,779

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

Life Business Balance Sheet

As at 31 December 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		N'000	N'000
Assets:			
Cash and bank balances	1.2	49,325	396
Short-term investments	2.2	406,163	284,834
Debtors and prepayments	4.2	1,776,318	38,498
Long-term investments	6.2	22,844	66,534
Deferred taxation assets	7.2	15,523	15,074
Statutory deposit	8.2	200,000	15,000
Fixed assets	9.2	7,985	9,481
Total assets		<u>2,478,158</u>	<u>429,817</u>
Liabilities:			
Creditors and accruals	11.2	18,426	6,655
Taxation payable	14.2(a)	24,061	813
Life fund	12.2	90,258	67,731
Deposit administration	13	336,514	198,550
Total liabilities		<u>469,259</u>	<u>273,749</u>
Net Assets		<u>2,008,899</u>	<u>156,068</u>
Capital and Reserves:			
Share capital	15.2	1,000,000	150,000
Statutory contingency reserve	17.2	8,740	5,909
Capital reserve	15d	1,000,000	-
Retained profit		159	159
Shareholders' funds		<u>2,008,899</u>	<u>156,068</u>

Life Business Revenue Account

For the year ended 31 December 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		N'000	N'000
Income			
Direct premium	19.2	283,228	104,460
Outward insurance premium		(73,172)	(6,004)
		<hr/>	<hr/>
Premium earned		210,056	98,456
Commission received		12,663	2,132
		<hr/>	<hr/>
Net premium		222,719	100,588
Claims incurred		64,392	7,336
Commission paid		31,224	9,609
Increase in Life funds		22,527	-
		<hr/>	<hr/>
Total expenses		118,143	16,945
		<hr/>	<hr/>
Underwriting profit		104,576	83,643
		<hr/> <hr/>	<hr/> <hr/>

Life Business Profit and Loss Account

For the Year ended 31 December 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		N'000	N'000
Income			
Gross premium	19.2	283,228	104,460
Outward insurance premium		(73,172)	(6,004)
		<hr/>	<hr/>
Premium earned		210,056	98,456
Commission received		12,663	2,132
		<hr/>	<hr/>
		222,719	100,588
Expenses			
Claims incurred		(64,392)	(7,336)
Underwriting expenses		(31,224)	(9,609)
Increase in Life funds		(22,527)	-
		<hr/>	<hr/>
Underwriting profit		104,576	83,643
Investment income	20.2	120,704	39,447
Other income		3,243	3,914
Interest on deposit administration		(19,371)	(11,387)
Management expenses	21.2	(181,079)	(72,559)
		<hr/>	<hr/>
Profit before tax		28,073	43,058
Taxation		(25,242)	14,261
		<hr/>	<hr/>
Profit after tax		2,831	57,319
Transfer to contingency reserve		(2,831)	(5,732)
Transfer to life funds		-	(51,587)
		<hr/>	<hr/>
Retained profit for the year		-	-
Retained profit, beginning of year		159	159
		<hr/>	<hr/>
Retained profit, end of year		159	159
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 December, 2007

1. Cash and Bank balances

Cash and bank balances comprise:

	2007	2006
	N'000	N'000
Cash in hand	53	12
Balances held with banks in Nigeria	188,267	13,521
	188,320	13,533
1.1 General Business		
	2007	2006
	N'000	N'000
Cash in hand	53	12
Balances held with banks in Nigeria	138,942	13,125
	138,995	13,137
1.2 Life Business		
	2007	2006
	N'000	N'000
Balances held with banks in Nigeria	49,325	396
2. Short-term Investments		
(a) Short-term investments comprise:		
	2007	2006
	N'000	N'000
Treasury bills (see Note 3)	-	300,000
Short-term deposits (see Note 3)	3,023,527	4,133,059
Investment in trading securities (see Note (b) below).	2,314,998	717,242
	5,338,525	5,150,301

(b) Investment in trading securities represents investment in quoted stocks by the Company.

