

A close-up, low-angle photograph of a microscope's metal frame. The image shows various components like the eyepiece, objective lenses, and the main body, all made of polished metal. The lighting is bright, creating strong highlights and shadows that emphasize the mechanical details and the precision of the instrument.

A Momentum Of Value

It is a given fact of validation that this 2011 Annual Report showcases our significantly increasing momentum as a foremost performing insurance solutions provider in Nigeria.

We are indeed gaining more positive momentum in terms of corporate performance, brand equity and bottom line profitability. Integrated with our new move of operations to a more befitting and customer-focused corporate head office, ours is, no doubt, a momentum of great value.



**A Momentum
Of Value**

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Brand Platform



Our Vision

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



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

Our Core Values

- P** Professionalism
- R** Relationship
- I** Integrity
- Z** Zeal
- E** Excellence

Business Review:

“

We attribute the success recorded to the unflinching support of our customers, and the unwavering determination and commitment of management and staff.

”

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



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Corporate Information

Directors

Ugo (Dr.) Obi Ralph Ekezie	Chairman
Tony Aletor	Vice Chairman

Eddie Efekoha	Managing Director
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Ngozi Nkem	Director
Dr. Layi Fatona	Director
Chief Ben C. Ikejiaku	Director
Friday Ebojoh	Director
Pat Azurunwa	Director
Chief Sunny Obidegwu	Director



Corporate Information

Company Secretaries:



Foundation Chambers
24B Apapa Lane
Dolphin Estate
Ikoyi, Lagos
Tel: 234 (1) 7923831, 7349820



Bankers:

Zenith Bank Plc
EcoBank Nigeria Plc
Keystone Bank Plc
First Bank of Nigeria Plc
Guaranty Trust Bank Plc

Auditors:



PKF House
205A, Ikorodu Road, Obanikoro, Lagos.
G.P.O. Box 2047
Marina, Lagos
Nigeria.
Tel: +234 (01) 8042074, 7734940

Registered Office:

266 Ikorodu Road Obanikoro
Lagos.
Tel: +234 1 7419182, 8419703
Fax: +234 1 4618380
Email: info@consolidatedhallmark.com
Web: www.consolidatedhallmark.com

Registrars:



Meristem Registrars Limited
213, Herbert Macaulay Street,
Adekunle, Yaba
Lagos.
Tel: +234 (1) 892 0491 2



Board of Directors

Ugo (Dr.) Obi Ralph Ekezie Chairman

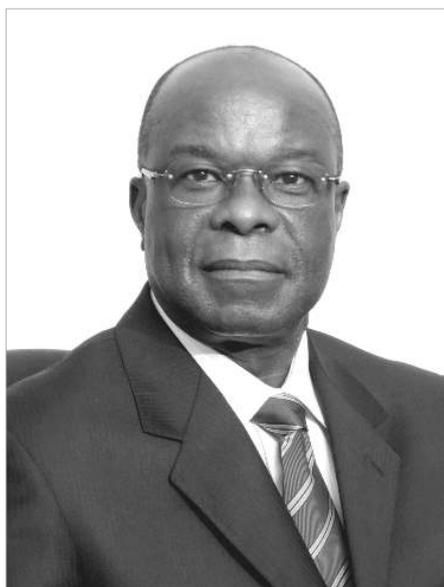
Dr. Ralph Ekezie, the Chairman of the company, is a professional petroleum engineer and has been a key player in the oil industry for years. He was a former Managing Director of Schlumberger, a multinational oil firm and currently the Managing Director of Drilllog Petro- Dynamics Ltd, an oil services company with offices in Nigeria and Texas, USA. Dr Ekezie was until recently the Chairman, Indigenous Petroleum Technologists Association of Nigeria. Currently he is 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.

Mr. Tony Aletor Vice Chairman

Mr. Anthony Aletor is the Vice Chairman of the company, He is a versatile financial services player, and is currently the Group 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 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 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.



Board of Directors

Chief Ben Ikejiaku

Chief Benson Chukwuma Ikejiaku, is a Professional Accountant of many years standing. He started his Accounting Career in 1961 as an Accounts Clerk with the Eastern Nigeria Development Corporation in Enugu and thereafter worked in formidable organizations including the Nigerian Construction and Furniture Company Limited, Nigergas Co. Ltd, Emene Enugu, and Hardel and Eric 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 and Pacific States University European Summer Residential Programme, where he obtained a 1987 Masters Degree in Business Administration (MBA). He is a Fellow of the Association of Chartered Certified Accountants (FCCA), and Fellow, Institute of Chartered Accountants of Nigeria (FCA), amongst other professional qualifications. Chief Ikejiaku is currently a management consultant, a director in Champion Newspapers Limited and Sunrise Insurance Brokers 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.

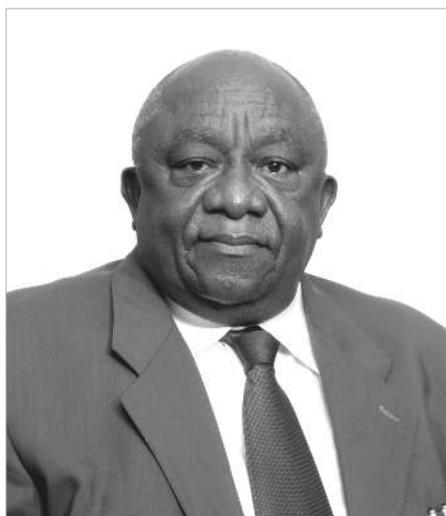
She is also a Director in the following companies: Transglobe Securities Nigeria Ltd, Zopon Nigeria Ltd, Binez Hotel Ltd and Abia State Hotels Ltd. Mrs. Nkem is married with children.

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.



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 two decades of varied work experience in the Banking and Finance sector where he held positions including Assistant General Manager / Head, Money & Capital Market Group of New Nigeria Bank Plc, Assistant General Manager/Head, Treasury & Financial Services Division of Gateway Bank Plc, and Group Treasurer UBA Plc with responsibility for Treasury Sales, Trading and Balance Sheet.

Mr Ebojoh has attended several local and international courses including the Integrated Financial Management Program in London, United Kingdom.

Mr. Sunny Obidegwu

Mr. Sunny Chukwudi Obidegwu is a 1981 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 as a Youth Corper at Foresight Insurance Brokers. He rose to the level of Manager in 1996 before joining UTIB Insurance Brokers Ltd., first as a Coordinator and later as GM/COO, a position he occupied until September 2004 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 17th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of the shareholders of the company will be held on the 20th June 2012 at 11.00am prompt at Agip Recital Hall, Muson Centre, 8/9 Marina, Lagos to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended December 31st 2011 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To approve the appointment of a new director
5. To re-appoint Auditors
6. To authorize the Directors to determine the remuneration of the Auditors.
7. To elect Members of the Audit Committee

SPECIAL BUSINESS

- A. To approve the remuneration of the Directors for the year ending 31st December 2012.

Dated this 16th day of May 2012.

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 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 Thursday 7th June to Wednesday 13th June 2012 (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.

