



Consolidated Hallmark Insurance Plc

RC: 168762

We are what we have...



2009

ANNUAL REPORT & ACCOUNTS

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of the shareholders of **CONSOLIDATED HALLMARK INSURANCE PLC** will be held on the 31st August 2010 at 11.00am prompt at the **CHELSEA HOTEL**, Plot 123 Cadastral Zone AO, Central Business District, FCT, Abuja to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended December 31, 2009 together with the Reports of the Directors, Auditors and Audit Committee thereon;
2. To re-elect Directors;
3. To re-appoint the Auditors;
4. To authorize the Directors to fix the remuneration of the Auditors;
5. To elect Members of the Audit Committee.

SPECIAL BUSINESS

- A. To approve the remuneration of the Directors for the year ending 31st December 2010.
- B. That the firm of FITC Consulting be and is hereby appointed as an External Consultant to conduct the Annual Board Performance Appraisal for the company.

Dated this 4th August, 2010

BY ORDER OF THE BOARD



L. CHIDI ILOGU ESQ
PP: FOUNDATION CHAMBERS
(Company Secretaries)

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 Plot 33D Bishop Aboyade Cole Street, Victoria Island 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 Monday 16th August to Wednesday 18th August, 2010.

AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Matters Act 1990, 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.



Result at a Glance

ANNUAL REPORT & ACCOUNTS 2009

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MAJOR PROFIT AND LOSS ACCOUNT ITEMS

	2009 =N=	2008 =N=
Gross Premium Earned	3,023,019,526	2,590,899,651
Reinsurance	628,868,885	269,514,083
Unexpired Premium	568,090,482	(452,396,736)
Earned Premium	2,394,150,641	2,321,385,568
Investment and Other Income	160,122,970	115,385,575
Profit Before Tax & Exceptional Item	563,396,315	565,042,534
Profit After Tax	242,673,169	360,457,829

MAJOR BALANCE SHEET ITEMS

Total Assets	4,991,818,149	5,607,701,003
Investments	2,310,602,841	1,693,531,937
Share Capital	3,000,000,000	3,000,000,000
Contingency Reserves	278,593,850	185,900,070
Insurance Funds	559,890,929	720,777,218
No of 50k ordinary shares issued	6,000,000,000	6,000,000,000

PER SHARE DATA

Earnings (k)	4.04	6.01
Net Assets (k)	66	68
No. of Offices	20	21



Consolidated Hallmark Insurance Plc



The directors have the pleasure in submitting their reports together with the Company's Audited Financial Statements for the year ended 31st December 2009.

1 LEGAL FORM

The company was incorporated on 2nd August 1991 as a private limited liability company under the Companies and Allied Matters Act 1968 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's shares were listed on the floor of The Nigerian Stock Exchange on 22nd February 2008.

2 PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

During the year under review the company engaged in general insurance business and maintained 20 corporate offices.

3 RESULTS

	2009 N'000	2008 N'000	Change N'000	Change %
Gross Premium Earned	3,023,019	2,590,899	432,120	16.68
Premium Earned	2,394,150	2,321,385	72,765	3.13
Net Claims Paid	306,294	338,430	32,136	9.50
Management Expenses	885,513	792,848	(92,665)	-11.69
Underwriting Profit	1,670,636	1,555,154	115,482	7.43
Profit(Loss) Before Tax & Exceptional Item	563,396	565,042	(1,646)	-0.29
Profit After Tax	242,673	360,457	(117,784)	-32.68

4 DIRECTORS AND THEIR INTERESTS

a) The names of the current directors are detailed on page 5

b) In accordance with the Company's Articles of Association, Chief Ben Ikejiaku and Mr. Pat Azurunwa retire by rotation and being eligible offer themselves for re-election.

c) The direct/indirect interests of the Directors in the issued share capital of the company as recorded in the register of director's shareholdings at 31st December 2009 are as follows:

Number of shares held:

DIRECTORS	DIRECT 30/06/2010	INDIRECT 30/06/2010	TOTAL 30/06/2010	2009	2008
Ugo (Dr.) Obi Ralph Ekezie	370,715,888	-	370,715,888	370,715,888	370,715,888
Mr. Anthony Aletor	-	1,065,000,000	1,065,000,000	1,065,000,000	1,065,000,000
Mr. Eddie Efekoha	315,439,000	252,329,569	567,768,569	564,608,214	563,921,337
Mr. Obashola Alo	9,662,488	-	9,662,488	9,662,488	9,662,488
Dr. Layi Fatona	-	21,553,750	21,553,750	21,553,750	21,553,750
Nze (Dr.) C.O. Maduako (MFR)	-	917,820,607	917,820,607	917,820,607	917,820,607
Chief Ben Ikejiaku	15,500,000	-	15,500,000	15,500,000	17,500,000
Mr. Pat Azurunwa	-	-	-	-	-
Mr. Friday Ebojoh	26,625,000	-	26,625,000	26,625,000	26,625,000
Mr. Sunny Obidegwu	25,000,000	25,000,000	50,000,000	50,000,000	50,000,000



Director	Indirect Interest Represented
Mr. Anthony Aletor	Capital Express Insurance Company Limited and Capital Express Securities Limited
Dr. Layi Fatona	Nouveau Technologies Limited
Nze (Dr.) C. O. Maduako (MFR)	Maduako Group Limited
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited
Mr. Sunny Obidegwu	Sunthel Trust Limited

d. Substantial Interest in Shares

Shareholders who held more than 5% of the issued share capital of the company as at 31st December 2009 were as follows:

Shareholder	Units Held	%
Capital Express Insurance Co. Ltd	1,000,000,000	16.67
Maduako Group Limited	917,820,607	15.30
SPDC West Multipurpose Cooperative	500,000,000	8.33
Ugo (Dr.) Obi Ralph Ekezie	370,715,888	6.17
Mr. Eddie Efekoha	315,439,000	5.25

e. The range of shareholding as at 31st December 2009 is as follows:

Range of holdings	No of Shareholders	No of share holdings	%
1 - 10,000	3419	17,481,038	0.30
10,001 - 100,000	3867	156,833,798	2.61
100,001 - 1,000,000	1312	440,486,978	7.66
1,000,001 - 10,000,000	241	737,446,652	12.29
10,000,001 - 100,000,000	34	950,010,430	15.83
100,000,001 - Above	9	3,697,741,104	61.63
	8,874	6,000,000,000	100.00

5. DIRECTORS RESPONSIBILITIES

The Company'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 company 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 Insurance Act 2003 and Companies and Allied Matters Act 1990.

In doing so they ensure that:

- Proper accounting records are maintained.
- Adequate internal control procedures are established which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularity.
- Applicable accounting standards are followed.
- Suitable accounting policies are consistently applied.
- Judgments and estimates made are reasonable and prudent and consistently applied.
- The going concern basis is used unless it is inappropriate to presume that the company shall continue in Business.