2.1 General Business

Short-term investments comprise:

	2007 N'000	2006 N'000
Treasury bills	-	300,000
Short-term deposits	2,881,567	3,973,910
Investment in trading securities	2,050,795	591,557
	4,932,362	4,865,467

2.2 Life Business

Short-term investments comprise:

	2007 N'000	2006 N'000
Short-term deposits	141,960	159,149
Investment in trading securities	264,203	125,685
	406,163	284,834

3. Cash and Cash Equivalents

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

	2007 N'000	2006 N'000
Cash and bank balances (see Note 1)	188,320	13,533
Treasury bills (see Note 2)	-	300,000
Short-term deposits (see Note 2)	3,023,527	4,133,059
	3,211,847	4,446,592

4. Debtors and Prepayments

(a) Debtors and prepayments comprise:

	2007 N'000	2006 N'000
Trade debtors	499,189	303,797
Prepayments	6,066	24,608
Accrued interest	33,555	36,059
Amounts due on sale of securities	328,732	-
Other debtors	52,811	223,704
Other receivables	9,437	2,235
Staff investment trust scheme	85,784	99,260
	1,015,574	689,663
Less: allowance for bad debt	(27,550)	(9,765)
	988,024	679,898

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

	2007 N'000	2006 N'000
Balance, beginning of year	9,765	3,029
Charged for the year	17,785	6,736
	27,550	9,765

4.1 General Business

Debtors and prepayments comprise:

	2007 N'000	2006 N'000
Trade debtors	432,888	288,872
Other debtors	381,543	223,704
Prepayments	6,066	24,608
Accrued interest	32,210	22,134
Staff investment trust scheme	85,784	99,260
	938,491	658,578
Less: allowance for bad debts	(27,550)	(9,765)
	910,941	648,813

4.2 Life Business

Debtors and prepayments comprise:

	2007 N'000	2006 N'000
Trade debtors	66,301	14,925
Due from General Business	1,699,235	7,413
Other receivables	9,437	2,235
Accrued interest	1,345	13,925
	1,776,318	38,498

5. Deferred acquisition cost

This represents commissions on unearned premiums relating to the unexpired period of risks.

6. Long Term Investments

(a) Long-term investments comprise:

	2007	2006
	N'000	N'000
Investment in diversified portfolio	1,000	44,690
12% FGN Bonds 2009 series (See Note 6(c) below)	50,000	50,000
9.23% FGN Bonds 2012 series (See Note 6(d) below)	100,574	-
Investment in Hygeia HMO	22,844	22,844
Investment in ARM Pension Managers Limited	37,500	20,000
	211,918	137,534

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

	2007	2006
	N'000	N'000
Balance, beginning of year	137,534	102,843
Investments purchased during the year	118,074	59,691
Investments disposed of during the year	(43,690)	(25,000)
	211,918	137,534

(c) This represents the Company's investment in 50,000 units of N1,000 each in the 12% Federal Government of Nigeria Bond 2009 series.

(d) This represents the Company's investment in 100,000 units of N1,000 each in the 9.23% Federal Government of Nigeria Bond 2012 series.

6.1 General Business

Long-term investments comprise:

	2007	2006
	N'000	N'000
Investment in stocks/diversified portfolio	1,000	1,000
12% FGN Bonds 2009 series (See Note 6(c) above)	50,000	50,000
9.23% FGN Bonds 2012 series (See Note 6(d) above)	100,574	-
Investment in ARM Pension Manager	37,500	20,000
	189,074	71,000

6.2 Life Business

Long-term investments comprise:

	2007	2006
	N'000	N'000
Investment in stocks/diversified portfolio	-	43,690
Investment in Hygeia HMO	22,844	22,844
	22,844	66,534

7. Deferred tax account

(a) Assets

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

	2007	2006
	N'000	N'000
Balance, beginning of the year	15,074	13,929
Reversal during the year-General business (see Note14 (b))	-	13,929
Credit for the year (see Note 14(b))	449	15,074
Balance, end of year	15,523	15,074

(b) Liabilities

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

	2007	2006
	N'000	N'000
Balance, beginning of the year	15,295	-
Charge for the year (see Note 14(b))	34,884	15,295
Balance, end of year	50,179	15,295

7.1 General Business

(a) Assets

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

	2007	2006
	N'000	N'000
Balance, beginning of the year	-	13,929
Reversal during the year (See Note 14 (b))	-	(13,929)
Balance, end of year	-	-

(b) Liabilities

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

	2007	2006
	N'000	N'000
Balance, beginning of the year	15,295	-
Charge for the year (see Note 14(b))	34,884	15,295
Balance, end of year	50,179	15,295

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

	2007	2006
	N'000	N'000
Fixed assets	58,444	19,078
General allowance	(8,265)	(2,930)
Diminution in investments	-	(1,056)
Unrealised exchange loss	-	203
Balance, end of year	50,179	15,295

