CONTINUITY. STABILITY. PROSPERITY.

As Consolidated Hallmark Insurance continues to wax stronger, we are becoming more innovative in providing dynamic insurance and financial solutions to meet customers' needs, thereby leading to continuity of value in our robust corporate performance.
In the process, continuity is leading to stability and security in our impact, while prosperity is the result we deliver to reward the trust reposed in us by our customers and stakeholders alike.
Thus, the 2012 Annual Report & Accounts is all about the continuity, stability and prosperity we bring to bear on our clients' lives and businesses, and also reflecting on our own brand equity.

Business model

Creating a high Performance Organisation

At Consolidated Hallmark Insurance, we have a 'best in class' approach to business, our people, our shareholders and the host community in which we operate. Our business model focuses on the creation of a high performance organisation, something that is fundamental to the realisation of our long-term strategy.

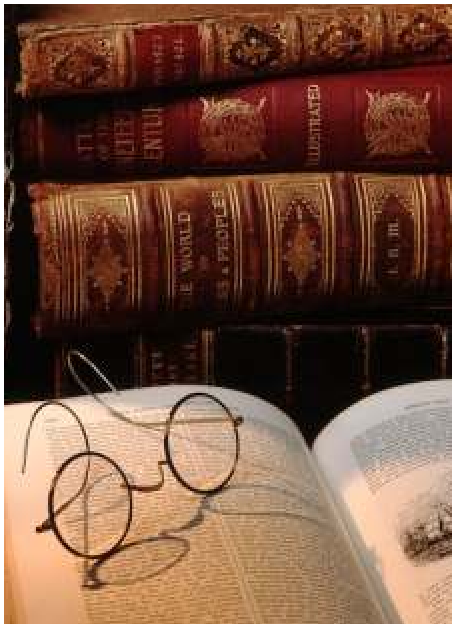
Contents

Highlights and an introduction to our business and the way we work	Operational performance, market review, key performance data and a review of our sustainable approach	An explanation of our approach to corporate governance, risk management, remuneration policies and practices and the people who champion them	Detail financial information for the year ended 31 December 2012	Useful information for owners of Consolidated Hallmark Insurance Plc

Brand Platform

Our Vision

To be the Leading Provider of Insurance and Other Financial Services of International standard.



Our Core Values

P	Professionalism
R	Relationship
I	Integrity
Z	Zeal
E	Excellence

Our Mission

To Provide Quality Insurance and Other Financial Services to our Clients, using Technology, Highly Skilled and Motivated Team thereby delivering Exceptional Returns to All Stakeholders

Overview

Highlights and an introduction to our business and the way we work

Corporate Information

DIRECTORS

Ugo (Dr.) Obi Ralph Ekezie	Chairman
Tony Aletor	Vice Chairman
Eddie Efekoha	Managing Director
Ngozi Nkem	Director
Dr. Layi Fatona	Director
Chief Ben C. Ikejiaku	Director
Friday Ebojoh	Director
Pat Azurunwa	Director
Chief Sunny Obidegwu	Director

COMPANY SECRETARIES:

Foundation Chambers
24B Apapa Lane
Dolphin Estate
Ikoyi , Lagos
Tel: +234 (1) 792 3831, 7349820

AUDITORS:

PKF Professional Services
PKF House
205A, Ikorodu Road Obanikoro, Lagos
G.P.O Box 2047, Marina Lagos
Tel: +234 (1) 8042074, 7734940

REGISTRARS:

Meristem Registrars Limited
213, Herbert Macaulay Street,
Adekunle, Yaba
Lagos. Tel: +234 (1) 8920491-2

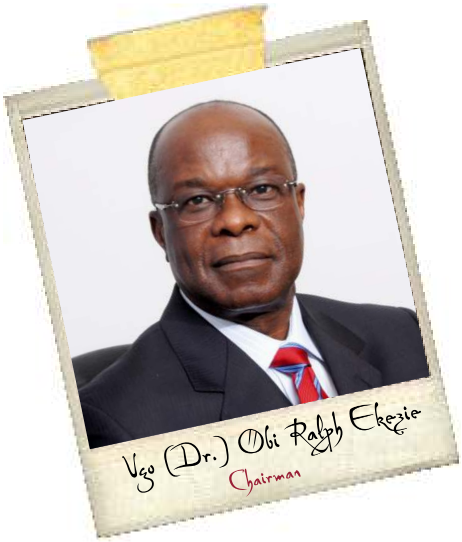
BANKERS:

Access Bank Plc
EcoBank Plc
Fidelity Bank Plc
First Bank of Nigeria Plc
GTBank Plc
Keystone Bank Plc
Mainstreet Bank Plc
Stanbic IBTC
Sterling Bank Plc
UBA Plc
Zenith Bank Plc

REGISTERED OFFICE:

266 Ikorodu Road Obanikoro
Lagos.
Tel: +234 1 7419182, 8419703,
0700CHINSURANCE
Email: info@consolidatedhallmark.com
Web: www.consolidatedhallmark.com

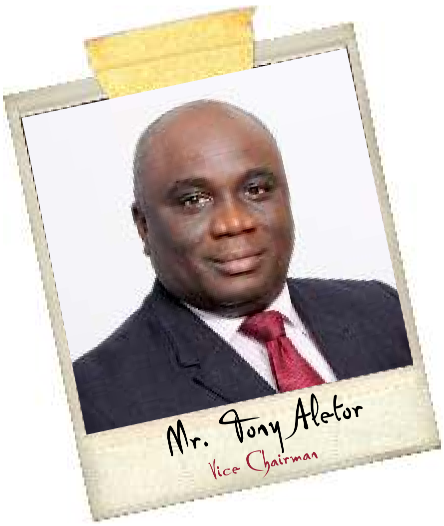
Board of Directors



Ugo (Dr.) Obi Ralph Ekezie Chairman

Dr. Ralph Ekezie, the Chairman of the company, is a professional petroleum engineer and has been a key player in the oil industry for years. He was a former Managing Director of Schlumberger, a multinational oil firm and currently the Managing Director of Drillog Petro- Dynamics Ltd, an oil services company with offices in Nigeria and Texas, USA.
Dr Ekezie is the Founding Chairman, Indigenous Petroleum Technologists Association of Nigeria, where he served for ten years, and currently the Chairman of the Association's board of trustees.
Chief Ekezie has made outstanding contributions to the education and industrial sectors of the Nigerian economy. He was Chairman of Hallmark Assurance Plc, and has many years experience in Management and International Economics.

He is also the special adviser to the Imo State Governor on Petroleum and Energy.



Mr. Tony Aletor Vice Chairman

Mr. Anthony Aletor is the Vice Chairman of the company, He is a versatile financial services player, and was until recently, the Managing Director of Capital Express Group which comprises Capital Express Insurance Company Limited, Capital Express Securities Limited, CAPEX Medicare Limited and UTIB Insurance Brokers Limited.
Mr. Aletor holds a B. Sc degree in Insurance from University of Lagos and MBA from University of Ibadan. He is an Associate of the Chartered Insurance Institute, London and Nigeria as well as a dealing clerk of The Nigerian Stock Exchange.

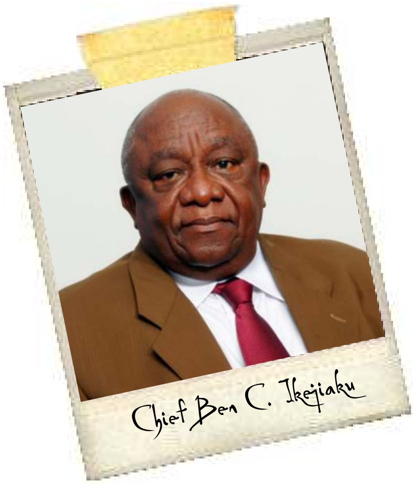
Mr. Aletor is a Chartered Insurer and Investment Analyst with cognate experience spanning over two (2) decades, and he is also a major player in the Nigerian Insurance Industry. He is a member of many professional bodies such as: Chartered Institute of Stock Brokers, Chartered Insurance Institute of London and Nigeria, Nigeria Institute of Management, Institute of Directors, and Association of Pension Funds Managers

Mr. Eddie Efekoha MD/CEO

Mr. Efekoha is the Managing Director/Chief Executive Officer of Consolidated Hallmark Insurance Plc. He holds a Bachelor of Science degree in Insurance and a Masters degree in Business Administration both from the University of Lagos.
Since graduation Eddie had worked in various capacities at Everyman Insurance Brokers, Hogg Robinson Nigeria, and Glanvill Enthoven & Co (Nig.) where he left as Executive Director (Technical) in 1997 to pioneer the effective take off of Fountain Insurance Brokers Ltd as its Managing Director/Chief Executive. He was the Vice Chairman/CEO of Consolidated Risk Insurers Plc before his current appointment. A Fellow of both the Chartered Insurance Institutes of London and Nigeria, Eddie has attended several local and international courses in both Insurance and Management.

He is a council member of the Chartered Insurance Institute of Nigeria and the Nigeria Insurers Association.

Board of Directors



Chief Ben Ikejiaku

Chief Benson Chukwuma Ikejiaku, a director of Consolidated Hallmark Insurance Plc is a Professional Accountant of many years standing.
He worked with the Eastern Nigeria Development Corporation in Enugu and other formidable organizations including the Nigerian Construction and Furniture Company Limited, Nigergas Co. Ltd, Emene Enugu, and Hardel and Enic Nigeria Limited, where he served as the Group Financial Controller and later Financial Director between 1984 to 2001.

Chief Ikejiaku is a graduate of the West Bromwich College of Science and Technology, England and the Brunel University, London's Pacific States University European Summer Residential Programme, where he obtained a Masters Degree in Business Administration (MBA) in 1987.
He is a Fellow of the Association of Chartered Certified Accountants (FCCA), and Fellow, Institute of Chartered Accountants of Nigeria (FCA),amongst other professional laurels.

Chief Ikejiaku is currently the Chairman of Sandwell Farms Ltd.

Ngozi Nkem

Mrs Ngozi Nkem is a graduate of Banking & Finance from Abia State University. She worked as a banker for many years and currently manages Zopon Nigeria Ltd, a general merchant company engaged in the import, export and supply of goods and services as well as in the downstream oil & gas distribution.

She is also a Director in the following companies: Transglobe Securities Nigeria Ltd, Zopon Nigeria Ltd, Binez Hotel Ltd and Abia State Hotels Ltd. Mrs. Nkem is married with children.

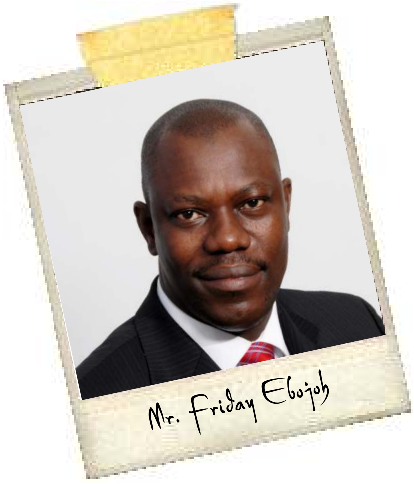
Dr. Layi Fatona

Dr. Fatona is a Petroleum Geologist and was formerly the President of Geotrex Systems Limited, a foremost indigenous Exploration and Production consulting company. He was previously with the Shell Petroleum Development Company of Nigeria Limited.
He is widely consulted by Nigerian and foreign oil companies, and is a Past President and Fellow of the Nigerian Association of Petroleum Explorationists (NAPE). A certified Petroleum Geologist of the American Association of Petroleum Geologists (AAPG).

He is the Chief Executive officer of Niger Delta Exploration and Production Plc, where he pioneered the first and only privately owned and operated refinery in Nigeria-the Ogbele Mini Refinery.

Dr. Fatona studied Geology at the University of Ibadan and Petroleum Geology and Sedimentology at the University of London.

Board of Directors



Mr. Friday Ebojoh

Mr. Ebojoh holds a Bachelor of Science degree in Accounting from the University of Lagos and he is an Associate member of the Institute of Chartered Accountants of Nigeria.

He has over eighteen years of varied work experience in the Banking and Finance services sector and was Group Treasurer of UBA Plc.He is currently the President of Trifex Limited; a trading, advisory and consulting company.

Mr Ebojoh trained with some of the world's best financial institutions and brings to the board his diverse experience from the financial services sector of the Nigeria economy.

Mr. Sunny Obidegwu

Mr. Sunny Chukwudi Obidegwu is a1981 graduate of the State University of New York, Buffalo, where he obtained a Bachelor of Science Degree in Business Administration. In 1983, Mr. Obidegwu received a Master of Science Degree (M.Sc, Magna Cum Laude) from the University of New Haven, West Haven, Connecticut, U.S.A.
His working career has taken him through international and local establishments commencing with the State of Connecticut U.S.A as a Revenue Examiner between 1983 to 1984.
Mr. Obidegwu has also worked in Eastern Bulkcem Ltd (manufacturers of Eagle Cement), Continental Merchant Bank Ltd, Manufacturers' Merchant Bank Ltd, and lately, in Sunthel Trust Ltd, an integrated financial management and consultancy firm where he has been piloting affairs as Chief Operating Officer from 2003 to date.

Mr. Pat Azurunwa

Mr. Pat Azurunwa's Insurance career started in 1990 at Foresight Insurance Brokers from where he moved to UTIB Insurance Brokers Ltd, first as a Coordinator and later as GM/COO, a position he occupied until September2004 when he teamed up with Capital Express General Insurance Ltd as Chief Operating Officer. He returned to UTIB Insurance Brokers Ltd in September, 2006 as CEO.
A Business Manager by training and education, he is an Associate Member of The Chartered Insurance Institute of Nigeria (CIIN), The Chartered Institute of Arbitrators (U.K), The Nigeria Council of Registered Insurance Brokers(NCRIB) and The Nigerian Institute of Management(NIM). He holds the MBA degree (specializing in Insurance & Risk Management) of ESUT Business School, Enugu and is greatly exposed to all aspects of risk identification, analysis and management. A Rotarian.
Mr. Azurunwa has published various articles on Risk Management, Planning, SMEs, and has attended several local and international courses cutting across Arbitration, Management, Corporate Finance and Insurance.

Notice of 18th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of the members of Consolidated Hallmark Insurance Plc will be held on the 7th of August 2013 at 11.00am prompt at Protea Hotel, Ikoyi Westwood, 22 Awolowo Road, Ikoyi, Lagos to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statement for the year ended December 31st 2012 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To re-appoint the Auditors
5. To authorize the Directors to determine the remuneration of the Auditors.
6. To elect Members of the Audit Committee

SPECIAL BUSINESS

A. To approve the remuneration of the Directors for the year ending 31st December 2013.

Dated this 4th July 2013.

BY ORDER OF THE BOARD

L. CHIDI ILOGU ESQ (SAN)
PP: FOUNDATION CHAMBERS
(Company Secretaries)
FRC/2013/000000001170

NOTES:

PROXY:

A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the company. Executed form of proxy should be deposited at the Registered Office of the Company being 266 Ikorodu Road, Obanikoro, Lagos, not less than 48 hours before the time of holding the meeting. To be effective the proxy form should be duly stamped and signed by the Commissioner for Stamp Duties.

CLOSURE OF REGISTER AND TRANSFER BOOKS:

The Register of members and transfer books will be closed from Tuesday 23rd July to Monday 29th July 2013 (both dates inclusive) to enable the Registrar prepare for the payment of dividend. Accordingly dividend will only be paid to shareholders whose names are on the register before the date of closure.

DIVIDEND:

The Board of Directors of the Company has recommended a dividend of N180,000,000.00 that is 3k per ordinary share of 50kobo, which is payable less withholding tax. If the recommendation is approved in the forthcoming Annual General Meeting, the shareholders whose names appear in the Register of Members as at the close of business on the 22nd of July 2013 will have their accounts credited on the 7th of August 2013.

All shareholders are hereby advised to open bank accounts and forward details of such accounts to the Company's Registrars for faster receipt of dividend. A detachable e-dividend form is attached to the Annual Report and Accounts for your completion.

AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Maters Act 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty One) days before the Annual General Meeting.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, Chief Ben C. Ikejiaku and Dr. Layi Fatona retire by rotation and being eligible offer themselves for re-election.

UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as “unclaimed”. A list of unclaimed dividends will be circulated with the Annual Report and Financial Statements.

Result at a Glance

GROUP MAJOR PROFIT AND LOSS ACCOUNT ITEMS

	2012 ₦	2011 ₦
Gross premium written	4,142,126,782	4,098,659,307
Net premium earned	2,910,785,640	2,753,208,878
Investment and other income	257,495,142	206,924,628
Profit before tax and exceptional item	560,466,357	148,231,095
Taxation	(165,259,841)	5,158,169
Profit after tax	395,206,516	153,389,264

MAJOR BALANCE SHEET ITEMS

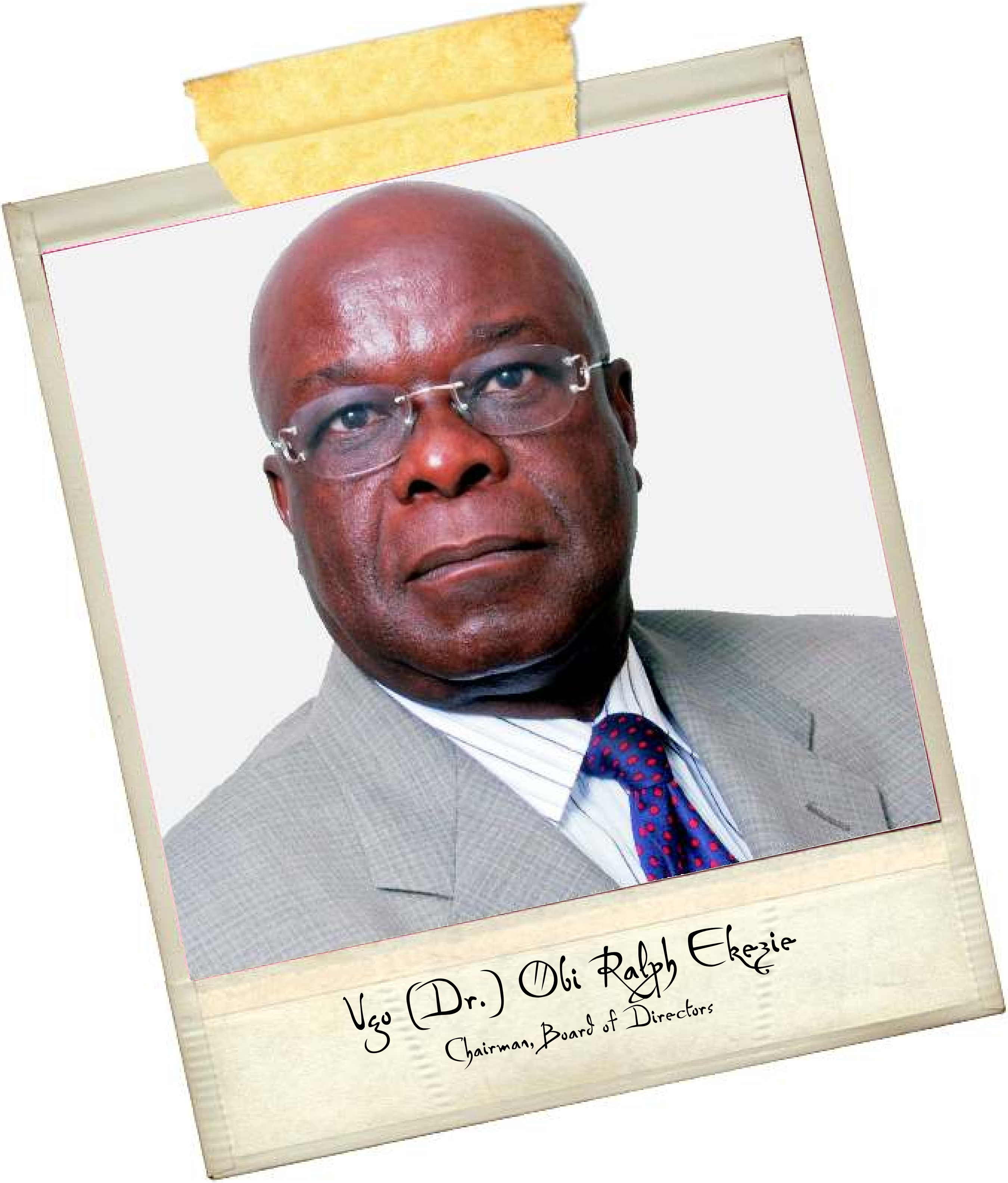
Total assets	6,677,771,610	6,077,769,071
Shareholders' fund	4,186,664,360	3,911,457,844
Investments	3,076,673,127	2,817,773,737
Share capital	3,000,000,000	3,000,000,000
Insurance funds	1,879,967,422	1,766,281,709

PER SHARE DATA

Earnings (k)	6.59	2.56
Net Assets (k)	70	65
No. of offices	14	16

Chairman's Statement

Quality Leadership



Chairman's Statement

Distinguished Shareholders,

I am delighted to welcome you once again to the Annual General Meeting of your company. The past six years after the emergence of a bigger company have indeed been quite eventful and this occasion of our 18th AGM again provides us with the opportunity of reviewing our journey.

Permit me to commence by thanking you all stakeholders who have stood solidly by us in this journey.

The year 2012 was full of optimism, with expectations of a more vibrant local and international economy especially against the backdrop of the anticipated full recovery from the effects of the economic recession. However, the recovery was not as rapid as anticipated with the unprecedented rise in domestic and foreign debts of Greece which reverberated on the Euro-zone.

The effect of the global phenomenon has continued to be a pointer to the fact that national economies remain intertwined with the global environment.

From our results, it has again become clear that your company remains tenacious in its quest to increase shareholder value while growing the bottom-line. Our results have shown another year in the unbroken streak
of profitability.

GLOBAL OUTLOOK:

The global business environment was characterised by some upheavals, with the attendant effects on world economy. These included the Arab Spring, a wave of revolutionary regime changes which swept across some oil producing Arab countries, affecting crude oil prices.

Another major shock witnessed in the global business environment was the super storm nicknamed Sandy, which ravaged the east coast of the United States during the last quarter of 2012. This led to one of the biggest daily decline across stock markets in US, with domino effect on European markets. The successful presidential election in the US later in the year however sent positive signals to the global economic environment.

Consolidated Hallmark Insurance has confirmed its position as a market leader not only in terms of business scale but also in terms of increasing its business efficiency and reaching new levels in strategic development.

OPERATING ENVIRONMENT

The financial year under review commenced with a national strike by the labour union, which grounded business activities for almost two weeks as a result of the sudden withdrawal of subsidies on petroleum products. Although the withdrawal was later converted to a partial one, the effect remained and contributed to a rise
in the inflation rate from 10.3% to 12.6% and a decline in business activities during the period of the strike. However, the price of crude oil, the mainstay of the nation's economy remained relatively stable at between USD $91 - $97. With the relative peace experienced in the Niger Delta area following the continued implementation of the Federal Government's amnesty programme in the region, production of crude oil remained stable above 2 million barrels per day.

On its part, the Central Bank of Nigeria has continued to tighten its monetary policies in an effort to control inflation. The Monetary Policy Rate remained constant at 12% for the whole of 2012, thus foreclosing a reduction of interest rates on lending by commercial banks to the real sector of the economy.

Chairman's Statement

"With the government especially at the federal level having significantly settled down and a transformational agenda outlined, it is expected that improvement would be recorded on the nation's GDP which has hovered around an annual growth of 7% in recent times."

Power supply which witnessed a significant improvement during the early part of the year, later deteriorated, with its attendant toll on operational cost in private power generation by businesses.

On a positive note, the Nigerian Equities market recorded significant improvement as it garnered significant price gains in its All Share Index which rose by 35.45% as at December, the highest since the 2008-9 global economic meltdown.

NIGERIAN INSURANCE INDUSTRY

Insurance penetration has remained quite low, and retail business which the efforts of the industry regulator- the National Insurance Commission sought to address through the Market Development and Restructuring Initiative (MDRI), is yet to yield the desired results.

Premium rates have remained low, amidst cut-throat competition by industry players in their quest to grow their market share.

The year under review however witnessed a resolve on the part of NAICOM to instil sanity into the operations of insurers through enforcement of the International Financial Reporting Standards (IFRS) as approved by the Federal Government, and the drive to lower trade receivables through the monitoring of the existing credit policy on "no premium no cover" of the Insurance Act with effect from January, 2013

OPERATING RESULTS

The resilience of your company, in spite of the enormous challenges posed by the business climate enunciated above, is reflected in its ability to once again maintain its unbroken record in profitability. Your company was able to achieve significant growth in key performance metrics. .

A Gross Premium written of ₦4,142,126,782 was recorded, in comparison with the ₦4,098,659,307 recorded during the 2011 financial year. Profit before Tax grew by 278% to ₦560,466,357 as against the ₦148,231,095 in 2011.

Also, a Profit After Tax of ₦ 395,206,516 was recorded. This represents a significant growth of 158% from the 2011 figure of ₦153,389,264 . The total assets of the company in 2012 rose to ₦6,677,771,610 as against ₦ 6,077,769,071 in 2011. The Shareholders' Fund was equally enhanced by 7% to ₦ 4,186,664,360 in 2012 from N3,911,457,844 in 2011.

DIVIDEND

In line with our promise to consistently grow shareholder value, the Board is recommending a dividend of ₦180 million for your approval. This translates to a dividend of 3 kobo per share compared to the 2 kobo paid out in 2012. The dividend is payable to members whose names appear in the register by close of business on 22nd July, 2013.

FUTURE OUTLOOK:

Distinguished Shareholders, we remain committed to our vision of evolving into a leading provider of insurance and other financial services of international standard. Towards this end, we shall continually ensure compliance with the best practices in corporate governance issues.

We are aware of recent capitalization efforts, mergers and acquisitions trends in the insurance industry and are monitoring these developments with a view to ensuring that your company is not caught off guard.

APPRECIATION

I wish to specially appreciate you all - our shareholders, fellow Board members, management and staff, insurance brokers, agents and all our loyal customers. The success we have achieved over the years would not have been possible without the efforts of all of you.

May I at this juncture announce the resignation of Mr Patrick Azurunwa from the Board of our company with effect from 7th August 2013. On your behalf, I wish to thank him for his valued contributions to matters brought before the Board and to wish him success in all his future endeavours.