PAYMENT OF DIVIDEND:

If the dividend of 2kobo per every ordinary share recommended by the Board is approved and declared, those shareholders whose names appear in the Company's Register of Members as at the closure date shall have dividend warrants posted to them not later than 28th June 2012. The payment of dividend shall be subject to deduction of appropriate withholding tax.

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.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, Ugo (Dr.) Obi Ralph Ekezie and Mr. Tony Aletor retire by rotation and being eligible offer themselves for re-election.

RESIGNATION OF DIRECTORS

In accordance with the provision of section 258 (1)(e) of the Companies and Allied Matters Act 1990, Mr. Obashola Alo and Nze (Dr.) Clement Maduako (MFR) resigned from the board of the Company on 30th of September 2011 and 8th of December 2011 respectively.

APPROVAL OF A NEW DIRECTOR

Pursuant to section 249 of the Companies and Allied Matters Act 1990, the Board of Directors appointed Mrs. Ngozi Nkem as a Non Executive Director on the 8th of December, 2011 to fill the casual vacancy arising from the resignation of Nze (Dr.) Clement Maduako. This appointment is subject to the approval of members at this meeting.



Result at a Glance

	2011 N	2010 N
MAJOR PROFIT AND LOSS ACCOUNT ITEMS		
Gross premium written	4,098,659,307	3,057,586,242
Gross premium earned	3,882,716,053	2,853,109,323
Investment and Other Income	125,333,981	76,566,857
Profit before tax and exceptional item	378,561,060	253,252,317
Taxation	6,483,973	(41,677,728)
Profit after tax	271,686,818	211,574,589
MAJOR BALANCE SHEET ITEMS		
Total assets	5,679,106,818	5,475,579,816
Shareholders' fund	4,292,920,214	4,195,562,074
Investments	2,804,291,179	2,590,840,751
Share capital	3,000,000,000	3,000,000,000
Insurance funds	985,009,107	766,027,298
PER SHARE DATA		
Earnings (k)	4.53	3.53
Net Assets (k)	72	70
No. of offices	16	16



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

Chairman's Statement

Distinguished Shareholders,

I am delighted to welcome you to the 17th Annual General Meeting of your company, the fifth in the series after the consolidation exercise in the insurance industry. We have indeed come a long way and as such must remain eternally grateful to God and you shareholders for the modest results we have continued to achieve.

In spite of the difficult business terrain characterized by government's tight monetary policy and the resultant high interest rates, epileptic infrastructure especially power, the results for the 2011 financial year have once again indicated a positive trend- that your company has remained profitable.

GLOBAL OUTLOOK:

The effects of the global economic meltdown which was triggered in 2008 through a mortgage crisis in the United States is still being felt as recovery has been slower than envisaged.

prices to etch further towards the peak attained in 2008 has remained a major impediment to economic growth. With government at various levels continually dependent on the dwindling revenue from this source and government being the largest single patron of insurance services, the sector continued to feel the impact.

2011 was a political transition year as general elections were held to fill elective positions at all Federal & State government levels. This witnessed a huge political expenditure to the detriment of other sectors of the economy.

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.

The Exchange Rate of the local currency, Naira, continued to receive the heat as it depreciated to its lowest ebb ever at N157



The international stock markets are yet to come anywhere near their pre-melt down averages while crude oil prices, a major determinant of the direction of the Nigerian economy continued to hover around the USD\$100 mark. This is way below the USD\$147 per barrel attained in July 2008, though an improvement over the all-time low of USD\$40 per barrel towards the end of that year.

In 2011, a major member of the European Union, Greece went through an economic crisis that unleashed social unrest and threatened both Europe's recovery and the future of the euro. The Greek government was kept afloat by its fellow Euro-zone countries, as austerity measures demanded by France and Germany in return for two massive bailout packages plunged the country into a recession of near-Great Depression dimensions.

However, Nigeria recorded an unprecedented N10trillion Gross Domestic Product (GDP) in 2011, thus making the country the third fastest growing economy in the world behind China and Mongolia. The country's income per capita also grew from \$1,200 to \$1,400.

OPERATING ENVIRONMENT:

The Nigerian economy has remained largely dependent on crude oil as the major revenue earner; hence the failure of oil

per USD in the local market due to demand pressure from importers.

Not much progress was recorded in the power sector during the year 2011 as efforts were still geared towards building generation as well as transmission infrastructure. Total output therefore continues to fluctuate between 3000 to 4000 Megawatts, leaving companies, including yours with huge expenditure on internal power generation.

THE NIGERIAN INSURANCE INDUSTRY:

In 2011, a number of commendable initiatives by the industry regulator – the National Insurance Commission (NAICOM) became clearer. Key of these is the Market Development and Restructuring Initiative, MDRI, where efforts to ensure patronage of five compulsory classes of insurance gathered momentum. The Commission commenced in earnest, public enlightenment campaigns as well as law enforcement agent-backed drive to enforce compliance by members of the public of the five classes that are very prominent and capable of generating about 55 per cent of the industry premium income.

The Nigerian Insurance market has continued to reel under the effects of the credit crunch in the banking industry as the second

Chairman's Statement

round of reforms in the sector led to the draught of credit to the real sector and the middle class thus eroding their assets acquisition capabilities. A considerable number of companies in the industry have thus been unable to generate gross revenues up to their operating capital.

The adoption of the IFRS – International Financial Reporting Standards by the industry regulator has further raised the bar in transparency of our financials. We are happy to report full compliance in line with standards set by NAICOM.

BOARD CHANGES:

Two directors of the company, Nze (Dr.) Clement Maduako, a non- executive director and Obashola Alo, executive director, resigned their appointments from the board in 2011. A non executive director, Mrs Ngozi Nkem has joined the board and her appointment is being put forward for confirmation in the course of proceedings during this meeting.

COMPANY PERFORMANCE:

Notwithstanding the daunting challenges posed by the global economy and the harsh operating environment mentioned earlier, your company was able to sustain its yearly growth record in key performance metrics.

Your company grew its Gross Premium Income from N2.8B in 2010 to N3.8B during the Financial Year Ended 31st December 2011 which represents a remarkable increase of N1B or 36%. The Profit After Tax of N271M a 28% increase from the 2010 figure of N211M was achieved, while the Shareholders Fund was also grown from N4.1B in 2010 to N4.2B in 2011.

We attribute the success recorded to the unflinching support of our customers, and the unwavering determination and commitment of management and staff.

DIVIDEND

Based on the above result, the board is recommending for your approval, a dividend per share of 2kobo totalling N120million. If

approved, the dividend is to be paid to members whose names appear in the register by close of business on 13th June 2012. Shareholders who have completed the e-mandate forms shall receive their payments directly into their bank accounts shortly while others will be posted accordingly.

APPRECIATION:

The continued profitability of your company in spite of the difficult operating terrain has been made possible by all our stakeholders – shareholders, fellow board members, management and staff, insurance brokers and agents and all our loyal customers – THANK YOU.

We shall continue to count on you for future progress.