6. FIXED ASSETS

Movements in fixed assets during the year are shown in note 9 on page 34. In the opinion of the Directors the market value of the Company's fixed assets is not lower than the value shown in the financial statement.

7. CORPORATE GOVERNANCE**a. BOARD OF DIRECTORS**

The Board of Directors consists of 10 members - a chairman, vice chairman, the managing director, one executive director and six non-executive directors. There were no changes in the composition in the course of the year.

b. BOARD MEETINGS:

The Board membership and attendance of meetings during the Financial Year is set out below:

	09/02/09	22/04/09	25/06/09	26/08/09	21/10/09
Obi Ralph Ekezie	Attended	Attended	Attended	Attended	Attended
Anthony Aletor	Attended	Attended	Attended	Absent	Attended
Eddie Efekoha	Attended	Attended	Attended	Attended	Attended
Obashola Alo	Attended	Attended	Attended	Attended	Attended
Layí Fatona	Attended	Attended	Attended	Absent	Attended
Clement O. Maduako	Absent	Attended	Absent	Attended	Attended
Ben C. Ikejiaku	Attended	Attended	Attended	Attended	Attended
Pat Azurunwa	Attended	Attended	Attended	Attended	Attended
Friday A. Ebojoh	Absent	Attended	Absent	Absent	Attended
Sunny C. Obidegwu	Attended	Attended	Attended	Attended	Attended

The following Committees carried out the oversight functions on behalf of the Board during the Financial Year:

1. Audit Committee
2. Finance and General Purpose Committee
3. Investment and Risk Management Committee
4. Establishment Committee

8. POST BALANCE SHEET

There has been no significant post balance sheet event that could have had a material effect on the financial position of the company as at 31st December 2009

9. REINSURANCE ARRANGEMENT

The company had treaty arrangements with the following companies during the year:
African Reinsurance Corporation
Continental Reinsurance Company Limited



10. CSR/DONATIONS AND SPONSORSHIPS

Sponsorships and donations during the year amounted to N1,500,000 and were made to the following organisations:

a. Sponsorship of various Community Development Projects of the Rotary Club, Port Harcourt	= 1,000,000.00
b. Donation to the Lagos State Government, Lekki Motherless Babies' Home	= 100,000.00
c. Donation to the Chike Okoli Foundation	= 50,000.00
d. Bronze Category sponsorship of the 2009 Insurance Stakeholders' Parliament	= 250,000.00
e. Sponsorship of the 2009 maiden Insurance Industry Prayer Retreat hosted by The Riskshield	= 50,000.00
f. Sponsorship of the NCRIB Lagos State Chapter AGM	= 50,000.00

11. EMPLOYMENT AND EMPLOYEES

a) Employment of Disabled Persons

The Company does not discriminate in considering applications for employment including those from Disabled persons. However as at 31st December 2009 there was no disabled person in the Company's employment.

b) Employees Training and Involvement

The Company ensures that the employees are kept fully informed regarding the company's values, goals, performance and progress. Their views are sought on matters affecting them directly. All officers of the company attend regular meetings and retreats where members of staff critically review the company's performance and recommend solutions to identified problems in order to enhance the flat structure of the company, 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:

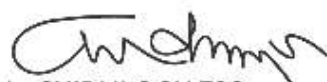
The Company strictly observes all safety and health regulations. The Company provides safety equipments at all its premises. Staff medical is handled by Health Management Organisation while subsidies are provided to all categories of staff for their accommodation, transportation, meals etc.

12. AUDITORS

The Auditors, Pannell Kerr Forster (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 authorise the Directors to fix their remuneration.

By order of the Board



L. CHIDI ILOGU ESQ.
PP:Foundation Chambers
(Company Secretaries)





Chartered Accountants &
business advisers

Report on the Financial Statements

We have audited the accompanying financial statements of **Consolidated Hallmark Insurance Plc**, as at 31 December 2009, set out on pages 22 to 41 which have been prepared on the basis of the significant accounting policies on pages 22 to 26 and other explanatory notes on pages 32 to 39.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the Company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004, the applicable provisions of the Insurance Act CAP 117 LFN 2004 and relevant guidelines issued by the National Insurance Commission. The financial statements give a true and fair view of the financial position of **Consolidated Hallmark Insurance Plc** as at 31 December 2009, and of its financial performance and its Cash flows for the year then ended in accordance with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board.

PK Pannellkerr Forster

Chartered Accountants
Lagos, Nigeria

Date: 28 June 2010



Consolidated Hallmark Insurance Plc



Report of the Audit Committee

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In compliance with section 359(6) of the Companies and Allied Matters Act 1990, we have reviewed the Audit Report for the year ended December 31, 2009 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;
2. The accounting and reporting policies of the company conformed with statutory requirements and agreed ethical practices;
3. The internal control was being constantly and effectively monitored; and
4. The external auditors' management report received satisfactory response from Management.

Dated June 28, 2010



Tony Anonyai
Chairman, Audit Committee

Members of The Committee

Tony Anonyai
Tony Ukatu
Simon Okiatorhoro
Friday Akpome Ebojoh
Chief Ben C. Ikejiaku
Eddie Efekoha



FOR THE YEAR ENDED 31 DECEMBER, 2009

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

1. BASIS OF ACCOUNTING

- The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigeria naira and prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment.
- The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

2. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated at the cost, less depreciation on a straight-line basis over the estimated useful life of the assets, taking into consideration any residual value, excluding the costs of day-to-day servicing.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Assets on lease are accounted for in accordance with the substance and financial reality of the transaction. Depreciation is provided to write off the related assets over the period of the lease. Income from assets on lease is accrued evenly over the respective period of the leases.

3. DEPRECIATION OF PROPERTY, PLANT & EQUIPMENT

Depreciation is calculated to write off the cost of property, plant & equipment during their expected useful lives on a straight-line basis. In the case of revalued property, plant & equipment, depreciation is calculated by reference to the enhanced value of the assets concerned. The principal annual rates of depreciation, which are consistent with those of previous years, are:

Buildings	-	2%
Furniture, Fittings & Equipment	-	15%
Computers	-	15%
Motor Vehicles	-	20%
Office Equipment	-	15%

Depreciation is not calculated on property, plant & equipment until they are brought into use. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

4. PROVISION FOR UNEXPIRED RISKS

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



5. PROVISION FOR OUTSTANDING CLAIMS/INCURRED BUT NOT YET REPORTED

Full provision is made for the estimated amount of outstanding claims notified but not settled at the date of the balance sheet, less reinsurance recoveries, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the balance sheet date on the basis of claims notified but not settled in compliance with the provisions of Section 20(1) (b) of the Insurance Act 2003. Similarly, provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding as at the date, including IBNR. Differences between the provisions for outstanding claims at a balance sheet date and the subsequent settlement are included in the revenue Account of the following year.