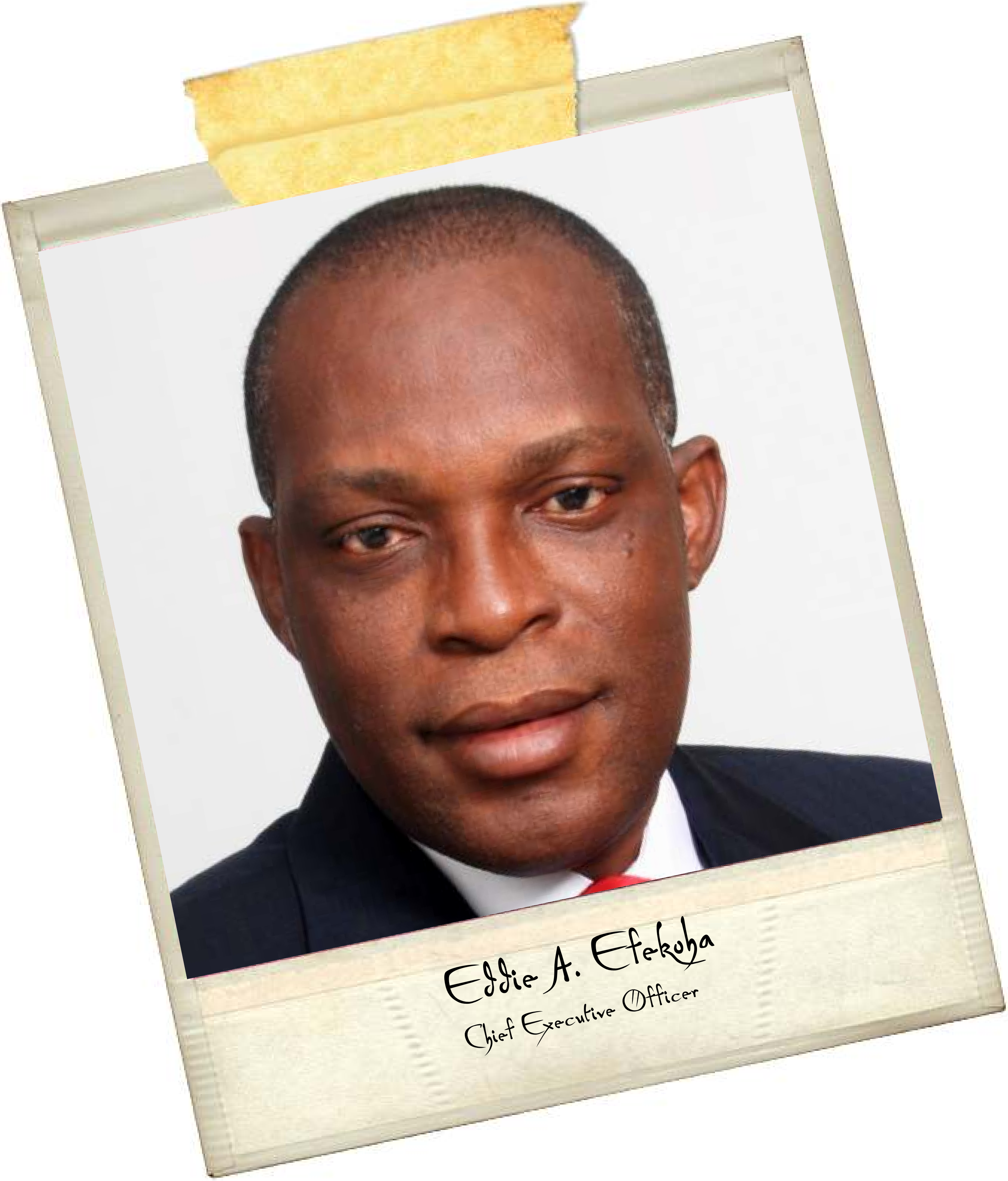
Finally let me thank you all for your continued support to our dear company as we pursue our set objectives.

Ugo (Dr.) Obi Ralph Ekezie
Chairman, Board of Directors

August, 2013.

Chief Executive Officer's Statement

Proven Performance



Chief Executive Officer's Statement

A strong set of full year results with 2012 proving to be a record year for Consolidated Hallmark, reflecting a solid operational performance and reinforcing our organic growth strategy and financial position.

Distinguished Shareholders
Fellow Members of the Board of Directors
Ladies and Gentlemen

I am delighted to once again welcome you to the 18th Annual General Meeting of your company.

Without mincing words, you have provided the support we need to celebrate another eventful year of success. We remain grateful. The past years, 2012 not an exception, have been quite daunting and full of challenges, but it has once again been a profitable one, with a proposal for your approval of another dividend payout to shareholders.

The modest achievements were recorded despite an operating environment characterized by higher operational costs including fuel price increase and private power generation due to frequent failure of public power supply.

Whilst continually striving to post impressive results no matter the constraints, I would like to highlight some important developments of interest.

Industry Overview

We have been quite hopeful of a change in tide towards improved insurance penetration via patronage year in year out. As stated in my last year's statement, expectations of appreciable growth in premium from commendable industry efforts like the Market Research and Restructuring Initiative (MDRI) have not yielded the desired results. However, there are expectations that collaborative efforts such as the recent deployment of Nigerian Insurance Industry Database (NIID) for compulsory Motor Insurance will improve insurance penetration. The adoption of the Thematic Guidelines approach in industry regulation by the National Insurance Commission (NAICOM) is being pursued with more vigour especially in the area of the usage of the International Financial Reporting Standards (IFRS) in preparation of the Accounts. Your company has remained proactive in the adoption of IFRS. We have again emerged as one of the very few operators to have their accounts approved early under these standards.

The renewed drive for enforcement of the "no premium no cover" credit policy is expected to lessen the burden of bad and doubtful debts as the policy provides for stiff penalties for operators who grant cover for risks without premium payment in advance.

In the area of tariffs and ratings for insurance transactions, regulatory efforts have not been strictly enforced, following the collapse of the market agreement drawn up by operators. Industry players continue to enjoy the leeway of determining rates they deem profitable. The industry cut-throat competition has remained, with the regulator however ensuring that customers are not unfairly treated in the event of claims settlement, on the basis of non-competitive rates charged at the inception of the risks.

" We are proud that we were able not only to fulfill the promises we made to our shareholders, but also to significantly exceed both market expectations and our own plans

Eddie A. Efekoha
Chief Executive Officer

Chief Executive Officer's Statement

Web Jurist Award

The deployment of technology and its regular update by your company paid off during the financial year. We won the Overall Annual Web Jurist Award in the Insurance category by foremost Management and Training Consultants, Phillips Consulting Limited. The Minister of Communications Technology, Mrs Omobola Johnson was on hand to personally present the award.

E-Business & Technology

Our quest to continually enhance our operations using best practices in modern technology led to the establishment of an e-business unit during the year. The unit has since commenced activities, leading to a collaborative arrangement with Zenith Bank during the last quarter of 2012. Purchase of the e-pin across the bank's counter for online transactions involving the motor third party insurance is now possible. Members of the public can now generate their own online motor insurance certificates using their ATM cards as well as taking advantage of this platform. Also, talks are almost concluded for the inclusion of additional banks in the deployment of the platform.

Corporate Social Responsibility

Your company remains firmly committed to giving back to the immediate communities where it operates. Towards this end donations to the Motherless Babies' Homes continued during the Yuletide Season and Children's Day celebrations. Lagos State Motherless Babies Home, Lekki and the Hearts of Gold Hospice, Surulere, Lagos benefitted from this initiative.

Water Project was also sponsored at the University of Calabar, while the company financed a Group Personal Accident Insurance Scheme for the crop of Nigerian insurance Reporters under the auspices of the National Association of Insurance Correspondents (NAICO).

Investment in Subsidiaries

Our subsidiary, CHI Capital Limited, has continued to contribute significantly in its own way to the bottom line of the parent company. During the year, there was a rise in Assets and LPO financing by Grand Treasurers Limited, a subsidiary of CHI Capital Limited. The staff strength and general operations have been beefed up while collaborative arrangements have been made, and continually being made to ease consumer assets financing with the attendant opportunities for insurance of such assets.

Claims settlement

As the volume of our business continued to grow, volume of claims paid has also grown significantly. A total of N874,736,420.00 was paid out as claims in 2012 when compared with N662,547,174.00 in 2011, thus recording a 32% increase in claims settlement during the year under review.

We believe that prompt settlement of claims remains the most formidable way of ensuring growth in patronage. We have thus reduced our claims processing time drastically, and now striving towards ensuring that payment cheques accompany offers of settlement for some categories of claims. This is being done based on our firm belief that a satisfied customer will certainly spread the good news to others.

Chief Executive Officer's Statement

Conclusion

The success we have recorded these past years would not have been possible without the solid support provided by our Chairman and members of the board. I thank you all for this. My appreciation also goes to you, our distinguished shareholders for your loyalty over the years.

We shall continue to count on your support in the years to come.

To our customers, we say thank you. You are the reason we are in business. I also want to express my appreciation to the members of my management team, and entire staff for standing solidly behind us in our quest for excellence.

Eddie A. Efekoha
Managing Director/CEO
August, 2013

Executive Management Team


1


2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7


8

> "Our plans, priorities and directions are clear. I see great opportunities ahead."
>
> Eddie Efekoha Managing Director/C.E .O

1/ / Eddie Efekoha
Managing Director/C.E .O

2/ / Bode Opadokun
Group Head (Technical)

3/ / Mac Ekechukwu
Regional Director (North)

4/ / Ijeoma Pearl Okoro
Regional Director (East)

5/ / Tunde Daramola
Group Head (Finance)

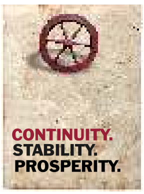
6/ / Gbolaga Adeyanju
Regional Director (Lagos/West)

7/ / Kate Itua
Group Head (Audit & Risk Management)

8/ / Dotun Adeogun
Group Head (Corporate Services)

Governance

An explanation of our approach to corporate governance, risk management remuneration policies and practices and the people who champion them



Directors' Report

For the year ended 31 December, 2012

The Directors have the pleasure in submitting their reports on the affairs of Consolidated Hallmark Insurance Plc together with the Group's Audited Financial Statements for the year ended 31st December 2012.

LEGAL FORM

The company was incorporated on 2nd August 1991 as a private limited liability company and commenced operations in 1992. The Company converted to a public limited company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The company shares were listed on the floor of The Nigerian Stock Exchange on 22nd February 2008.

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

During the year under review the company engaged in general insurance business and maintained 13 corporate offices.

GROUP OPERATING RESULTS

	2012 ₦'000	2011 ₦'000	Change ₦'000%	Change
Gross Premium Written	4,142,126,782	4,098,659,307	43,467,475	1.06
Gross Premium Earned	3,835,996,495	3,879,112,389	(43,115,893)	(1.11)
Net Premium Earned	2,910,758,640	2,753,208,878	157,549,762	5.72
Net Claim Paid	558,416,799	639,959,302	(81,542,503)	(12.74)
Management Expenses	940,275,018	882,399,977	77,875,041	9.03
Underwriting Profit	1,684,899,324	1,373,156,038	285,433,286	20.79
Profit or (Loss) Before Tax	560,466,357	148,231,095	412,235,262	278.10
Profit After Tax	395,206,516	153,389,264	241,817,252	157.65

Directors' Report (cont'd)

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:

Directors	Direct 2012	Indirect 2012	Direct 2011	Indirect 2011
Ugo (Dr.) Obi Ralph Ekezie	396,285,136	-	395,437,605	-
Mr. Anthony Aletor	-	1,065,000,000		1,065,000,000
Mr. Eddie Efekoha	336,190,000	250,808,100	316,000,000	257,145,000
Dr. Layi Fatona	-	21,553,750		21,553,750
Mrs. Ngozi Nkem	-	917,820,607		917,820,607
Chief Ben Ikejiaku	15,500,000	-	15,500,000	-
Mr. Pat Azurunwa	-	- -		-
Mr. Friday Ebojoh	6,625,000	-	26,625,000	-
Sunny Obidegwu	25,000,000	25,000,000	25,000,000	25,000,000

CONTINUITY. STABILITY. PROSPERITY.

Directors' Report

For the year ended 31 December, 2012

Director	Indirect Interest Represented
Mr. Anthony Aletor	Capital Express Insurance Company Limited and Capital Express Securities Limited
Dr. Layi Fatona	Nouveau Technologies Limited
Mrs. Ngozi Nkem	Maduako Group Limited
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited

Substantial Interest in shares

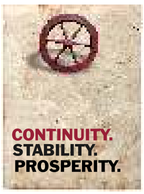
Shareholders who held more than 5% of the issued share capital of the company as at 31st December 2012 were as follows:

Shareholder	Units Held	%
Maduako Group Limited	917,820,607	15.3
Capital Express Insurance Co. Ltd	1,065,000,000	16.7
SPDC West Multipurpose Cooperative	500,000,000	8.3
Ugo (Dr.) Obi Ralph Ekezie	396,285,136	6.6
Mr. Eddie Efekoha	336,190,000	5.6

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

SHAREHOLDING ANALYSIS

Range of holdings			No of Shareholders	No of Shareholdings	%
1	-	10,000	3457	17,503,638	0.29
10,001	-	100,000	3817	154,815,822	2.58
100,001	-	1,000,000	1312	449,792,778	7.50
1,000,001	-	10,000,000	236	715,672,609	11.93
10,000,001	-	100,000,000	35	941,397,286	15.69
100,000,001	-	Above	9	3,720,817,867	62.01
			8,866	6,000,000,000	100



Directors' Report

For the year ended 31 December, 2012

DIRECTORS RESPONSIBILITIES

The Group's directors are responsible, in accordance with the provisions of Section 334 of the Companies and Allied Matters Act 1990, for the preparation of financial statements which give a true and fair view of the state of affairs of the Group's as at the year end of each financial year and of its profit and loss and cash flows for the year and that the statements comply with the International Financial Reporting Standard, Insurance Act 2003 and Companies and Allied Matters Act 1990.

In doing so they ensure that:

a. Proper accounting records are maintained.

b. Adequate internal control procedures are established which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularity.

c. Applicable accounting standards are followed.

d. Suitable accounting policies are consistently applied.

e. Judgments and estimates made are reasonable and prudent and consistently applied.

f. The going concern basis is used unless it is inappropriate to presume that the company shall continue in Business.

PROPERTY AND EQUIPMENT

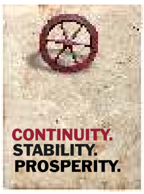
Movements in Property & Equipment during the year are shown in note eleven on page 69 & 70. In the opinion of the Directors the market value of the Company's Property & Equipment is not lower than the value shown in the financial statement.

CORPORATE GOVERNANCE

The Group maintains corporate policies and principles designed to ensure that the operations and procedures of the Group are in line with transparent corporate governance principles as directed by its regulators. The activities of the Group are legal, high standards of professionalism/accountability and integrity which provides due regard to the genuine interests of all our stakeholders.

BOARD OF DIRECTORS

The Board of Directors consists of nine members - a chairman, vice chairman, the managing director and six non executive directors. There was no change in the composition in the course of the year.



Directors' Report

For the year ended 31 December, 2012

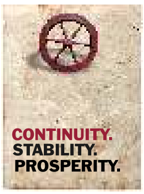
BOARD MEETINGS

Membership of the Board and its Committees and attendance of meetings during the Financial Year are as set out below:

	BOARD MEETINGS & ATTENDANCE	BOARD AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS & ATTENDANCE	BOARD FINANCE & GENERAL PURPOSE COMMITTEE MEETINGS & ATTENDANCE	BOARD INVESTMENT COMMITTEE MEETINGS & ATTENDANCE	BOARD ESTABLISHMENT & GOVERNANCE COMMITTEE MEETINGS & ATTENDANCE
Obi Ralph Ekezie	3	N/A	N/A	N/A	N/A
Anthony Aletor	3	2	N/A	2	N/A
Eddie Efekoha	3	-	6	2	4
Ngozi Nkem	3	4	N/A	N/A	4
Layi Fatona	3	N/A	3	2	N/A
Ben C. Ikejiaku	3	5	6	N/A	N/A
Pat Azurunwa	3	N/A	6	N/A	4
Friday A. Ebojoh	3	5	6	N/A	N/A
Sunny C. Obidegwu	2	N/A	N/A	2	4

Date Of Meetings

	14/02/2012	07/02/2012	07/02/2012	18/06/2012	29/02/2012
	31/03/2012	26/03/2012	11/05/2012	08/08/2012	15/05/2012
	19/06/2012	11/05/2012	18/06/2012		18/07/2012
		18/06/2012	26/07/2012		30/08/2012
		26/07/2012	24/10/2012		
			12/12/2012		



Directors' Report

For the year ended 31 December, 2012

SPONSORSHIPS & DONATIONS

Various donations and sponsorships were made during the year by the group to various organisations including the following:

• Part sponsorship of the Ibadan Golf Club Insurance Tournament	300,000
• Donation of Foodstuff & Provisions to Lekki Motherless Babies Home & Hearts of Gold Hospice	255,150
• Part sponsorship OF Institute of Directors' Members' Evening	250,000
• United Pastoral Fund Pet Project of Tony Aletor	500,000
• Security Lights for Oyefeso Street Neighbourhood Association	26,000
• Maintenance of Nigerian National Bureau Secretariat	327,141
• Part Sponsorship of Nigerian Cup 2012 OF Ikoyi Club 1938	250,000
• CIIN Delta Chapter Library	20,000
• NIA Chairman's Investiture part sponsorship	150,000
• National Association of Insurance Correspondents' Annual Dinner	100,000
• National Association of Insurance Correspondents' GPA cover	100,000
• Medical assistance to Tunde Akanni of Ayoola Neighborhood Ass.	20,000

EMPLOYMENT AND EMPLOYEES

a) Employment of Disabled Persons:

The group does not discriminate in considering applications for employment including those from disabled persons. However, as at 31st December 2012 there was no disabled person in the group employment.

b) Employees' training and Involvement

The group ensures that the employees are kept fully informed regarding the group values, goals, performance, and progress. Their views are sought on matters affecting them directly. All officers of the group attend meetings and or retreats where members of staff critically review the group performance and recommend solutions to identified problems in order to enhance the flat structure of the group. Professionalism and technical expertise among the staff are encouraged via regular, continuous and extensive in-house and external training.

c) Health safety and welfare of employees

The group strictly observes all safety and health regulations. The group provides safety equipments at all its premises. Staff medical is handled by Health Management Organisation while subsidies are provided to all categories of staff for their transportation, meals etc.

CONTINUITY. STABILITY. PROSPERITY.

Directors' Report

For the year ended 31 December, 2012

AUDITORS

The Auditors, PKF (Chartered Accountants) have indicated their willingness to continue in office in accordance with section 357 (2) of the companies and allied matters act 1990.
A resolution will be proposed at the annual general meeting to authorize the directors to fix their remuneration.

By order of the board

L. CHIDI ILOGU ESQ (SAN)
PP: FOUNDATION CHAMBERS
(Company Secretaries)
FRC/2013/000000001170

Internal Control and Risk Management Report

Introduction

The cornerstone of our Risk Management practices is to assist in the achievement of corporate goals and objectives. Of necessity, risk management concepts and principles are therefore continually incorporated into existing business processes to develop and manage corporate strategies and objectives.

Objectives are set at the corporate and business unit levels and aligned with pre-definedrisk appetite, which then drive risk tolerances throughout the organization. Therefore, a properly defined, documented and approved objective is crucial to the success of Consolidated Hallmark ERM process.

Identifying and managing risks are key elements of the group's strategic, financial and operational planning cycle. Embedding risk management into strategic, financial and operational planning processes enables the group to pro-actively identify and understand potential barriers to the achievement of corporate goals and objectives. These risks were considered in the final decision to select the appropriate strategy and related objectives.

Risk management is embedded in the performance measurement system of the organization to facilitate the entrenchment of a risk culture across the organization. Risk management activities closely align with the organizational balanced scorecard and other mechanisms that are currently in place to monitor, measure, track and report business objectives and supporting metrics.

Effective risk management is fundamental to the business activities of the group. While we remain committed to increasing shareholder value by developing and growing our business within our board-approved risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders.

We seek to achieve an appropriate balance of risk and reward in our business, and continue to enhance the risk management capabilities that assist in delivering our growth plans in a controlled manner.

Our risk management processes have continued to prove effective, despite a tough economic environment. Executive management is closely involved in important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, and effectively managing the risk portfolios.

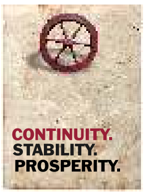
Responsibility and accountability for risk management resides at all levels within the group, from the board down through the organization to each business manager and risk specialist.

Risks are controlled at the level of individual exposures and at portfolio level, as well as in aggregate across all businesses and risk types.

Internal Control and Risk Management Report

The group uses the three lines of defence model:

First line of defence	Business unit management	Primarily responsible for risk management. The process of assessing, evaluating and measuring risk is ongoing and is integrated into the day-to-day activities of the business. This process includes implementing the group's risk management framework, identifying issues and taking remedial action where required. Business unit management is also accountable for reporting to the governance bodies within the group.
Second line of defence	Risk management unit	The risk management unit is primarily responsible for setting the group's risk management framework and policy, providing oversight and independent reporting to the Board through the board audit and risk management committee and the executive management The business unit risk management functions implement the group's risks management framework and policy in the business units, approve risk within specific mandates and provide an independent overview of the effectiveness of risk management by the first line of defense.
Third line of defence	Internal audit function	Provides an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, and reports to the board through the board audit and risk management committee.



Internal Control and Risk Management Report

Risk management framework

2.1 Governance structure

Strong independent oversight is in place at all levels throughout the group. The executive management committee carries out the oversight function for all risk types through the operations of the Chief Risk Officer. This committee considers and to the extent required, recommends for approval by the relevant board committees:

- levels of risk appetite and tolerance;
- risk governance standards for each risk type;
- actions on the risk profile;
- risk strategy and key risk controls across the group; and
- Utilization of risk appetite.

These board committees meet at least quarterly, with additional meetings conducted when necessary.

Approach and structure

The group's approach to risk management is based on well established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances strong corporate oversight at group level, beginning with proactive participation by the group chief executive and the group executive management committee in all significant risk matters, with independent risk management structures within individual business units.

Business unit heads are primarily responsible for managing risk within each of their businesses and for ensuring that appropriate, adequately designed and effective risk management frameworks are in place, and that these frameworks are compliant with the group's risk governance standards.

To ensure independence and appropriate segregation of responsibilities between business and risk management, business units risk champions report operationally to their respective business unit heads and functionally to the group chief risk officer.

Risk governance standards, policies and procedures

The group has developed a set of risk governance standards for each major risk type to which it is exposed. The standards set out and ensure alignment and consistency in the way in which we deal with major risk types across the group, from identification to reporting.

All standards are applied consistently across the group and are approved by the board. It is the responsibility of executive management to ensure that the risk governance standards, as well as supporting policies and procedures, are implemented and independently monitored by the risk owners and risk champions in every business unit.

Internal Control and Risk Management Report

Risk appetite

Risk appetite is the maximum level of residual risk that the group is prepared to accept to deliver on its business objectives. The group has developed a robust framework that is used to articulate risk appetite throughout the group and to external stakeholders.
The board establishes the group's parameters for risk appetite by:

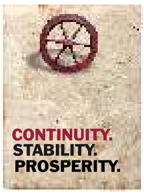
- providing strategic leadership and guidance;
- reviewing and approving annual budgets and forecasts; and
- Regularly reviewing and monitoring the group's risk performance through quarterly board reports.

CHI's risk appetite framework considers all risks areas across the group in an integrated manner; comprising both quantitative and qualitative elements and is aligned with our business and capital strategy. Quantitatively, our risk appetite framework is designed such that we are able to monitor and manage both total risk and risk appetite within a set of pre-defined set of risk limits. The risk appetite framework is aligned with our risk policies.

Key elements of Group risk management strategy
The group risk management strategy aims at providing a structured way of ensuring all material risks were identified, prioritized and reacted to appropriately. The group approach to risk management has the following features:

- it is comprehensive, and scaled throughout the organization
- risks are identified and monitored
- the monitoring mechanism is effective at signaling changes in the status of a known risk
- effective reporting and decision making mechanisms are in place to take the appropriate response punctually
- evaluation and feedback strategies are in place to continuously review and improve risk management practices
- training, systems and communication strategies are in place to support an effective strategy
- integrates with risk management strategies of other stakeholders
- risk management is largely devolved to the relevant business area
- Each business unit within the group produces a risk register which is used in organizational planning and monitoring.

Risks of corporate significance are flagged by business units and the risk status reported monthly to the executive management as part of a monthly report on progress against financial and business objectives.



Internal Control and Risk Management Report

Risk management framework

The Group's ERM framework complies with the guideline on risk management framework issued by the National Insurance Commission) NAICOM) and which is in line with provisions of the Committee of Sponsoring Organizations of the Tread way Commission (COSO).

Major Risk categories in insurance sector

- underwriting risk
- claims management risk
- reinsurance risk
- market risk/investment risk
- credit risk
- provisioning/reserving risk
- operational risk
- liquidity risk
- reputational risk
- legal risk
- business risk

It is pertinent to include additional notes on some of these major risk categories mentioned above:

Operational risk

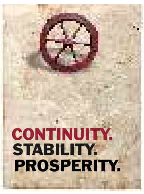
Operational risk may result from deficiencies or errors in business processes, controls or projects caused by technology, staff, organization or external factors.

Operational risk is recognized as a distinct risk category which the group manages within acceptable levels through sound operational risk management practices. The group's approach to managing operational risk is to adopt practices that are fit for purpose to suit the organizational maturity and business environment.

Executive management defines the operational risk appetite at a business unit and group level. This operational risk appetite supports effective decision making and is central to embedding risk management in business decisions and reporting.

The objective in managing operational risk is to establish sound control practices to increase the efficiency and effectiveness of the group's resources, minimize losses and utilize opportunities.

In accordance with leading practice, our comprehensive risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with our operations. The group framework defines the minimum requirements for operational risk management and is supported by specific policies and procedures. Operational risk management forms part of the day-to-day responsibilities of management at all levels.



Internal Control and Risk Management Report

Legal risk

Legal risk arises where:

- the group's businesses or functions may not be conducted in accordance with applicable laws in the countries in which it operates;
- incorrect application of regulatory requirements takes place;
- the group may be liable for damages to third parties; and
- Contractual obligations may be enforced against the group in an adverse way, resulting from legal proceedings being instituted against it.

The group has in place compliance grid for all issues that may likely bring about a legal risk and has set internal deadlines and checklist to ensure that basic parameters are adhered to. This grid and checklist are closely monitored by the Legal and Compliance and Internal Audit Units to ensure strict compliance. Although the group has processes and controls in place to manage its legal risk, failure to manage this risk effectively could result in legal proceedings impacting the group adversely, both financially and reputational.