7.2 Life Business

(a) Assets

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

	2007	2006
	N'000	N'000
Balance, beginning of the year	15,074	-
Credit for the year (see Note 14(b))	449	15,074
Balance, end of year	15,523	15,074

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

	2007	2006
	N'000	N'000
Fixed assets	(1,521)	655
Unrelieved loss	17,044	14,419
	15,523	15,074

8. Statutory Deposit

This represents amount deposited with the CBN pursuant to Section 10(3) of the Insurance Act 2003. The movement in this account during the year was as follows:

	2007	2006
	N'000	N'000
Balance, beginning of the year	35,000	35,000
Additions during the year	465,000	-
	500,000	35,000

8.1 General Business

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

	2007	2006
	N'000	N'000
Balance, beginning of the year	20,000	20,000
Addition during the year	280,000	-
	300,000	20,000

8.2 Life Business

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

	2007	2006
	N'000	N'000
Balance, beginning of the year	15,000	15,000
Addition during the year	185,000	-
	200,000	15,000

9 Fixed assets

	Land & Buildings	Leasehold improvements	Motor Vehicles	Computer equipment	Computer software	Office equipment	Furniture & fittings	Total
Cost	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000
Beginning of year	-	23,356	93,555	33,165	52,309	15,365	20,131	237,881
Additions	515,552	8,609	13,576	27,388	23,658	10,798	9,049	608,630
Disposals	-	-	(6,954)	-	-	(1,000)	-	(7,954)
End of year	515,552	31,965	100,177	60,553	75,967	25,163	29,180	838,557
Accumulated Depreciation								
Beginning of year	-	5,265	55,521	18,300	18,851	8,732	8,137	114,806
Charge for the Period	4,807	2,654	23,509	13,117	13,008	4,443	5,006	66,544
Disposal	-	-	(6,094)	-	-	(967)	-	(7,061)
End of year	4,807	7,919	72,936	31,417	31,859	12,208	13,143	174,289
Net book value								
At 31 December, 2007	510,745	24,046	27,241	29,136	44,108	12,955	16,037	664,268
At 31 December, 2006	-	18,091	38,034	14,865	33,458	6,633	11,994	123,075

9.1 General Business

	Land & Buildings	Leasehold improvements	Motor Vehicles	Computer equipment	Computer software	Office Equipment	Furniture & fittings	Total
Cost	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>
Beginning of year	-	23,356	83,455	32,483	51,124	15,262	19,336	225,016
Additions	515,552	8,609	11,326	27,388	23,658	10,798	9,049	606,380
Disposals	-	-	(6,954)	-	-	(1,000)	-	(7,954)
End of year	<u>515,552</u>	<u>31,965</u>	<u>87,827</u>	<u>59,871</u>	<u>74,782</u>	<u>25,060</u>	<u>28,385</u>	<u>823,442</u>
Accumulated Depreciation								
Beginning of year	-	5,265	53,022	17,846	18,712	8,693	7,884	111,422
Charge for the Period	4,807	2,654	20,420	12,884	12,772	4,420	4,841	62,798
Disposal	-	-	(6,094)	-	-	(967)	-	(7,061)
End of year	<u>4,807</u>	<u>7,919</u>	<u>67,348</u>	<u>30,730</u>	<u>31,484</u>	<u>12,146</u>	<u>12,725</u>	<u>167,159</u>
Net book value								
At 31 December, 2007	<u>510,745</u>	<u>24,046</u>	<u>20,479</u>	<u>29,141</u>	<u>43,298</u>	<u>12,914</u>	<u>15,660</u>	<u>656,283</u>
At 31 December, 2006	<u>-</u>	<u>18,091</u>	<u>30,433</u>	<u>14,637</u>	<u>32,412</u>	<u>6,569</u>	<u>11,452</u>	<u>113,594</u>

Life Business

9.2

	Land & Buildings	Leasehold improvements	Motor Vehicles	Computer equipment	Computer software	Office Equipment	Furniture & fittings	Total
Cost	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>	<u>N' 000</u>
Beginning of year	-	-	10,100	682	1,185	103	795	12,865
Additions	-	-	2,250	-	-	-	-	2,250
Disposals	-	-	-	-	-	-	-	-
End of year	<u>-</u>	<u>-</u>	<u>12,350</u>	<u>682</u>	<u>1,185</u>	<u>103</u>	<u>795</u>	<u>15,115</u>
Accumulated Depreciation								
Beginning of year	-	-	2,500	454	138	41	251	3,384
Charge for the Period	-	-	3,088	233	237	21	167	3,746
Disposal	-	-	-	-	-	-	-	-
End of year	<u>-</u>	<u>-</u>	<u>5,588</u>	<u>687</u>	<u>375</u>	<u>62</u>	<u>418</u>	<u>7,130</u>
Net book value								
At 31 December, 2007	<u>-</u>	<u>-</u>	<u>6,762</u>	<u>(5)</u>	<u>810</u>	<u>41</u>	<u>377</u>	<u>7,985</u>
At 31 December, 2006	<u>-</u>	<u>-</u>	<u>7,600</u>	<u>228</u>	<u>1,047</u>	<u>62</u>	<u>544</u>	<u>9,481</u>