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

June, 2012.

||
Your company grew its Gross Premium Income from N2.8B in 2010 to N3.8B during the Financial Year Ended 31st December 2011 which represents a remarkable increase of N1B or 36%.

||



Chief Executive Officer's Statement



Eddie A. Efekoha
Chief Executive Officer

Chief Executive Officer's Statement



■ ■ Our attitude and resolve remain strong and I am sure that with your continued support, we shall achieve our dream. ■ ■

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

I wish to join the Chairman in welcoming you all to our 17th Annual General Meeting. We have had a remarkable experience since our last meeting and I would like to appreciate your support for the successes recorded by the company in the last one year.

Permit me to also use this opportunity to share with you, distinguished shareholders, the following specific developments with possible impact on the future of your company:

INDUSTRY OVERVIEW

NAICOM has increased the tempo of its regulatory oversight since the start of Year 2012. As opposed to the yearly release of operational guidelines the regulator has introduced the Thematic Guidelines approach using the 2011 guidelines as the base. It is gratifying to note that your Company has been proactive in its regulatory reporting obligations through the establishment of a Legal & Compliance Unit which in conjunction with other departments has ensured that the company fully complies with all regulatory reporting requirements. Little wonder therefore that CHI was among the first few companies to obtain approval of its accounts from NAICOM; a yearly development which has helped us to hold the 2012 AGM before the end of the first half of the year. We shall endeavor to improve on our current achievement in subsequent editions.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

IFRS is a globally accepted financial reporting standards which Nigeria adopted in 2010 with commencement date for companies quoted on the floor of the Nigerian Stock Exchange being 2012. These standards will replace the Statement of Accounting Standards (SAS) issued by the Financial Reporting

Council of Nigeria (FRCN). The first IFRS full financial statements will be for the period ending December 31, 2012 with 2011 as comparative year. We are pleased to report that we are on course having prepared, obtained approval and published Q1, 2012 results in these Standards.

NIGERIAN OIL & GAS LOCAL CONTENT DEVELOPMENT ACT 2010

The opportunities provided the industry to grow its income through the enactment of this Act are being realized albeit gradually. Thanks to NAICOM who has not only issued necessary guidelines to help operators in the practice of this class of business but has ensured that no risk is placed offshore without first satisfying the local market. The industry is however challenged at the moment by its limited financial capacity to cope with the huge investments in this sector. This has led to the formation of various underwriting pools, arrangements which your company participates in to enhance its acceptances and manage its exposures.

MARKET DEVELOPMENT AND RESTRUCTURING INITIATIVE (MDRI)

During the 2011 Financial Year, NAICOM intensified the implementation of its guidelines for the enforcement of compulsory insurances for greater insurance penetration in the country. Underwriters have been supportive through advertising and road shows with a view of sensitizing Nigerians on the benefits of insurance. Result of these efforts is expected to pick up eventually and impact on the bottom line with increased patronage of the sector.

NEW HEAD OFFICE COMPLEX

Distinguished Shareholders, I am delighted to inform you that the recent relocation of our head office from a leased property in Victoria Island to the company-owned property on Ikorodu Road Lagos has greatly improved staff productivity through reduction in man hours spent in traffic and better and more spacious working environment fitted with modern day facilities.

Chief Executive Officer's Statement

The design of the building and its vantage location have improved our market visibility and branding and I am sure these would translate into increased businesses in the immediate future. May I at this juncture specially acknowledge the role played by the Board of Directors, Management and Staff, who worked tirelessly and made great sacrifices to ensure that the building was renovated within time schedule and our relocation a reality. Our ultimate goal is to develop the complex even further in order to cope with our growing space requirement and this goal can only be realized with your unalloyed support and commitment.

CREDIT CONTROL DRIVE

Your company has reinvigorated its credit control drive in line with the resolve to ensure significant recovery of outstanding premium while ensuring that age of debts for new transactions is reduced to the barest minimum, in some cases not exceeding three months.

STAFF WELFARE & TRAINING

The Company has continued to recognize the importance of its staff and their contributions to its growth and development. We are not relenting in the training of staff to improve on their competencies. A comprehensive learning & development programme designed to equip our technical staff with modern skills is run yearly in partnership with external consultants. The number of participants was 34 in the 2011 edition which shall increase in subsequent years.

TECHNOLOGY

The company has continued to leverage on its robust ICT platform to maintain its market share and deliver cutting edge services to its customers. Since our last meeting we have upgraded our ICT platform to the latest version of Global Insurance Business Solutions Software and improved upon the

trailblazing motor insurance transaction platform for the sale of motor insurance policy online which your company pioneered in the industry. Currently we are improving on our online payment platform for all classes of insurance in addition to setting up a functional e-Business Unit to grow our share of the retail market.

INVESTMENT IN SUBSIDIARIES

During the year under review, we expanded the scope of operations of Grand Treasurers Limited by recruiting necessary staff that can independently handle its activities. We are confident that the subsidiary exhibits a huge potential and are constantly invigorating its operations to maximize returns in the leasing sub-sector of the financial industry. It is expected that these efforts would start to impact positively on the bottom line of the subsidiary as from this financial year.

CHI Capital Limited, which is the investment vehicle for Grand Treasurers Limited has been involved in the provision of vehicle tracking services for your company – a value added service that has continued to grow the motor insurance portfolio. The Real Estate arm of her operations will be fully developed in the near future.

CHALLENGES AND PROSPECTS

The industry has no doubt made remarkable progress after the recapitalization exercise of 2007. Further consolidation which is ongoing in the banking sector is once again a wake-up call to players in our sector that future mergers and acquisition may not be too far away. As we strive to continually ensure adequate returns on investment for our stakeholders, industry challenges such as inefficiencies in underwriting and pricing models due largely to keen competition, existence of alternative markets for motor and marine cargo insurances and lack of cooperation among operators and trade associations might frustrate the realization of our desired results. The increasing wave of



Chief Executive Officer's Statement

insecurity to life and property after the 2011 general elections has continued to paralyze economic activities in some parts of the country. This has led to closure and relocation of many companies with attendant negative impact on economic activities. It is gladdening however to note that in spite of these challenges opportunities still abound in our dear country and your company is doing everything possible to take full advantage thereof.

With the recent upbeat in the tempo of activities of the Asset Management Corporation of Nigeria, and the conclusion of further consolidation in the banking industry, we look forward to a reinvigorated banking sector that would resume lending to the real sector of the economy. There are indications that some marginal gains would be recorded on investments in the Nigerian Stock Exchange in 2012 as investor confidence gradually returns to that sector, although this is expected to be gradual. Also, the enforcement drive by the industry regulator of the compulsory insurances is expected to grow premium. New opportunities emerging from the transformation agenda of the Federal Government especially in Agriculture would be explored by your company to grow the bottom line. We shall continue to be proactive in responding to changes, not only in the insurance industry but the economy at large.