Business risk

Business risk relates to the potential revenue shortfall compared to the cost base due to strategic and/or reputational reasons. The group's ability to generate revenue is impacted by, among others, the external macroeconomic environment, our chosen strategy and our reputation in the markets in which weoperate.

The approach followed by the group in quantifying business risk is to estimate ournet revenue or loss distribution for each business unit.

Business risk is managed by the group executive management committee which is ultimately responsible for managing the costs and revenues of the group. In addition, mitigation of business risk is undertaken in a number of ways including:

- comprehensive due diligence, including KYC during the investment appraisal process;
- stakeholder engagement to ensure positive outcomes from external factors beyond the group's control;
- consistent monitoring the profitability of product lines and customer segments;
- Maintaining tight control over the cost base of the group, f ocusingthe management of ourcost-to-income ratio. This allows for early intervention and management action to reduce costs where necessary; and
- Being alert and responsive to changes in market forces.

Reputational risk

Reputational risk results from damage to the group's image which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships. Safeguarding the group's reputation is of paramount importance to our continued success and is the responsibility of every member of staff. The group at all times strives to minimize reputational damage.

The group's core values provide guidance on acceptable behaviours for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the group's reputation.

Internal Control and Risk Management Report

Each business unit is responsible for identifying, assessing and determining all reputational risk issues that may arise within their respective areas of business. Risks to reputation can be evaluated by considering the likelihood of the risk occurring and the likely impact. The impact of such risks is considered explicitly alongside financial or other impacts.

Money laundering and terrorist financing control

Guidelines across the group pertaining to money laundering and terrorist financing control imposes significant requirements in terms of customer identification, record keeping and training, as well as obligations to detect, prevent and report money laundering and terrorist financing. The group is committed to continually improving its control measures, including customer monitoring tools. The group's money laundering and terrorist financing control policy continues to be updated to reflect best practice expectations.

Conclusion

The insurance sector has had its share of volatility and the industry is undergoing significant changes. Our commitment to sound risk management practices has proved effective in ensuring our ability to provide seamless service to our customers. We recognize that maintaining and continually enhancing our risk management capabilities will be critical in the years ahead to ensure that the group's financial and strategic objectives are achieved within approved levels of risk appetite.

Kate Itua (Mrs)
Chief Risk Officer
FRC/2012/ICAN/00000000514

Report of The Statutory Audit Committee

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS
OF CONSOLIDATED HALLMARK INSURANCE PLC FOR THE YEAR ENDED 31 DECEMBER 2012

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters Act, CAP. C20 Laws of the Federation of Nigeria, 1990 we the Members of the Audit Committee of Consolidated Hallmark Insurance Plc, having carried out our statutory functions under the Act, hereby report that:

1. The accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practice.

2. The scope and planning of both the external and internal audit programmes for the year ended 31 December, 2012 are satisfactory and reinforce the Company's internal control system.

3. We deliberated with the External Auditors and they confirmed that all necessary co-operation was received from Management and that they have issued a satisfactory report.

In our opinion, the scope and planning of the audit for the year ended 31 December, 2012 together with the group audited financial statements were satisfactory. The external auditors had discharged their duties conscientiously and satisfactorily. We were satisfied with Management response to the auditors' findings.

Dated April 24th, 2013

Tony Anonyai
Chairman, Audit Committee
FRC/2013/ICAN/000002579

Members of the Audit Committee

Tony Anonyai
Tony Ukatu
Chief Simon Okiotorhoro
Tony Aletor
Friday Akpome Ebojoh
Chief Ben C. Ikejiaku

Report of the Independent Auditors

For the year ended 31 December, 2012

PKF Professional Services

PKF

Chartered Accountants & business advisers

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CONSOLIDATED HALLMARK INSURANCE PLC

We have audited the accompanying consolidated financial statements of Consolidated Hallmark Insurance Plc, (the Company") and its subsidiary (together "the Group") which comprise the consolidated statement of financial position at 31 December 2012, the consolidated statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and a summary of significant accounting policies, and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Financial Reporting Council of Nigeria Act, No. 6, 2011 and for such internal control as the Directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statement present fairly, in all material respects the financial position of Consolidated Hallmark Insurance Plc ("the Company") and its subsidiary (together "the Group") at 31 December 2012, and of their financial performance and cash flows for the year then ended, the company and its subsidiary have kept proper books of account, which are in agreement with the consolidated statement of financial position and consolidated income statement, in accordance with the International Financial Reporting Standards, and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, the applicable provisions of the Insurance Act 2003 and relevant guidelines issued by National Insurance Commission and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011.

PKF Professional Services

Chartered Accountants
Lagos, Nigeria

Date: 10 April 2013
FRC/2013/ICAN/00000000753

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 176226

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Offices in: Abuja, Bauchi, Jos, Kaduna, Kano
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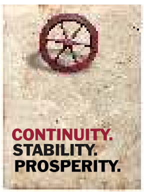


Statement of Significant Accounting Policies

For the year ended 31 December, 2012

The following are the significant accounting policies adopted by the Group in the preparation of its financial statements. These policies have been consistently applied to all year's presentations, unless otherwise stated

1. Group information and accounting policies

The Group

The group comprises of Consolidated Hallmark Insurance Plc (the company) and its subsidiary - CHI Capital Limited. CHI Capital Limited also has a wholly owned subsidiary, Grand Treasurers Limited.

Company Information:

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of the National Insurance Commission (NAICOM) announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

Principal Activities

Consolidated Hallmark Insurance Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body – National Insurance Commission. The company underwrites Aviation, Oil and Gas, Marine Cargo and Hull and other non – life insurance underwriting including Motor, Fire and Special Perils, Goods-in-transit, Engineering Insurance and General Accident insurance businesses.

The Company identifies prompt claims payment as a means to achieving customer satisfaction and therefore emphasizes prompt claims payment in its operations. The company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

The Company is a public limited company incorporated and domiciled in Nigeria. Its shares are listed on the floor of the Nigerian Stock Exchange and has its registered office at Consolidated Hallmark House, 266, Ikorodu Road, Lagos

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

Subsidiary; CHI Capital Limited and Grand Treasurers Limited

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing and corporate support services. CHI Capital Limited acquired 100% interest in Grand Treasurers Limited.

Grand Treasurers Limited was incorporated in October 1990 and commenced operations in January 1991. Duly licensed by CBN as a non bank finance institution, Grand Treasurers Limited is a wholly owned subsidiary of CHI capital. The business of the company is consumer lending, lease financing and other finance company business.

These financial statements have been authorized for issue by the Board of Directors on 10 April 2013.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

1. Basis of presentation:

1.1 Statement of compliance with IFRS

These financial statements are the separate and consolidated financial statement of the company and its subsidiaries (together, "the group"). The group financial statements for the year 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB"). Additional requirement by national regulations is included where appropriate.

These are the first financial statements of the Group prepared in accordance with IFRSs, having previously prepared its financial statements in accordance with Nigerian Generally Accepted Accounting Principles (Nigerian GAAP). IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 48. This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP to those reported for this period under IFRS.

1.1.2 Explanation of transition to IFRSs

(a) Implementation of IFRSs

These are the Group's first consolidated financial statements prepared in accordance with IFRSs. The date of transition to IFRS is effectively 1 January 2011 which represents the start of the earliest period of comparative information presented. The opening balance sheet as at 1 January 2011 has been restated accordingly. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

The most significant IFRSs impact for the Group originated from the implementation of IAS 39 – (Financial instruments: Recognition and Measurement) which requires the valuation of financial assets and liabilities at fair values and impairment of financial assets to only be accounted for if there is objective evidence that a loss event has occurred after initial recognition but before the balance sheet date, IAS 27 – (Consolidated and Separate Financial Statements) and IFRS 4 (Insurance Contracts) which requires an insurer to apply a liability adequacy test to its insurance liabilities.

The effect of the Group's transition to IFRSs is summarized below:

i. IFRS 1 exemptions and elections
ii. Explanation of material adjustments to cash and cash equivalents as at 1 January 2011 and 31 December 2011
iii. Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS
iv. Adjustments to the statement of cash flows.

i. IFRS 1 exemptions and elections:

In preparing these financial statements in accordance with IFRS 1, the Group has applied mandatory exceptions from full retrospective application of IFRS.

▸ Insurance contracts

IFRS 4, Insurance Contracts, restricts the changes in accounting policies for insurance contracts including changes made by a first-time adopter. Consolidated Hallmark Insurance has elected to apply the transitional provisions of IFRS 4.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

▶ Fair value or revaluation as deemed cost

An entity may elect to measure an item of property, plant and equipment at the date of transition to IFRSs at its fair value and use that fair value as its deemed cost at that date; or may elect to use a previous GAAP revaluation of these assets at or before the date of transition to IFRSs as deemed cost at the date of the transition, if the revaluation was broadly comparable to fair value or cost or depreciated cost in accordance with IFRSs.

The Group has elected to measure its property and equipment based on the previous GAAP's revaluation and adopted this as their deemed cost as at the date of transition. The items of land and buildings included both in investment property and property and equipment are recognized separately.

▶ Business combinations

IFRS 1 provides that a first-time adopter may elect not to apply IFRS 3 (Business Combinations) retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to IFRSs). Consolidated Hallmark Insurance Plc elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its Transition Date and such business combinations have not been restated.

▶ Investments in subsidiaries

Where a first-time adopter measures its investment in subsidiaries, jointly controlled entities and associates at cost, it shall measure that investment in its separate opening financial statement of financial position either at cost determined in accordance with IAS 27 or at deemed cost. Consolidated Hallmark Insurance Plc has elected to apply the exemption to measure its investments in its subsidiary in its separate opening IFRS statement of financial position in line with IAS 27.

▶ De-recognition of financial assets and financial liabilities

IFRS 1 permits an entity to avoid retrospective application of de-recognition requirements in IAS 39 for transactions entered into before January 1, 2004. The Group has applied the de-recognition requirements in IAS 39, Financial Instruments: Recognition and Measurement, retrospectively from the transition date.

Estimates

IFRS 1 requires that an entity's estimates in accordance with IFRSs at the date of transition to IFRSs be consistent with estimates made for the same date in accordance with the previous GAAP (after adjustments to reflect any difference in accounting policies) unless there is objective evidence that those estimates were in error.

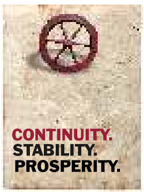
The estimates made by the group under the Nigerian GAAP at the transition date, i.e. 1 January 2011 is consistent with estimates made in the Group's opening IFRS statement of financial position (after adjustments to reflect any difference in accounting policies).As a result, the Group has not used hindsight to revise estimates.

ii Explanation of material adjustments to cash and cash equivalents as at 1 January 2011 and 31 December 2011

The net impact of application of IFRSs on cash and cash equivalents of the Group is an increase in cash and cash equivalents at 1 January 2011 of N915,310,791. There have been no material adjustments to the cash flow statements in respect of cash utilized by operating activities before tax, cash flows from investing activities and cash flows from financing activities as a result of the adoption of IFRSs.

iii. Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS

A quantitative explanation of how the transition to International Financial Reporting Standards (IFRS) has affected the reported financial position, financial performance and cash flows of the Group and the Company is provided in note 48. This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for this period under IFRS.



Statement of Significant Accounting Policies

For the year ended 31 December, 2012

iv. Adjustments to the statement of cash flows

There was no material adjustment to the groups' cash flow arising from conversion from NGAAP to IFRS.

b) Standards, amendments and interpretations issued but not yet effective for the 31 December 2012 year end and not early adopted.

- IFRS 9: Financial instruments: Classification and measurement (effective for periods beginning on or after 1 January 2015)

IFRS 9 addresses the recognition, de-recognition, classification and measurement of financial assets and financial liabilities. In respect of financial assets, IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value.

The classification and measurement of financial liabilities have remained as per IAS 39 with the exception of financial liabilities designated at fair value through profit or loss where the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income.

The determination is made at initial recognition. The classi?cation depends on the entity's business model for managing its ?nancial instruments and the contractual cash ?ow characteristics of the instrument. For ?nancial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for ?nancial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates a qualitative mismatch.

The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. There will now be two main categories of financial assets i.e. fair value and amortized cost (as opposed to the four categories prescribed by IAS 39 - fair value through profit & loss, loans & receivables, held to maturity and available for sale financial assets) but will potentially have no impact on classification and measurements of financial liabilities.

The group intends to adopt IFRS 9 not later than the accounting period beginning 1 January 2015.

- IFRS 10: Consolidated financial statements (effective for periods beginning on or after 1 January 2013)

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

The group intends to adopt IFRS 10 not later than the accounting period beginning 1 January 2013.

- IFRS 11: Joint arrangements (effective for periods beginning on or after 1 January 2013)

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has right to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

The group intends to adopt IFRS 11 not later than the accounting period beginning 1 January 2013.

- **IFRS 12: Disclosures of interests in other entities (effective for periods beginning on or after 1 January 2013)**
  This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests. The group intends to adopt IFRS 12 not later than the accounting period beginning 1 January 2013.

- **IFRS 13 Fair Value Measurement (effective on or after 1 January 2013)**
  IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. The Group is currently reviewing its methodologies in determining fair values in line with this standard. The group intends to adopt IFRS 13 not later than the accounting period beginning 1 January 2013.

- **IAS 19 Employee Benefits (effective on or after 1 January 2013)**
  IAS 19 changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans which is the plan adopted by the group, the removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.
The adoption of IFRS 9,10,12,13 and IAS 19 as amended has no material effect on the Group's accounting policies. The group did not early adopt any new or amended standards in 2012.

1.2 Basis of measurement

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

- Available-for-sale financial assets are measured at fair value.
- Investment Property is measured at fair value.
- Assets held for trading are measured at fair value

1.3 Functional and presentation currency

The financial statements are presented in the functional currency, Nigeria naira which is the Group's functional currency.

1.4 Consolidation

The Group financial statement comprises the financial statement of the company and its subsidiary, CHI Capital Limited, all made up to 31 December, each year. The financial statements of subsidiaries are consolidated from the date the group acquires control, up to the date that such effective control seizes. A subsidiary is an entity over which the Group has the power to govern the ?nancial and operating policies generally accompanying a shareholding of more than one half of the voting rights. CHI Capital Limited is a wholly owned subsidiary of the company.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

All intercompany transactions, balances, unrealized surplus and deficit on transactions between group companies are eliminated on consolidation. Unrealized losses are also eliminated in the same manner as unrealized gains. The financial statements of the subsidiary has been prepared in accordance with IFRSs and the accounting policies of the subsidiary are consistent with the accounting policies adopted by the group which are in accordance with IFRSs.

1.5 Use of estimates and judgments

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption. The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of asset and liabilities within the next financial year are discussed below:

(a)The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time.

Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

(b) Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The group adopts costs less impairment to determine the fair value of its available for sale financial assets as no observable market data exist for this asset.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

(c) Impairment of trade receivables

Impairment of trade receivables requires management judgment. Internal models were developed based on company specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to management and where there is objective evidence of impairment they are appropriately impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectoral basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

(d) Deferred acquisition costs (DAC)

Commissions that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). The amount of commission to be deferred is directly proportional to the time apportionment basis of the underlying premium income to which the acquisition cost is directly related.

(e) Income taxes

The Group periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

2. Segment reporting

An operating segment is a component of the Group engaged in business activities from which it can earn revenues andwhose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Executive Management.

3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash. For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; cash balances and fixed deposits.

3.1 Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired. At initial recognition, the Group classifies its financial assets in the following categories:

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

3.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term.

Assets where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day, are trading assets. Assets do not fall under this category merely because there is a market for the asset – the entity must have acquired the asset for short term trading intent.

3.1.2 Available-for-sale investments

These are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. The Group's available-for-sale assets comprise investments in equity securities (other than those qualifying as cash equivalents).

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. In cases where the fair value of an unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment. Gains or losses arising from remeasurement are recognized in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognized in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months.

Dividends on available-for-sale equity instruments are recognized in the statement of income as dividend income when the Group's right to receive payment is established.

3.1.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. The Group's loans and receivables comprise loans issued to corporate entities, individual and / or staff of the Group and trade receivables.

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

3.1.4 Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognized at cost and subsequently measured at amortized cost. Interests on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income. In the event of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/ (losses) on investment securities'.

3.2 Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

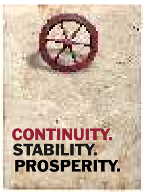
Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3.3 Impairment of assets

3.3.1 Financial assets carried at amortized cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including: adverse changes in the payment status of issuers or debtors in the Group; or national or local economic conditions that correlate with defaults on the assets in the Group.



Statement of Significant Accounting Policies

For the year ended 31 December, 2012

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

3.3.2 Assets classified as available for sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

3.3.3 Impairment of non-financial assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

3.3.4 Impairment of other non-financial assets

Assets that have an indefinite useful life – for example, land – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.1 As Lessor

4.1.1 Finance leases

Assets held under finance leases are recognized as finance lease receivable of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognized immediately in the income statement, unless attributable to qualifying assets, in which case they are capitalized to the cost of those assets. Contingent rentals are recognised as expenses in the periods in which they are incurred.

5. Receivables and payables related to Insurance Contracts

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company's historical outstanding premium collection ratio per sector.

6. Reinsurance Assets and Liabilities

These are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company, and which also meets the classification requirements for

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

insurance contracts held as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortized over the estimated remaining settlement period.

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets

7. Deferred acquisition costs

Acquisition costs comprise mainly of agent's commission. These costs are amortized and deferred over the terms of the related policies to the extent that they are considered to be recoverable from unearned premium.

8. Other receivables and prepayments

Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

9. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

10. Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the group's operations or for administrative purposes. Investment property comprises freehold land and building and is initially recognized at cost and subsequently recognized at fair value with any change recognized in income statement. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

11.Property and equipment

11.1 Recognition and Measurement

All property and equipment are stated at historical cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	-	2%
Furniture, fittings and equipment	-	15%
Computers	-	15%
Motor vehicles	-	20%
Office equipment	-	15%

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement in operating income.

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period.

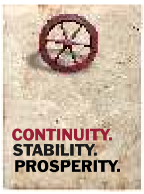
11.2 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognized in income statement to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity.

Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in income statement.

12. Statutory Deposit

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



Statement of Significant Accounting Policies

For the year ended 31 December, 2012

13. Insurance Contracts Liabilities

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with Pre-changeover Nigerian GAAP subject to issue of Liability adequacy test (note13.4).Balances arising from insurance contracts primarily includes unearned premium, provisions for outstanding claims and adjustment expenses, re-insurers share of provision for unearned premium and outstanding claims and adjustment expenses, deferred acquisition costs, and salvage and subrogation receivables.

13.1 Reserves for unearned premium

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

13.2 Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test.

13.3 Reserves for unexpired risk

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)"

13.4 Liability adequacy test

At each reporting date, the company performs a liability adequacy test through an Actuary on its insurance contract liabilities less deferred acquisition costs to ensure the carrying amount is adequate, using current estimate of future cash flows, taking into consideration the relevant investment return. If the estimate shows the carrying amount of liabilities is inadequate, any deficiency is recognized as an expense to the income statement initially by writing off the deferred acquisition expense and subsequently by recognizing an additional claims liability for claims provisions.

14. Other payables and accruals

Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

15. Retirement benefits obligations

15.1 Defined contribution plan

The Group runs a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

CONTINUITY. STABILITY. PROSPERITY.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

16. Share capital

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

17. Contingency Reserve

In compliance with Section 21 (2) 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.

18. Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a deduction in the revenue reserve in the year in which the dividend is approved by the Company's shareholders.

19. Revenue recognition

19.1 Premium

Written premium for non-life (general insurance) business comprises the premiums on contract incepting in the financial year. Written premium are stated at gross of commissions payable to intermediaries. Unearned premiums are those portions of the premium, which relates to periods of risks after the balance sheet date. Unearned premiums are prorated evenly over the term of the insurance policy. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in the unearned premium.

19.2 Reinsurer's share of unearned premium

Reinsurer's share of unearned premium is recognized as an asset using principles consistent with the company's method for determining the unearned premium liability.

20. Provision for unpaid claims and adjustment expenses

Individual loss estimates are provided on each claims reported. In addition, provisions are made for adjustment expenses, changes in reported claims, and for claims incurred but not reported, based on past experience and business in force. The estimates are regularly reviewed and updated, and any resulting adjustments are included in the current income.

21. Salvage and subrogation recoverable

In the normal course of business, the company obtains ownership of damaged properties, which they resell to various salvage operators. Unsold property is valued at its estimated net realizable value.

Where the company indemnifies policyholders against a liability claim, it acquires the right to subrogate its claims against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

21.1 Fees and commission income

Fees and commissions consist primarily of reinsurance commission and other contract fees. All other fee and commission income is recognized as services are provided.

21.2 Investment Income

Investment income consists of dividend, interest income. Dividends are recognised only when the group's right to payments is established.

21.2.1 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount.

21.2.2 Other operating income

Other operating income is made up of rent income, profit on disposal of fixed assets, profit or loss on disposal of investment, exchange gain or loss and other line of income that are not investment income.

21.3.3 Realized gains and losses

The realized gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and its original or amortized costs as appropriate.

22. Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Statement of Significant Accounting Policies

For the year ended 31 December, 2012

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

23. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

24. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the year end date, unsettled monetary assets and liabilities are translated into the Group's functional currency by using the exchange rate in effect at the year-end date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the group's functional currency are recognized in the consolidated income statement.

25. Unclaimed dividend

Unclaimed dividend are amounts payable to shareholders in respect of dividend previously declared by the Group which have remained unclaimed by the shareholder in compliance with section 385 of the Companies and Allied Matters Act (Cap C20) laws of the Federation of Nigeria 2004. Unclaimed dividends are transferred to general reserves after twelve years.

26. Earnings per share

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

Detail financial information for the year ended 31 December 2012

Consolidated Statement Of Financial Position

At 31 December 2012

	Notes	Group 31-Dec. 2012 ₦	Group 31-Dec. 2011 ₦	Group 1-Jan. 2011 ₦	Company 31-Dec. 2012 ₦	Company 31-Dec. 2011 ₦	Company 1-Jan. 2011 ₦
Assets							
Cash and cash equivalents	2	1,857,303,251	1,449,326,577	1,103,532,501	1,746,507,954	1,411,518,588	1,091,444,192
Financial assets:							
- At fair value through profit or loss	3.1	182,451,560	307,139,471	440,555,249	167,695,232	290,605,960	415,642,232
- Loans and receivables	3.2	41,082,638	38,045,841	71,625,750	25,122,448	33,274,773	62,779,702
- Available for sale	3.3	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Finance lease receivables	4	24,731,816	3,683,648	-	-	-	-
Trade receivables	5	1,138,068,666	1,087,834,621	1,173,764,373	1,138,068,666	1,087,834,621	1,173,764,373
Reinsurance assets	6	1,068,907,833	873,061,080	592,225,564	1,068,907,833	873,061,080	592,225,564
Deferred acquisition cost	7	195,734,475	140,827,494	99,835,583	195,734,475	140,827,494	99,835,583
Other receivables and prepayments	8	50,413,485	47,945,478	114,364,264	61,710,099	61,917,660	101,401,046
Investment in subsidiaries	9	-	-	10,000,000	226,407,680	126,407,680	126,407,680
Investment properties	10	870,331,600	870,578,915	798,555,318	785,831,600	786,578,915	780,907,593
Property and equipment	11	946,746,286	957,325,946	979,445,786	946,346,035	957,325,946	979,445,786
Statutory deposits	12	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Total assets		6,677,771,610	6,077,769,071	5,685,904,388	6,664,332,022	6,071,352,717	5,725,853,751
Liabilities							
Insurance contract liabilities	13	1,879,967,422	1,766,281,709	1,231,267,874	1,879,967,422	1,766,281,709	1,231,267,874
Trade payables	14	218,963,082	93,054,868	151,783,120	218,963,082	93,054,868	151,783,120
Provision and other payables	15	78,514,068	27,605,076	26,342,581	87,474,075	23,803,827	17,490,058
Finance lease payable		-	-	9,217,216	-	-	9,217,216
Retirement benefit obligations	16	8,507,055	8,413,206	10,927,814	8,429,295	8,413,206	10,927,814
Income tax liabilities	17.2	178,219,612	152,263,638	191,805,345	169,994,951	151,027,491	191,805,345
Deferred tax liabilities	17.4	126,936,011	118,692,730	126,491,859	126,936,011	118,692,730	126,491,859
Total liabilities		2,491,107,250	2,166,311,227	1,747,835,809	2,491,764,836	2,161,273,831	1,738,983,286
Equity							
Issued and paid share capital	18	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Contingency reserves	19.1	617,545,019	493,281,216	370,321,437	617,545,019	493,281,216	370,321,437
Statutory reserve	19.2	1,660,694	533,415	-	-	-	-
Retained earnings	20	567,458,647	417,643,213	567,747,142	555,022,167	416,797,670	616,549,028
Shareholders' fund		4,186,664,360	3,911,457,844	3,938,068,579	4,172,567,186	3,910,078,886	3,986,870,465
Total liabilities and equity		6,677,771,610	6,077,769,071	5,685,904,388	6,664,332,022	6,071,352,717	5,725,853,751

The accompanying notes are an integral part of these consolidated and separate financial statements.
The consolidated financial statements were approved by the Board of Directors on 10 April 2013 and signed on its behalf by:

Ugo. (Dr.) Obi Ralph Ekezie
Chairman
FRC/2013/COREN/00000002188

Eddie Efekoha
Managing Director
FRC/2013/CIIN/00000002189

Babatunde Daramola
Chief Finance Officer
FRC/2013/ICAN/00000000564

Consolidated Statement Of Comprehensive Income For The Year Ended 31 Decembe

	Notes	Group 31-Dec. 2012 ₦	Group 31-Dec. 2011 ₦	Company 31-Dec. 2012 ₦	Company 31-Dec. 2011 ₦
Gross premium written		4,142,126,782	4,098,659,307	4,142,126,782	4,098,659,307
Gross premium income	22	3,835,996,495	3,879,112,389	3,835,996,495	3,879,112,389
Reinsurance premium expenses	23	(925,237,855)	(1,125,903,511)	(925,237,855)	(1,125,903,511)
Net premium income		2,910,758,640	2,753,208,878	2,910,758,640	2,753,208,878
Fee and commission income	24	237,243,584	76,172,079	237,243,584	76,172,079
Net underwriting income		3,148,002,224	2,829,380,957	3,148,002,224	2,829,380,957
Claims expense		(558,416,799)	(639,959,302)	(558,416,799)	(639,959,302)
Underwriting expenses	25	(904,686,101)	(816,265,617)	(930,996,101)	(816,265,617)
Underwriting profit		1,684,899,324	1,373,156,038	1,658,589,324	1,373,156,038
Investment income	26	243,208,498	118,215,172	227,328,630	111,984,769
Other operating income	27	14,286,644	88,709,456	11,133,773	19,020,534
Impairment charge	28	(422,184,651)	(447,425,932)	(419,336,868)	(447,425,932)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	29	(19,468,439)	(122,023,661)	(20,313,928)	(113,644,156)
Management expenses		(940,275,018)	(862,399,977)	(916,641,303)	(846,277,148)
Results of operating activities		560,466,357	148,231,095	540,759,627	96,814,104
Finance cost		-	-	-	-
Profit/(loss) before taxation		560,466,357	148,231,095	540,759,627	96,814,104
Income tax (expenses)/credit	17.1	(165,259,841)	5,158,169	(158,271,327)	6,394,316
Profit/(loss) after taxation		395,206,516	153,389,264	382,488,300	103,208,420
Other comprehensive income net of tax		-	-	-	-
Total comprehensive income/(loss) for the year		395,206,516	153,389,264	382,488,300	103,208,420
Profit/(loss) attributable to:					
Equity holders of the parent		395,206,516	153,389,264	382,488,300	103,208,420
Non-controlling interest		-	-	-	-
		395,206,516	153,389,264	382,488,300	103,208,420
Basic earnings per share (kobo)	30	6.59	2.56	6.37	1.72

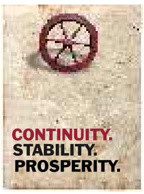
Consolidated Statement Of Changes In Equity As At 31 December 2012

The Group- 2012

	Issued share capital	Statutory contingency reserves	Statutory reserve	Retained earnings	Total equity
	₦	₦	₦	₦	₦
At 1 January 2012	3,000,000,000	493,281,216	533,415	417,643,213	3,911,457,843
Changes in equity for 2012:					
Profit for the year	-	-	-	395,206,516	395,206,516
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	395,206,516	395,206,516
Transactions with owners:					
Transfer to contigency reserves	-	124,263,803	-	(124,263,803)	-
Transfer to statutory reserves	-	-	1,127,279	(1,127,279)	-
Dividends relating to 2011 paid during the year	-	-	-	(120,000,000)	(120,000,000)
Non-controlling interest arising on business combination	-	-	-	-	-
Contribution by and to owners of the business	-	124,263,803	1,127,279	(245,391,082)	(120,000,000)
At 31 December 2012	3,000,000,000	617,545,019	1,660,694	567,458,647	4,186,664,360

The Group- 2011

	Issued share capital	Statutory contingency reserves	Statutory reserve	Retained earnings	Total equity
	₦	₦	₦	₦	₦
At 1 January 2011	3,000,000,000	370,321,437	-	567,747,142	3,938,068,579
Changes in equity for 2011:					
Profit for the year	-	-	-	153,389,264	153,389,264
Other comprehensive income for the year	-	-	-		
Total comprehensive income for the year	-	-	-	153,389,264	153,389,264
Transactions with owners:					
Transfer to contigency reserves	-	122,959,779	-	(122,959,779)	-
Transfer to statutory reserves	-	-	533,415	(533,415)	-
Dividends relating to 2010 paid during the year	-	-	-	(180,000,000)	(180,000,000)
Non-controlling interest arising on business combination	-	-	-	-	-
Contribution by and to owners of the business	-	122,959,779	533,415	(303,493,194)	(180,000,000)
At 31 December 2011	3,000,000,000	493,281,216	533,415	417,643,213	3,911,457,843



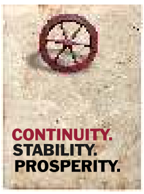
Consolidated Statement Of Changes In Equity As At 31 December 2012

The company- 2012

	Issued share capital	Statutory contingency reserves	Statutory reserve	Retained earnings	Total equity
	₦	₦	₦	₦	₦
At 1 January 2012	3,000,000,000	493,281,216	-	416,797,670	3,910,078,886
Changes in equity for 2012:					
Profit for the year	-	-	-	382,488,300	382,488,300
Other comprehensive income for the year	-	-	-		
Total comprehensive income for the year	-	-	-	382,488,300	382,488,300
Transactions with owners:					
Transfer to contigency reserves	-	124,263,803	-	(124,263,803)	-
Transfer to statutory reserves	-	-	-		
Dividends relating to 2011 paid during the year	-	-	-	(120,000,000)	(120,000,000)
Non-controlling interest arising on business combination	-	-	-	-	-
Contribution by and to owners of the business	-	124,263,803	-	(244,263,803)	(120,000,000)
At 31 December 2012	3,000,000,000	617,545,019	-	555,022,167	4,172,567,186

The company- 2011

	Issued share capital	Statutory contingency reserves	Statutory reserve	Retained earnings	Total equity
	₦	₦	₦	₦	₦
At 1 January 2011	3,000,000,000	370,321,437	-	616,549,028	3,986,870,465
Changes in equity for 2011:					
Profit for the year	-	-	-	103,208,420	103,208,420
Other comprehensive income for the year	-	-	-		
Total comprehensive income for the year	-	-		103,208,420	103,208,420
Transactions with owners:					
Transfer to contigency reserves	-	122,959,779	-	(122,959,779)	-
Transfer to statutory reserves	-	-	-		
Dividends relating to 2010 paid during the year	-	-	-	(180,000,000)	(180,000,000)
Non-controlling interest arising on business combination	-	-	-	-	-
Contribution by and to owners of the business	-	122,959,779	-	(302,959,779)	(180,000,000)
At 31 December 2011	3,000,000,000	493,281,216	-	416,797,670	3,910,078,886



Consolidated Statement Of Cash Flows For The Year Ended 31 December 2012

	Notes	Group		Company	
		2012	2011	2012	2011
		₦	₦	₦	₦
Cash flows from operating activities					
Premium received from policy holders		4,287,032,721	3,845,857,173	4,287,032,721	3,845,857,173
Reinsurance receipts in respect of claims		123,875,048	93,505,090	123,875,048	93,505,090
Commission received	24	237,243,584	76,172,079	237,243,584	76,172,079
Other operating receipts	27	14,286,644	88,709,456	11,133,773	19,020,534
Cash paid to and on behalf of employees		(335,254,753)	(308,481,204)	(328,402,153)	(308,481,204)
Reinsurance premium paid		(1,166,945,748)	(1,220,917,580)	(1,166,945,748)	(1,220,917,580)
Claims paid		(874,736,420)	(662,547,174)	(874,736,420)	(662,547,174)
Underwriting expenses	25	(904,686,101)	(816,265,617)	(930,996,101)	(816,265,617)
Other operating cash payments		(996,043,797)	(495,831,691)	(928,883,294)	(511,984,322)
Company income tax paid	17	(131,060,586)	(42,182,667)	(131,060,586)	(42,182,667)
Net cash from operating activities		253,710,593	558,017,864	298,260,825	472,176,312
Cash flows from investing activities					
Purchase of property & equipment	11	(84,633,171)	(86,814,936)	(84,168,171)	(86,814,936)
Fair value change and addition to investment properties	10	247,315	(72,023,597)	747,315	(5,671,322)
Additional investment in subsidiaries	9	-	-	(100,000,000)	-
Proceeds from sale of property & equipment	11	10,223,967	6,224,673	10,223,967	6,224,673
Purchase of financial assets		-	(26,555)	-	(26,555)
Proceeds from sale of financial assets	3.1	105,219,472	11,418,671	102,596,800	11,418,671
Dividend received	26	34,904,415	3,820,994	34,904,415	3,820,994
Interest received	26	208,304,083	114,394,178	192,424,215	108,163,775
Net cash from/(used in) investing activities		274,266,081	(23,006,572)	156,728,541	37,115,300
Cash flows from financing activities					
Dividend paid	20	(120,000,000)	(180,000,000)	(120,000,000)	(180,000,000)
Payment of borrowings		-	(9,217,216)	-	(9,217,216)
Net cash used in financing activities		(120,000,000)	(189,217,216)	(120,000,000)	(189,217,216)
Increase in cash and cash equivalents		407,976,674	345,794,076	334,989,366	320,074,396
Cash and cash equivalent at 1 January 2012		1,449,326,577	1,103,532,501	1,411,518,588	1,091,444,192
Cash and cash equivalent at 31 December 2012	2	1,857,303,251	1,449,326,577	1,746,507,954	1,411,518,588

The accompanying notes form an integral part of this statement of cash flows.

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

1. Corporate information

1.1 The Group

The group comprises of Consolidated Hallmark Insurance Plc and its subsidiary - CHI Capital Limited. CHI Capital Limited also has a wholly owned subsidiary, Grand Treasurers Limited.

	Group		Company	
	31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
2. Cash and cash equivalents				
Cash in hand	9,337,429	5,765,779	9,313,410	5,741,760
Balance with banks	191,890,309	147,234,936	181,437,787	136,978,069
Call deposits	628,850	3,256,025	628,850	3,256,025
Fixed deposits (Note 2.1)	1,698,327,578	1,319,250,881	1,597,968,560	1,291,723,778
	1,900,184,166	1,475,507,621	1,789,348,607	1,437,699,632
Impairment charge (Note 2.2)	(42,880,915)	(26,181,044)	(42,840,653)	(26,181,044)
	1,857,303,251	1,449,326,577	1,746,507,954	1,411,518,588

2.1. The fixed deposits have a short term maturity of 30-90days and the effect of discounting is immaterial.

	Group 31-Dec 2012 ₦	Group 31-Dec 2011 ₦	Company 31-Dec 2012 ₦	Company 31-Dec 2011 ₦
2.2 Impairment charge				
At 1 January	26,181,044	13,540,022	26,181,044	13,540,022
Charge for the year	16,699,871	12,641,022	16,659,609	12,641,022
At 31 December	42,880,915	26,181,044	42,840,653	26,181,044
3. Financial assets				
Financial assets at fair value through profit or loss (Note 3.1)	182,451,560	307,139,471	167,695,232	290,605,960
Loans and receivables measured at amortised cost(Note 3.2)	41,082,638	38,045,841	25,122,448	33,274,773
Available for sale (Note 3.3)	2,000,000	2,000,000	2,000,000	2,000,000
	225,534,198	347,185,312	194,817,680	325,880,733
3.1 At fair value through profit or loss				
At 1 January	307,139,471	440,555,249	290,605,960	415,642,232
Additions	-	26,555	-	26,555
Disposals	(105,219,472)	(11,418,672)	(102,596,800)	(11,418,671)
	201,919,999	429,163,132	188,009,160	404,250,116
Fair value loss	(19,468,439)	(122,023,661)	(20,313,928)	(113,644,156)
Fair value at 31 December 2012	182,451,560	307,139,471	167,695,232	290,605,960
Current	182,451,560	307,139,471	167,695,232	290,605,960
Non Current	-	-	-	-

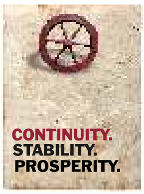
Financial Assets Fair Value through Profit or Loss of the group represents investment where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day. Assets under this category have been acquired for short term trading intent.

CONTINUITY.
STABILITY.
PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

		Group		Company	
		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
3.2	Loans and receivables (Current)				
	Staff loans	16,367,566	16,321,015	16,367,566	16,321,015
	Loan issued to corporate individuals (Note 3.2.1)	24,715,072	21,724,826	8,754,882	16,953,758
		41,082,638	38,045,841	25,122,448	33,274,773
	Current	41,082,638	38,045,841	25,122,448	33,274,773
	Non-current	-	-	-	-
3.2.1	Loan issued to corporate individuals				
	At 1 January	119,534,472	118,857,334	115,299,214	118,321,525
	Addition	97,998,703	28,235,259	59,390,674	24,000,000
	Repayment	(82,815,239)	(27,022,311)	(57,516,746)	(27,022,311)
		134,717,936	120,070,282	117,173,142	115,299,214
	Impairment on loans issued to corporate individuals(note 3.2.2)	(110,002,865)	(98,345,456)	(108,418,260)	(98,345,456)
	At 31 December	24,715,071	21,724,826	8,754,882	16,953,758
	Analysis by performance:				
	Performing	24,715,071	21,724,826	8,754,881	16,953,759
	Non-performing	-	-	-	-
		24,715,071	21,724,826	8,754,881	16,953,759
	Analysis by maturity:				
	0 - 30 days	859,382	2,028,740	729,573	1,492,930
	1 - 3 months	2,188,721	6,584,889	2,188,720	6,584,893
	3 - 6 months	2,188,720	5,925,000	2,188,720	5,925,000
	6 - 12 months	19,478,248	7,186,197	3,647,867	2,950,936
		24,715,071	21,724,826	8,754,881	16,953,759
3.2.2	Movement in impairment - loans and receivables in leases:				
	At 1 January	98,345,456	68,460,126	98,345,456	68,460,126
	Addition	11,657,409	29,885,330	10,072,804	29,885,330
	At 31 December	110,002,865	98,345,456	108,418,260	98,345,456
3.3	Available for sale				
	At 1 January	2,000,000	2,000,000	2,000,000	2,000,000
	Revaluation deficit	-	-	-	-
	At 31 December	2,000,000	2,000,000	2,000,000	2,000,000
	Current	-	-	-	-
	Non-current	2,000,000	2,000,000	2,000,000	2,000,000

Available for sale assets are the unquoted equity securities of the Group and are measured at cost less impairment because their fair value could not be reliably measured. There are no indication of impairment as at year end.



Notes To The Consolidated Financial Statements (con't)

For The Year Ended 31 December 2012

Available for sale equities is analysed as follows:

Equity in:	No. of shares	Cost per unit	Value N
Strategy and Arbitrage Limited	2,000,000	1	2,000,000

Finance lease receivables	₦	₦	₦	₦
At 1 January	3,683,648	-	-	-
Addition	50,254,085	4,611,591	-	-
Repayment	(21,461,189)	-	-	-
Gross investment	32,476,544	4,611,591	-	-
Unearned income	(7,021,811)	(927,943)	-	-
Net investment	25,454,733	3,683,648	-	-
Impairment on finance lease receivables	(722,917)	-	-	-
At 31 December	24,731,816	3,683,648	-	-
Current	24,731,816	3,683,648	-	-
Non-current	-	-	-	-

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

	Group		Company	
	31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
5. Trade receivables				
Amount due from insurance companies	191,522,871	186,510,835	191,522,871	186,510,835
Amount due from reinsurance companies	-	30,781,326	-	30,781,326
Amount due from insurance brokers and agents	2,011,217,921	2,130,354,570	2,011,217,921	2,130,354,570
	2,202,740,792	2,347,646,731	2,202,740,792	2,347,646,731
Impairment (Note 5.1)	(1,064,672,126)	(1,259,812,110)	(1,064,672,126)	(1,259,812,110)
	1,138,068,666	1,087,834,621	1,138,068,666	1,087,834,621
Current	1,138,068,666	1,087,834,621	1,138,068,666	1,087,834,621
Non-current	-	-	-	-
5.1 Impairment				
At 1 January	1,259,812,110	921,080,224	1,259,812,110	921,080,224
Write off	(587,022,282)	(66,167,694)	(587,022,282)	(66,167,694)
Charge for the year	391,882,298	404,899,580	391,882,298	404,899,580
At 31 December	1,064,672,126	1,259,812,110	1,064,672,126	1,259,812,110

5.2 Basis of impairment

An impairment rate is derived based on the likelihood that a premium debt will not be paid and will fall into default. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant and are impaired accordingly. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment. The impairment rate is derived based on the historical collection rate of outstanding premium over a two year period. This is done for each of the preceding three years (2008-2010) and the average rate derived is applied to the carrying amounts at the reporting dates to determine impaired receivables.

	31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
6 Reinsurance assets				
Prepaid reinsurance	777,783,717	410,167,611	777,783,717	410,167,611
Reinsurers share of outstanding claims	291,124,116	462,893,469	291,124,116	462,893,469
Balance as at 31 December	1,068,907,833	873,061,080	1,068,907,833	873,061,080
Current	1,068,907,833	873,061,080	1,068,907,833	873,061,080
Non-current	-	-	-	-

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. There are no indication of impairment as at year end.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

		Group		Company	
		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
7.	**Deferred acquisition cost**				
	Deferred acquisition cost represent commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition cost during the year is as shown below:				
	At 1 January	140,827,494	99,835,583	140,827,494	99,835,583
	Increase during the year	54,906,981	40,991,911	54,906,981	40,991,911
	At 31 December	195,734,475	140,827,494	195,734,475	140,827,494
	Current	195,734,475	140,827,494	195,734,475	140,827,494
	Non-current	-	-	-	-
	This represents unexpired commissions as at 31 December 2012.				
8.	**Other receivables and prepayments**				
	Prepayments (Note 8.1)	27,641,569	38,815,110	27,641,569	38,815,110
	Prepaid expenses to staff	14,754,628	3,076,000	14,754,626	3,076,000
	Intercompany balance	-	-	13,030,842	20,026,550
	Other receivables	8,517,288	6,054,368	6,283,062	-
		50,913,485	47,945,478	61,710,099	61,917,660
	Impairment on other receivables	(500,000)	-	-	-
		50,413,485	47,945,478	61,710,099	61,917,660
	Current	50,413,483	47,945,478	61,710,099	61,917,660
	Non-current	-	-	-	-
8.1	**Prepayments**				
	Prepaid rents	9,925,375	24,306,092	9,925,375	24,306,092
	Prepayments - Nigerian Stock Exchange	-	5,670,000	-	5,670,000
	Witholding tax credits	17,716,194	8,839,018	17,716,194	8,839,018
		27,641,569	38,815,110	27,641,569	38,815,110
	Current	27,641,569	38,815,110	27,641,569	38,815,110
	Non-current	-	-	-	-
9.	**Investment in subsidiaries** %				
	CHI Capital 99.9	-	-	226,407,680	126,407,680

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of leasing and other corporate services. CHI Capital Limited acquired 100% interest in Grand Trasurers Limited, a CBN licensed finance company, in December 2010 with the purpose of carrying on financing activities.

9.1 Condensed result of consolidated entities - 2012

	CHI PLC ₦	CHI Capital Limited ₦	Elimination	Total ₦
Condensed profit and loss				
Operating income	1,897,051,727	46,188,228	(26,310,000)	1,916,929,955
Operating expenses	(1,356,292,100)	(26,481,498)	26,310,000	(1,356,463,598)
Operating profit	540,759,627	19,706,730	-	560,466,357
Taxation	(158,271,327)	(6,988,514)	-	(165,259,841)
Profit for the year	382,488,300	12,718,216	-	395,206,516

CONTINUITY. STABILITY. PROSPERITY.

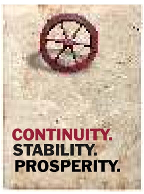
Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

9.1 Condensed result of consolidated entities - 2012

	CHI PLC	CHI Capital Limited	Elimination	Total
	₦	₦	₦	₦
Condensed financial position				
Cash and cash equivalent	1,746,507,954	110,795,297	-	1,857,303,251
Financial assets	194,817,680	30,716,521	-	225,534,201
Finance lease receivables	-	36,862,477	(12,130,662)	24,731,815
Trade receivables	1,138,068,666	-	-	1,138,068,666
Reinsurance assets	1,068,907,833	-	-	1,068,907,833
Deferred acquisition cost	195,734,475	-	-	195,734,475
Other receivables and prepayment	61,710,099	1,734,227	(13,030,842)	50,413,484
Investment in subsidiaries	226,407,680	-	(226,407,680)	-
Investment properties	785,831,600	84,500,000	-	870,331,600
Property and equipment	946,346,035	400,250	-	946,746,285
Statutory deposits	300,000,000	-	-	300,000,000
	6,664,332,022	265,008,772	(251,569,184)	6,677,771,610
Liabilities and equities				
Insurance contract liabilities	1,879,967,422	-	-	1,879,967,422
Trade payables	218,963,082	-	-	218,963,082
Payables and provision	87,474,075	116,701,497	(125,161,504)	79,014,068
Retirement benefit obligations	8,429,295	77,760	-	8,507,055
Income tax and deferred tax liabilities	296,930,962	8,224,660	-	305,155,622
Share capital	3,000,000,000	126,407,680	(126,407,680)	3,000,000,000
Reserves	1,172,567,186	13,597,175	-	1,186,164,361
	6,664,332,022	265,008,772	(251,569,184)	6,677,771,610

9.2 Condensed result of consolidated entities - 2011

	CHI PLC	CHI Capital Limited	Elimination	Total
Condensed profit and loss				
Operating income	1,504,161,341	83,170,145	(7,250,820)	1,580,080,666
Operating expenses	(1,407,347,237)	(31,753,154)	7,250,820	(1,431,849,571)
Operating loss	96,814,104	51,416,991	-	148,231,095
Taxation	6,394,316	(1,236,147)	-	5,158,169
(Loss)/profit for the year	103,208,420	50,180,844	-	153,389,264
Condensed financial position				
Cash and cash equivalent	1,411,518,588	40,567,471	(2,759,482)	1,449,326,577
Financial assets	325,880,733	21,304,579	-	347,185,312
Finance lease receivables	-	3,683,649	-	3,683,649
Trade receivables	1,087,834,621	-	-	1,087,834,621
Reinsurance assets	873,061,080	-	-	873,061,080
Deferred acquisition cost	140,827,494	-	-	140,827,494
Other receivables and prepayment	61,917,660	6,054,367	(20,026,550)	47,945,477
Investment in subsidiaries	126,407,680	-	(126,407,680)	-
Investment properties	786,578,915	84,000,000	-	870,578,915
Property and equipment	957,325,946	-	-	957,325,946
Statutory deposits	300,000,000	-	-	300,000,000
	6,071,352,717	155,610,066	(149,193,712)	6,077,769,071
Liabilities and equities				
Insurance contract liabilities	1,766,281,709	-	-	1,766,281,709
Trade payables	93,054,868	-	-	93,054,868
Borrowings	-	2,759,482	(2,759,482)	-
Payables and provision	23,803,827	23,827,799	(20,026,550)	27,605,076
Retirement benefit obligations	8,413,206	-	-	8,413,206
Income tax and deferred tax liabilities	269,720,221	1,236,147	-	270,956,368
Share capital	3,000,000,000	126,407,680	(126,407,680)	3,000,000,000
Reserves	910,078,886	1,378,958	-	911,457,844
	6,071,352,717	155,610,066	(149,193,712)	6,077,769,071



Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

		Group		Company	
		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
10.	Investment properties (Note 10.1)				
	At 1 January	870,578,915	798,555,318	786,578,915	780,907,593
	Addition	1,922,672	856,500	-	-
	Fair value change	(2,169,987)	71,167,097	(747,315)	5,671,322
	At 31 December	870,331,600	870,578,915	785,831,600	786,578,915

10.1 Investment properties

Investment properties are made up of buildings and properties held by the Group to earn rentals or for capital appreciation or both and are accounted for in line with International Accounting Standard (IAS) 40. Some of these properties retained the title of one of the legacy companies that made up Consolidated Hallmark Insurance Plc. There is no dispute as to the title of Consolidated Hallmark Insurance Plc to these properties. However, in line with NAICOM requirement, provided below is the list of these properties and status of efforts to change their name to Consolidated Hallmark Insurance Plc.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE HOLDER	STATUS ON CHANGE OF TITLE
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	207,625,000.00	Consolidated Hallmark Insurance Plc.	Title over this property transferred to Consolidated Hallmark Insurance Plc.
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	240,250,125.00	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	109,500,000.00	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
4	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	39,500,000.00	Consolidated Hallmark Insurance Plc.	The purchase documents now regularized in the name of Consolidated Hallmark Insurance Plc.
5	Building	Rivers State Housing Estate, Abuloma PH	40,125,825.00	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
6	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	124,580,650.00	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	21,250,000.00	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
8	Shops	Trade Fair Shopping Complex	3,000,000.00	Consolidated Hallmark Insurance Plc.	Already exist in the name of Consolidated Hallmark
	CHI Capital Limited				
			785,831,600.00		
9	Land	Thomas Estate, Orile Ibamo, Ajah, Lagos	84,500,000.00	CHI Capital Limited.	Already exist in the name of CHI Capital Limited.
	TOTAL		870,331,600.00		

11. Property and equipment

11.1 The group

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
Costs							
At 1 January 2012	286,099,948	533,662,915	70,054,971	94,873,902	219,692,426	186,196,361	1,390,580,523
Additions	-	2,676,807	17,634,689	7,822,233	45,801,490	10,697,952	84,633,171
Disposals	-	-	(9,780,702)	(280,650)	(25,606,717)	(540,000)	(36,208,069)
As at 31 December 2012	286,099,948	536,339,722	77,908,958	102,415,485	239,887,199	196,354,313	1,439,005,625
Accumulated depreciation							
At 1 January 2012	-	48,664,881	43,426,222	58,042,292	163,707,395	119,413,787	433,254,577
Charge in the Year	-	10,433,531	10,532,375	12,773,727	26,825,962	27,343,739	87,909,334
Disposal	-	-	(3,093,553)	(135,885)	(25,587,383)	(87,750)	(28,904,571)
As at 31 December 2012	-	59,098,412	50,865,044	70,680,134	164,945,974	146,669,776	492,259,340
Carrying amount							
As at 31 December 2012	286,099,948	477,241,310	27,043,914	31,735,351	74,941,225	49,684,538	946,746,286
							-
At 1 January 2012	286,099,948	484,998,034	26,628,749	36,831,610	55,985,031	66,782,574	957,325,946

11.2 Property and equipment (Cont'd)
The Company

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
Costs							
At 1 January 2012	286,099,948	533,662,915	70,054,971	94,873,902	219,692,426	186,196,361	1,390,580,523
Additions	-	2,676,807	17,634,689	7,822,233	45,801,490	10,232,952	84,168,171
Disposals	-	-	(9,780,702)	(280,650)	(25,606,717)	(540,000)	(36,208,069)
As at 31 December 2012	286,099,948 -	536,339,722	77,908,958	102,415,485	239,887,199	195,889,313	1,438,540,625
Accumulated depreciations							
At 1 January 2012	-	48,664,881	43,426,222	58,042,292	163,707,395	119,413,787	433,254,577
Charge in the Year	-	10,433,531	10,532,375	12,773,727	26,825,962	27,278,989	87,844,584
Disposal	-	-	(3,093,553)	(135,885)	(25,587,383)	(87,750)	(28,904,571)
As at 31 December 2012	-	59,098,412	50,865,044	70,680,134	164,945,974	146,605,026	492,194,590
Carrying amount							
As at 31 December 2012	286,099,948 -	477,241,310	27,043,914	31,735,351	74,941,225	49,284,287	946,346,035
At 1 January 2012	286,099,948	484,998,034	26,628,749	36,831,610	55,985,031	66,782,574	957,325,946