10. Outstanding Claims

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

The age analysis of outstanding claims is as follows:

	<u>2007</u>	<u>2006</u>
	N'000	N'000
Days		
0 - 90	33,875	15,297
91 - 180	7,863	5,192
181 - 270	5,011	4,924
271 - 360	6,765	1,919
361 and above	16,313	3,478
	<u>69,827</u>	<u>30,810</u>
	<u><u>69,827</u></u>	<u><u>30,810</u></u>

10.1 General Business

The outstanding claims are analysed below:

	<u>2007</u>	<u>2006</u>
	N'000	N'000
Fire	22,610	13,450
General accidents	7,317	7,589
Motor	35,061	5,195
Marine	3,122	2,283
Engineering	1,717	2,293
	<u>69,827</u>	<u>30,810</u>
	<u><u>69,827</u></u>	<u><u>30,810</u></u>

11. Creditors and Accruals

Amounts falling due within one year:

	<u>2007</u>	<u>2006</u>
	N'000	N'000
Trade creditors	77,979	43,310
Other creditors	105,124	69,625
Accrued expenses	143,312	4,127
Deposits for bonds (see (a) below)	101,251	81,988
	<u>427,666</u>	<u>199,050</u>
	<u><u>427,666</u></u>	<u><u>199,050</u></u>

- (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).

11.1 General Business

Amounts falling due within one year:

	2007	2006
	N'000	N'000
Trade creditors	62,541	37,465
Other creditors	102,136	68,815
Accrued expenses	140,324	4,127
Deposits for bonds	101,251	81,988
Due to Life Business	1,699,235	7,413
	2,105,487	199,808

11.2 Life Business

Amounts falling due within one year:

	2007	2006
	N'000	N'000
Trade creditors	15,438	5,845
Other creditors	2,988	810
	18,426	6,655

12. Insurance Fund

Insurance fund is analysed below:

	2007	2006
	N'000	N'000
Reserve for unexpired risks	464,987	254,772
Life fund	90,258	67,731
	555,245	322,503

12.1 General Business

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

	<u>2007</u>	<u>2006</u>
	N'000	N'000
Balance, beginning of year	254,772	37,673
Increase in provision for unexpired risk	210,215	217,099
Balance, end of year	<u>464,987</u>	<u>254,772</u>

12.2 Life Business

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

	<u>2007</u>	<u>2006</u>
	N'000	N'000
Balance, end of year	67,731	16,144
Increase in/transfer to Life funds	22,527	51,587
Balance, end of year	<u>90,258</u>	<u>67,731</u>

13. Deposit Administration

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

	<u>2007</u>	<u>2006</u>
	N'000	N'000
Balance, beginning of year	198,550	60,654
Deposit administration (GT life savings)	107,206	126,509
Interest payable on GT life savings	30,758	11,387
Balance, end of year	<u>336,514</u>	<u>198,550</u>

14. Taxation Payable

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

	2007 N'000	2006 N'000
Balance, beginning of year	79,642	4,561
Charge for the year (see Note (b) below)		
-General	219,088	74,268
-Life	25,691	813
Payments during the year	(83,578)	-
Balance, end of year	240,843	79,642

(b) The tax charge for the year comprises:

	2007 N'000	2006 N'000
Corporate income tax charge		
- General	191,705	66,198
- Life	25,190	813
Education tax (see 14.1 (c) below)	16,765	8,070
NITDA levy (see (c) below)		
- General	10,618	-
- Life	501	-
	244,779	75,081
Deferred tax charge/(credit)		
- General	-	13,929
- General	34,884	15,295
- Life	(449)	(15,074)
Total tax charge for the year	279,214	89,231

(c) The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. The Law stipulates that , “specified”companies contribute 1% of their profit before tax (PBT) to the Nigerian IT Development Fund, which will be managed by the Nigerian Information Technology Development Agency (NITDA) . In line with the Act, the Company has provided for NITDA Levy at the specified tax rate.