CONCLUSION

We remain committed to the building of Consolidated Hallmark Insurance Plc into a world class company. Our attitude and resolve remain strong and I am sure that with your continued support, we shall achieve our dream. I thank all our shareholders for their faith in us, our numerous customers and in particular Insurance Brokers and Agents for their continued patronage, our Reinsurers for their most valued partnership and protection, NAICOM for their friendly regulation and my colleagues at Management and staff for their dedication, loyalty and commitment. Without the support from all of you, our achievement of continued profitability exemplified in payment of dividend to shareholders, three years out of five post-consolidation would not have been possible.

Finally, I thank members of the Board of Directors for their painstaking efforts and contributions to the success story of the Company and wish us all fruitful deliberations.

Thank you



Eddie A. Efekoha
Chief Executive Officer
June 2012

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The Company has continued to recognize the importance of its staff and their contributions to its growth and development. We are not relenting in the training of staff to improve on their competencies. A comprehensive learning & development programme designed to equip our technical staff with modern skills is run yearly in partnership with external consultants.

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Executive Management Team



Eddie Efekoha
Managing Director/C.E. O



Bode Opadokun
Group Head (Technical)



Mac Ekechukwu
Regional Director (North)



Ijeoma Pearl Okoro
Regional Director (East)



Tunde Daramola
Group Head (Finance)



Gbolaga Adeyanju
Regional Director (Lagos/West)



Kate Itua
Group Head (Audit & Risk Management)



Dotun Adeogun
Group Head (Corporate Services)

Remuneration is directly linked to strategy, strongly performance related and weighted heavily towards the long term.



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Director's Report

For the year ended 31 December, 2011

The directors have the pleasure in submitting their reports on the affairs of Consolidated Hallmark Insurance Plc together with the Company's Audited Financial Statements for the year ended 31st December 2011.

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.

RESULTS



	2011 N'000	2010 N'000	Change N'000	Change %
Gross Premium Unltd	4,098,659,307	3,057,586,242	1,041,073,065	34.05
Gross Premium Earned	3,882,716,053	2,853,109,323	1,029,606,730	36.09
Premium Earned	2,756,812,542	2,128,274,909	628,537,633	29.53
Net Claim Paid	527,080,635	370,958,514	156,122,121	42.09
Management Expenses	851,975,163	829,795,603	22,179,560	2.67
Underwriting Profit	1,444,050,310	1,130,093,655	313,956,655	27.78
Profit(Loss)Before Tax & Exceptional Item	378,561,061	253,252,317	125,308,744	49.48
Profit After Tax	271,686,818	211,574,589	60,112,229	28.41

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 2011	Indirect 2011	Direct 2010	Indirect 2010
Ugo (Dr.) Obi Ralph Ekezie	395,437,605	-	370,715,888	-
Mr. Anthony Aletor	-	1,065,000,000	-	1,065,000,000
Mr. Eddie Efekoha	316,000,000	257,145,000	316,000,000	254,683,205
Dr. Layi Fatona	-	21,553,750	-	21,553,750
Mrs. Ngozi Nkem	-	917,820,607	-	917,820,607
Chief Ben Ikejaku	15,500,000	-	15,500,000	-
Mr. Pat Azurunwa	-	-	-	-
Mr. Friday Ebojoh	26,625,000	-	26,625,000	-
Mr. Sunny Obidegwu	25,000,000	25,000,000	25,000,000	25,000,000

Director's Report
For the year ended 31 December, 2011

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 2011 were as follows:



Shareholder	Units Held	%
Maduako Group Limited	917,820,607	15.29
Capital Express Insurance Co. Ltd	1,065,000,000	17.75
SPDC West Multipurpose Cooperative	500,000,000	8.3
Ugo (Dr.) Obi Ralph Ekezie	395,437,605	6.59
Mr. Eddie Efekoha	316,000,000	5.27

The range of shareholding as at 31st December 2011 is as follows:

Range of holdings	No of Shareholders	No of Shareholdings	%
1 - 10,000	3424	17,494,074	0.29
10,001 - 100,000	3821	155,263,355	2.59
100,001 - 1,000,000	1296	446,474,471	7.44
1,000,001 - 10,000,000	2327	702,884,727	11.72
10,000,001 - 100,000,000	36	970,918,606	16.18
100,000,001 - Above	9	3,706,964,767	61.78
	8,818	6,000,000,000	100

Director's Report
For the year ended 31 December, 2011

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:

- 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.



FIXED ASSETS

Movements in fixed assets during the year are shown in note on page 43. 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.

CORPORATE GOVERNANCE

The Company maintains corporate policies and principles designed to ensure that the operations and procedures of the Company are in line with transparent corporate governance principles as directed by its regulators. The activities of the Company 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 9 members - a chairman, vice chairman, the managing director and six non executive directors. There was a change in the composition in the course of the year.

Director's Report

For the year ended 31 December, 2011

BOARD MEETINGS

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

DIRECTOR	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	4	N/A	N/A	N/A	N/A
Anthony Aletor	5	-	N/A	1	N/A
Eddie Efekoha	5	3	4	1	2
Obashola Alo	3	N/A	N/A	1	1
Layi Fatona	4	N/A	3	1	N/A
Clement O. Maduako	4	N/A	N/A	N/A	2
Ben C. Ikejiaku	5	4	4	N/A	N/A
Pat Azurunwa	5	N/A	4	N/A	2
Friday A. Ebojoh	5	4	4	N/A	N/A
Sunny C. Obidegwu	4	N/A	N/A	1	2

Director's Report

For the year ended 31 December, 2011

The following committees carried out the oversight functions on behalf of the board during the financial year:

1. Audit committee
2. Financial and general purpose committee
3. Investment and risk management committee
4. Establishment and governance committee

POST BALANCE SHEET EVENT

There have 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 2011.

REINSURANCE ARRANGEMENT

The company had treaty arrangements with the following companies during the year:

- African Reinsurance Corporation
- Continental Reinsurance Company limited



SPONSORSHIPS & DONATIONS

Various donations and sponsorships by the company during the year amounted to ₦ 1,660,000.00 and were made to the following organizations

a. Drilllog PDL Charity Golf Classic	250,000.00
b. IBB Int'l Golf & Country Club - Sponsorship of Lady Capta	20,000.00
c. Donation to NCRIB Ondo & Ekiti State Chapters	50,000.00
d. Sponsorship of Kaduna Golf Kitty	100,000.00
e. National Assoc. of Insurance Correspondents - NAICO Event Sponsorship	50,000.00
f. Donation IRO Insurance Managers' Forum End of Year Activities (Ondo State Chapter)	10,000.00
g. Part Sponsorship of CIIN Seminar	180,000.00
h. Rotary Int'l District 9140 - Sponsorship of 'End Polio Now' Campaign	250,000.00
i. Golf Tournament for UNIBEN	150,000.00
j. ICC NIGERIA GOLD CATEGORY SPONSORSHIP OF ICC NIGERIA 2011 AGM	500,000.00
k. Lagos State Motherless Babies' Home, Lekki	100,000.00

1,660,000.00

Director's Report
For the year ended 31 December, 2011

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 2011 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 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.

b) Health safety and welfare of employees

The company strictly observes all safety and health regulations. The company provide 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 and meals etc.