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

		Group		Company	
		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
12.	Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000
	This deposit represents the amount deposited with the Central Bank of Nigeria as at 31 December 2012.				
13.	Insurance contract liabilities				
	Reserve for outstanding claims (Note 13.1)	659,281,703	851,726,277	659,281,703	851,726,277
	Provision for unearned premium (Note 13.2)	1,220,685,719	914,555,432	1,220,685,719	914,555,432
		1,879,967,422	1,766,281,709	1,879,967,422	1,766,281,709

13.1 Reserve for outstanding claims - 2012

	Group			Company		
	Gross ₦	Provision for IBNR ₦	Total ₦	Gross ₦	Provision for IBNR ₦	Total ₦
Fire	11,663,541	137,802,893	149,466,434	11,663,541	137,802,893	149,466,434
General accident	49,012,510	48,564,230	97,576,740	49,012,510	48,564,230	97,576,740
Motor	26,276,763	124,365,477	150,642,240	26,276,763	124,365,477	150,642,240
Marine	3,872,407	4,509,116	8,381,523	3,872,407	4,509,116	8,381,523
Bond	3,023,250	1,278,444	4,301,694	3,023,250	1,278,444	4,301,694
Engineering	3,772,562	37,781,514	41,554,076	3,772,562	37,781,514	41,554,076
Aviation	-	86,018,890	86,018,890	-	86,018,890	86,018,890
Oil & gas	-	121,340,106	121,340,106	-	121,340,106	121,340,106
	97,621,033	561,660,670	659,281,703	97,621,033	561,660,670	659,281,702

Reserve for outstanding claims - 2011

	Gross ₦	Provision for IBNR ₦	Total ₦	Gross ₦	Provision for IBNR ₦	Total ₦
Fire	8,762,604	3,232,778	11,995,382	8,762,604	3,232,778	11,995,382
General accident	87,198,719	57,573,740	144,772,459	87,198,719	57,573,740	144,772,459
Motor	22,050,132	166,327,359	188,377,491	22,050,132	166,327,359	188,377,491
Marine	14,951,144	6,902,390	21,853,534	14,951,144	6,902,390	21,853,534
Bond	6,441,611	1,412,789	7,854,400	6,441,611	1,412,789	7,854,400
Engineering	13,382,322	35,708,937	49,091,259	13,382,322	35,708,937	49,091,259
Aviation	266,527,831	23,991,755	290,519,586	266,527,831	23,991,755	290,519,586
Oil & gas	110,903,957	26,358,210	137,262,167	110,903,957	26,358,210	137,262,167
	530,218,320	321,507,957	851,726,277	530,218,320	321,507,957	851,726,277

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

		Group		Company	
		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
13.2	Provision for unearned premium				
	Fire	108,039,217	85,132,377	108,039,217	85,132,377
	General accident	167,591,433	164,586,564	167,591,433	164,586,564
	Motor	504,392,536	392,466,334	504,392,536	392,466,334
	Marine	37,659,208	28,443,041	37,659,208	28,443,041
	Oil & Gas	131,598,058	108,762,616	131,598,058	108,762,616
	Engineering	88,290,321	26,293,947	88,290,321	26,293,947
	Aviation	176,533,418	108,870,553	176,533,418	108,870,553
	Bond	6,581,528	-	6,581,528	-
		1,220,685,719	914,555,432	1,220,685,719	914,555,432
13.3	Funds representing insurance contract liabilities				
	Balance with banks	181,437,787	-	181,437,787	-
	Fixed deposits	1,555,127,907	1,021,302,473	1,555,127,907	1,021,302,473
	Financial assets at fair value through profit or loss	167,695,232	-	167,695,232	-
		1,904,260,926	1,021,302,473	1,904,260,926	1,021,302,473
14.	Trade payables				
	Due to agents	-	-	-	-
	Due to brokers	1,232,548	-	1,232,548	-
	Due to insurance companies	136,707,783	62,070,605	136,707,783	62,070,605
	Due to reinsurance companies - local	81,022,751	30,004,640	81,022,751	30,004,640
	Other trade payables	-	979,623	-	979,623
		218,963,082	93,054,868	218,963,082	93,054,868
	Current	218,963,082	93,054,868	218,963,082	93,054,868
	Non-current	-	-	-	-
15.	Provision and other payables				
	Lease payables (due within one year)	-	-	12,130,662	-
	Audit fees	6,500,000	4,140,178	5,000,000	4,140,178
	Sundry creditors and accruals	72,014,068	23,464,898	70,343,413	19,663,649
		78,514,068	27,605,076	87,474,075	23,803,827
	Current	78,514,068	27,605,076	87,474,075	23,803,827
	Non-current	-	-	-	-

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
16.	Retirement benefit obligation				
	At 1 January	8,413,206	10,927,814	8,413,206	10,927,814
	Provision during the year	26,497,748	26,192,152	26,368,148	26,192,152
	Payment during the year	(26,403,899)	(28,706,760)	(26,352,059)	(28,706,760)
	At 31 December	8,507,055	8,413,206	8,429,295	8,413,206
17.	Taxation				
17.1	Per profit and loss account				
	Income tax	34,752,579	84,840,820	28,399,385	83,604,673
	Education tax	4,792,038	7,575,156	4,368,492	7,575,156
	Information technology development (Note 17.1.1)	6,125,846	2,652,028	5,914,073	2,652,028
	Under/(Over)-provision	111,346,097	(92,427,044)	111,346,096	(92,427,044)
		157,016,560	2,640,960	150,028,046	1,404,813
	Deferred tax	8,243,281	(7,799,129)	8,243,281	(7,799,129)
		165,259,841	(5,158,169)	158,271,327	(6,394,316)

17.1.1 The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April 2007. Section 12(2a) of the Act demands that, 1% of profit before tax should be paid to the Nigerian Information Technology Development Agency. In line with the Act, the Group has provided for NITDA levy at the specified rate.

		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
17.2	Income tax liabilities				
	At 1 January	152,263,638	191,805,345	151,027,491	191,805,345
	Payments during the year	(131,060,586)	(42,182,667)	(131,060,586)	(42,182,667)
		21,203,052	149,622,678	19,966,905	149,622,678
	Charge for the year (Note 17.1)	157,016,560	2,640,960	150,028,046	1,404,813
	At 31 December	178,219,612	152,263,638	169,994,951	151,027,491
17.3	Reconciliation of effective tax rate				
	Profit for the period after tax	394,706,516	153,389,264	382,488,300	103,208,420
	Total income tax expense:Income	34,752,579	84,840,820	28,399,385	83,604,673
	Education	4,792,038	7,575,156	4,368,492	7,575,156
	IT levy	6,125,846	2,652,028	5,914,073	2,652,028
	Deferred	8,243,281	(7,799,129)	8,243,281	(7,799,129)
	Under/(over) provision	111,346,097	(92,427,044)	111,346,096	(92,427,044)
		165,259,841	(5,158,169)	158,271,327	(6,394,316)
	Profit for the period before excluding income tax	394,706,516	148,231,095	382,488,300	96,814,104
	Effective tax rate	42%	(3%)	41%	(7%)
17.4	Deferred tax liabilities				
	At 1 January	118,692,730	126,491,859	118,692,730	126,491,859
	Addition/(write back) (Note 17.3)	8,243,281	(7,799,129)	8,243,281	(7,799,129)
	At 31 December	126,936,011	118,692,730	126,936,011	118,692,730

The Group has adopted the International Accounting Standards (IAS 12) on accounting for taxation, which is now computed using liability method.

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 20

		Group		Company	
		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
18.	Share capital				
	Authorised:				
	10 billion ordinary shares of 50k each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
	Issued and fully paid:				
	6 billion ordinary shares of 50k each				
	At 31 December	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.

19 Statutory reserves

19.1	Contingency reserve				
	At 1 January	493,281,216	370,321,437	493,281,216	370,321,437
	Transfer from profit and loss account	124,263,803	122,959,779	124,263,803	122,959,779
	At 31 December	617,545,019	493,281,216	617,545,019	493,281,216

In line with sections 21(1) and (2) and 22(16) of the Insurance Act 2003, the Insurance company in Nigeria is required to transfer to the statutory contingency reserve, the higher of 20% of net profits and 3% of total premium.

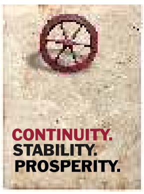
19.2	Statutory reserve				
	At 1 January	533,415	-	-	-
	Transfer from profit and loss account	1,127,279	533,415	-	-
	At 31 December	1,660,694	533,415	-	-

In line with Central Bank of Nigeria guideline, Finance company in Nigeria is required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited, a subsidiary within the group.

20.	Retained earnings				
	At 1 January				
	Dividend declared and paid in the year	417,643,213	814,643,947	416,797,670	616,549,028
	based on the previous year's account	(120,000,000)	(180,000,000)	(120,000,000)	(180,000,000)
	Transfer from profit and loss account	395,206,516	(93,507,541)	382,488,300	103,208,420
	Transfer to contigency reserves	(124,263,803)	(122,959,779)	(124,263,803)	(122,959,779)
	Transfer to statutory reserves	(1,127,279)	(533,415)	-	-
	At 31 December	567,458,647	417,643,213	555,022,167	416,797,670

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

21.	Profit before taxation				
	Profit before taxation is stated after charging/(crediting):				
	Depreciation of fixed assets	87,909,333	103,377,260	87,844,583	103,377,260
	Auditors' remuneration	6,500,000	4,000,000	5,000,000	4,000,000
	Directors' remuneration:				
	- Fees	4,275,000	4,275,000	4,275,000	4,275,000
	(Profit)/loss on disposal of fixed assets	(2,920,470)	(667,157)	(2,920,470)	(667,157)
	Foreign exchange loss/ (gains)	1,151,768	(5,425,007)	1,151,768	(5,425,007)



Notes To The Consolidated Financial Statements For The Year Ended 31 December

22. Gross premium income analysed as follows:

	<---- 2012			---->
	Direct premium	Inward reinsurance premium	Increase/decrease in unearned premium	Gross premium earned
Fire	374,294,164	6,884,458	22,906,840	358,271,782
General accident	884,303,118	3,419,923	3,004,869	884,718,172
Motor	1,354,173,353	6,623,848	111,926,202	1,248,870,999
Aviation	433,891,121	3,573,896	67,662,865	369,802,152
Oil & Gas	620,474,977	3,234,470	22,835,442	600,874,005
Marine	257,931,196	2,908,719	9,216,167	251,623,748
Engineering	174,142,678	735,177	61,996,373	112,881,481
Bond	15,535,685	-	6,581,528	8,954,157
	4,114,746,291	27,380,491	306,130,287	3,835,996,495

Gross premium income analysed as follows:

	<---- 2011		---->	
	Direct premium	Inward reinsurance premium	Increase/decrease in unearned premium	Gross premium earned
Fire	235,235,130	3,335,600	33,331,382	205,239,348
General accident	972,535,194	8,478,241	21,577,603	959,435,832
Motor	1,142,280,505	26,180,888	60,315,847	1,108,145,546
Aviation	762,516,311	260,289	35,160,715	727,615,885
Oil & Gas	473,245,669	1,472,151	48,079,806	426,638,014
Marine	303,787,281	6,740,811	13,297,920	297,230,172
Engineering	118,000,672	624,544	7,783,646	110,841,570
Bond	43,898,521	67,500	-	43,966,021
	4,051,499,283	47,160,024	219,546,918	3,879,112,389

23. Reinsurance premium expense The reinsurance expense is analysed as follows:

	Group		Company	
	31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
Reinsurance premium cost	1,292,853,962	1,162,189,328	1,292,853,962	1,162,189,328
Increase in prepaid reinsurance (Note 6)	(367,616,107)	(36,285,817)	(367,616,107)	(36,285,817)
Reinsurance expense	925,237,855	1,125,903,511	925,237,855	1,125,903,511

24. Fee and commission

Fire	13,063,409	27,053,962	13,063,409	27,053,962
General accident	10,278,012	24,042,629	10,278,012	24,042,629
Motor	104,798,973	163,268	104,798,973	163,268
Aviation	85,417,427	325,442	85,417,427	325,442
Oil & Gas	7,334,731	484,655	7,334,731	484,655
Marine	6,419,108	14,228,273	6,419,108	14,228,273
Engineering	9,449,308	7,670,135	9,449,308	7,670,135
Bond	482,616	2,203,715	482,616	2,203,715
	237,243,584	76,172,079	237,243,584	76,172,079

25. Underwriting expenses
Underwriting expenses- 2012

	Group		*Company*	
	Acquisition expenses	Maintenance expenses	Acquisition expenses	Maintenance expenses
Fire	149,290,287	13,701,408	149,290,287	13,701,407
General accident	169,168,202	112,873,468	169,168,202	112,873,468
Motor	143,473,165	82,295,801	143,473,165	108,605,801
Aviation	2,712,410	7,359,758	2,712,410	7,359,758
Oil & Gas	115,979,240	32,017,531	115,979,240	32,017,531
Marine	34,157,776	12,654,180	34,157,776	12,654,181
Engineering	21,915,787	1,024,995	21,915,787	1,024,995
Bond	2,338,246	3,723,847	2,338,246	3,723,847
	639,035,113	265,650,988	639,035,113	291,960,988

CONTINUITY.
STABILITY.
PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 Decemb

Underwriting expenses- 2011

	Acquisition expenses	Maintenance expenses	Acquisition expenses	Maintenance expenses
Fire	37,484,265	14,912,282	37,484,265	14,912,282
General accident	205,396,985	106,327,605	205,396,985	106,327,605
Motor	123,286,778	96,768,497	123,286,778	96,768,497
Aviation	45,283,614	11,382,964	45,283,614	11,382,964
Oil & Gas	53,240,759	9,926,690	53,240,759	9,926,690
Marine	55,256,973	22,199,936	55,256,973	22,199,936
Engineering	21,706,659	1,824,618	21,706,659	1,824,618
Bond	7,397,217	3,869,775	7,397,217	3,869,775
	549,053,250	267,212,367	549,053,250	267,212,367

		Group		Company	
		31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
26.	Investment income				
	Interest received - fixed deposit	208,304,083	114,394,178	192,424,215	108,163,775
	Dividend received	34,904,415	3,820,994	34,904,415	3,820,994
		243,208,498	118,215,172	227,328,630	111,984,769
26.1	Investment income				
	Investment income attributable to policyholders' fund	115,836,639	66,293,412	115,836,639	66,293,412
	Investment income attributable to shareholders' fund	127,371,859	51,921,760	111,491,991	45,691,357
		243,208,498	118,215,172	227,328,630	111,984,769
27.	Other operating income				
	Profit on disposal of property & equipment	2,920,470	667,157	2,920,470	667,157
	Profit on disposal of investment	1,527,327	-	-	-
	Profit on lease	3,483,276	2,106,557	3,483,276	1,971,644
	Rent income on investment properties	4,601,000	4,413,645	4,601,000	4,413,645
	Fair value gain on revaluation of investment properties	-	71,167,097	-	5,671,322
	Fee income	6,000	409,025	-	-
	Exchange gain	-	5,425,007	-	5,425,007
	Others	1,748,571	4,520,968	129,027	871,759
		14,286,644	88,709,456	11,133,773	19,020,534
28.	Impairment charge				
	Loans and receivables	11,657,409	29,885,330	10,072,804	29,885,330
	Finance lease receivables	722,917	-	-	-
	Staff loan	722,156	-	722,157	-
	Cash and cash equivalent	16,699,871	12,641,022	16,659,609	12,641,022
	Trade receivables	391,882,298	404,899,580	391,882,298	404,899,580
	Other receivables	500,000	-	-	-
		422,184,651	447,425,932	419,336,868	447,425,932
29.	Net fair value gain/loss on financial assets at fair value through profit or loss	19,468,439	122,023,661	20,313,928	113,644,156

This represents diminution in the value of financial assets at fair value through profit or loss during the year.

30. Basic earnings per share

Earnings per share have been computed on profits after taxation attributable to ordinary shareholders and divided by the number of issued at 50k ordinary shares in issue at year end.

Profit after taxation	395,206,516	153,389,264	382,488,300	103,208,420
Number of shares	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
Earnings per share	6.59	2.56	6.37	1.72

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 Decemb

	Group		Company	
	31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
31. Staff costs				
Wages and salaries	256,974,784	250,329,784	250,329,784	235,954,405
Medical	10,251,618	10,243,118	10,243,118	8,639,759
Staff training	41,530,603	41,461,103	41,461,103	37,694,888
Pension (Note 16)	26,497,748	26,368,148	26,368,148	26,192,152
	335,254,753	328,402,153	328,402,153	308,481,204
32. Chairman's and Directors' emoluments, pensions and compensation for loss of office				
Emoluments:				
Chairman	750,000	400,000	750,000	400,000
Other Directors	4,000,000	2,100,000	4,000,000	2,100,000
Other emolument of executives	8,160,000	8,160,000	8,160,000	8,160,000
Emolument of highest paid Director	12,000,000	12,000,000	12,000,000	12,000,000

	Group		Company	
	31-Dec 2012 Number	31-Dec 2011 Number	31-Dec 2012 Number	31-Dec 2011 Number
33. Staff				
Average number of persons employed				
Managerial	25	25	24	25
Senior staff	101	88	96	88
Junior staff	32	34	30	34
	158	147	150	147

34. Directors Emolument

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

	Group		Company	
N	31-Dec 2012 ₦	31-Dec 2011 ₦	31-Dec 2012 ₦	31-Dec 2011 ₦
Nil - 100,000	Nil	Nil	Nil	Nil
100,001 -200,000	Nil	Nil	Nil	Nil
200,001 - 300,000	Nil	Nil	Nil	Nil
Above 300,000	9	9	9	9
Number of Directors who have waived their rights to receive emoluments	Nil	Nil	Nil	Nil

35. Employees remunerated at higher rates

The number of employees in respect of emoluments within the following ranges were:

₦				
200,001- 300,000	-	-	-	-
300,001- 400,000	7	7	7	7
400,001- 500,000	7	2	5	2
500,001- 600,000	8	5	7	5
600,001- 700,000	7	5	2	5
700,001- 800,000	7	6	7	6
800,001- 900,000	10	10	10	10
900,001- 1,000,000	8	8	8	8
1,000,001 and above	104	104	104	104

36. Capital commitments

There were no capital commitments at 31 December 2012.

37. Contingent liabilities

There were no material contingent liabilities at 31 December 2012.

38. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1).

Notes To The Consolidated Financial Statements For The Year Ended 31 Decembe

39 **Segment Information**

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision - maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Management.

The Group is organized into two operating segments, these segments and their respective operations are as follows:

General Insurance Business: This segment provides cover for indemnifying customers' properties, and compensation for other parties that have suffered damage as a result of customers' accidents. Major sources of revenue in this segment are mainly from insurance premium, investment income, commission received, net fair value gains on financial assets at fair value through profit or loss.

CHI CAPITAL LTD : This is a subsidiary of Consolidated Hallmark Insurance Plc. The company is registered by CAC to offer consumer leasing and support services to Consolidated Hallmark Insurance Plc to the parent company. In addition, it owns Grand Treasurer Ltd who is registered by CBN to offer Offers wide range of financial services and products domestically to suit customer's long - and short-term financial needs. These products include L.P.O, Consumer Lease, Working Capital Financing, Auto lease, Project financing and intermediation and Financial Management Consultancy Services. Revenue from this segment is derived primarily from interest income, fee income, investment income and net fair value gains on financial assets at fair value through profit and loss

Segment information by company and subsidiaries:	CHI PLC	CHI Capital Ltd	Elimination	Total
	₦	₦	₦	₦
As at 31 December 2012				
Operating income	1,897,051,727	46,188,228	(26,310,000)	1,916,929,955
Operating expenses	(1,356,292,100)	(26,481,498.0)	26,310,000	(1,356,463,598)
Operating profit	540,759,627	19,706,730	-	560,466,357
Taxation	(158,271,327)	(6,988,514)	-	(165,259,841)
Profit for the year	382,488,300	12,718,216	-	395,206,516
Total assets	6,664,332,022	265,008,772	(251,569,184)	6,677,771,610
Total liabilities	392,834,332	125,003,917	(125,161,504)	392,676,745
Share capital and reserves	4,172,567,186	140,004,855	(126,407,680)	4,186,164,361
Depreciation	87,844,583	64,750	-	
			-	
ROCE	8.11%	7.44%	-	8.39%
As at 31 December 2011				
Operating income	1,504,161,341	83,170,145	(7,250,820)	1,580,080,666
Operating expenses	(1,407,347,237)	(31,753,154)	7,250,820	(1,431,849,571)
Operating profit	96,814,104	51,416,991	-	148,231,095
Taxation	6,394,316	(1,236,147)	-	5,158,169
Profit for the year	103,208,420	50,180,844	-	153,389,264
Total assets	6,071,352,717	155,610,066	(149,193,712)	6,077,769,071
Total liabilities	2,161,273,831	27,823,428	(22,786,032)	2,166,311,227
Share capital and reserves	3,910,078,886	127,786,638	(126,407,680)	3,911,457,844
Depreciation	103,377,260	-	-	-
ROCE	1.59%	33.04%	-	2.44%

40. **Events after reporting of financial position date**

No events or transactions have occurred since the balance sheet date, which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements.

41. **Contravention**

The company contravened certain provisions of the National Insurance Commission (NAICOM) regulations and guidelines during the year under review. Details of these include:

I. Failure to submit Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) annual employee training program resulting in a penalty of N250,000

ii Penalty of N225,000 for failure to render returns on third quarter 2011 businesses placed by brokers to NAICOM.

iii. Penalty N10,000 for late rendition of 1st Quarter 2011 returns to NAICOM

The above penalties have been duly paid.

CONTINUITY. STABILITY. PROSPERITY.

42. Reinsurance treaty

The Company has a reinsurance agreement with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc to reinsure the risks associated with fire and consequential loss, General accident, Marine cargo, motor, aviation and special risks etc. according to agreed quota share, surplus treaty or excess of loss treaty. This agreement was last modified on 31 December 2012.

43. Related party transactions

A number of insurance transactions are entered into with directors, key management personnel and their related concerns in the normal course of business. These include the provision of insurance cover of different classes. Key management personnel is defined as the Group's executive and non-executive directors, including close members of their family and any entity over which they exercise control. Close members are those family members who may be expected to influence, or be influenced by that individual in their dealing with the Group.

The only significant related party transaction during the year is intercompany transaction as follows:

	Entity	31-Dec-12
Income from auto-insurance support services	CHI Capital Limited	26,310,000
Auto-insurance support services expenses	CHI PLC	26,310,000

44 Capital management

The Group's objectives with respect to capital management are to maintain a capital base that adequately meets regulatory requirements and to utilize capital allocations efficiently and effectively. Capital levels are determined either based on internal assessment or regulatory requirements.

The Nigerian Insurance Act 2003 stipulates the minimum capital requirement for a non life insurance company as an amount not less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital whichever is greater. The act defines what constitutes admissible assets liabilities. The regulators generally expect companies to comply with capital adequacy requirements and the Company has consistently exceeded this minimum over the years. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed neccesary.

All of the Group's capital is Tier 1 (core capital) which consists of share capital and reserves created by appropriation of retained earnings. The following sources of funds are available to the group to meet its capital growth requirements:

1. Profits from operations: The group had regularly appropriated from its profit to grow its capital.

2. Issue of shares: The Group can successfully access the capital market to raise the desired funds for its operations and needs

3. Loans (long term/short term): this remains a source of capital even though the group had never had course to access this source for funding its operations.

45 Asset & liability Management

Asset & liability Management (ALM) is the practice of managing an insurer's financial position so that actions taken with respect to assets and liabilities are designed to address the broad set of financial risks inherent in their joint behavior.

Asset & Liability management (ALM) attempts to address financial risks the group is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

ALM ensures that specific assets of the group is allocated to cover reinsurance and other liabilities of the group.

Notes To The Consolidated Financial Statements For The Year Ended 31 Decembe

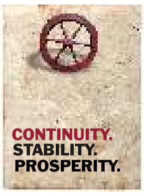
The following tables reconcile the consolidated balance sheet to the classes and portfolios used in the Group's ALM framework.

Group

	Insurance fund	Shareholders funds	Dec 2012
ASSETS			
Cash and cash equivalents	1,736,565,694	120,737,557	1,857,303,251
Financial assets			
– At fair value through profit or loss	167,695,231	14,756,328	182,451,560
- Loans and receivables		41,082,638	41,082,638
– Available for sale		2,000,000	2,000,000
Finance lease receivables		24,731,816	24,731,816
Trade receivables		1,138,068,666	1,138,068,666
Reinsurance assets		1,068,907,833	1,068,907,833
Deferred acquisition cost		195,734,475	195,734,475
Other receivables and prepayments		50,413,483	50,413,483
Investment in subsidiaries		-	-
Investment properties		870,331,600	870,331,600
Property and equipment		946,746,286	946,746,286
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	1,904,260,925	4,773,510,682	6,677,771,608
LIABILITIES			
Insurance contract liabilities	1,879,967,421		1,879,967,421
Trade payable		218,963,082	218,963,082
Provision and Other payables		78,514,082	78,514,082
Retirement benefit obligations		8,507,055	8,507,055
Income tax liabilities		178,219,612	178,219,612
Deferred income tax		126,936,011	126,936,011
TOTAL LIABILITIES	1,879,967,421	611,139,842	2,491,107,263
SURPLUS	24,293,504	4,162,370,840	4,186,664,345

Company

	Insurance fund	Shareholders funds	Dec 2012
ASSETS			
Cash and cash equivalents	1,736,565,694	9,942,260	1,746,507,954
Financial assets			
– At fair value through profit or loss	167,695,231		167,695,231
- Loans and receivables		25,122,448	25,122,448
– Available for sale		2,000,000	2,000,000
Trade receivables		1,138,068,666	1,138,068,666
Reinsurance assets		1,068,907,833	1,068,907,833
Deferred acquisition cost		195,734,475	195,734,475
Other receivables and prepayments		61,710,099	61,710,099
Investment in subsidiaries		226,407,680	226,407,680
Investment properties		785,831,600	785,831,600
Property, plant and equipment		946,346,035	946,346,035
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	1,904,260,925	4,760,071,096	6,664,332,021
LIABILITIES			
Insurance contract liabilities	1,879,967,421		1,879,967,421
Trade payable		218,963,082	218,963,082
Provision and other payables		87,474,076	87,474,076
Retirement benefit obligations		8,429,295	8,429,295
Income tax liabilities		169,994,951	169,994,951
Deferred income tax		126,936,011	126,936,011
TOTAL LIABILITIES	1,879,967,421	611,797,415	2,491,764,836
SURPLUS	24,293,504	4,148,273,681	4,172,567,185



Notes To The Consolidated Financial Statements For The Year Ended 31 December 20

46 Fair value Hierarchy

The determination of fair value for each class of financial instruments was based on the particular characteristics of the instruments. Group's accounting policy on fair value measurements is discussed under the statement of significant accounting policies.