6. CONTINGENCY RESERVE

Contingency reserve has been calculated at 3% of the total premium or 20% of the Net Profit before tax which ever is greater in accordance with Section 21(2) of the Insurance Act 2003 until the accumulated reserve reaches the amount of the minimum paid-up capital or 50 per centum of the net premiums (which ever is greater).

7. FOREIGN CURRENCIES TRANSLATION

The financial statements are presented in Naira, which is the Company's functional and presentation currency. Income and expenses denominated in foreign currencies are translated to the Naira at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency balances are converted to the Naira at the applicable rates of exchange ruling at the balance sheet date. Any profits or loss arising on the conversion of foreign currencies is included in the profit and loss account.

8. INVESTMENTS

The company categorizes its investments into the following categories: short term investments, funds under management and long-term investments.

ia) SHORT TERM INVESTMENTS

Short-term investments are investments held temporarily in place of cash and which can be converted into cash when current financing needs make such conversion desirable. In addition, management intends to hold such investments for not more than one year.

ib) FUNDS UNDER MANAGEMENT

Funds Under Management shall be the total value of assets that the company shall invest with a portfolio management company, a mutual fund or an hedge fund to be managed for the benefit of the company. This shall be treated on a portfolio basis as an investment.

An increase in carrying amount arising from the revaluation of Fund Under Management would be credited to income. Also, a decline in value of Fund Under Management, the carrying amount of the investment would be written down to recognize the loss.

When an investment has been written down as stated above, the new carrying amount is deemed to be the new basis for subsequent accounting purposes.

ii) LONG TERM INVESTMENTS

Investments intended to be held for over a period exceeding one year, which are either held to maturity or available for sale in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as long term investments.

Long-term investments are stated at cost or revalued amount on Balance Sheet date while short term investments are stated at cost less provision for diminution in values.

No provision is made for diminution in the market value of government securities as it is the Company's policy to hold such Securities until maturity.



iii) VALUATION

- a) Short term investments are stated at cost less provision for diminution in values.
- b) Quoted investments are stated at market value.
- c) Unquoted investments are held as long term and stated at cost less provision for diminution in values.

9. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried in the company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognized as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

10. INVESTMENT PROPERTIES

Investment properties, which are held for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are transferred to investment properties revaluation reserve.

11) INVESTMENT IN LEASES

When assets are held subject to a finance lease, the transactions are recognised in the books of the Company at the net investment in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on lease is defined as the difference between the gross investment and the present value of the asset under the lease.

The discount is recognised as unearned in the books of the Company and amortised to income as they are earned over the life of the lease at a basis that reflects a constant rate of return on the Company's net investment in the lease.

Finance leases are treated as risk assets and the net investment in the lease are subject to the provisioning policy listed in (13).

12. INVESTMENT INCOME

Interest and rental income are shown gross and are accounted for on accrual basis. Dividends are accounted for on the basis of the amounts actually received during the year.

13. TRADE DEBTORS

Debtors are stated after deducting allowance made for specific debts considered doubtful of recovery.

In accordance with the National Insurance Commission (NAICOM) guidelines, allowances is made for potential bad debts as follows:

Period Outstanding	% Allowance Required
Up to 3 months	Nil
3 - 6 months	25%
6 - 9 months	50%
9 - 12 months	75%
Above one (1) year	100%



14. EMPLOYEES' RETIREMENT BENEFITS

Pension Fund Scheme

The Company operates a defined contributory retirement benefits scheme for members of staff, which is independent of its finances and is managed by Pension Fund Administrators. The Scheme, which is funded by contributions from employees (7½%) and the Company (7½%) is consistent with the provisions of the Pension Reform Act 2004. The company's contribution in each year is charge against income and is included in staff cost.

15. TAXATION

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education tax and deferred income/capital gains tax.

i) Income Tax

Income tax payable is provided by applying the currently enacted tax rates on the profit of the Company as adjusted for taxation purposes.

ii) Deferred Taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realized or the liability settled, based on tax rates and tax laws that have been enacted at the balance sheet date.

iii) Capital Gain Tax

Capital Gain Tax is included in the tax expenses for the period to which it relates. Capital Gain Tax relating to a disposal of an extra ordinary item is deducted from such item.

iv) Value Added Tax

Non-recoverable VAT paid in respect of an item of expenses is expensed. Non-recoverable VAT paid in respect of property, plant & equipment is capitalized as part of the cost of the property, plant and equipment.

The net amount owing to or due from the tax authority is included in the recoverable VAT outstanding for over three years is fully provided for output VAT is excluded from the turnover shown in the profit and loss account.

v) Withholding Tax

The withholding tax credit is used to set off against income tax payable. Tax credit, which is considered irrecoverable, is written off as part of the tax charge for the year.

16. CLAIMS

Claims paid are stated alongside amounts recoverable from re-insurers.

17. MAINTENANCE EXPENSES

Maintenance expenses are apportioned amongst the various classes of insurance business on the basis of net premium earned in each class.

18. GROSS PREMIUM

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling within the accounting period is carried forward as unearned premium.



19. NET PREMIUM

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

20. GROSS PREMIUM EARNED

Gross premium earned is written premium after deducting the unearned portion of the premium.

21. COMMISSION

Commissions are accounted for in the profit and loss account in the period they are incurred and calculated on a time basis of the risks accepted in the year.

22. PROVISIONS

Provisions is recognized when the Company has present obligation, whether legal or constructive, as a result of a past event for which it is possible that an outflow of a resources embodying economic benefit will be recognized to settle the obligation in accordance with the statement of Accounting Standard (SAS23).

23. CASH AND BANK BALANCES

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

24. DIVIDEND DISTRIBUTION

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

25. EARNINGS PER SHARE

The Company 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 Bank by the weighted average number of shares outstanding during the year.

26. DEFERRED ACQUISITION EXPENSES

Prepaid expenses include deferred acquisition expenses. These expenses are incurred as a result of direct business earned from brokers. The deferred portion is calculated based on the percentage of unearned premium to written premium.

27. CAPITAL RESERVE

Capital reserve arising on consolidation represents the shortfall between the cost of acquisition over the fair value of the identifiable assets and liabilities of a merging entity at the date of acquisition and recognized as part of shareholders fund.