14.1 General Business

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

	2007 N'000	2006 N'000
Balance, beginning of year	78,829	4,561
Charge for the year (see Note (b) below)-General	219,088	74,268
Payments during the year	(81,135)	-
	216,782	78,829

(b) The tax charge for the year comprises:

	2007 N'000	2006 N'000
Corporate income tax charge-General -	191,705	66,198
Education tax (see 14.1 (c) below)	16,765	8,070
NITDA levy	10,618	-
	219,088	74,268
Deferred charge-Reversal (see Note 7.1 (b))	-	13,929
- Tax charge (see Note 7.1 (b))	34,884	15,295
	253,972	103,492

(c) Income tax has been computed at the rate of 30% (2006:30%) and education levy at the rate of 2% (2006:2%) 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.

14.2 Life business

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

	2007 N'000	2006 N'000
Balance, beginning of year	813	-
Charge for the year	25,691	813
Payments during the year	(2,443)	-
	24,061	813

(b) The tax charge for the year comprises:

	2007 N'000	2006 N'000
Corporate income tax charge (see (c) below)	25,190	813
NITDA levy	501	-
	25,691	813
Deferred tax credit	(449)	(15,074)
	25,242	(14,261)

(c) The corporate tax charge has been computed based on the minimum tax and there was no education levy as the Life Business segment did not have assessable profit for the year.

15. Share Capital:

Share capital comprises:

	2007 N'000	2006 N'000
(a) Authorised:		
10,000,000,000 Ordinary shares of 50k each		
(2006: 10,000,000,000 Ordinary shares of 50k each)	5,000,000	5,000,000
Issued and fully paid:		
5,000,000,000 Ordinary shares of 50k each		
(2006: 9,685,185,463 Ordinary shares of 50k each)	2,500,000	4,842,593
(b) The movement in share capital during the year was as follow:		
	2007 N'000	2006 N'000
Balance, beginning of year	4,842,593	500,000
Rights issue/Offer for subscription (see Note (c) below)	157,407	4,342,593
Transfer to capital reserve	(2,500,000)	-
	2,500,000	4,842,593

- (c) During the year, the Company offered 314,814,537 ordinary shares as a rights issue and private placement for subscription at N0.60 kobo, all of which were allotted and paid for. The proceeds from the offer were accounted for as follows:

	2007
	N'000
Gross proceeds from offer	188,888
Transfer to share premium	(31,481)
	157,407
Net proceeds	157,407
Transfer to issued and fully paid share capital account (see Note (b) above)	(157,407)
	-

- (d) The Company's issued and fully paid share capital was reconstructed by a special resolution of the Board at its meeting on 18th October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid share capital will stand at N2,500,000,000 divided into 5,000,000,000 Ordinary shares at 50k each with the surplus nominal value arising from the reconstruction being transferred to the Company's capital reserve account. The reconstruction was sanctioned by the Federal High Court of Nigeria, Lagos on 31st October 2007 and registered by the Corporate Affairs Commission on 18th December 2007.

The balance on the capital reserve account was allocated between the non-life business and life business segments in the proportion of their share capital, as follows:

	2007
	N'000
Capital reserve from capital reconstruction	2,500,000
Transfer to life business segment	(1,000,000)
Transfer to non-life business segment	(1,500,000)
	-

15.1 General Business

(a) Issued and fully paid:

	2007	2006
	N'000	N'000
3,000,000,000 Ordinary shares of 50k each (2006: 9,385,185,463 Ordinary shares of 50k each)	1,500,000	4,692,593
	1,500,000	4,692,593

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

	2007	2006
	N'000	N'000
Balance, beginning of year	4,692,593	350,000
Offer for subscription/rights issue (see Note 15 (c) above)	157,407	4,342,593
Transfer to Life Business	(1,850,000)	-
Transfer to capital reserve	(1,500,000)	-
Balance, end of year	1,500,000	4,692,593

15.2 Life Business

(a) Issued and fully paid:

	2007	2006
	N'000	N'000
2,000,000,000 Ordinary shares of 50k each (2006: 300,000,000 Ordinary shares of 50k each)	1,000,000	150,000
	1,000,000	150,000

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

Balance, beginning of year	150,000	150,000
Transfer from General Business	1,850,000	-
Transfer to capital reserve	(1,000,000)	-
Balance, end of year	1,000,000	150,000