Level 1: Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities and equity securities unadjusted in active market for identical assets and liabilities.

Level 2: valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

Group 31 December 2012

Asset Types	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit and loss	182,451,559			182,451,559
Available for sale			2,000,000.00	2,000,000.00

Group 31 December 2011

Asset Types	LEVEL I	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit and loss	307,139,512			307,139,512
Available for sale			2,000,000.00	2,000,000.00

Company 31 December 2012

Asset Types	LEVEL I	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit and loss	167,695,231			167,695,231
Available for sale			2,000,000.00	2,000,000.00

Group 31 December 2011

Asset Types	LEVEL I	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit and loss	290,606,001			290,606,001
Available for sale			2,000,000.00	2,000,000.00

47 Management of Insurance and Financial risks

Risk Management framework:

Consolidated Hallmark Insurance Plc has a robust and functional Risk Management System that is responsible for identifying and managing the inherent and residual risks facing the Group. As an insurance company, the management of risk is at the core of the operating structure of Consolidated Hallmark Insurance Plc. As a result, the best risk management practices are deployed to identify, measure, monitor, control and report every material risk prevalent in the business operation.

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

The Company's Risk Management System is in line with the guideline as approved by the insurance industry regulator, National Insurance Commission (NAICOM), to identify, assess, manage and monitor the risks inherent in the operations. The risk structure includes our approach to management of risks inherent in the business and the appetite for these risk exposures. Under this approach, we continuously assess the Company's top risks and monitor the risk profile against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

The Company is guided by the following principles to ensure effective integration and to maximize value to stakeholders through an approach that balances the risk and reward in the business. The Company only accepts risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times. It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and are required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control. The Board carries out these function by setting Finance and General purpose Committee (FGPC), Board Audit and Risk Management Committee (BARM), Establishment and Governance Committee and Investment Committee. The Board Audit and Risk Management Committee performs the oversight functions of the external auditor and regulatory compliance. It also monitors the internal control process and oversight of enterprise risk management. Finance and General Purpose Committee of the Board functions on oversight of financial reporting and accounting. The Investment Committee reviews and approves the company's investment policy, and approves investment over and above managements' approval limit.

Management is responsible and accountable for ensuring that Risk management policies, framework and procedures are complied with; and also that the risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board Committees. Management also ensures that explanations are provided to the Board Committees for any major gaps in the risk profiled and any significant delays in planned treatments for high risk priority matters.

The internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control is established by the organization in the management of enterprise risks across the organization. The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

The Chief Risk Officer (a member of the Management) is responsible for the risk policies, risk methodologies and risk infrastructure. The Chief Risk Office (CRO) informs the Board, as well as the Management about the risk profile of the Company and also communicates the views of the Board and Senior Management down the Company. The CRO is also responsible for independently monitoring the broad risk limits set by the Board throughout the year.

a Insurance risk management

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Group has the right to reject the payment of a fraudulent claim, and is entitled to pursue third parties for payment of some or all costs.

The above risk exposure is mitigated by diversification across a large portfolio of insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

The Group also has special claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlement of claims to reduce its exposure to unpredictable development.

The Group purchases reinsurance as part of its risks mitigation program. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Nigeria.

The Group manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. Reinsurance is purchased to mitigate the effect of the potential loss to the Company. Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer.

a(I) Insurance risk associated with uncertainty in the estimation of future claim payments

Claims insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Although, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Certains reserves are held for these contracts which are provision for IBNR, a provision for reported claims not yet paid and a provision for uneared premium at the end of the reporting period.

In deciding the assumption used, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are the Basic Chain Ladder and the Loss Ratio methods adjusted for assumed experience to date. Claims paid data were grouped into classes of business and Large claims were projected separately as they can significantly distort patterns. The Company also ensure prompt payment of claims as it is the main purpose of the business and also to avoid possible reputational risk.

The Basic Chain Ladder method was adopted in the calculations. Historical claims paid are grouped into years cohorts representing when they were paid after their underwriting year. These chorts are called claim development years.

The historical paid losses are projected to their ultimate values for each underwriting year. This is done by projecting the latest paid losses in the BCL method, loss development factors (LDF) were calculated for each development year, and also the Ultimate claims are then derived using the LDF and the latest paid historical claims

a(ii) Expected Loss Ratio Method

This method is used where the volume of data available is too small to be relied upon when using a statistical approach. The reserve for Oil & Gas, Bond, Aviation and engineering was estimated based on this method. Under this method, we obtained the Ultimate claims was derived by assuming a loss ratio of 30%. Paid claims already emerged is then allowed for the in estimated Ultimate claim.

a(iii) Claims development tables:

The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company's various techniques based on past claims development experience to quantify these sensitivities. This includes indicators such as average claim cost, amount of claims occurrence, expected loss ratios and claims development.

The claims development table shows how the claims develop over time to provides a scientific basis to estimate the value of claims that could arise from the policies already written by the company. The tables below illustrates the claims development for General Accident, Marine Hull, Marine Cargo, Motor and Fire class of business. The Bond, Engineering, Aviation and Oil and Gas classes were based on the estimated loss basis as stated in item a(vi) on pg 47

Technical Reserve Using Basic Chain Ladder Method

Class of Business	Gross Claim Reserve	Estimated Reinsurance	Net Outstanding Claims
Aviation	86,018,890	(69,932,323)	16,086,567
Bond	4,301,694	(511,817)	3,789,877
Engineering	41,554,076	(6,486,961)	35,067,115
Fire	149,466,434	(58,332,692)	91,133,742
General Accident	97,576,740	(55,234,363)	42,342,377
Marine Hull	3,618,618	(2,003,110)	1,615,508
Motor	150,642,241	(13,801,969)	136,840,272
Oil & Gas	121,340,107	(82,346,610)	38,993,497
TOTAL	659,281,705	(291,124,116)	368,157,589
Accounts (Outstanding Claims)	97,621,034	23,150,145	74,470,889
Difference(Reserve)	561,660,671	(267,973,971)	293,686,700

Cumulative Claims Development Pattern: General Accident

Incremental Chain Ladder - Yearly Projections (₦)					
Accident year	1	2	3	4	5
2008	88,990,150	40,481,685	7,471,543	5,007,014	2,131,451
2009	57,630,658	73,229,617	16,521,755	6,145,272	-
2010	41,697,640	88,402,475	8,717,547	-	-
2011	90,710,191	82,807,462	-	-	-
2012	55,014,015	-	-	-	-

Cumulative Development Patterns (N)

Accident year	1	2	3	4	5
2008	88,990,150	129,471,835	136,943,378	141,950,392	144,081,842
2009	57,630,658	130,860,275	147,382,030	153,527,301	153,527,301
2010	41,697,640	130,100,115	138,817,662	144,262,600	144,262,600
2011	90,710,191	173,517,653	188,055,154	195,431,367	195,431,367
2012	55,014,015	111,189,830	120,505,438	125,232,103	125,232,103

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

Summary of Results(₦)

Accident year	Latest Paid	Developed to Date	Ultimate Claims	IBNR
2008	144,081,842	1	144,081,842	-
2009	153,527,301	1	153,527,301	-
2010	138,817,662	0.96	144,262,600	5,444,938
2011	173,517,653	0.89	195,431,367	21,913,714
2012	55,014,015	0.44	125,232,103	70,218,088
Total	664,958,473	0.87	762,535,213	97,576,740

Cumulative Claims Development Pattern: Marine Hull

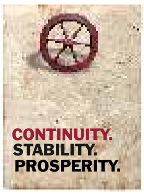
Incremental Chain Ladder - Yearly Projections (₦)					
Accident year	1	2	3	4	5
2008	4,620,178	2,699,051	2,496,698	220,708	-
2009	53,851,408	11,649,445	284,436	-	-
2010	10,732,966	8,574,565	288,827	-	-
2011	10,674,229	7,263,577	-	-	-
2012	6,798,378	-	-	-	-

Cumulative Development Patterns (₦)					
Accident year	1	2	3	4	5
2008	4,620,178	7,319,229	9,815,927	10,036,635	10,036,635
2009	53,851,408	65,500,853	65,785,289	65,785,289	65,785,289
2010	10,732,966	19,307,531	19,596,358	19,653,567	19,653,567
2011	10,674,229	17,937,806	18,535,546	18,589,658	18,589,658
2012	6,798,378	9,367,523	9,679,677	9,707,935	9,707,935

Summary of Results(₦)				
Accident year	Latest Paid	Developed to	Ultimate Claims	IBNR
2008	10,036,635	1	10,036,635	-
2009	65,785,289	1	65,785,289	-
2010	19,596,358	0.96	19,653,567	57,209
2011	17,937,806	0.89	18,589,658	651,852
2012	6,798,378	0.44	9,707,935	2,909,557
Total	120,154,466	0.87	123,773,084	3,618,618

Cumulative Claims Development Pattern: Marine Cargo

Incremental Chain Ladder - Yearly Projections (₦)					
Accident year	1	2	3	4	5
2008	9,376,382	1,460,618	322,519	750,000	95,862
2009	2,492,611	4,873,395	2,248,606	17,402	-
2010	4,497,996	19,153,239	303,064	-	-
2011	4,244,480	919,612	-	-	-
2012	1,935,125	-	-	-	-



	Cumulative Development Patterns (₦)				
Accident year	1	2	3	4	5
2008	9,376,382	10,837,000	11,159,519	11,909,519	12,005,381
2009	2,492,611	7,366,006	9,614,612	9,632,014	9,709,544
2010	4,497,996	23,651,235	23,954,299	24,839,177	25,039,112
2011	4,244,480	5,164,091	5,518,717	5,722,580	5,768,642
2012	1,935,125	4,414,355	4,717,495	4,891,760	4,931,135

Summary of Results(₦)			
Latest Paid	Developed to Date	Ultimate Claims	IBNR
12,005,381	1	12,005,381	-
9,632,014	1	9,709,544	77,530
23,954,299	0.96	25,039,112	1,084,813
5,164,091	0.89	5,768,642	604,551
1,935,125	0.44	4,931,135	2,996,010
52,690,910	0.87	57,453,814	4,762,904

Cumulative Claims Development Pattern: Motor

Incremental Chain Ladder - Yearly Projections (₦)					
Accident year	1	2	3	4	5
2008	122,876,705	104,531,551	18,519,015	3,924,467	247,206
2009	141,786,936	115,582,964	7,454,557	1,335,035	-
2010	155,867,868	83,730,285	5,826,488	-	-
2011	198,258,622	59,109,914	-	-	-
2012	199,105,685	-	-	-	-

Cumulative Development Patterns (₦)				
1	2	3	4	5
122,876,705	227,408,257	245,927,271	249,851,739	250,098,944
141,786,936	257,369,901	264,824,458	266,159,493	266,159,493
155,867,868	239,598,153	245,424,641	247,951,919	247,951,919
198,258,622	257,368,536	268,666,993	271,433,610	271,433,610
199,105,685	315,892,207	329,759,848	333,155,574	333,155,574

Summary of Results(₦)				
Accident year	Latest Paid	Developed to Date	Ultimate Claims	IBNR
2008	250,098,944	1	250,098,944	-
2009	266,159,493	1	266,159,493	-
2010	245,424,641	0.96	247,951,919	2,527,278
2011	257,368,536	0.89	271,433,610	14,065,074
2012	199,105,685	0.44	333,155,574	134,049,889
Total	1,218,157,299	0.87	1,368,799,540	150,642,241

Notes To The Consolidated Financial Statements For The Year Ended 31 December 20

Cumulative Claims Development Pattern: Fire

Incremental Chain Ladder - Yearly Projections (N)					
Accident year	1	2	3	4	5
2008	20,388,618	6,888,573	8,124,765	225,629	150,487
2009	10,509,312	10,492,062	4,756,927	274,899	-
2010	16,276,368	3,828,759	23,023,755	-	-
2011	7,433,761	51,673,027	-	-	-
2012	45,312,315	-	-	-	-

Cumulative Development Patterns (₦)				
1	2	3	4	5
20,388,618	27,277,190	35,401,955	35,627,584	35,778,071
10,509,312	21,001,374	25,758,301	26,033,200	26,033,200
16,276,368	20,105,128	43,128,883	43,481,844	43,481,844
7,433,761	59,106,788	90,141,316	90,879,022	90,879,022
45,312,315	105,788,210	161,333,222	162,653,554	162,653,554

Summary of Results (₦)			
Latest Paid	Developed to Date	Ultimate Claims	IBNR
35,778,071	1	35,778,071	-
26,033,200	1	26,033,200	-
43,128,883	0.96	43,481,844	352,961
59,106,788	0.89	90,879,022	31,772,234
45,312,315	0.44	162,653,554	117,341,239
209,359,257	0.87	358,825,691	149,466,434

a(vi) Expected Loss Ratio Method: This model was adopted because the volume of data available is too small to be relied upon when using a statistical approach. The reserve for oil & Gas, Bond, Aviation and Engineering was estimated based on this method. Under this method, we obtained the ultimate claims by assuming loss ratio of 30%. Paid claims already emerged is then allowed for from the estimated Ultimate claim.

b Sensitivity analysis:- Claims

Sensitivity analysis attempts to estimate likely amount of reserves at rare/worst case scenarios. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts vary could provide valuable information for business planning and risk appetite considerations. Results of sensitivity testing based on expected loss ratios are as follows, shown gross and net of reinsurance as impact on pre-tax income:

Sensitivity Analysis - Claims:		
	2012(M)	2011(M)
Gross Premium Earned	3,836	3,879
Reinsurance cost	925	1,126
Gross Claim incurred	682	980
Claims ratio	18%	25%
5% increase in claims	34	49
Claims ratio	19%	27%
5% reduction in claims	(34)	(49)
Claims ratio	17%	24%

A 5% increase or decrease in general Gross Claim experience translates to less than 10% impact on the operating performance of the group. The possibility of a 5% decline in claims experience is considered a rare occurence.

Notes To The Consolidated Financial Statements For The Year Ended 31 December

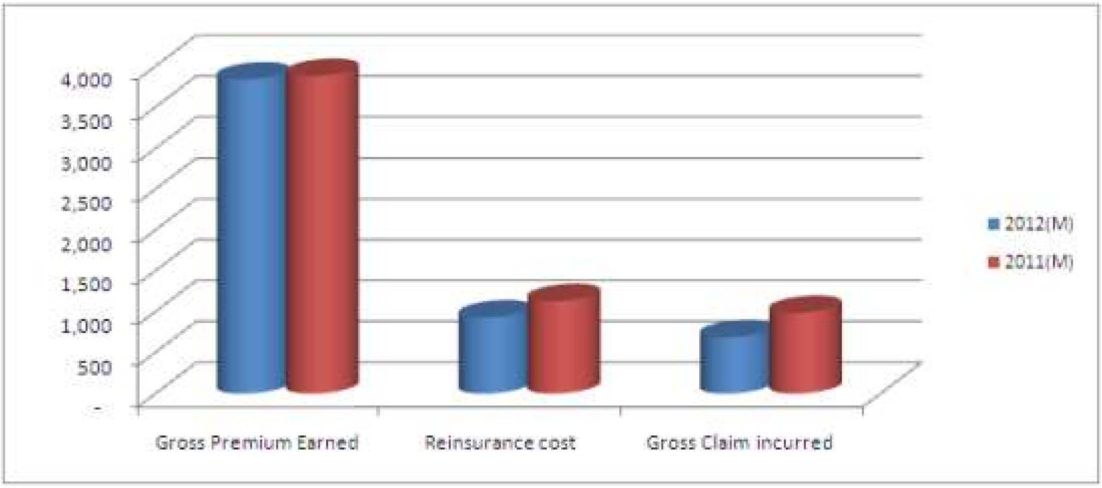


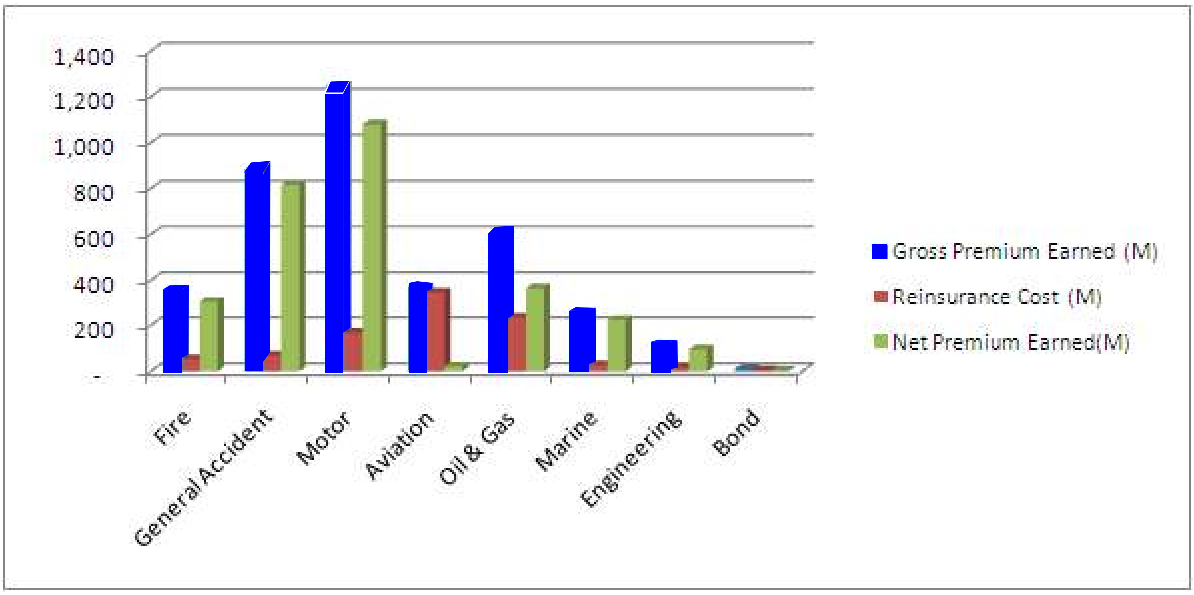
Figure 1 : Gross Premium earned vs Reinsurance Cost vs Gross Claim incured. (2012 & 2011)

c Risk Concentration

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the amount of gross and net premium earned before and after reinsurance respectively:

Year ended 31st December, 2012

Product	Gross Premium Earned (M)	Reinsurance Cost (M)	Net Premium Earned(M)
Fire	358	53	305
General Accident	885	69	816
Motor	1,249	168	1,080
Aviation	370	348	22
Oil & Gas	601	235	366
Marine	252	28	224
Engineering	113	17	96
Bond	9	6	3
	3,836	925	2,911



Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

Year ended 31st December, 2011

Product	Gross Premium Earned	Reinsurance Cost	Net Premium Earned
Fire	205	78	127
General Accident	959	92	867
Motor	1,108	70	1,038
Aviation	728	529	199
Oil & Gas	427	253	174
Marine	297	73	224
Engineering	111	22	89
Bond	44	9	35
	3,879	1,126	2,753

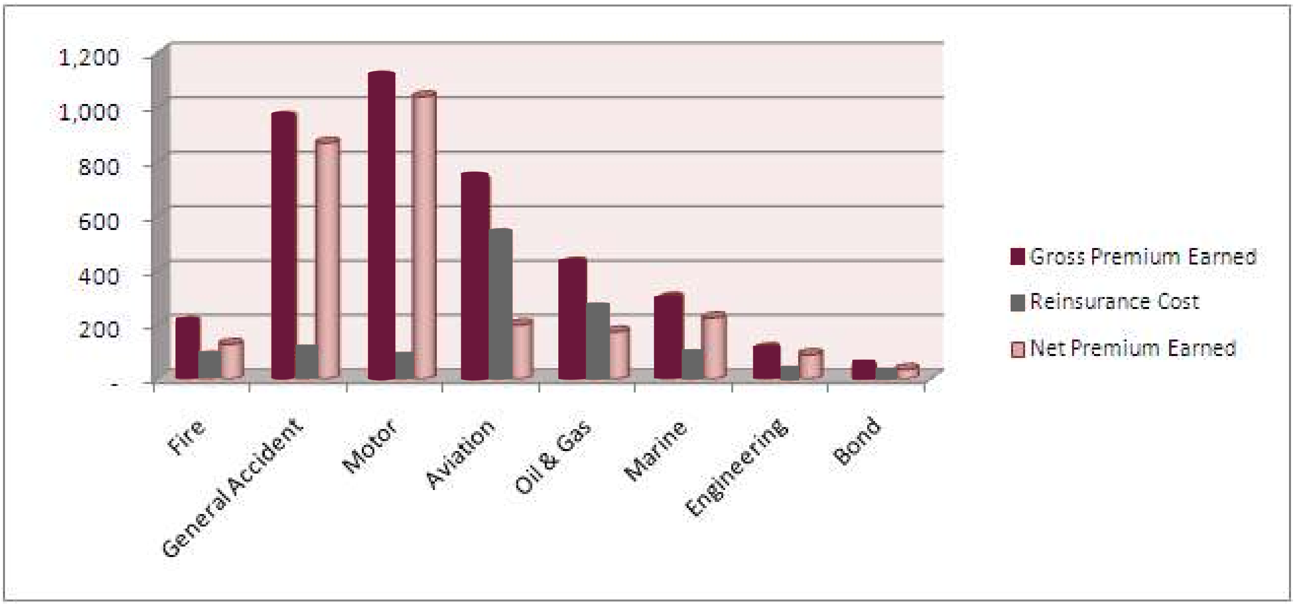


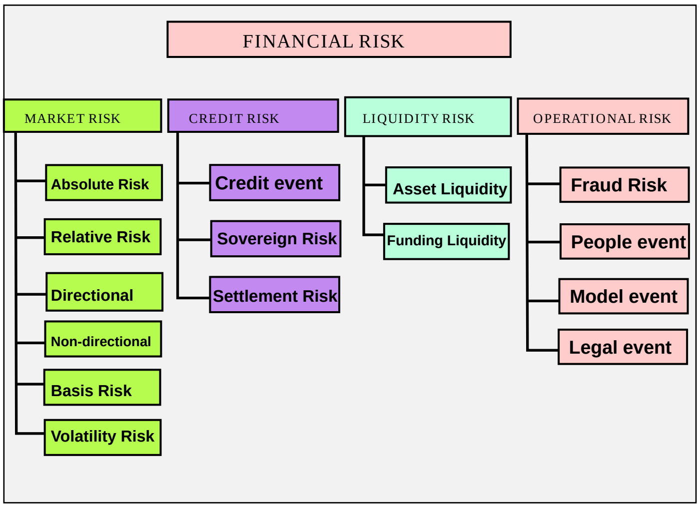
Figure 3 : Gross premium earned vs Reinsurance Cost per class . (2011)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

b. Financial Risks Management (FRM)

Risk Classification: Most financial risk can be categorized as either systematic or non-systematic. Systematic risk affects an entire economy and all of the businesses within it; an example of systematic risk would be losses due to a recession. Non-systematic risks are those that vary between companies or industries; these risks can be avoided completely through careful planning. There are several types of systematic risk. Interest risk is the risk that changing interest rates will make your current investment's rate look unfavorable. Inflation risk is the risk that inflation will increase, making your current investment's return smaller in relation. Liquidity risk is associated with tying up your money in long-term assets that cannot be sold easily. There are also different types of non-systematic risk. Management risk is the risk that bad management decisions will hurt a company in which you're invested. Credit risk is the risk that a debt instrument issuer (such as a bond issuer) will default on their repayments to you. Consolidated Hallmark Insurance Plc is exposed to an array of risks through its operations. the Company has identified and categorized its exposure to these broad risks listed below: Market Risk, Credit Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Reputaional Risk, Foreign Currency Risk, Equity risk.

b(i) Financial risk is an umbrella term for multiple types of risk associated with financing, including financial transactions that include group loans in risk of default. Financial risk is one of the high-priority risk types for every business. Financial risk is caused due to market movements and market movements can include host of factors. Based on this, financial risk can be classified into various types such as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The Group has exposure to the following risks and their management approach are disclosed in the accompanying explanatory notes:



b(ii) Operational risks

Operational risks are the risks of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased

Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer. Management monitors the creditworthiness of the Reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

b(iii) Credit risks

Credit risk is the risk of financial loss to the Group if a debtor fails to make payments of interest and principal when due. The Group is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Sources of credit risk identified are Direct Default Risk that the Group will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations. Downgrade Risk that changes the possibility of future default by an obligor will adversely present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the Group's exposure to them.

b(iv) Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made. The Group does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

FINANCIAL ASSETS MATURITY PROFILE				
The maturity profile Group's financial assets is as listed below;				
Loans And Receivables				
	Group		Company	
	2012	2011	2012	2011
Analysis by Performance				
Performing	41,082,638	38,045,841	25,122,447	33,274,773
Non - Performing	-	-	-	-
Total	41,082,638	38,045,841	25,122,447	33,274,773
Analysis by Maturity				
0 - 30 days	859,382	2,028,740	729,573	1,492,930
1 - 3 months	2,188,720	6,584,889	2,188,720	6,584,889
3 - 6 months	18,556,286	22,246,015	18,556,286	22,246,015
6 - 12 months	19,478,249	7,186,194	3,647,867	2,950,936
Total	41,082,638	38,045,838	25,122,447	33,274,770
Fixed Deposits with Banks				
ANALYSIS BY MATURITY				
	GROUP		COMPANY	
FIXED DEPOSIT WITH BANKS	2012	2011	2012	2011
0 - 30 days	605,415,625	1,171,127,804	505,056,607	1,143,600,701
30 - 90 days	1,092,911,953	101,328,313	1,092,911,953	101,328,313
Sub Total	1,698,327,578	1,272,456,117	1,597,968,560	1,244,929,014
TREASURY BILLS				
30 - 90 days		46,794,762		46,794,762
Grand Total	1,698,327,578	1,319,250,879	1,597,968,560	1,291,723,776

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

b(v) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Group is exposed to this risk through its equity holdings within its investment portfolio. The Group's management of equity price risk is guided by Investment Quality and Limit Analysis, Stop Loss Limit Analysis and Stock to Total Loss Limit Analysis.

b(vi) Currency risks

Currency risks are the risks that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Investors and multinational businesses exporting or importing goods and services or making foreign investments throughout the global economy are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately.