28. SEGMENT REPORTING

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



Balance Sheet

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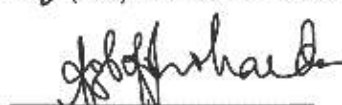
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AS AT 31ST DECEMBER, 2009

	NOTES	2009 =N=	2008 =N=
ASSETS			
Cash and Bank Balances	2	143,052,555	104,033,829
Short Term Investments	3a	987,455,798	959,140,079
Investment in Leases	5	113,831,770	139,393,457
Debtors & Prepayments	4	1,464,829,524	1,836,548,789
Deferred Acquisition Expenses	6	73,874,443	85,959,125
Long Term Investments	3b	2,000,000	17,000,000
Investment in Subsidiaries	3c	126,407,680	277,998,401
Deferred Charges	7	-	55,965,041
Statutory Deposits	8	300,000,000	300,000,000
Investment Properties	3d	780,907,593	-
Fixed Assets	9	999,458,786	1,831,662,281
TOTAL ASSETS		4,991,818,149	5,607,701,003
LIABILITIES			
Creditors & Accruals	10	152,691,944	229,672,102
Outstanding Claim	11a	69,359,334	93,239,685
Insurance Fund	11b	490,531,595	1,058,622,077
Taxation	26b	162,925,216	53,341,471
Deferred Taxation	26c	143,038,601	90,839,824
		1,018,546,690	1,525,715,160
Shareholders' Funds			
Share Capital	12	3,000,000,000	3,000,000,000
Statutory Contingency Reserve	13	278,593,850	185,900,070
Fixed Assets Revaluation Reserve	14	24,811,148	24,811,148
Capital Reserves	17	364,231,665	415,619,219
Revenue Reserve	16	305,634,795	455,655,406
		3,973,271,458	4,081,985,843
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		4,991,818,149	5,607,701,003

Approved by the Board on June 28, 2010


UGO (DR.) OBI RALPH EKEZIE


EDDIE EFEKEOHA

} DIRECTORS

The significant accounting policies on pages 22 to 26 and the notes on pages 32 to 39 form part of these accounts.



Consolidated Hallmark Insurance Plc



Profit and Loss Account

ANNUAL REPORT & ACCOUNTS 2009

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FOR THE YEAR ENDED 31ST DECEMBER, 2009

	NOTES	2009 =N=	2008 =N=
INCOME			
Gross Premium Earned	19	3,023,019,526	2,590,899,651
Reinsurance Cost	20	(628,868,885)	(269,514,083)
Premium Earned		2,394,150,641	2,321,385,568
Commissions Received		101,592,367	148,605,155
TOTAL INCOME		2,495,743,008	2,469,990,723
EXPENSES			
Claims Incurred		(306,294,057)	(338,430,045)
Underwriting Expenses	21	(518,812,849)	(576,406,577)
UNDERWRITING PROFIT		1,670,636,102	1,555,154,101
Investment Income	22a	89,764,057	38,067,344
Other Income	22b	70,358,913	77,318,231
Net Operating Income		1,830,759,072	1,670,539,676
Management Expenses		(885,513,358)	(792,848,497)
Provision for Bad and Doubtful Debts	4.1	(381,849,399)	(312,648,645)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND EXCEPTIONAL ITEMS		563,396,315	565,042,534
Exceptional Item	23	(99,927,414)	(263,063,655)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		463,468,901	301,978,879
Information Technology Levy	25	(4,634,689)	(3,019,789)
Income Taxation	26a	(163,962,266)	(109,591,863)
Deferred Taxation	26c	(52,198,777)	(48,093,124)
PROFIT AFTER TAXATION		242,673,169	360,457,829
APPROPRIATION			
Transfer to Statutory Contingency Reserve	13	(92,693,780)	(91,298,892)
RETAINED PROFIT TRANSFERRED TO REVENUE RESERVES		149,979,389	269,158,937
Earnings Per Share-Basic (Kobo)	24	4.04	6.01

The significant accounting policies on pages 22 to 26 and the notes on pages 32 to 39 form part of these accounts.



Consolidated Hallmark Insurance Plc



Revenue Accounts

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ANNUAL REPORT & ACCOUNTS 2009

REVENUE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2009



Consolidated Hallmark Insurance Plc

	FIRE =N=	GEN. ACCDT =N=	MOTOR =N=	AVIATION =N=	OIL & GAS =N=	MARINE =N=	ENGINEERING =N=	BOND =N=	2009 TOTAL =N=	2008 TOTAL =N=
INCOME										
Direct Premium	134,685,127	284,086,407	1,083,726,686	324,065,988	260,580,432	241,126,732	55,810,063	50,432,229	2,434,513,664	3,024,747,455
Inward Reinsurance Premiums	1,701,379	6,496,513	3,671,779	1,802,423	698,361	4,514,048	1,508,877	-	20,415,380	18,548,932
Gross Written Premium	136,386,506	290,582,920	1,087,400,465	325,868,411	261,278,793	245,660,780	57,318,940	50,432,229	2,454,929,044	3,043,296,387
(Increase)/Decrease in Unexpired Risks Provision	27,322,531	75,815,837	209,805,051	150,326,022	54,046,260	28,608,304	17,446,713	4,719,764	568,090,482	(452,396,736)
Gross Premium Earned	163,709,037	366,398,757	1,297,205,516	476,194,433	315,325,053	274,269,084	74,765,653	55,151,993	3,023,019,526	2,590,899,651
Deduct:										
Outward Reinsurance Premiums	(48,627,535)	(43,343,345)	(3,606,752)	(95,215,148)	(136,019,457)	(51,453,838)	(22,232,675)	(14,046,744)	(414,545,494)	(700,598,555)
Decrease/(Increase) in Prepaid Reinsurance	15,259,358	(6,342,426)	(28,151,310)	(203,987,377)	(9,969,063)	6,654,526	9,543,054	2,669,847	(214,323,391)	431,084,472
Reinsurance Cost	(33,368,177)	(49,885,771)	(31,758,062)	(299,202,525)	(145,988,520)	(44,799,312)	(12,689,621)	(11,376,897)	(628,868,885)	(269,514,083)
Net Premiums Earned	130,340,860	316,712,986	1,265,447,454	176,991,908	169,336,533	229,469,772	62,076,032	43,775,096	2,394,150,641	2,321,385,568
Commission Received	16,672,072	13,896,655	693,870	17,651,743	27,203,891	15,463,609	6,147,732	3,862,855	101,592,367	148,605,155
Total Income	147,012,932	330,609,641	1,266,141,324	194,643,651	196,540,424	244,933,381	68,223,764	47,637,951	2,495,743,008	2,469,990,723
Expenses										
Gross Claims Paid	17,099,016	106,951,903	250,560,622	-	282,277	61,530,070	1,751,697	10,042,917	448,218,502	377,816,242
Increase/(Decrease) in Outstanding Claims Provision	(4,993,222)	(9,881,345)	(15,806,222)	-	-	7,490,439	2,510,000	(3,200,000)	(23,880,351)	23,753,777
Gross Claims Incurred	12,105,794	97,070,558	234,754,400	-	282,277	69,020,509	4,261,697	6,842,917	424,338,151	401,570,019
Reinsurance Claims Recoveries	(15,608,091)	(28,306,648)	(24,286,299)	(5,536,755)	-	(33,735,162)	(9,699,849)	(671,282)	(118,044,094)	(63,139,974)
Net Claims Incurred	(3,502,305)	68,563,910	210,468,101	(5,536,755)	282,277	35,285,347	(5,438,152)	6,171,635	306,294,057	338,430,045
Acquisition Expenses	26,883,774	71,936,521	144,789,401	41,971,744	43,561,412	44,698,726	13,588,574	9,575,181	397,005,333	468,604,295
Maintenance Expenses	6,767,162	14,418,007	53,954,125	16,168,786	12,964,008	12,189,081	2,844,074	2,502,123	121,807,516	107,802,282
Total Expenses	30,148,630	154,918,438	409,211,627	52,603,775	56,807,697	92,173,154	10,994,446	18,249,139	825,106,906	914,836,622
Underwriting Profit	116,864,242	175,691,203	856,929,697	142,039,876	139,732,727	152,760,227	57,229,318	29,388,813	1,670,636,103	1,555,154,101

The significant accounting policies on pages 22 to 26 and the notes on pages 32 to 39 form part of these accounts.