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
PP: Foundation Chambers
(Company Secretaries)



Report of the Independent Auditors
For the year ended 31 December, 2011

PKF Professional Services



Chartered Accountants &
business advisers

REPORT OF THE AUDITORS TO THE MEMBERS OF
CONSOLIDATED HALLMARK INSURANCE PLC

We have audited the accompanying financial statements of Consolidated Hallmark Insurance Plc, set out on pages 28 to 57 which comprises the balance sheet as at 31 December 2011, the profit and loss account, statement of cash flows, statement of value added for the year then ended and a summary of significant accounting policies, and other explanatory information.

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, and for such internal control as the Directors determines are necessary to enable the preparation of 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 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 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 Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statement present fairly, in all material respects the financial position of Consolidated Hallmark Insurance Plc as at 31 December 2011, and of its financial performance and cash flows for the year then ended. The Company has kept proper books of account, which are in agreement with the balance sheet and income statement in the manner required by the Company and Allied Matters Act, CAP C20, LFN 2004, the applicable provisions of the Insurance Act CAP 117 LNP 2004 and relevant guidelines issued by National Insurance Commission and in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.

PKF

Chartered Accountants
Lagos, Nigeria

31 March 2012

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Partners: Isa Yusufu, Geoffery C. Orah, Omede P. S. Ajadi, Tajudeen A. Akande, Samuel I. Ochimana, Najeeb A. Abdus-salaam
Offices in: Abuja, Bauchi, Jos, Kaduna, Kano
PKF Professional services is a member of PKF International Limited, a network of legally independent Firms. PKF International does not accept any responsibility or liability for the actions or inactions on the part of any other individual member Firm or Firms.

Report of The Audit Committee

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, 2011 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 March 30th, 2012


Tony Anonyai
Chairman, Audit Committee

Members of The Committee

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

Statement of Significant Accounting Policies

For the year ended 31 December, 2011

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 years presentations, unless otherwise stated.

1. Basis of accounting

- ▶ The financial statements are prepared in compliance with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria. The Companies and Allied Matters Act (CAMA) CAP C20 LFN 2004. The Insurance Act and Regulation 2003 and its interpretation issued by the National Insurance Commission in its insurance industry policy guidelines.
- ▶ 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 preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period
- ▶ The annual accounting basis is used to determine the underwriting result of each class of insurance business written.



2. Consolidation

The Group financial statements comprises the financial statements of the company and its subsidiary, CHI Capital Limited, all made up to 31 December, each year. All intercompany transactions, balances, unrealized surplus and deficit on transactions between group companies have been eliminated. The accounting policies of the subsidiary are consistent with the accounting policies adopted by the group.



3. Property, plant and 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 and 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 and Fittings	-	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

Reserves for unexpired risk are those proportions of the premium written in a year, that relate to the period of risk from January in the following accounting year to the subsequent date of expiry of the policies and have been computed in accordance with Section 20(1) (a) of the Insurance Act 2003, which stipulates that provision for the reserve for unexpired risks is calculated on a time apportionment basis in respect of the risks accepted during the year.

Statement of Significant Accounting Policies

For the year ended 31 December, 2011

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 and long-term investments.



- i) **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.

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.

Statement of Significant Accounting Policies

For the year ended 31 December, 2011

- 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 provision policy in line with premium debtor's provision policy.

- 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. Premium debtors

Premiums are stated at cost after writing off bad debts and deducting provision for other specific debts considered to be doubtful of recovery. An allowance for specific debts is established when there is objective evidence that the company will not be able to collect all the amounts due according to the terms of the receivables. In accordance with the National Insurance Commission (NAICOM) guidelines, allowances are made for potential bad debts as follows:

Period outstanding	% Allowance required
Up to 3 months	Nil
3 – 6 months	50%
Above 6 months	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 charged against income and is included in staff cost.

Statement of Significant Accounting Policies

For the year ended 31 December, 2011

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 expense of non-capital nature is written off to profit and loss account. 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**
- a **Gross Claims Paid:** Consist of claims, plus reinsurance claims and claims handling expenses
- b **Gross Claims Incurred:** Consists of gross claims paid during the financial year after adjusting for movement in provision for outstanding claims and IBNR
- c **Net Claims Incurred:** is gross claims incurred after adjusting for reinsurance claims recoveries
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. **Premium**
- (a) **Gross Premium:** is recognized at the point of attachment of risk to a policy before cost of reinsurance cover.
- (b) **Gross Premium Earned:** Is written after adjusting for the unearned portion of the premium.
- (c) **Unearned Premium:** Premium relating to risk for period not falling within the accounting period forward as unearned premium.
- (d) **Net Premium Earned:** Net premium Earned represents gross premium less reinsurance cost.

Statement of Significant Accounting Policies

For the year ended 31 December, 2011

20. **Commission**
Commissions are recognized on ceded business to reinsurers and other insurance companies and are accounted for in the profit and loss account in the period they are earned and calculated on a time apportionment basis of the risks accepted in the year.
21. **Reinsurance**
Proportional and non-proportional reinsurance premiums are accounted for on an accrual basis. Reinsurance premium are recognized as outflows in accordance with the tenor of the reinsurance contract.
22. **Reinsurance cost/ prepaid reinsurance premium**
Reinsurance cost represents outward premium paid to reinsurance companies less unexpired portion as at the end of the accounting year. The unexpired portion is recognized as asset in the balance sheet.
23. **Reinsurance recoveries**
Reinsurance recoveries represent that portion of claims paid/ payable on risks ceded out in respect of which recoveries are received/ receivable from the reinsurer.
-  24. **Prepaid reinsurance**
Unexpired reinsurance cost is determined on a time apportionment basis and is reported under other asset in the balance sheet.
-  25. **Provisions**
Provisions are 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).
26. **Cash and cash equivalents**
Cash and Cash Equivalents comprise of cash on hand and deposits held with banks. Cash equivalents are short term, highly liquid instruments, which are:
- (a) Readily convertible into cash, whether in local or foreign currency; and
 - (b) So near to their maturity dates as to present significant risk of changes in value as a result of changes in interest rates.
 - (c) For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; cash balances with banks and bank overdrafts.
27. **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.
28. **Unclaimed dividend**
Unclaimed dividend are amounts payable to shareholders in respect of dividend previously declared by the company which have remained unclaimed by the shareholder in compliance with section 385 of the Companies and Allied Matter Act (Cap C20) laws of the Federation of Nigeria 2004. Unclaimed dividends are transferred to general reserves after twelve years.
29. **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 Company by the weighted average number of shares outstanding during the year.
30. **Deferred acquisition expenses**
Prepaid expenses include deferred acquisition expenses. These expenses are incurred as a result of direct business earned from Intermediaries (Brokers & Agents). The deferred portion is calculated based on the percentage of unearned premium to written premium.

Statement of Significant Accounting Policies

For the year ended 31 December, 2011

31. **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.
32. **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.