16. Share Premium:

The movement in the share premium account during the year was as follow:

	2007 N'000	2006 N'000
Balance, beginning of year	312,462	24,705
Premium from share issues (see Note 15(c) above)	31,481	287,757
Share issue expenses	(47,265)	-
	296,678	312,462

16.1 General Business

	2007 N'000	2006 N'000
Balance, beginning of year	312,462	24,705
Premium from share issues (see Note 15(c) above)	31,481	287,757
Share issue expenses	(47,265)	-
	296,678	312,462

17. Statutory Contingency Reserves

	2007 N'000	2006 N'000
Balance, beginning of year	69,799	16,644
Transfer from profit and loss	166,513	53,155
	236,312	69,799

17.1 General Business

	2007 N'000	2006 N'000
Balance, beginning of year	63,890	16,467
Transfer from profit and loss	163,682	47,423
	227,572	63,890

17.2 Life Business

	2007	2006
	N'000	N'000
Balance, beginning of year	5,909	177
Transfer from profit and loss	2,831	5,732
	8,740	5,909

18 Guarantee and Other Financial Commitments

(a) 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 ₦382,186 (2006: ₦432,326) reflected in the financial statements as contingent liabilities represents the maximum loss that would be recognised if counter parties failed completely to perform as contracted.

(b) Other commitments

The Company has a tripartite lien agreement dated 21st December 2007 on commercial paper with face value of ₦4,263,897.

19. Gross Premium

	2007	2006
	N'000	N'000
General business	1,778,427	963,026
Life business	283,228	104,460
	2,061,655	1,067,486

19.1 General Business

	2007	2006
	N'000	N'000
Fire	234,018	156,786
General accidents	267,046	151,319
Motor	534,600	325,028
Marine	219,969	199,521
Bond	41,665	36,303
Engineering	105,552	38,308
Oil and Energy	374,033	55,761
Aviation	1,544	-
	1,778,427	963,026

19.2 Life Business

	2007	2006
	N'000	N'000
Ordinary life	16,575	42,287
Group life	263,358	60,118
Health insurance	2,007	472
Education endowment	1,288	1,583
	283,228	104,460

20 Investment income

Investment income comprises:

	2007	2006
	N'000	N'000
Securities trading income	1,018,813	46,943
Income on short term deposits	293,690	338,973
	1,312,503	385,916

20.1 General Business

Investment income comprises:

	2007	2006
	N'000	N'000
Securities trading income	919,694	46,943
Income on short term deposits	272,105	299,526
	1,191,799	346,469

20.2 Life Business

Investment income comprises:

	2007	2006
	N'000	N'000
Securities trading income	99,119	-
Income on short term deposits	21,585	39,447
	120,704	39,447

21. Management Expenses

Management expenses comprise:

	2007	2006
	N'000	N'000
Staff expenses	289,955	201,004
Staff development expenses	72,473	-
Agency expenses	4,692	5,354
Promotional expenses	96,705	60,894
Administration expenses	75,637	71,698
Depreciation	66,544	48,917
Other expenses	261,589	34,107
	867,595	421,974
Interest on deposit administration	19,371	11,387
	886,966	433,361

21.1 General Business

Management expenses comprise:

	2007	2006
	N'000	N'000
Staff expenses	218,387	159,410
Staff development expenses	72,473	-
Agency expenses	3,735	4,345
Promotional expenses	68,529	49,717
Administration expenses	74,585	65,627
Depreciation	62,798	46,732
Other expenses	186,009	23,584
	686,516	349,415

21.2 Life Business

Management expenses comprise:

	2007	2006
	N'000	N'000
Staff expenses	71,568	41,594
Agency expenses	957	1,009
Promotional expenses	28,176	11,177
Administration expenses	1,052	6,071
Depreciation expenses	3,746	2,185
Other expenses	75,580	10,523
	181,079	72,559

22. Supplementary Profit and Loss Information:

(a) **General information:**

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

	2007	2006
	N'000	N'000
Depreciation	66,544	48,917
(Profit)/Loss on disposal of fixed assets	(979)	159
Auditors' remuneration	8,400	4,000

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

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

	2007 ₦'000	2006 ₦'000
Wages and salaries	283,809	198,395
Other benefits	72,473	-
Other pension cost	6,146	2,609
	362,428	201,004

ii. Employees earning more than ₦100,000 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:

	2007 Number	2006 Number
₦101,001 - ₦150,000	41	-
₦150,001 - ₦200,000	-	47
₦200,001 - ₦250,000	-	5
₦250,001 - ₦300,000	-	9
₦300,001 - ₦350,000	-	6
₦350,001 - ₦400,000	31	-
₦400,001 - ₦450,000	-	-
₦450,001 - ₦500,000	-	2
₦500,001 - ₦550,000	26	3
₦550,001 - ₦600,000	-	-
₦600,001 - ₦650,000	13	3
₦650,001 - ₦700,000	-	-
₦700,001 - ₦750,000	-	-
₦750,000 and above	28	3
	139	78

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

	2007	2006
	Number	Number
Management staff	12	10
Non-management staff	127	68
	139	78

(c) **Directors' remuneration:**

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

	2007	2006
	N'000	N'000
Directors' fees	3,287	1,250
Other emoluments	2,425	4,928
	5,712	6,178

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

	2007	2006
	N'000	N'000
Chairman	645	375
Highest paid director	1,509	1,700

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

	2007	2006
	Number	Number
N300,001 – N350,000	6	5

23 Earnings per Share

Earnings per share are based on the profit after taxation and weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 9,113,495,732 units (2006:4,719,129,076).

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

This comprises:

	2007 N'000	2006 N'000
Profit after taxation	821,394	294,432
Taxation	279,062	89,231
Operating profit	1,100,456	383,663
Adjustments to reconcile profit before taxation to net cash flow from operations:		
Depreciation on fixed assets	66,544	48,917
Increase in provision for unexpired risks	210,215	217,099
Increase in Life funds	22,527	-
(Profit)/Loss on sale of fixed assets	(979)	159
Profit on disposal of investments	(1)	(6,574)
Net cash flow from operating activities	1,398,762	643,264

25. 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.

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

	2007
	₦'000
Guaranty Trust Bank Plc	36,515
Hygeia-HMO (affiliated)	2,044
Directors' related/Others	9,902
Total	48,461

(d) Details of directors' remuneration are as disclosed in Note 22(c).

26. Actuarial valuation

The latest available actuarial valuation of the life business funds was as at 31 March 2007. The book value of the life funds as at that date exceeded its net actuarial liabilities by ₦1,375,163. In the opinion of the actuaries and the directors, there were no significant changes in market conditions between the date of the valuation and the year end date such that it is unlikely that the result of 31st March 2007 would change significantly if a valuation was done as at 31st December 2007.

27. Contravention of laws and regulations

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

28. Litigations:

The Company is a defendant in a suit. The plaintiff had an insurance policy valued at ₦6million but as at the time of occurrence of the insured event, the plaintiff 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.

29. Prior year comparative figures:

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

30. Subsequent events:

The Board of Directors at the meeting held on 20 February 2008 proposed a dividend of 6 kobo per share (2006: Nil) from the balance outstanding in the retained profit accounts as at 31 December 2007 on the issued share capital of 5,000,000,000 Ordinary shares of 50 kobo each subject to declaration by the shareholders at the next annual general meeting.

31 Segment information

Segment information is presented in respect of the Company's business segments which represents the primary segment reporting format and is based on the Company's management and reporting structure.

No geographical segment information has been provided in these financial statements as there is only one geographical segment

Business segments charge and earn interest among themselves on a transfer pricing arrangement to reflect the allocation of assets and liabilities.

Business Segments

The Company operates the following main business segments:

- Non-life (General) Business - Includes general insurance transactions with individual and corporate customers
- Life Business - Includes life insurance policies with individual and corporate customers

Business reporting

(a) The Company's business reporting information comprises:

	<u>Non-life Business</u>	<u>Life Business</u>	<u>Inter-Segment</u>	<u>Total</u>
	N'000	N'000	Transactions	N'000
	N'000	N'000	N'000	N'000
Revenue:				
Derived from external customers	1,778,427	283,228	-	2,061,655
Gross premium	<u>1,778,427</u>	<u>283,228</u>	<u>-</u>	<u>2,061,655</u>
Outward premium	(608,216)	(73,172)	-	(681,388)
	<u>1,170,211</u>	<u>210,056</u>	<u>-</u>	<u>1,380,267</u>
Expenses:				
Underwriting expenses	179,438	31,224	-	210,662
Increase in Life funds	-	22,527	-	22,527
Management expenses	686,516	200,450	-	886,966
Bad debt expenses	17,784	-	-	17,784
Claims incurred	298,350	64,392	-	362,742
	<u>1,182,088</u>	<u>318,593</u>	<u>-</u>	<u>1,500,681</u>
Profit on ordinary activities before taxation	<u>1,072,383</u>	<u>28,073</u>	<u>-</u>	<u>1,100,456</u>
Assets and Liabilities:				
Total assets	<u>7,197,020</u>	<u>2,478,158</u>	<u>(1,699,235)</u>	<u>7,975,943</u>
Total Liabilities	<u>2,907,262</u>	<u>469,259</u>	<u>(1,699,235)</u>	<u>1,677,286</u>
Net assets	<u>4,289,758</u>	<u>2,008,899</u>	<u>-</u>	<u>6,298,657</u>