Statement of Cash Flows

ANNUAL REPORT & ACCOUNTS 2009

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FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Notes	2009 =N=	2008 =N=
Cash Flows from Operating Activities			
Premium Received from Policy Holders		2,147,274,003	2,508,913,562
Commission Received		101,592,367	148,605,155
Other Operating Receipts		69,549,818	77,318,231
Reinsurance Receipts in Respect of Claims		118,044,094	63,139,974
Cash Paid to and on behalf of Employees		(345,448,607)	(444,619,876)
Reinsurance Premium Paid		(628,868,885)	(700,598,555)
Other Operating Cash Payments		(954,911,078)	(996,648,883)
Claims Paid		(448,218,502)	(377,816,242)
Company Income Tax Paid		(59,013,210)	(13,123,677)
Net Cash provided by Operating Activities		292,556,864	265,169,689
Cash Flows from Investing Activities			
Purchase of Fixed Assets		(65,310,041)	(70,530,937)
Purchase of Investments		(617,070,904)	(272,927,392)
Realisation of / (Addition to) Other Investments		930,356,016	403,720,021
Sale of Fixed Assets		1,279,598	8,741,190
Dividend Received		6,473,032	7,023,893
Interest Received		83,291,025	31,043,451
Deferred Assets		-	(69,749,588)
Net Cash provided by Investing Activities		339,018,726	37,320,638
Cash Flows from Financing Activities			
Dividend Paid		(300,000,000)	-
Net Cash provided by Financing Activities		(300,000,000)	-
Increase in Cash and Cash Equivalents		39,018,726	37,320,638
Cash at the beginning		104,033,829	66,713,191
Cash at 31 December		143,052,555	104,033,829

The accompanying notes form part of this Statement of Cash Flows.



Consolidated Hallmark Insurance Plc

Statement of Cash Flows (contd.)

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ANNUAL REPORT & ACCOUNTS 2009

FOR THE YEAR ENDED 31 DECEMBER, 2009

1. Reconciliation of Operating Profit to the Cash provided by Operating Activities

	2009 =N=	2008 =N=
Operating Profit after Tax	242,673,169	360,457,831
Depreciation	116,114,967	108,772,414
Amortisation	55,965,041	13,784,547
Bad Debt Provision	381,849,399	312,648,645
Bad Debts/Investment Written Off	15,926,101	-
Investment Income	(89,764,057)	(46,355,016)
Exceptional Items	99,927,414	263,063,655
NITDA	4,634,689	3,019,789
Loss/(Profit) on Disposal of Fixed Assets	(809,095)	3,286,941
Increase/(Decrease) in Unearned Premiums	(568,090,482)	21,312,263
Increase/(Decrease) in Creditors	(76,980,158)	209,161,207
Increase/(Decrease) in Claims Provisions	(23,880,351)	23,753,777
Increase/(Decrease) in Debtors	41,257,428	(877,294,546)
Increase/(Decrease) in Deferred Charges	(55,965,041)	(55,965,042)
Increase/(Decrease) in Deferred Acquisition Expenses	(12,084,682)	145,639
Taxation	161,782,522	(74,622,416)
Cash provided by Operating Activities	292,556,864	265,169,689

2. Analysis of Changes in Cash and Cash Equivalents and Other Liquid Investments

	Cash & Cash Equivalents =N=	Investments =N=	Total =N=
Balance as at 1 Jan. 2009	104,033,829	1,393,531,937	1,497,565,766
Net Cash Inflow	39,018,726	-	39,018,726
Purchase of Investments	-	617,070,904	617,070,904
	<u>143,052,555</u>	<u>2,010,602,841</u>	<u>2,153,655,396</u>

3. Analysis of the Balance of Cash and Cash Equivalents and Other Liquid Investments

	2009 =N=	2008 =N=	Changes during the year =N=
Cash at Bank and in Hand	143,052,555	104,033,829	39,018,726
Investments	<u>2,010,602,841</u>	<u>1,822,372,768</u>	<u>188,230,073</u>
	<u>2,153,655,396</u>	<u>1,926,406,597</u>	<u>227,248,799</u>



FOR THE YEAR ENDED 31 DECEMBER, 2009

		2009 =N=	2008 =N=
1a. Legal Form			
Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company recently 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 Ltd. in line with the consolidation reform of NAICOM announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.			
b. Principal Activities and Corporate Development			
During the year under review, the Company engaged in General Insurance Business and maintained offices in major cities with corporate headquarters in Victoria Island, Lagos.			
2. Cash and Bank Balances			
Cash in Hand		-	2,955,049
Balance with Banks		143,052,555	101,078,780
		<u>143,052,555</u>	<u>104,033,829</u>
3a. Short Term Investments			
Commercial Papers		-	21,731,129
Bankers Acceptances		7,621,289	12,978,898
Fixed Deposits		546,424,911	409,556,584
Fund Under Management		433,409,598	536,604,597
		<u>987,455,798</u>	<u>980,871,208</u>
Provisions		-	(21,731,129)
		<u>987,455,798</u>	<u>959,140,079</u>
b. Long Term Investments			
Unquoted Ordinary Shares (Note 3.1)		2,000,000	17,000,000
		<u>2,000,000</u>	<u>17,000,000</u>
c. Investment in Subsidiaries	%		
CHI Capital Limited	99.9	126,407,680	105,207,680
CHI Ghana	99.9	-	172,790,721
		<u>126,407,680</u>	<u>277,998,401</u>
d. Investment Properties (Note 10)		<u>780,907,593</u>	-
Some Fixed assets, which were not occupied but used to generate income were transferred to Investment properties in line with Statement of Accounting Standard (SAS) 13.			

CHI Capital Limited is yet to commence full operations.

During the year, the Company discontinued with the proposed CHI Ghana operations as a result of delay in obtaining necessary documents/approval from the host Country.



Notes on the Accounts (contd.)