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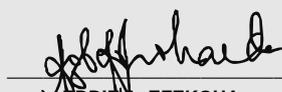
Consolidated Balance Sheet

As At 31 December 2011

	Notes	Group		Company	
		2011 ₦	2010 ₦	2011 ₦	2010 ₦
Assets					
Cash and bank balances	2	153,000,716	183,221,710	142,719,829	176,133,401
Short term investments	3	1,576,403,853	1,325,236,996	1,548,876,750	1,320,236,996
Investments in leases	4	29,899,865	50,572,455	29,899,865	50,572,455
Premium debtors	5	1,174,096,869	1,163,495,747	1,174,096,869	1,163,495,747
Reinsurance debtors	6	410,167,611	373,881,793	410,167,611	373,881,793
Loans and advances	7	30,606,082	21,470,945	16,321,015	12,624,897
Other assets	8	42,195,478	67,743,764	61,917,660	101,401,046
Deferred acquisition expenses	9	140,239,436	99,835,583	140,239,436	99,835,583
Long term investments	10	29,061,480	37,629,044	12,527,969	12,716,027
Investment in subsidiaries	11	-	56,620,500	126,407,680	126,407,680
Statutory deposits	12	300,000,000	300,000,000	300,000,000	300,000,000
Investment properties	13	786,578,915	780,907,593	786,578,915	780,907,593
Property and equipment	14	1,013,353,216	975,014,323	929,353,219	957,366,598
Total assets		5,685,603,521	5,435,630,453	5,679,106,818	5,475,579,816
Liabilities					
Creditors and accruals	15	126,700,317	193,492,739	123,008,516	184,640,215
Insurance funds	16	985,009,107	766,027,298	985,009,107	766,027,298
Income tax payables	17.2	152,263,638	191,805,345	151,027,491	191,805,345
Deferred tax payable	17.3	118,728,284	126,617,070	118,728,284	126,617,070
Staff pension	20	8,413,206	10,927,814	8,413,206	10,927,814
		1,391,114,552	1,288,870,266	1,386,186,604	1,280,017,742
Net assets		4,294,488,970	4,146,760,187	4,292,920,214	4,195,562,074
Capital and reserves					
Share capital	23	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Statutory contingency reserve	24	493,281,216	370,321,437	493,281,216	370,321,437
Revaluation reserves	25	95,978,245	27,011,185	30,482,470	24,811,148
Capital reserve	26	374,947,692	374,947,692	374,947,692	374,947,692
Revenue reserve	27	330,281,817	374,479,873	394,208,836	425,481,797
Shareholders' fund		4,294,488,970	4,146,760,187	4,292,920,214	4,195,562,074
Total liabilities and reserves		5,685,603,521	5,435,630,453	5,679,106,818	5,475,579,816

The financial statements on pages 28 to 57 were approved by the Board of Directors on 31st March 2012 and signed on its behalf by:


UGO (DR.) OBI RALPH EKEZIE
 Chairman


EDDIE A. EFEKO
 Managing Director /CEO

} DIRECTORS

The statement of significant accounting policies on pages 28 to 33 and the explanatory notes on pages 40 to 55 form part of these financial statements.

Consolidated Profit & Loss Account

For The Year Ended 31 December 2011

	Notes	Group 2011 #	2010 #	Company 2011 #	2010 #
Gross premium income	29	3,882,716,053	2,853,109,323	3,882,716,053	2,853,109,323
Reinsurance cost	30	(1,125,903,511)	(724,834,414)	(1,125,903,511)	(724,834,414)
Premium earned		2,756,812,542	2,128,274,909	2,756,812,542	2,128,274,909
Commissions received	29	76,172,079	67,820,677	76,172,079	67,820,677
Total income		2,832,984,621	2,196,095,586	2,832,984,621	2,196,095,586
Expenses					
Claims incurred		(572,080,635)	(370,958,514)	(572,080,635)	(370,958,514)
Underwriting expenses:					
Acquisition expenses	31	(549,641,309)	(463,027,936)	(549,641,309)	(463,027,936)
Maintenance expenses	31	(267,212,367)	(232,015,481)	(267,212,367)	(232,015,481)
Underwriting profits		1,444,050,310	1,130,093,655	1,444,050,310	1,130,093,655
Investment income	32	118,215,172	63,840,634	111,984,769	58,995,305
Other income	33	17,732,159	17,247,729	13,349,212	17,571,552
Net operating income		1,579,997,641	1,211,182,018	1,569,384,291	1,206,660,512
Management expenses		(868,097,993)	(849,275,186)	(851,975,164)	(829,795,603)
Diminution in investments	34	(36,658,828)	(48,938,028)	(30,479,360)	(48,938,028)
Provision for bad and doubtful premium debts	5.1	(308,368,707)	(74,674,564)	(308,368,707)	(74,674,564)
Profit on ordinary activities before taxation and exceptional items		366,872,113	238,294,240	378,561,060	253,252,317
Exceptional item	35	(113,358,215)	-	(113,358,215)	-
Profit on ordinary activities before taxation		253,513,898	238,294,240	265,202,845	253,252,317
Taxation	17.1	5,247,826	(41,677,728)	6,483,973	(41,677,728)
Profit after taxation		258,761,724	196,616,512	271,686,818	211,574,589
Statutory contingency reserve	24	(122,959,779)	(91,727,587)	(122,959,779)	(91,727,587)
Retained profit transferred to revenue reserve	25	135,801,945	104,888,925	148,727,039	119,847,002
Earnings per share (Kobo)	36	4.31	3.28	4.53	3.53

The statement of significant accounting policies on pages 28 to 33 and the explanatory notes on pages 40 to 55 form part of these financial statements.