Statement of Value Added

For the year ended 31 December 2007

	<u>2007</u>	%	<u>2006</u>	%
	N'000		N'000	
Gross premium	2,061,655		1,067,486	
Reinsurance, claims and commission and services	(2,035,785)		(878,912)	
	<u>25,870</u>		<u>188,574</u>	
Other income	1,431,085		445,010	
Value added	<u>1,456,955</u>	100	<u>633,584</u>	100
Applied to pay:				
Employee cost	289,955	20	201,004	32
Government as taxes	279,214	19	89,231	14
Retained in the business:				
Life fund	-	-	51,587	8
Contingency reserve	166,513	11	53,155	8
Depreciation	66,544	5	48,917	8
Retained profit for the year	654,729	45	189,690	30
Value added	<u>1,456,955</u>	100	<u>633,584</u>	100

Five - Year Financial Summary

For the year ended 31 December 2007

	12 months December <u>2007</u> N'000	12 months December <u>2006</u> N'000	12 months December <u>2005</u> N'000	10 months December <u>2004</u> N'000	14 months February <u>2004</u> N'000
ASSETS:					
Cash and bank balance	188,320	13,533	2,402	4,460	2,199
Short-term investments	5,338,525	5,150,301	2,785,965	135,962	31,650
Debtors and prepayments	988,024	679,898	298,000	93,216	-
Deferred acquisition cost	69,365	27,227	-	-	-
Long-term investment	211,918	137,534	102,843	198,746	261,093
Deferred tax assets	15,523	15,074	13,929	-	-
Statutory deposit	500,000	35,000	35,000	35,000	35,000
Fixed assets	664,268	123,075	123,133	144,838	42,566
Total Assets	<u>7,975,943</u>	<u>6,181,642</u>	<u>3,361,272</u>	<u>612,222</u>	<u>372,508</u>
Liabilities					
Outstanding claims	69,827	30,810	11,956	-	-
Creditors and accruals	424,678	199,050	129,029	141,430	14,058
Insurance fund	555,245	322,503	53,817	17,423	11,293
Deposit administration	336,514	198,550	60,654	194	-
Taxation	240,843	79,642	4,561	2,526	835
Deferred taxation	50,179	15,295	-	-	-
Net Assets	<u>6,298,657</u>	<u>5,335,792</u>	<u>3,101,255</u>	<u>450,649</u>	<u>346,322</u>
Capital Reserves					
Share capital	2,500,000	4,842,593	500,000	500,000	358,909
Capital reserve	2,500,000	-	-	-	-
Share premium	296,678	312,462	24,705	24,705	21,200
Deposit for shares	-	-	2,638,658	-	-
Statutory contingency reserve	236,312	69,799	16,644	6,609	3,749
Retained profit	765,667	110,938	(78,752)	(80,665)	(37,536)
Shareholders' fund	<u>6,298,657</u>	<u>5,335,792</u>	<u>3,101,255</u>	<u>450,649</u>	<u>346,322</u>
Contingent liabilities	<u>382,186</u>	<u>432,326</u>	<u>57,940</u>	<u>-</u>	<u>-</u>
Profit and Loss Account					
Gross premium income	2,061,655	1,067,486	488,228	136,285	29,259
Premium earned	1,170,052	611,016	383,126	91,168	25,229
Profit/(loss) before taxation	1,100,456	383,663	16,050	(37,029)	(37,534)
Taxation	(279,214)	(89,231)	11,329	(2,526)	(109)
Profit/(Loss) after taxation	821,242	294,432	27,379	(39,555)	(37,643)
Transfer to contingency reserve	(166,513)	(50,757)	(10,035)	(2,860)	(757)
Earnings/(loss) per share - basic	<u>9.01k</u>	<u>6.24k</u>	<u>2.74k</u>	<u>(3.96k)</u>	<u>(5.23k)</u>