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FOR THE YEAR ENDED 31 DECEMBER, 2009

3.1 Movement in Unquoted Ordinary Shares

At 1 January	17,000,000	2,000,000
Additions during the year	-	292,998,401
Disposal During the year	(15,000,000)	(277,998,401)
At 31 December	2,000,000	17,000,000

4. Debtors & Prepayments

Amount due from Insurance Brokers and Agents	2,006,814,649	1,699,159,608
Prepayments	83,095,852	103,140,283
Prepaid Expenses to Staff	124,000	7,737,685
Prepaid Reinsurance Premium (Note 4.2)	216,761,081	431,084,472
Staff Loans	14,708,228	18,864,066
Assets Suspended - Land and Building	-	51,387,562
	2,321,503,810	2,311,373,676
Provision for bad and doubtful debts (Note 4.1)	(856,674,286)	(474,824,887)
	1,464,829,524	1,836,548,789

4.1 Provision for Bad and Doubtful Debts

At beginning of the year	474,824,887	162,176,242
Charge for the year	381,849,399	312,648,645
At end of the year	856,674,286	474,824,887

4.2 Prepaid Re-insurance Premium/Ceded Premiums

Ceded Premium-Motor	545,310	28,696,620
Ceded Premium-Fire	31,111,275	15,851,917
Ceded Premium-General Accident	24,913,543	31,255,969
Ceded Premium-Marine	31,595,522	24,940,996
Ceded Premium-Aviation	64,611,445	268,598,224
Ceded Premium-Oil & Gas	42,728,161	52,697,224
Ceded Premium-Engineering	13,882,412	4,339,358
Ceded Premium-Bond	7,373,413	4,703,566
Balance as at December	216,761,081	431,084,472

5. Investments in Leases

Gross Investment	232,663,040	185,837,115
Unearned Income	(118,831,270)	(46,443,658)
Net Investment	113,831,770	139,393,457

Analysis by performance:

Performing	113,831,770	139,393,457
------------	-------------	-------------

Analysis by maturity

0 - 30 days	108,135,937	115,539,412
1 - 3 months	5,695,833	10,820,778
3 - 6 months	-	10,939,006
6 - 12 months	-	2,094,261
Over 12 months	-	-
	113,831,770	139,393,457



Notes on the Accounts (contd.)

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ANNUAL REPORT & ACCOUNTS 2009

FOR THE YEAR ENDED 31 DECEMBER, 2009

11.		2009 =N=			2008 =N=	
	Gross	Provision for IBNR	Total	Gross	Provision for IBNR	Total
a. Outstanding Claims						
Fire	5,513,929	551,393	6,065,322	10,053,222	1,005,322	11,058,544
General Accident	15,558,304	1,555,830	17,114,134	24,541,345	2,454,135	26,995,480
Motor	22,431,929	2,243,193	24,675,122	36,801,222	3,680,122	40,481,344
Marine	13,177,051	1,317,705	14,494,756	6,367,561	636,756	7,004,317
Bond	4,090,909	409,091	4,500,000	7,000,000	700,000	7,700,000
Engineering	2,281,818	228,182	2,510,000	-	-	-
	<u>63,053,940</u>	<u>6,305,394</u>	<u>69,359,334</u>	<u>84,763,350</u>	<u>8,476,335</u>	<u>93,239,685</u>
b. Insurance Fund						
Provision for Unexpired Risks						
Fire		38,929,353			66,251,884	
General Accident		99,790,647			175,606,484	
Motor		205,682,535			415,487,586	
Marine		15,041,006			43,649,310	
Bond		-			4,719,764	
Oil & Gas		4,982,733			59,028,993	
Engineering		7,832,521			25,279,234	
Aviation		118,272,800			268,598,822	
		<u>490,531,595</u>			<u>1,058,622,077</u>	

12. Share Capital				
Authorized:	Number	=N=	Number	=N=
Ordinary shares of 50k each	10,000,000,000	5,000,000,000	10,000,000,000	5,000,000,000
Issued and fully paid:	Number	=N=	Number	=N=
Ordinary shares				
Ordinary share of 50k each				
At end of the period	6,000,000,000	3,000,000,000	6,000,000,000	3,000,000,000

13. Statutory Contingency Reserve		
Balance as at 1 st January	185,900,070	94,601,178
Transfer from profit and loss account	92,693,780	91,298,892
Balance as at 31 December	<u>278,593,850</u>	<u>185,900,070</u>

This is maintained in compliance with section 21 (1) and (2) and 22(16) of the Insurance Act 2003.

14. Fixed Assets Revaluation Reserve		
Balance as at 31 December	<u>24,811,148</u>	<u>24,811,148</u>

15. Investment Revaluation Reserve		
Balance as at 1 st January	-	15,119,563
Additions	-	-
Movement during the year	32,033,745	(34,261,098)
	<u>32,033,745</u>	<u>(19,141,535)</u>
Diminution Transferred to Income and Expenditure	(32,033,745)	19,141,535
Balance as at 31 st December	-	-



Notes on the Accounts (contd.)

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ANNUAL REPORT & ACCOUNTS 2009

FOR THE YEAR ENDED 31 DECEMBER, 2009

11.	2009 =N=			2008 =N=		
	Gross	Provision for IBNR	Total	Gross	Provision for IBNR	Total
a. Outstanding Claims						
Fire	5,513,929	551,393	6,065,322	10,053,222	1,005,322	11,058,544
General Accident	15,558,304	1,555,830	17,114,134	24,541,345	2,454,135	26,995,480
Motor	22,431,929	2,243,193	24,675,122	36,801,222	3,680,122	40,481,344
Marine	13,177,051	1,317,705	14,494,756	6,367,561	636,756	7,004,317
Bond	4,090,909	409,091	4,500,000	7,000,000	700,000	7,700,000
Engineering	2,281,818	228,182	2,510,000	-	-	-
	<u>63,053,940</u>	<u>6,305,394</u>	<u>69,359,334</u>	<u>84,763,350</u>	<u>8,476,335</u>	<u>93,239,685</u>
b. Insurance Fund						
Provision for Unexpired Risks						
Fire		38,929,353			66,251,884	
General Accident		99,790,647			175,606,484	
Motor		205,682,535			415,487,586	
Marine		15,041,006			43,649,310	
Bond		-			4,719,764	
Oil & Gas		4,982,733			59,028,993	
Engineering		7,832,521			25,279,234	
Aviation		118,272,800			268,598,822	
		<u>490,531,595</u>			<u>1,058,622,077</u>	

12. Share Capital				
Authorized:	Number	=N=	Number	=N=
Ordinary shares of 50k each	<u>10,000,000,000</u>	<u>5,000,000,000</u>	<u>10,000,000,000</u>	<u>5,000,000,000</u>
Issued and fully paid:	Number	=N=	Number	=N=
Ordinary shares				
Ordinary share of 50k each				
At end of the period	<u>6,000,000,000</u>	<u>3,000,000,000</u>	<u>6,000,000,000</u>	<u>3,000,000,000</u>

13. Statutory Contingency Reserve		
Balance as at 1 st January	185,900,070	94,601,178
Transfer from profit and loss account	92,693,780	91,298,892
Balance as at 31 December	<u>278,593,850</u>	<u>185,900,070</u>

This is maintained in compliance with section 21 (1) and (2) and 22(16) of the Insurance Act 2003.