Revenue Accounts

For The Year Ended 31 December 2011

												2011 Total	2010 Total
Income													
Direct premium	235,235,130	972,535,194	1,142,280,505	762,516,311	473,245,669	303,787,281	118,000,672	43,898,521	4,051,499,283	3,003,009,961			
Inward reinsurance premiums	3,335,600	8,478,241	26,180,888	260,289	1,472,151	6,740,811	624,544	67,500	47,160,024	54,576,281			
Gross written premium	238,570,730	981,013,435	1,168,461,393	762,776,600	474,717,820	310,528,092	1,188,625,216	43,966,021	4,098,659,307	3,057,586,242			
(Increase)/ decrease in unexpired risks provision	(33,729,068)	(20,895,872)	(58,994,102)	(34,622,708)	(47,227,101)	(12,879,127)	(7,595,276)	-	(215,943,254)	(204,476,919)			
Gross premiums earned (Note 20)	204,841,662	960,117,563	1,109,467,291	728,153,892	427,490,719	297,648,965	1,111,029,940	43,966,021	3,882,716,053	2,853,109,323			
Deduct:													
Outward reinsurance premiums	(79,082,230)	(106,623,887)	(40,864,622)	(592,284,068)	(246,453,238)	(58,607,605)	(28,592,320)	(9,681,358)	(1,162,189,328)	(881,955,126)			
(Increase)/ decrease in prepaid insurance premium	833,446	14,358,175	(29,085,960)	63,729,093	(6,593,704)	(14,702,697)	6,908,663	838,801	36,285,817	157,120,712			
Reinsurance cost	(78,248,784)	(92,265,712)	(69,950,582)	(528,554,975)	(253,046,942)	(73,310,302)	(21,683,657)	(8,842,557)	(1,125,903,511)	(724,834,414)			
Net premiums earned	126,592,878	867,851,851	1,039,516,709	199,598,917	174,443,777	224,338,663	89,346,283	35,123,464	2,756,812,542	2,128,274,909			
Commission received	27,053,962	24,042,629	163,268	325,442	484,655	14,228,273	7,670,135	2,203,715	76,172,079	67,820,677			
Total income	153,646,840	891,894,480	1,039,679,977	199,924,359	174,928,432	238,566,936	97,016,418	37,327,179	2,832,984,621	2,196,095,586			
Expenses													
Direct Claims Paid	15,755,616	202,366,430	293,214,020	37,149,666	52,246,713	46,150,262	1,440,658	14,223,809	662,547,174	521,537,143			
Increase/ (Decrease) In Outstanding Claims Provision	2,201,955	26,374,147	(18,570,284)	-	-	(5,786,400)	1,025,633	(2,206,500)	3,038,551	1,659,451			
Gross claims incurred	17,957,571	228,740,577	274,643,736	37,149,666	52,246,713	40,363,862	2,466,291	12,017,309	665,585,725	523,196,594			
Deduct reinsurance claims recoveries	(24,474,569)	(29,725,677)	(15,535,815)	-	-	(21,683,040)	(2,085,989)	-	(93,505,090)	(152,238,080)			
Net claims paid/ incurred	(6,516,998)	199,014,900	259,107,921	37,149,666	52,246,713	18,680,822	380,302	12,017,309	572,080,635	370,958,514			
Add underwriting expenses:													
Acquisition expenses	37,484,265	205,396,985	123,874,837	45,283,614	53,240,759	55,256,973	21,706,659	7,397,217	549,641,309	463,027,936			
Maintenance expenses	14,912,282	106,327,605	96,768,497	11,382,964	9,926,690	22,199,936	1,824,618	3,869,775	267,212,367	232,015,481			
Total expenses	45,879,549	510,739,490	479,751,255	93,816,244	115,414,162	96,137,731	23,911,579	23,284,301	1,388,934,311	1,066,001,931			
Underwriting profit transferred to profit and loss account	107,767,291	381,154,990	559,928,722	106,108,115	59,514,270	142,429,205	73,104,839	14,042,878	1,444,050,310	1,130,093,655			

The statement of significant accounting policies on pages 28 to 33 and the explanatory notes on pages 40 to 55 form part of these financial statements.

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Cash flows from operating activities				
Premium received from policy holders	3,768,767,172	3,015,977,950	3,768,767,172	3,015,977,950
Commission received	76,172,079	67,820,677	76,172,079	67,820,677
Other operating receipts	11,639,995	15,410,367	7,257,048	4,357,007
Reinsurance receipts in respect of claims	170,595,090	105,816,424	170,595,090	105,816,424
Cash paid to and on behalf of employees	(308,481,204)	(264,186,798)	(308,481,204)	(264,186,798)
Reinsurance premium paid	(1,162,189,328)	(724,834,414)	(1,125,903,511)	(724,834,414)
Other operating cash payments	(1,417,953,958)	(644,365,067)	(1,412,606,916)	(1,273,496,685)
Claims paid	(662,547,174)	(521,537,143)	(662,547,174)	(521,537,143)
Company Income tax paid	(42,182,667)	(29,219,131)	(42,182,667)	(29,219,131)
Net cash provided by operating activities	433,820,005	1,020,882,865	471,069,917	380,697,887
Cash flows from investing activities				
Purchase of fixed assets	(153,167,208)	(1,350,535,201)	(86,814,936)	(52,716,717)
Purchase of investments	(266,830,189)	(2,250,966,588)	(365,566,032)	(385,023,332)
Proceeds from sales of investments	11,516,553	-	11,516,553	30,426,194
Sale of fixed assets	6,224,673	-	4,396,157	701,509
Dividend received	3,820,994	6,670,998	3,820,994	6,670,998
Interest received	114,394,178	57,169,636	108,163,775	52,324,307
Net cash provided by investing activities	(284,040,999)	(3,537,661,155)	(324,483,489)	(347,617,041)
Cash flows from financing activities				
Dividend paid	(180,000,000)	-	(180,000,000)	-
Statutory deposit	-	(300,000,000)	-	-
Issue of ordinary shares	-	3,000,000,000	-	-
	-	-	-	-
Net cash provided by financing activities	(180,000,000)	2,700,000,000	(180,000,000)	-
Increase in cash and cash equivalents	(30,220,994)	183,221,710	(33,413,572)	33,080,846
Cash at the beginning	183,221,710	-	176,133,401	143,052,555
Cash at 31 December,	153,000,716	183,221,710	142,719,829	176,133,401

The accompanying notes on pages 40 to 55 form an integral part of this statement of cash flows.

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2011

1. Reconciliation of operating profit to the cash provided by operating activities

	Group		Company	
	2011 #	2010 #	2011 #	2010 #
Operating profit after tax	258,761,724	196,616,512	271,686,818	211,574,589
Depreciation of fixed assets	109,270,799	90,134,043	109,270,799	90,134,044
Bad debt provision	308,368,707	74,674,564	308,368,707	74,674,564
Bad debts/ investment written off	496,252	3,786,166	496,252	3,786,166
Investment income	(118,215,172)	(63,840,634)	(111,984,769)	(58,995,307)
Exceptional items	113,358,215	-	113,358,215	-
Diminution in investments	36,658,828	48,938,028	30,479,360	48,938,028
Loss/(profit) on disposal of fixed assets	(667,157)	1,323,351	(667,157)	1,323,351
Increase in unearned premiums	215,943,254	204,476,919	215,943,254	204,476,920
Increase in creditors	(69,307,032)	304,523,211	64,146,307	77,877,150
Increase in claims provisions	3,038,551	1,659,451	3,038,551	1,659,448
Increase in debtors	(369,100,148)	(67,743,764)	(482,482,476)	(261,248,523)
Increase in loans and advances	(9,135,137)	(21,470,945)	(3,696,118)	-
Increase in deferred acquisition expenses	(40,403,853)	(99,835,583)	(40,403,853)	(25,961,140)
Taxation	(5,247,826)	347,641,546	(6,483,973)	12,458,597
Cash provided by operating activities	433,820,005	1,020,882,865	471,069,917	380,697,887

2. Analysis of changes in cash and cash equivalents and other liquid Investments

	Group			Company		
	Cash and Cash Equivalents #	Investments #	Total #	Cash and Cash Equivalents #	Investments #	Total #
Balance as at 1 Jan. 2010	183,221,710	2,250,966,588	2,434,188,298	176,133,401	2,290,840,751	2,466,974,152
Net cash inflow	(30,220,994)	-	(30,220,994)	(33,413,572)	-	(33,413,572)
Purchase of investments	-	170,977,525	170,977,525	-	213,450,428	213,450,428
	153,000,716	2,421,944,113	2,574,944,829	142,719,829	2,504,291,179	2,647,011,008

3. Analysis of the balance of cash and cash equivalents and other liquid investments

	Group			Company		
	2011 #	2010 #	Changes during the year #	2011 #	2010 #	Changes during the year #
Cash at Bank and in hand	153,000,716	183,221,710	(30,220,994)	142,719,829	176,133,401	(33,413,572)
Investments	2,421,944,113	2,250,966,588	170,977,525	2,504,291,179	2,290,840,751	213,450,428
	2,574,944,829	2,434,188,298	140,756,531	2,647,011,008	2,466,974,152	180,036,856

Notes to The Financial Statements

For The Year Ended 31 December 2011

1. Legal status

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.