The Group's principal transactions are carried out in Naira and its financial assets are primarily denominated in the Naira and its exposure to foreign exchange risk is minimal.

b(vii) Business Risks

Business risk relates to the potential erosion of our market position or revenue shortfall compared to the cost base due to strategic and/or reputational reasons. The corporate governacnce structure of the group is effective. Each level of leadership has limits of authority and approval to ensure business decisions are properly considered, relevant risks exposures evaluated and necessary measures implemented to mitigate such risks.

The Group holds regular strategic sessions both at the Board, Management and Operational Unit basis to review the corporate and the unit strategies and ensure the group market share is effectively defended against competition.

b(viii) Reputational Risks

Reputational risk, often called reputation risk, is a type of risk related to the trustworthiness of business. Damage to a firm's reputation can result in lost revenue or destruction of shareholder value, even if the company is not found guilty of a crime. Reputational risk can be a matter of corporate trust, but serves also as a tool in crisis prevention. This type of risk can be informational in nature or even financial. Extreme cases may even lead to bankruptcy.

The composition of the Board and leadership of the group are made up of reputable and experienced practitioners. The group also holds it core values of Professionalism, Relationship, Integrity, Zeal and Excellence (PRIZE) which is regularly communicated to every member and compliance monitored on an ongoing basis.

48 Explanation of transition to IFRSs-Group

As stated in the Group's statement of accounting policies, these are the Group's first financial statements prepared in accordance with IFRSs. As the Group presents comparative information for one year in its financial statements, the date of transition to IFRS is effective, 1 January 2011, which represents the start date of the earliest comparative period of comparative information presented. The opening balance sheet as at 1 January 2011 has been restated accordingly. The statement of significant accounting policies have been consistently applied to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

The most significant IFRSs impact for the Group originated from the implementation of IFRS 4 - Insurance contracts, which specifies the financial reporting for insurance contracts by any entity that issues such contracts, IAS 39 - Financial instruments: Recognition and Measurement, which requires the valuation of financial assets at fair values and amortised cost based on their categorisation. It also requires impairment of financial assets to only be accounted for if there is objective evidence that a loss event has occurred after initial recognition but before the balance sheet date, and IAS 1 Presentation of Financial Statements.

The statement of significant accounting policies have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS statement of financial position at 1 January 2011 (the Group's date of transition).

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with Nigerian GAAP. An explanation of how the transition from previous GAAP to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

xii (cont'd)

Below is a summary of the IFRS adjustments:

	Group ₦		Company ₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	126,700,317	193,492,739	123,008,516	184,640,215
Reclassification to trade payables	(93,054,868)	(151,783,120)	(93,054,868)	(151,783,120)
Reclassification to finance lease payables	-	(9,217,216)	-	(9,217,216)
Reclassification to provision and other payables	(27,605,076)	(26,342,581)	(23,803,827)	(17,490,058)
Line items not meeting the definition of a liability written of the retained earnings	(6,040,373)	(6,149,821)	(6,149,821)	(6,149,821)
Balance per IFRS	-	-	-	-

(xiii) Impact of IFRS on insurance contract liability

Items previously recognised under NGAAP as insurance fund now reclassified to insurance contract liabilities under IFRS. This resulted in an amount of N985m reclassified to insurance contract liabilities. The effect was the same for Group. Also, IFRS 4 requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire. A cedant (ie the insurer that is the policyholder under a reinsurance contract) does not normally have a right to offset amounts due from a reinsurer against amounts due to the underlying policyholder. Normal offsetting criteria prohibit offsetting when no such right exists. When these criteria are not met, a gross presentation gives a clearer related income and expense. Under NGAAP, Reinsurance assets was previously net off against outstanding claims, IFRS requires it to be recognised on a separate line. Therefore, an amount of N462m representing reinsurer's share of outstanding claim was added to the reinsurance asset. The reinsurer's share of outstanding claim was determined by an Actuary. The effect was the same for Group.

Below is a summary of the adjustment on insurance contract liabilities

	Group ₦		Company ₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	-	-	-	-
Reclassification from insurance fund	985,009,107	766,027,298	985,009,107	766,027,298
Recognition of reinsurers share of outstanding claims	462,893,465	20,826,339	462,893,465	465,240,576
Additional provision for insurance contract liabilities	318,379,137	-	318,379,137	-
Balance per IFRS	1,766,281,709	786,853,637	1,766,281,709	1,231,267,874

(xiv) Deferred tax implication of IFRS adjustments

As a result of certain IFRS adjustments which have affected tax related items in the financial statements, there has been a movement in the deferred tax position of the company.

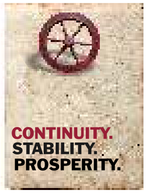
(xv) Reclassification of capital reserves

Under previous GAAP, the excess of net asset acquired over purchase consideration made was recognised in equity as capital reserve, however under IFRS, it is recognised in the income statement. Capital reserve recognised on asset consolidated were transfered to income statement. This resulted in an amount of N374.9m being transferred from capital reserve to revenue reserve as at January 1 and December 31 2011. No amount existed for subsequent period. The effect was the same for Group.

(xvi) Reclassification of fixed asset revaluation reserve

Under the previous NGAAP, revaluation was carried out for some items of property plant and equipment which resulted in a revaluation surplus reserve in reserves. On transitioning to IFRS, the Group elected the cost model to account for its item of PPE and the revaluation surplus was reclassified to revenue reserves. This resulted in an amount of N24m being transferred from revaluation reserve to revenue reserve as at January 1 2011. No amount existed for subsequent period. The same reclassification adjustment was made for the group.

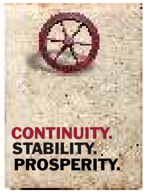
	Group ₦		Company ₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	95,978,245	27,011,185	30,482,470	24,811,148
Reclassification of revaluation reserve	(95,978,245)	(27,011,185)	(30,482,470)	(24,811,148)
Balance per IFRS	-	-	-	-



Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

(i)Reconciliation of equity-Group

		31/12/2011					01/01/2011				
	Notes	Nigerian GAAP ₦	IFRS Adjustment Reclassifcation ₦	IFRS Adjustment Measurement ₦	Total IFRS Impact ₦	IFRSs ₦	Nigerian GAAP ₦	IFRS Adjustment Reclassifcation ₦	IFRS Adjustment Measurement ₦	Total IFRS Impact ₦	IFRSs ₦
Assets											
Cash and bank balances	(i)	153,000,716	(153,000,716)	-	(153,000,716)	-	183,221,710	(183,221,710)	-	(183,221,710)	-
Cash and cash equivalent	(i)	-	1,449,326,577	-	1,449,326,577	1,449,326,577		1,103,532,501	-	1,103,532,501	1,103,532,501
Short term investments	(i),(ii)	1,576,403,853	(1,576,403,853)	-	(1,576,403,853)	-	1,325,236,996	(1,325,236,996)	-	(1,325,236,996)	-
Financial assets at fair value through profit or loss	(ii),(iii)	-	307,139,472	-	307,139,472	307,139,472	-	440,555,249	-	440,555,249	440,555,249
Available for sale	(iv)	-	2,000,000	-	2,000,000	2,000,000	-	2,000,000	-	2,000,000	2,000,000
Investment in lease	(v)b	29,899,865	(29,899,865)	-	(29,899,865)	-	50,572,455	(50,572,455)	-	(50,572,455)	-
Loans and receivables	(v)	-	51,072,297	(13,026,456)	38,045,841	38,045,841	-	72,043,400	(417,650)	71,625,750	71,625,750
Finance lease receivables	(v)d	-	3,683,648	-	3,683,648	3,683,648	-	-	-	-	-
Premium debtors	(vi)	1,174,096,869	(1,174,096,869)	-	(1,174,096,869)	-	1,163,495,747	(1,163,495,747)	-	(1,163,495,747)	-
Trade receivables	(vi)	-	1,174,096,869	(86,262,248)	1,087,834,621	1,087,834,621	-	1,163,495,747	10,268,626	1,173,764,373	1,173,764,373
Reinsurance debtors	(vii)	410,167,611	(410,167,611)	-	(410,167,611)	-	373,881,793	(373,881,793)	-	(373,881,793)	-
Reinsurance asset	(vii)	-	410,167,611	462,893,469	873,061,080	873,061,080	-	373,881,793	218,343,771	592,225,564	592,225,564
Loans and advances	(v)a	30,606,082	(30,606,082)	-	(30,606,082)	-	21,470,945	(21,470,945)	-	(21,470,945)	-
Other assets	(viii)	42,195,478	(42,195,478)	-	(42,195,478)	-	67,743,764	(67,743,764)	-	(67,743,764)	-
Other receivables and prepayments	(viii), (v)e	-	47,945,478		47,945,478	47,945,478	-	114,364,264	-	114,364,264	114,364,264
Deferred acquisition expenses	(ix)	140,239,436	-	588,058	588,058	140,827,494	99,835,583	-	-	-	99,835,583
Long term investments	iv	29,061,480	(29,061,480)	-	(29,061,480)	-	37,629,044	(37,629,044)	-	(37,629,044)	-
Investment in subsidiaries	(viii)	-	-	-	-	-	56,620,500	(46,620,500)	-	(46,620,500)	10,000,000
Statutory deposits		300,000,000	-	-	-	300,000,000	300,000,000	-	-	-	300,000,000
Investment properties	(x), (xi)a	786,578,915	84,000,000	-	84,000,000	870,578,915	780,907,593	17,647,725	-	17,647,725	798,555,318
Property and equipment	(xi)	1,013,353,216	(84,000,000)	27,972,730	(56,027,270)	957,325,946	975,014,323	(17,647,725)	22,079,188	4,431,463	979,445,786
Total assets		5,685,603,521	-	392,165,553	392,165,551	6,077,769,071	5,435,630,453	-	250,273,935	250,273,935	5,685,904,389
Liabilities											
Creditors and accruals	(xii)	126,700,317	(120,659,944)	(6,040,373)	(126,700,317)	-	193,492,739	(187,342,918)	(6,149,821)	(193,492,739)	-
Trade payables	(xii)	-	93,054,868	-	93,054,868	93,054,868	-	151,783,120	-	151,783,120	151,783,120
Finance lease payable	(xii)	-	-	-	-	-	-	9,217,216	-	9,217,216	9,217,216
Provision and other payables	(xii)	-	27,605,076	-	27,605,076	27,605,076	-	26,342,582	-	26,342,582	26,342,582
Insurance funds	(xiii)	985,009,107	(985,009,107)	-	(985,009,107)	-	766,027,298	-	465,240,576	465,240,576	1,231,267,874
Insurance contract liabilities	(xiii)		985,009,107	781,272,606	1,766,281,713	1,766,281,713				-	-
Income tax payables		152,263,638	-	-	-	152,263,638	191,805,345	-	-	-	191,805,345
Deferred tax payable	(xiv)	118,728,284	-	(35,554)	(35,554)	118,692,730	126,617,070	-	(125,211)	(125,211)	126,491,859
Retirement benefit obligation		8,413,206	-	-	-	8,413,206	10,927,814	-	-	-	10,927,814
		1,391,114,552	-	775,196,679	775,196,679	2,166,311,231	1,288,870,266	-	458,965,544	458,965,544	1,747,835,810
Net assets		4,294,488,969	-	(383,031,127)	(383,031,129)	3,911,457,840	4,146,760,187	-	(208,691,609)	(208,691,609)	3,938,068,579

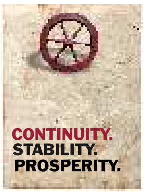


Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

(i)Reconciliation of equity (Cont'd)

	Notes	31/12/2011 Nigerian GAAP ₦	IFRS Adjustment Reclassification ₦	IFRS Adjustment Measurement ₦	Total IFRS Impact ₦	IFRSs ₦
Share capital		3,000,000,000			-	3,000,000,000
Statutory contingency reserve		493,281,216			-	493,281,216
Revaluation reserves	(xvi)	95,978,245	(95,978,245)		(95,978,245)	-
Capital reserve	(xv)	374,947,692	(374,947,692)		(374,947,692)	-
Revenue reserve	(xvii)	330,281,817	470,392,522	(383,031,127)	87,361,395	417,643,213
Statutory reserve		-	533,415	-	533,415	533,415
Shareholders' fund		4,294,488,970	-	(383,031,127)	(383,031,129)	3,911,457,841

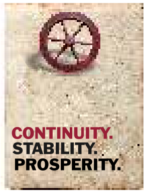
	01/01/2011 Nigerian GAAP ₦	IFRS Adjustment Reclassification ₦	IFRS Adjustment Measurement ₦	Total IFRS Impact ₦	IFRSs ₦
Share capital	3,000,000,000	-	-	-	3,000,000,000
Statutory contingency reserve	370,321,437	-	-	-	370,321,437
Revaluation reserves	27,011,185	(27,011,185)	-	(27,011,185)	-
Capital reserve	374,947,692	(374,947,692)	-	(374,947,692)	-
Revenue reserve	374,479,873	401,958,877	(208,691,609)	193,267,268	567,747,141
Statutory reserve					
Shareholders' fund	4,146,760,187	-	(208,691,609)	(208,691,609)	3,938,068,578



Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

(iii) Reconciliation of income-Group

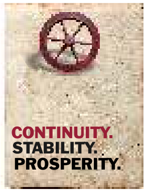
	Notes	Nigerian GAAP ₦	IFRS Adjustment Reclassification ₦	IFRS Adjustment Measurement ₦	Total IFRS Impact ₦	31/12/2011 IFRSs ₦
Gross premium income(earned)	(xviii)	3,882,716,053	-	(3,603,664)	(3,603,664)	3,879,112,389
Reinsurance cost		(1,125,903,511)	-		-	(1,125,903,511)
Premium earned		2,756,812,542	-	(3,603,664)	(3,603,664)	2,753,208,878
			-	-	-	
Commissions received		76,172,079	-	-	-	76,172,079
Total income		2,832,984,621	-	(3,603,664)	(3,603,664)	2,829,380,957
Claims incurred	(xviii)	(572,080,635)	-	(67,878,667)	(67,878,667)	(639,959,302)
Underwriting expenses:						
- Acquisition expenses	(ix)	(549,641,309)	-	588,059	588,059	(549,053,250)
- Maintenance expenses	M	(267,212,367)	-	-	-	(267,212,367)
Underwriting profits		1,444,050,310	-	(70,894,272)	(70,894,272)	1,373,156,038
Investment income		118,215,172	-	-	-	118,215,172
Other income	(xix)	17,732,159	-	71,167,097	71,167,097	88,709,456
		1,579,997,641	-	272,825	272,825	1,580,080,666
Management expenses	(xx)	(868,097,993)	-	5,698,016	5,698,016	(862,399,977)
Diminution in investments	(xxi), (xxii)	(36,658,828)	36,658,828	-	36,658,828	-
Provision for impairment of doubtful premiums	(xxi)	(308,368,707)	308,368,707	-	308,368,707	-
Fair value gains and losses on financial asset at fair value	(xxiii)	-	(113,358,215)	(8,665,446)	(122,023,661)	(122,023,661)
Impairment charge	(xxi)	-	(338,660,009)	(108,765,923)	(447,425,932)	(447,425,932)
Profit on ordinary activities before taxation and exceptional activities		366,872,113	(106,990,689)	(111,460,528)	(218,451,218)	148,231,096
Exceptional item	(xxiii)	(113,358,215)	113,358,215	-	113,358,215	-
Profit on ordinary activities before taxation		253,513,898	6,367,526	(111,460,528)	(105,093,003)	148,231,096
Taxation	(xiv)	5,247,826	-	-	(89,657)	5,158,169
Profit after taxation		258,761,724	6,367,526	(111,460,528)	(105,182,660)	153,389,265
Statutory contingency reserve		(122,959,779)	-	-	-	(122,959,779)
Retained profit transferred to revenue reserve		135,801,945	6,367,526	(111,460,528)	(105,182,660)	30,429,486



Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

(iii) Reconciliation of equity- Company

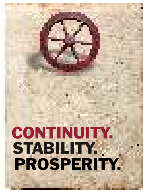
		31/12/2011					01/01/2011				
		Nigerian GAAP	IFRS Adjustment Reclassification	IFRS Adjustment Measurement	Total IFRS Impact	IFRSs	Nigerian GAAP	IFRS Adjustment Reclassification	IFRS Adjustment Measurement	Total IFRS Impact	IFRSs
	Notes	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Assets											
Cash and bank balances	(I)	142,719,829	(142,719,829)	-	(142,719,829)	-	176,133,401	(176,133,401)	-	(176,133,401)	-
Cash and cash equivalent	(I)	-	1,411,518,588	-	1,411,518,588	1,411,518,588		1,091,444,192	-	1,091,444,192	1,091,444,192
Short term investments	(i),(ii)	1,548,876,750	(1,548,876,750)	-	(1,548,876,750)	-	1,320,236,996	(1,320,236,996)	-	(1,320,236,996)	-
Financial assets at fair value through profit or loss	(ii),(iii)	-	290,605,960	-	290,605,960	290,605,960	-	415,642,232	-	415,642,232	415,642,232
Available for sale	(iv)	-	2,000,000	-	2,000,000	2,000,000	-	2,000,000	-	2,000,000	2,000,000
Investment in lease	(v)b	29,899,865	(29,899,865)	-	(29,899,865)	-	50,572,455	(50,572,455)	-	(50,572,455)	-
Loans and receivables	(v)	-	46,220,880	(12,946,106)	33,274,773	33,274,773	-	63,197,352	(417,650)	62,779,702	62,779,702
Premium debtors	(vi)	1,174,096,869	(1,174,096,869)	-	(1,174,096,869)	-	1,163,495,747	(1,163,495,747)	-	(1,163,495,747)	-
Trade receivables	(vi)	-	1,174,096,869	(86,262,242)	1,087,834,627	1,087,834,621	-	1,163,495,747	10,268,626	1,173,764,373	1,173,764,373
Reinsurance debtors	(vii)	410,167,611	(410,167,611)	-	(410,167,611)	-	373,881,793	(373,881,793)	-	(373,881,793)	-
Reinsurance asset	(vii)	-	410,167,611	462,893,469	873,061,080	873,061,080	-	373,881,793	218,343,771	592,225,564	592,225,564
Loans and advances	(v)a	16,321,015	(16,321,015)	-	(16,321,015)	-	12,624,897	(12,624,897)	-	(12,624,897)	-



Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

(iii)Reconciliation of equity- Company (Cont'd)

		31/12/2011					01/01/2011				
	Notes	Nigerian GAAP ₦	IFRS Adjustment Reclassification ₦	Measurement ₦	Total IFRS Impact ₦	31/12/2011 IFRSs ₦	Nigerian GAAP ₦	IFRS Adjustment Reclassification ₦	Measurement ₦	Total IFRS Impact ₦	01/01/2011 IFRSs ₦
Other assets	(viii)	61,917,660	(61,917,660)	-	(61,917,660)	-	101,401,046	(101,401,046)	-	(101,401,046)	-
Other receivables and prepayments	(viii)		61,917,660		61,917,660	61,917,660					101,401,046
Deferred acquisition expenses	(ix)	140,239,436	-	588,058	588,058	140,827,494	99,835,583	-	-	-	99,835,583
Long term investments	iv	12,527,969	(12,527,969)	-	(12,527,969)	-	12,716,027	(12,716,027)	-	(12,716,027)	-
Investment in subsidiaries		126,407,680	-	-	-	126,407,680	126,407,680	-	-	-	126,407,680
Statutory deposits		300,000,000	-	-	-	300,000,000	300,000,000	-	-	-	300,000,000
Investment properties	(x)	786,578,915	-	-	-	786,578,915	780,907,593	-	-	-	780,907,593
Property and equipment	(xi)	929,353,219	-	27,972,727	27,972,727	957,325,946	957,366,598	-	22,079,188	22,079,188	979,445,786
Total assets		5,679,106,818	-	392,245,906	392,245,905	6,071,352,717	5,475,579,816	-	52,756,503	52,756,503	5,725,853,751
				318,379,137							
Liabilities											
Creditors and accruals	(xii)	123,008,516	(116,858,695)	(6,149,821)	(123,008,516)	-	184,640,215	(178,490,394)	(6,149,821)	(184,640,215)	-
Trade payables	(xii)	-	93,054,868	-	93,054,868	93,054,868	-	151,783,120	-	151,783,120	151,783,120
Finance lease payable	(xii)	-	-	-	-	-	-	9,217,216	-	9,217,216	9,217,216
Provision and other payables	(xii)	-	23,803,827	-	23,803,827	23,803,827	-	17,490,058	-	17,490,058	17,490,058
Insurance funds	(xiii)	985,009,107	(985,009,107)	-	(985,009,107)	-	766,027,298	(766,027,298)	-	(766,027,298)	-
Insurance contract liabilities	(xiii)		985,009,107	781,272,602	1,766,281,709	1,766,281,709		766,027,298	465,240,576	1,231,267,874	1,231,267,874
Income tax payables		151,027,491	-	-	-	151,027,491	191,805,345	-	-	-	191,805,345
Deferred tax payable	(xiv)	118,728,284	-	(35,554)	(35,554)	118,692,730	126,617,070	-	(125,211)	(125,211)	126,491,859
Retirement benefit obligation		8,413,206	-	-	-	8,413,206	10,927,814	-	-	-	10,927,814
		1,386,186,604	-	775,087,227	775,087,227	2,161,273,831	1,280,017,742	-	14,551,307	14,551,307	1,738,983,286
Net assets		4,292,920,214	-	(382,841,322)	(382,841,323)	3,910,078,886	4,195,562,074	-	38,205,196	38,205,196	3,986,870,465



Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

(iii) Reconciliation of equity-Group (Cont'd)

		31/12/2011					01/01/2011				
		Nigerian GAAP	IFRS Adjustment		Total IFRS Impact	31/12/2011 IFRSs	Nigerian GAAP	IFRS Adjustment		Total IFRS Impact	01/01/2011 IFRSs
	Notes	₦	Reclassification ₦	Measurement ₦	₦	₦	₦	Reclassification ₦	Measurement ₦	₦	₦
Share capital		3,000,000,000	-	-	-	3,000,000,000	3,000,000,000	-	-	-	3,000,000,000
Statutory contingency reserve		493,281,216	-	-	-	493,281,216	370,321,437	-	-	-	370,321,437
Revaluation reserves	(xvi)	30,482,470	(30,482,470)	-	(30,482,470)	-	24,811,148	(24,811,148)	-	(24,811,148)	-
Capital reserve	(xv)	374,947,692	(374,947,692)	-	(374,947,692)	-	374,947,692	(374,947,692)	-	(374,947,692)	-
Revenue reserve	(xvii)	394,208,836	405,430,162	(382,841,322)	22,588,839	416,797,670	425,481,797	399,758,840	(208,691,609)	191,067,231	616,549,028
Shareholders' fund		4,292,920,214	-	(382,841,322)	(382,841,323)	3,910,078,886	4,195,562,074	-	(208,691,609)	(208,691,609)	3,986,870,465

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

(iii) Reconciliation of income- Company	Notes	Nigerian GAAP ₦	IFRS Adjustment Reclassification ₦	IFRS Adjustment Measurement ₦	Total IFRS Impact ₦	31/12/2011 IFRSs ₦
Gross premium income(earned)	(xviii)	3,882,716,053	-	(3,603,664)	(3,603,664)	3,879,112,389
Reinsurance cost		(1,125,903,511)	-	-	-	(1,125,903,511)
Premium earned		2,756,812,542	-	(3,603,664)	(3,603,664)	2,753,208,878
Commissions received		76,172,079			-	76,172,079
Total income		2,832,984,621	-	(3,603,664)	(3,603,664)	2,829,380,957
Expenses		-			-	-
Claims incurred	(xviii)	(572,080,635)	-	(67,878,667)	(67,878,667)	(639,959,302)
Underwriting expenses:						
- Acquisition expenses	(ix)	(549,641,309)	-	588,059	588,059	(549,053,250)
- Maintenance expenses		(267,212,367)	-		-	(267,212,367)
Underwriting profits		1,444,050,310	-	(70,894,272)	(70,894,272)	1,373,156,038
Investment income		111,984,769			-	111,984,769
Other income	(xix)	13,349,212		5,671,322	5,671,322	19,020,534
		1,569,384,291	-	(65,222,950)	(65,222,950)	1,504,161,341
Management expenses	(xx)	(851,975,164)		5,698,016	5,698,016	(846,277,148)
Diminution in investments	(xxi), (xxii)	(30,479,360)	30,479,360	-	30,479,360	-
Fair value gains and losses on financial asset at fair value	(xxii)	-	(113,546,273)	(97,883)	(113,644,156)	(113,644,156)
Provision for impairment of doubtful premiums	(xxi)	(308,368,707)	308,368,707	-	308,368,707	-
Impairment charge	(xxi)	-	(338,660,009)	(108,765,923)	(447,425,932)	(447,425,932)
Profit on ordinary activities before taxation and exceptional activities		378,561,060	(113,358,215)	(168,388,740)	(281,746,955)	96,814,105
Exceptional item	(xxii)	(113,358,215)	113,358,215	-	113,358,215	-
Profit on ordinary activities before taxation		265,202,845	-	(168,388,740)	(168,388,740)	96,814,105
Taxation	(xiv)	6,483,973		(89,657)	(89,657)	6,394,316
Profit after taxation		271,686,818	-	(168,478,398)	(168,478,398)	103,208,421
Statutory contingency reserve		(122,959,779)			-	(122,959,779)
Retained profit transferred to revenue reserve		148,727,039	-	(168,478,398)	(168,478,398)	(19,751,358)

(iv) Adjustments to the statement of cash flows

The transition from Nigerian GAAP to IFRS had no significant impact on cash flows generated by the company except that, under IFRS, cash flows relating to interest are classified in a consistent manner as operating, investing or financing each period. Under Nigerian GAAP, cash flows relating to interest payments were classified as operating. The effect was the same for Group.