14. Fixed Assets Revaluation Reserve		
Balance as at 31 December	<u>24,811,148</u>	<u>24,811,148</u>

15. Investment Revaluation Reserve		
Balance as at 1 st January	-	15,119,563
Additions	-	-
Movement during the year	<u>32,033,745</u>	<u>(34,261,098)</u>
	<u>32,033,745</u>	<u>(19,141,535)</u>
Diminution Transferred to Income and Expenditure	<u>(32,033,745)</u>	<u>19,141,535</u>
Balance as at 31 st December	-	-



Consolidated Hallmark Insurance Plc



Notes on the Accounts (contd.)

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FOR THE YEAR ENDED 31 DECEMBER, 2009

	2009 =N=	2008 =N=
16. Revenue Reserve		
Brought forward	455,655,406	186,496,465
Dividend proposed and paid during the year based on the last year account	(300,000,000)	-
Transfer from Profit & Loss Account	149,979,389	269,158,941
Carried forward	<u>305,634,795</u>	<u>455,655,406</u>

17. Capital Reserve/ Goodwill Arising from Consolidation

	Hallmark Assurance Plc N'000	Nigerian General Insurance Co. Ltd. N'000	General N'000	Total N'000
Net Assets as at 1 March 2007	1,758,231	442,419	-	2,200,650
Adjustments (note 17.1)	562,193	(54,589)	(96,941)	410,662
Final Net Assets taken over as at 1 March 2007	2,320,424	387,830	(96,941)	2,611,312
Value of Shares issued	(1,500,000)	(600,000)	-	(2,100,000)
	820,424	(212,170)	(96,941)	511,312
Recapitalisation expenses	-	-	(95,693)	(95,693)
Adjustments (note 17.1)	-	(51,388)	-	(51,388)
Capital Reserve/ (Goodwill)	<u>820,424</u>	<u>(263,558)</u>	<u>(192,634)</u>	<u>364,231</u>

17.1 Adjustments arose from the review of Assets and Liabilities of legacy entities subsequent to the merger date in line with provision of article 11(1) of the Memorandum of Understanding (MOU) dated 20th February 2007.

18. Profit before Taxation		
Profit before taxation is stated after charging:		
Depreciation of fixed assets	116,114,966	108,772,414
Auditors' Remuneration	3,500,000	3,000,000
Directors' Remuneration		
Fees	2,790,000	1,900,000
Other Remuneration	28,020,000	28,020,000
Loss on disposal of fixed assets	(809,095)	3,286,941
Foreign Exchange Gains/ (Loss)	26,688,141	(59,763)

19. Gross Premium Earned

The gross premium earned is analysed as follows:

Gross premium	2,454,929,044	3,043,296,387
Decrease/ (Increase) in Unearned premium.	568,090,482	(452,396,736)
	<u>3,023,019,526</u>	<u>2,590,899,651</u>

20. Reinsurance Cost

The cost of reinsurance is analysed as follows:

Reinsurance premium paid	414,545,494	700,598,555
Prepaid reinsurance (Note 4.2)	214,323,391	(431,084,472)
Reinsurance cost	<u>628,868,885</u>	<u>269,514,083</u>



Consolidated Hallmark Insurance Plc

Notes on the Accounts (contd.)

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ANNUAL REPORT & ACCOUNTS 2009

FOR THE YEAR ENDED 31 DECEMBER, 2009

	2009 =N=	2008 =N=
21. Underwriting Expenses		
Acquisition Costs:		
-Commission Paid	397,005,333	468,604,295
Maintenance Expenses	121,807,516	107,802,282
	<u>518,812,849</u>	<u>576,406,577</u>
22a. Investment Income		
Interest received-Fixed Deposit	83,291,025	31,043,451
Dividend received	6,473,032	7,023,893
	<u>89,764,057</u>	<u>38,067,344</u>
22b. Other Income		
Auto Reg.	-	2,427,420
Profit/(loss) on disposal of fixed assets	809,095	-
Lease rental	3,240,902	48,085,042
Income on Investment Properties	6,152,175	5,779,312
Exchange Gain	26,688,141	-
Others	33,468,600	21,026,457
	<u>70,358,913</u>	<u>77,318,231</u>
23. Exceptional Item		
This represents diminution in the value of investments during the year as given below:		
Fund under management	<u>99,927,414</u>	<u>263,063,655</u>
24. Earning Per Share		
Earning per share is calculated on the net profits after taxation based on the share capital in issue at 31st December 2009	4.04	6.01
25. Information Technology Development		
The Nigeria 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 Company has provided for NITDA levy at the specified rate.	4,634,689	3,019,789
26. Taxation		
a. Per Profit and Loss Account		
Income tax based on profit for the year	151,933,334	41,470,492
Education tax	12,028,932	8,212,095
Under/(Over) provision in prior year	-	(159,274,450)
Charge to profit	<u>163,962,266</u>	<u>(109,591,863)</u>



Notes on the Accounts (contd.)

ANNUAL REPORT & ACCOUNTS 2009

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FOR THE YEAR ENDED 31 DECEMBER, 2009

	2009 =N=	2008 =N=
b. Per Balance Sheet		
At the beginning of the year	53,341,471	176,057,011
Payments during the year	(59,013,210)	(13,123,677)
	(5,671,739)	162,933,334
Charge for the year	168,596,955	(109,591,863)
At the end of the year	162,925,216	53,341,471
c. Deferred Taxation		
At the beginning of the year	90,839,824	42,746,700
Charge for the year	52,198,777	48,093,124
At the end of the year	143,038,601	90,839,824
The company has adopted the Statement of Accounting Standard SAS 19 on deferred taxation which is now computed using liability method.		
27. Staff		
Average number of persons employed in the financial year and staff costs were as follows:		
	2009 Number	2008 Number
Managerial	25	42
Senior Staff	98	76
Junior Staff	37	29
	160	147
28. Staff Costs		
	=N=	=N=
Wages & Salaries	283,931,182	293,464,909
Staff Welfare	-	105,939,791
Medical	608,630	5,772,112
Staff Training	35,961,599	19,877,141
Pension & Gratuity	24,947,196	19,565,923
	345,448,607	444,619,876
29. Pension & Gratuity		
Balance b/f	7,553,888	5,647,302
Provision during the year	24,947,196	19,565,923
Payment during the year	(22,478,472)	(17,659,337)
Balance as at December	10,022,612	7,553,888
30. Chairman's and Directors' Emolument, Pensions and Compensation for Loss of Office:		
Emolument:		
Chairman	400,000	400,000
Other Directors	2,100,000	2,100,000
Other Emolument of Executives	28,020,000	28,020,000
Emolument of highest paid director	6,000,000	6,000,000

The number of directors excluding the chairman whose emoluments were within the following ranges were:



Consolidated Hallmark Insurance Plc



Notes on the Accounts (contd.)

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ANNUAL REPORT & ACCOUNTS 2009

FOR THE YEAR ENDED 31 DECEMBER, 2009

NIL - N50,000
N50,001 - N60,000
N60,001 - N80,000
above N80,000

Emoluments Waived

Number of directors who have waived their rights to receive emoluments.

31. Employees Remunerated at Higher Rates

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

N100,001 - 200,000
N200,001 - 300,000
N300,001 - 400,000
N400,001 - 500,000
N500,001 - 600,000
N600,001 - 700,000
N700,001 - 800,000
N800,001 - 900,000
N900,001 - 1,000,000
N1,000,001 and above

2009
=N=

2009
Number

Nil
Nil
Nil
9

Nil

8
12
34
4
-
-
12
6
16
44

2008
=N=

2008
Number

Nil
Nil
Nil
9

Nil

8
12
34
4
-
-
12
6
20
51

32. Capital Commitments

There were no capital commitments at 31 December 2009

33. Contingent Liabilities

There were no material contingent liabilities at 31 December 2009

34. Comparative Figures

Certain figures in 2008 financial statements were reclassified to conform with 2009 presentation and enhance comparability.

35. Post Balance Sheet Events

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.

36. Segment Information

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

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

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

Business Segments

The Company operates Non-life (General) business, which includes general insurance transactions with individual and corporate customers.

37. Approval of Financial Statements

The Financial Statements were approved by the Board of Directors on 28 June 2010.



Consolidated Hallmark Insurance Plc



Statement of Value Added

ANNUAL REPORT & ACCOUNTS 2009

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FOR THE YEAR ENDED 31 DECEMBER, 2009

	2009 =N=	%	2008 =N=	%
Income				
Gross premium earned	3,023,019,526		2,590,899,651	
Commission Received	101,592,367		148,605,155	
Investment and other income	160,122,970		115,385,575	
	<u>3,284,734,863</u>		<u>2,854,890,381</u>	
Less:				
Reinsurances, claims and commissions	1,332,168,275		1,483,733,480	
Other expenses and services - Local	1,619,504,946		470,719,692	
- Foreign	-		-	
(Increase) / Decrease in Insurable Funds	<u>(591,970,833)</u>		<u>45,066,039</u>	
	<u>2,359,702,388</u>		<u>1,999,519,211</u>	
Value Added	<u>925,032,475</u>	<u>100</u>	<u>855,371,170</u>	<u>100</u>
Applied as follows:				
To pay employees' salaries, wages and other benefits	345,448,607	37	444,619,876	52
To pay taxation	220,795,732	24	(58,478,950)	(7)
Depreciation	116,114,967	13	108,772,414	13
Transfer to contingency reserve	92,693,780	10	91,298,892	11
Retained Profits	149,979,389	16	269,158,938	31
	<u>925,032,475</u>	<u>100</u>	<u>855,371,170</u>	<u>100</u>

Value added represents the additional wealth created by the Company during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government and that retained for future creation of more wealth.



Consolidated Hallmark Insurance Plc



Five-Year Financial Summary

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ANNUAL REPORT & ACCOUNTS 2009

	2009 =N=	2008 =N=	2007 =N=	2006 =N=	2005 =N=
Results					
Gross premium written	2,454,929,044	3,043,296,387	1,506,209,059	508,368,380	394,998,421
Net premium earned	2,394,150,641	2,321,385,568	976,581,124	449,766,767	299,423,309
Profit before tax	463,468,901	301,978,879	237,089,706	87,334,978	65,223,321
Profit after tax	242,673,169	360,457,830	230,006,854	56,870,711	52,965,523
Earning/(Loss) per share (k)	4.04	6.01	3.8	4.3	18.3
Balance Sheet					
Assets					
Current Assets	1,681,756,522	2,082,506,784	993,636,373	332,952,093	369,636,680
Investments	2,010,602,841	1,393,531,937	1,476,105,171	723,096,145	191,975,432
Statutory Deposits	300,000,000	300,000,000	300,000,000	20,000,000	20,000,000
Fixed Assets	999,458,786	1,831,662,281	1,881,931,887	72,248,470	49,060,938
Total Assets	4,991,818,149	5,607,701,003	4,651,673,431	1,148,296,708	630,673,050
Liabilities					
Current Liabilities	315,617,160	283,013,573	196,567,907	58,947,186	60,330,229
Deferred Taxation	143,038,601	90,839,824	42,746,700	9,517,025	6,377,919
Insurance Funds	559,890,929	1,151,861,762	675,711,250	179,098,270	131,795,139
Share Capital	3,000,000,000	3,000,000,000	3,000,000,000	665,155,330	300,000,000
Share Premium	-	-	-	-	2,369,570
Capital Reserve	364,231,665	415,619,219	415,619,220	-	-
Bonus Issue Reserve	-	-	-	158,370,317	-
Reserves	584,228,645	641,555,476	281,097,643	51,090,789	31,234,813
Investments Revaluation Reserve	-	-	15,119,563	1,306,644	2,165,380
Assets Revaluation Reserve	24,811,148	24,811,148	24,811,148	24,811,148	-
Deposit for shares	-	-	-	-	96,400,000
Total Liabilities	4,991,818,149	5,607,701,003	4,651,673,431	1,148,296,708	630,673,050





Consolidated Hallmark Insurance Plc

PROXY FORM

Annual General Meeting to be held at Chelsea Hotel,
Plot 123 Cadastral Zone AO, Central Business District,
Abuja.

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 31st August, 2010 and any adjournment thereof.

	ORDINARY BUSINESS	FOR	AGAINST
1.	To receive the reports and Financial Statements		
2.	To re-elect Directors		
3.	To re-appoint the Auditors		
4.	To authorize the Directors to fix the remuneration of the auditors		
5.	To elect members of the Audit Committee		
	SPECIAL BUSINESS		
1.	To approve the remuneration of the Directors		
2.	To appoints FITC Consulting as External Consultants to conduct Annual Board Performance Appraisal		
	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 or abstain from voting at his discretion.		

Dated this day of 2010

Shareholder's Signature

NOTE

(i) A member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. 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 authorised.

(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 whether a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.

(v) The stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 requires that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear a Stamp Duty at the appropriate rate.

(vi) 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 Chelsea Hotel, Plot 123 Cadastral Zone AO, Central Business District, Abuja.

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 Shareholder

Number of Shares held

Postage
Stamp

MERISTEM REGISTRARS

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

Postage
Stamp

MERISTEM REGISTRARS

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