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2012

(I) Impact of IFRS on cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Treasury bills with maturities of 90 days or less are classified as cash and cash equivalent. This resulted in an amount of N153m for the group (Company:N142.7m) reclassified from cash and bank balances to cash and cash equivalent at 31 December 2011 and the reclassification of fixed deposits of N1.296b in the group (Company:1.268b) at 31 December 2011 from short term investment under NGAAP to cash and cash equivalent under IFRS See below for details:

	Group ₦ 31/12/2011	Group ₦ 01/01/2011	Company ₦ 31/12/2011	Company ₦ 01/01/2011
Balance per NGAAP	-	-	-	-
Reclassification from cash and bank balances	153,000,716	183,221,710	142,719,829	176,133,401
Reclassification from short term investment	1,296,325,861	920,310,791	1,268,798,759	915,310,791
Balance per IFRS	1,449,326,577	1,103,532,501	1,411,518,588	1,091,444,192

(ii) Reclassification from Short term investment

Under IFRS, investments are not classified as short term investments but as available-for-sale (AFS), held-for-trading(HFT) or held-to-maturity (HTM). Items previously recognised under NGAAP as short term investment now reclassified as follows:

	Group ₦ 31/12/2011	Group ₦ 01/01/2011	Company ₦ 31/12/2011	Company ₦ 01/01/2011
Balance per NGAAP	1,576,403,853	1,325,236,996	1,548,876,750	1,320,236,996
Reclassification to cash and cash equivalents	(1,296,325,862)	(920,310,791)	(1,268,798,759)	(915,310,791)
Reclassification to financial asset at fair value through profit or loss	(280,077,991)	(404,926,205)	(280,077,991)	(404,926,205)
Balance per IFRS	-	-	-	-

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss of the group represents investment where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day. Assets under this category have been acquired for short term trading intent. Therefore, Items of equity securities previously recognised under NGAAP as short term investment now reclassified to financial assets at fair value through profit or loss under IFRS. This resulted in an amount of N280m for both group and company reclassified to financial assets at fair value through profit or loss at 31 December 2011. The same reclassification adjustment was made for the group.

	Group ₦ 31/12/2011	Group ₦ 01/01/2011	Company ₦ 31/12/2011	Company ₦ 01/01/2011
Balance per NGAAP	-	-	-	-
Reclassification from short term investment	280,077,991	404,926,205	280,077,991	404,926,205
Reclassification from long term investment	27,061,480	35,629,044	10,527,969	10,716,027
Balance per IFRS	307,139,471	440,555,249	290,605,960	415,642,232

(iv) Reclassification of long term investment

Under the NGAAP, financial asset are classified based on their tenure that is short-term investment, long term investment or investment properties in line with SAS 13. However under IFRS, they are classified based on intent. Items hitherto classified as long-term investment under NGAAP are reclassified as Available for Sale Assets and Financial asset at fair value through profit or loss based on their substance. The reclassification resulted in amount of N29m for the group (Company:N10.527m) to financial assets at fair value through profit or loss and N2m moved to available for sale at 31 December 2011.

	Group ₦ 31/12/2011	Group ₦ 01/01/2011	Company ₦ 31/12/2011	Company ₦ 01/01/2011
Balance per NGAAP	29,061,480	37,629,044	12,527,969	12,716,027
Reclassification to financial asset through profit or loss	(27,061,480)	(35,629,044)	(10,527,969)	(10,716,027)
Reclassification to available for sale	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Balance per IFRS	-	-	-	-

(v) Explanation of adjustment to loans and receivables at 1 January and 31 December 2011

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They typically arise when an entity provides money, goods or services directly to a debtor with no intention of trading the receivable and such sum of money have become a receivable or fallen due. The net impact of the application of IFRS on loans and receivables is analysed below:

CONTINUITY. STABILITY. PROSPERITY.

Notes To The Consolidated Financial Statements For The Year Ended 31 Decembe

		Group		Company	
		₦		₦	
		31/12/2011	01/01/2011	31/12/2011	01/01/2011
	Balance as per NGAAP	-	-	-	-
(v)a	Reclassification from loans and advances	24,856,080	21,470,945	16,321,015	12,624,897
(v)b	Reclassification from investment in leases	29,899,865	50,572,455	29,899,865	50,572,455
(v)c	Effect of measurement at armotised cost	(13,026,456)	(417,650)	(12,946,107)	(417,650)
(v)d	Reclassification to finance lease receivables	(3,683,648)	-	-	-
	Balance as per IFRS	38,045,841	71,625,750	33,274,773	62,779,702

(v)a Reclassification of loans and advances as loans and receivables

Items previously recognised under NGAAP as loans and advances now reclassified to loans and receivables under IFRS.

Loans & Advances	Group		Company	
	₦		₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	30,606,082	21,470,945	16,321,015	12,624,897
Reclassification to loans and receivables	(24,856,082)	(21,470,945)	(16,321,015)	(12,624,897)
Reclassification to other receivables and prepayment	(5,750,000)	-	-	-
Balance as per IFRS	-	-	-	-

(v)b Reclassification of net investment in leases

Items qualifying as investment in leases, under NGAAP, fail to meet the requirement of IAS 17 under IFRS. In substance, they qualify more for recognition as loans and receivables. This resulted in an amount of N29.89m reclassified to loans and receivables for both group and company at 31 December 2011.

Investment in Lease	Group		Company	
	₦		₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	29,899,865	50,572,455	29,899,865	50,572,455
Reclassification to loans and receivables	(29,899,865)	(50,572,455)	(29,899,865)	(50,572,455)
Balance as per IFRS	-	-	-	-

(v)c Measurement of loan and receivables at amortised cost

Compared to NGAAP where interest is accrued on time basis, under IFRS, interest is accrued using the effective interest rate. Amortized cost is the cost of an asset or liability adjusted, as necessary, to achieve a constant effective interest rate over the life of the asset or liability (i.e., constant interest income or constant interest expense as a percentage of the carrying amount of the financial asset or financial liability.

(v)d Reclassification of loans and advances as finance lease receivables

Items previously recognised under NGAAP as loans and advances now reclassified to finance lease receivables under IFRS.

	Group		Company	
	₦		₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	-	-	-	-
Reclassification from loans and receivables	3,683,648	-	-	-
Balance as per IFRS	3,683,648	-	-	-

(vi) Explanation of adjustment to trade receivables

The net impact of the application of IFRS on trade receivables is analysed below:

		Group		Company	
		₦		₦	
		31/12/2011	01/01/2011	31/12/2011	01/01/2011
	Balance as per NGAAP	-	-	-	-
(vi)a	Reclassification from premium debtor	1,174,096,869	1,163,495,747	1,174,096,869	1,163,495,747
(vi)b	Recomputation of impairment of trade receivables in line	(86,262,242)	10,268,626	(86,262,242)	10,268,626
	Balance per IFRS	1,087,834,627	1,173,764,373	1,087,834,627	1,173,764,373

(vi)a Reclassification of premium debtor as trade receivables

Items previously recognised under NGAAP as premium debtors now reclassified to trade receivables under IFRS. This resulted in an amount of N1.174b reclassified to trade receivables. The effect was the same for Group.

(vi)b Re-computation of impairment of trade receivables

Under NGAAP, a specific risk provision for impairment of premium receivables were calculated on a time basis. However, under IFRS, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before the balance sheet date. The losses reflects the pattern of premium portfolio historically as required by IAS 39.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

(vii) Reclassification of reisuarance debtor as reinsurance asset

Items previously recognised under NGAAP as reinsurance debtors now reclassified to reinsurance asset under IFRS. This resulted in an amount of N410m in 2011 and 373m in 2010 reclassified to reinsurance asset. The effect was the same for Group. Also, under NGAAP, Reinsurance assets was previously net off against outstanding claims, IFRS requires it to be recognised on a separate line. Therefore, an amount of N462m representing reinsurer's share of outstanding claim was added to the reinsurance asset at 31 December 2011. The reinsurer's share of outstanding claim was determined by an Actuary. The effect was the same for Group. See below for details:

	Group		Company	
	₦		₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	-	-	-	-
Reclassification from reinsurance debtor	410,167,611	373,881,793	410,167,611	373,881,793
Recognition of share of outstanding claims receivable from reinsurer	462,893,469	20,826,339	462,893,469	218,343,771
Balance per IFRS	873,061,080	394,708,132	873,061,080	592,225,564

(viii) Explanation of IFRS adjustment to other receivables and prepayment

Items previously recognised under NGAAP as other assets now reclassified to other receivables and prepayment under IFRS. Details is analysed below:

	Group		Company	
	₦		₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	-	-	-	-
Reclassification of other assets	42,195,478	67,743,764	61,917,660	101,401,046
Reclassification of investment in subsidiary	-	46,620,500	-	-
Reclassification of loans and advances	5,750,000	-	-	-
Balance per IFRS	47,945,478	114,364,264	61,917,660	101,401,046

(ix) Adoption of Actuary's report on deferred acquisition cost

Under NGAAP, deferred acquisition cost was determined by management. However, IFRS required an Actuary's valuation. This valuation resulted in additional deferred cost of N0.588m at 31 December 2011. The effect was the same for Group.

(x) Reclassification of property and equipment as investment property

Items previously recognised under NGAAP as property and equipment now reclassified to investment roperty under IFRS. This resulted in an amount of N84m reclassified to investment properties at 31 December 2011. This affected only the Group.

	Group		Company	
	₦		₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	786,578,915	780,907,593	786,578,915	780,907,593
Reclassification of property and equipment	84,000,000	17,647,725	-	-
	870,578,915	798,555,318	786,578,915	780,907,593

(xi) Impact of IFRS on property and equipment

Under the previous NGAAP, the carrying amounts of land and building were merged and subsequently depreciated as such. IAS 16 recognises land as a non- depreciable asset. This resulted in reclassification of N286m from land and building to land and land's proportion of accummulated depreciation reversed through retained earnings at 31 December 2011. The effect was the same for Group. See below for details:

	Group		Company	
	₦		₦	
	31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP	1,013,353,216	975,014,323	929,353,219	957,366,598
Reclassification of investment property	(84,000,000)	(17,647,725)	-	-
Reversal of accummulated depreciation on land	27,972,727	22,079,188	27,972,727	22,079,188
Balance per IFRS	957,325,946	979,445,786	957,325,946	979,445,786

(xii) Separate recognition of line items in line with IAS 1

IAS 1 requires certain items to be recognised on the face of the financial statements. Under previous GAAP, borrowings, trade payables and other payables were shown as a single line item. These have been reclassified accordingly. The same reclassification adjustment was made for the group.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

(xvii) Revenue reserve

The effect of IFRS measurement on retained earnings is as follows:

	Ref	Group ₦		Company ₦	
		31/12/2011	01/01/2011	31/12/2011	01/01/2011
Balance as per NGAAP		330,281,817	374,479,873	394,208,836	425,481,797
Reclassification of revaluation reserve	(xvi)	95,978,245	27,011,185	30,482,470	24,811,148
Reclassification of capital reserve	(xv)	374,947,692	374,947,692	374,947,692	374,947,692
Additional/(reversal) of impairment on premium receivables	(vi)b	(86,262,248)	10,268,626	(86,262,248)	10,268,626
Reversal of accummulated depreciation on land	(xi)	27,972,730	22,079,188	27,972,730	22,079,188
Deferred acquisition cost	(ix)	588,058	-	588,058	-
Additional provision for insurance liabilities	(xiii)	(318,379,137)	(246,896,805)	(318,379,137)	(246,896,805)
Line items not meeting the definition of a liability written off to the retained earnings	(xii)	6,040,373	6,149,821	6,149,821	6,149,821
Deferred tax implication of IFRS adjustments	(xiv)	35,554	125,211	35,554	125,211
Effect of measurement of loans and receivables at armotised cost	(v)c	(13,026,456)	(417,650)	(12,946,106)	(417,650)
Statutory reserve of Grand Treasurers Limited		(533,415)	-	-	-
Balance per IFRS		417,643,213	567,747,142	416,797,670	616,549,028

(xviii) Effect of Actuary's valuation of insurance contract libilities and unearned premium reserve

Under NGAAP, contract liabilities and unearned premium reserve were determined by management. However, IFRS required an Actuary's valuation. This valuation resulted in additional liabilities of N314.75m recognised in claim expense, reinsurer's share of outstanding claims of N462m and also a reduction of N3.6m in the premium earned. The effect was the same for Group.

(xix) IFRS impact on other income

Below is a summary of the effect of IFRS adjustment to other income under NGAAP

	Group ₦	Company ₦
	31/12/2011	31/12/2011
Balance as per NGAAP	17,732,159	13,349,212
Recognition of fair value gain in the income statement	71,167,097	5,671,322
Reversal of error in the previous NGAAP account	(189,800)	-
Balance per IFRS	88,709,456	19,020,534

(xx) Explanation IFRS adjustment on management expenses

Below is a summary of the effect of IFRS adjustment to management expenses under NGAAP

	Group ₦	Company ₦
	31/12/2011	31/12/2011
Balance as per NGAAP	868,097,993	851,975,164
Reversal of depreciation charged on land	(5,893,539)	(5,893,539)
Derecognition of irrecoverable staff loan	195,523	195,523
Balance per IFRS	862,399,977	846,277,148

(xxi) Impact of IFRS on items previously classified as dimunition of investment

Items previously recognised under NGAAP as dimunition on investment now reclassified as follows:

	Group ₦	Company ₦
	31/12/2011	31/12/2011
Balance as per NGAAP	36,658,828	30,479,360
Reclassification of impairment charge	(30,291,360)	(30,291,360)
Reclassification of fair value gains or losses on financial asset at fair value	(6,367,468)	(188,000)
Balance per IFRS	-	-

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2

(xxii) Explanation of IFRS adjustment on impairment charge

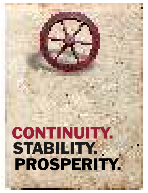
Below is a summary of the effect of IFRS adjustment to impairment charge under NGAAP

	Group ₦ 31/12/2011	Company ₦ 31/12/2011
Balance as per NGAAP	-	-
Reclassification of provision for doubtful premium debt	308,368,707	308,368,707
Reclassification of diminution on investment	30,291,360	30,291,360
Recognition of additional impairment on premium receivables	108,765,865	108,765,865
Balance per IFRS	447,425,932	447,425,932

(xxiii) Effect of IFRS adjustment on fair value gains or losses on financial asset at fair value

Impact of IFRS on fair value gains or losses on financial asset at fair value

	Group ₦ 31/12/2011	Company ₦ 31/12/2011
Balance as per NGAAP	-	-
Reclassification of diminution in investment	8,567,504	188,000
Reclassification of exceptional items	113,358,215	113,358,215
Recognition of day one loss resulting from fair value measurement of staff loans	97,941	97,941
Balance per IFRS	122,023,660	113,644,156



Appendix 1

Revenue Accounts For The Year Ended 31 December 2012

	Fire ₦	General accident ₦	Motor ₦	Aviation ₦	Oil & Gas ₦	Marine ₦	Engineering ₦	Bond ₦	2012 Total ₦	2011 Total ₦
Income										
Direct premium	374,294,164	884,303,118	1,354,173,353	433,891,121	620,474,977	257,931,196	174,142,678	15,535,685	4,114,746,291	4,051,499,283
Inward reinsurance premiums	6,884,458	3,419,923	6,623,848	3,573,896	3,234,470	2,908,719	735,177	-	27,380,491	47,160,024
Gross written premium	381,178,622	887,723,041	1,360,797,201	437,465,017	623,709,447	260,839,915	174,877,855	15,535,685	4,142,126,782	4,098,659,307
(Increase)/decrease in unearned premium provision	(22,906,840)	(3,004,869)	(111,926,202)	(67,662,865)	(22,835,442)	(9,216,167)	(61,996,373)	(6,581,528)	(306,130,287)	(219,546,918)
Gross premium earned	358,271,782	884,718,172	1,248,870,999	369,802,152	600,874,005	251,623,748	112,881,481	8,954,157	3,835,996,495	3,879,112,389
Deduct:										
Outward reinsurance premiums	(56,834,664)	(52,126,261)	(399,094,311)	(465,558,566)	(274,488,701)	(19,980,453)	(23,064,950)	(1,706,057)	(1,292,853,962)	(1,162,189,328)
(Increase)/decrease in prepaid insurance premium	3,361,776	(16,936,088)	230,703,629	117,364,143	39,540,553	(7,997,487)	6,188,922	(4,609,341)	367,616,107	36,285,817
Reinsurance cost	(53,472,888)	(69,062,349)	(168,390,682)	(348,194,423)	(234,948,148)	(27,977,939)	(16,876,028)	(6,315,398)	(925,237,855)	(1,125,903,511)
Net premiums earned	304,798,894	815,655,823	1,080,480,317	21,607,729	365,925,856	223,645,808	96,005,454	2,638,759	2,910,758,640	2,753,208,878
Commision received	13,063,409	10,278,012	104,798,973	85,417,427	7,334,731	6,419,107	9,449,308	482,616	237,243,584	76,172,079
Total income	317,862,303	825,933,835	1,185,279,290	107,025,157	373,260,588	230,064,915	105,454,762	3,121,374	3,148,002,224	2,829,380,957
Expenses										
Direct claims paid	146,388,743	305,329,403	265,960,887	66,725,833	63,314,312	24,586,119	2,431,123	-	874,736,420	662,547,174
Increase/(decrease) in outstanding claims Provision	61,870,385	(97,166,481)	(111,370,174)	(9,180,301)	(8,958,688)	(18,866,633)	(8,909,051)	136,370	(192,444,573)	70,917,218
Gross claims incurred	208,259,127	208,162,922	154,590,713	57,545,533	54,355,624	5,719,487	(6,477,928)	136,370	682,291,847	733,464,392
Deduct reinsurance claims recoveries	(115,831,391)	(10,312,463)	17,670,024	(45,182,206)	21,593,974	2,798,356	5,232,939	155,718	(123,875,048)	(93,505,090)
Net claims paid/incurred	92,427,736	197,850,459	172,260,737	12,363,327	75,949,599	8,517,843	(1,244,989)	292,088	558,416,799	639,959,302
Add underwriting expenses:										
Acquisition expenses	149,290,287	169,168,202	143,473,165	2,712,410	115,979,241	34,157,776	21,915,786	2,338,246	639,035,114	549,053,250
Maintenance expenses	13,701,408	112,873,468	108,605,801	7,359,758	32,017,531	12,654,181	1,024,995	3,723,847	291,960,987	267,212,367
Total expenses	255,419,432	479,892,129	424,339,703	22,435,495	223,946,370	55,329,800	21,695,791	6,354,181	1,489,412,900	1,456,224,919
Underwriting profit	62,442,871	346,041,707	760,939,587	84,589,662	149,314,218	174,735,115	83,758,970	(3,232,807)	1,658,589,324	1,373,156,038
Investment income attributable to policy holder's fund	12,035,767	29,330,441	43,318,637	6,024,857	14,245,373	5,679,952	4,856,478	345,134	115,836,639	66,293,412
Underwriting results	74,478,638	375,372,148	804,258,224	90,614,519	163,559,591	180,415,067	88,615,448	(2,887,673)	1,774,425,963	1,439,449,450

Share Capital History

Year	Authorized		Issued and Fully Paid		Consideration
	Increase	Cumulative	Increase	Cumulative	
1991	5,000,000	5,000,000			
1992	10,000,000	15,000,000	3,611,881	3,611,881	Cash
1993	-	15,000,000	1,500,000	5,111,881	Cash
1994	-	15,000,000	-	5,111,881	No Change
1995	15,000,000	30,000,000	14,888,119	20,000,000	Cash
1996	-	30,000,000	-	20,000,000	No Change
1997	-	30,000,000	-	20,000,000	No Change
1998	-	30,000,000	5,601,651	25,601,651	Bonus
1999	-	30,000,000	239,500	25,841,151	Cash
2000	-	30,000,000	259,632	26,100,783	Cash
2001	-	30,000,000	-	26,100,783	No Change
2002	-	30,000,000	-	26,100,783	No Change
2003	320,000,000	350,000,000	223,899,217	250,000,000	Cash
2004	150,000,000	500,000,000	50,000,000	300,000,000	No Change
2005	500,000,000	1,000,000,000	-	300,000,000	No Change
2006	-	1,000,000,000	365,155,330	665,155,330	cash
2007	4,000,000,000	5,000,000,000	2,334,844,670	3,000,000,000	Acquisition/Bonus
2008	-	5,000,000,000	-	3,000,000,000	No Change
2009	-	5,000,000,000	-	3,000,000,000	No Change
2010	-	5,000,000,000	-	3,000,000,000	No Change
2011	-	5,000,000,000	-	3,000,000,000	No Change
2012	-	5,000,000,000	-	3,000,000,000	No Change

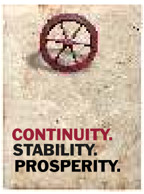


Photo News

Overall Winner in the Insurance category of the 2012 Web Jurists Awards

Honourable Minister of Communications, Mrs Omobola Johnson (right) presenting the award for Averall Winner in the Insurance category of the 2012 Web Jurists Awards to the General Manager, Finance & Technology, Consolidated Hallmark Insurance Plc to Mr. Babatunde Daramola. With them is Mr. Folusho Phillips, Chairman, Phillips Consulting, organisers of the awards.

NAICO GPA Insurance Cover

Presentation of the Group Personal Accident Insurance Cover to the National Association of Insurance Correspondents by the Managing Director/CEO Mr Eddie Efekoha (right) and GMTechnical, Bode Opadokun (left)

Motherless Babies' Home, Lekki

Mrs Ronke Oguntoyinbo, Matron in Charge, Lagos State Motherless Babies' Home, Lekki receiving food items and provisions from staff of Consolidated Hallmark Insurance in line with the company's CSR activities.

Corporate Challenge Cup Competition of the Ikeja Golf Club.

Members of the Consolidated Hallmark Insurance Exhibition Team with the Managing Director of the company, Mr. Eddie Efekoha (centre)during the Corporate Challenge Cup Competition of the Ikeja Golf Club.

Management Team

Eddie Efekoha	Managing Director/ Chief Executive Officer	Gbolaga Adeyanju	Deputy General Manager
		Kate Itua	Assistant General Manager
Bode Opadokun	General Manager	Bariu Abdul Gafar	Controller
Mac Ekchukwu	General Manager	Mary Adeyanju	Controller
Ijeoma Pearl Okoro	General Manager	Shola Osho	Controller
Tunde Daramola	General Manager	Jimalex Orjiako	Controller
		Promise Ayim	Controller
		Ose Oluyanwo	Controller

Gboyega Adetoki	Senior Manager	Chukwuma Uwajeh	Manager
olu Adeoye	Senior Manager	Gloria Edemcord	Manager
Tope Ilesanmi	Senior Manager	Charles Nwanze	Manager
Oyenike Nihinlola	Senior Manager	Goddy Ezeala	Manager
Oladotun Adeogun	Senior Manager	Job Oyedele	Manager

Branch Network

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Tel: 08180001162
owerri@consolidatedhallmark.com

WARRI OFFICE
179, Jakpa Road, Effurun
Tel: 08180001157
warri@consolidatedhallnmark.com

Mandate Form

Get your dividend the instant you need it with E-Dividend payment
MANDATE FOR DIVIDEND PAYMENT TO BANKS (E-Dividend)

Meristem Registrars Limited
213, Herbert Macaulay way
Adekunle Yaba
P.O.Box 51585
Ikoyi, Lagos
phone; 01-8920491, 8920492
Fax; 01-2702361
E.mail; info@meristemeregistrars.com
Website; www.meristemregistrar.com

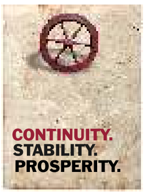
To:
The Registrar,
Meristem Registrars Limited,
213, Herbert Mercaulay Way,
Adekunle Yaba
Lagos.

I/we hereby request that from now on all, my/our dividend warrant(s) due to me/our holding(s) in Consolidated Hallmark Insurance Plc be paid to my/our Bank named Below.

Paid to our my Bank Name Bellow...
Bank Name...
Account Number...
Shareholders Full Name...
Shareholders Address...
E.mail...
Mobile no...
CSCS CHN...CSCS A/C NO...
Single Shareholders Signature...
Joint shareholders signature...
(1) ....
(2) ....
if company,
Authorizes signatory
(1) ....
(2) ....
Company seal:
Authorized signature or stamp of Banks:...

Sort Cold

e-DIVIDEND PAYMENT
One stop solution to unclaimed dividend
Take advantage of it!



Notice to shareholders on mailiing of e-copy of Annual Report & Accou

Dear Shareholder,

In view of regular postal delays, your company is desirous of taking advantage of technological advancement to ensure prompt delivery of e-copies of the Annual Report & Accounts to you via e-mail, in addition to the postage of hard copies.

If you wish to receive an e-copy of the 2012 Annual Report & Accounts and subsequent editions via e-mail, kindly send an e-mail to the following addresses:

1. info@consolidatedhallmark.com
2. info@meristemregistrars.com

Your e-mail will be used solely for the purpose stated above.

Proxy Form

18th Annual General Meeting to be held at Protea Hotel, Ikoyi Westwood, 22 Awolowo Road, Ikoyi, Lagos, on Wednesday 7th August, 2013, at 11.00 a.m.

I / We …………………………………………………………......

of………………………………………………………………........…

……………………………………………………………….......…

Being a member / members of Consolidated Hallmark Insurance Plc hereby appoint**

…………………………………………………………………....…

of ……………………………………………………...……

or failing him the Chairman of the Company as my / our proxy to act and vote for me / us on my/ our behalf at the Annual General Meeting of the Company to be held on the 7th August, 2013 and any adjournment thereof.

Dated this ………........…..day of ……………………….....2013

Shareholder's Signature …………………............…………………..

	ORDINARY BUSINESS	FOR	AGAINST
1	To received the Reports & Financial Statements		
2	To declare a Dividend		
3	To re-relect Directors		
4	To re-appoint the Auditors		
5	To authorize the Directors to fix the remuneration of the Auditors		
6	To elect members of the Audit Committee		
	SPECIAL BUSINESS		
1	To approve the remuneration of the Directors		
	Please indicate with "X" in the appropriate square how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote abstain from voting at his discretion.		

NOTE

(I)A Member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy instead of him. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.

(ii)In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.

(iii) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.

(iv) Provision has been made on this form for the Chairman of the Company to act as proxy. But if you wish, you may insert in the blank space on the form (marked **) the name of any person weather a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.

(v)The proxy must produce the Admission Slip with the notice of Meeting to obtain entrance to the meeting.

✂---

ADMISSION SLIP

Please admit …………………………………………………………………………………………… to the Annual General Meeting of Consolidated Hallmark Insurance Plc which will hold at Protea Hotel, Ikoyi Westwood, 22 Awolowo Road, Ikoyi, Lagos.

Admission Slip must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Foundation Chambers
(Secretaries)

Name & Address of Shareholders …………………………………………………………………………...

Number of Shares held ……......

Postage
Stamp

MERISTEM REGISTRARS
Meristem Registrars Limited.
213, Herbert Macaulay Way,
Adekunle Yaba
Lagos
P.O.Box 51585, Ikoyi