1.2 The Company

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 NAICOM announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

1.3 Principal activities

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. The principal activities of the subsidiary are portfolio management, short term lending, equipment leasing and auto tracking services.

	Group		Company	
	2011 ₦	2010 ₦	2011 ₦	2010 ₦
2 Cash and bank balances				
Cash in hand	5,765,779	215,343	5,741,760	215,343
Balance with banks	147,234,937	183,006,367	136,978,069	175,918,058
	<u>153,000,716</u>	<u>183,221,710</u>	<u>142,719,829</u>	<u>176,133,401</u>
3 Short term investments				
Bankers acceptances	3,256,025	5,688,817	3,256,025	5,688,817
Fixed deposits (Note 3.1)	1,319,250,881	928,161,996	1,291,723,778	923,161,996
Fund under management portfolio	280,077,991	404,926,205	280,077,991	404,926,205
	1,602,584,897	1,338,777,018	1,575,057,794	1,333,777,018
Provision for doubtful balances (Note 3.2)	(26,181,044)	(13,540,022,00)	(26,181,044)	(13,540,022)
	<u>1,576,403,853</u>	<u>1,325,236,996</u>	<u>1,548,876,750</u>	<u>1,320,236,996</u>
3.1 Fixed deposits				
Fixed deposit amount representing insurance funds and outstanding claims	1,021,302,473	775,731,893	1,021,302,473	775,731,893
Other fixed deposits	297,948,408	152,430,103	270,421,305	147,430,103
	<u>1,319,250,881</u>	<u>928,161,996</u>	<u>1,291,723,778</u>	<u>923,161,996</u>
3.2 Provision for doubtful balances				
At 1 January	13,540,022	-	13,540,022	-
Charge for the year	12,641,022	13,540,022	12,641,022	13,540,022
At 31 December	<u>26,181,044</u>	<u>13,540,022</u>	<u>26,181,044</u>	<u>13,540,022</u>
4 Investments in leases				
At 1 January	118,321,525	113,831,770	118,321,525	113,831,770
Movement during the year	(3,022,310)	4,489,755	(3,022,310)	4,489,755
Gross investment	115,299,215	118,321,525	115,299,215	118,321,525
Unearned income				
Net investment	115,299,215	118,321,525	115,299,215	118,321,525
Provisions	(85,399,350)	(67,749,070)	(85,399,350)	(67,749,070)
At 31 December	<u>29,899,865</u>	<u>50,572,455</u>	<u>29,899,865</u>	<u>50,572,455</u>

Notes to The Financial Statements

For The Year Ended 31 December 2011

Analysis by performance:

Performing	17,664,829	15,210,450	17,664,829	15,210,450
Non-performing	12,235,036	35,362,005	12,235,036	35,362,005
	<u>29,899,865</u>	<u>50,572,455</u>	<u>29,899,865</u>	<u>50,572,455</u>

Analysis by maturity

0 - 30 days	14,127,031	35,362,005	14,127,031	35,362,005
1 - 3 months	5,798,063	5,415,499	5,798,063	5,415,499
3 - 6 months	5,986,577	5,415,499	5,986,577	5,415,499,00
6 - 12 months	3,988,194	4,379,452	3,988,194	4,379,452,00
	<u>29,899,865</u>	<u>50,572,455</u>	<u>29,899,865</u>	<u>50,572,455</u>

Movement in provision - investments
in leases:

At 1 January	35,398,006	-	35,398,006	-
Addition	17,650,280	35,398,006	17,650,280	35,398,006
At 31 December	<u>53,048,286</u>	<u>35,398,006</u>	<u>53,048,286</u>	<u>35,398,006</u>
Interest in suspense	32,351,064	32,351,064	32,351,064	32,351,064

Notes to The Financial Statements

For The Year Ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	#	#	#	#
5. Premium Debtors				
Amount due from re-insurance and insurance companies	217,292,162	294,382,162	217,292,162	294,382,162
Amount due from insurance brokers and agents	2,130,354,570	1,800,462,435	2,130,354,570	1,800,462,435
	<u>2,347,646,732</u>	<u>2,094,844,597</u>	<u>2,347,646,732</u>	<u>2,094,844,597</u>
Provision for bad and doubtful debts (Note 4a)	(1,173,549,863)	(931,348,850)	(1,173,549,863)	(931,348,850)
	<u>1,174,096,869</u>	<u>1,163,495,747</u>	<u>1,174,096,869</u>	<u>1,163,495,747</u>
5.1 Provision for bad and doubtful debts				
At 1 January	931,348,850	856,674,286	931,348,850	856,674,286
Write off	(66,167,694)	-	(66,167,694)	-
Charge for the year	308,368,707	74,674,564	308,368,707	74,674,564
At 31 December	<u>1,173,549,863</u>	<u>931,348,850</u>	<u>1,173,549,863</u>	<u>931,348,850</u>
5.2 The age analysis of premium debtors and related provisions are as follows				
	Gross Premium		Gross Premium	
Under 90 Days	690,711,172	956,443,860	690,711,172	956,443,860
91 - 180 days	966,771,394	414,103,795	966,771,394	414,103,795
Above 180 days	690,164,166	724,296,943	690,164,166	724,296,943
	<u>2,347,646,732</u>	<u>2,094,844,598</u>	<u>2,347,646,732</u>	<u>2,094,844,598</u>
	Provision		Provision	
Under 90 Days	-	-	-	-
91 - 180 days	483,385,697	207,051,898	483,385,697	207,051,898
Above 180 days	690,164,166	724,296,943	690,164,166	724,296,943
	<u>1,173,549,863</u>	<u>931,348,841</u>	<u>1,173,549,863</u>	<u>931,348,841</u>
6 Prepaid re-insurance premium/ceded premiums				
Ceded premium-Motor	22,256,851	51,342,811	22,256,851	51,342,811
Ceded premium-Fire	40,752,792	39,919,346	40,752,792	39,919,346
Ceded premium-General Accident	49,126,754	34,768,579	49,126,754	34,768,579
Ceded premium-Marine	25,459,855	40,162,552	25,459,855	40,162,552
Ceded premium-Aviation	132,141,757	68,412,664	132,141,757	68,412,664
Ceded premium-Oil & Gas	120,850,520	127,444,224	120,850,520	127,444,224
Ceded premium-Engineering	13,969,212	7,060,549	13,969,212	7,060,549
Ceded premium-Bond	5,609,870	4,771,068	5,609,870	4,771,068
Balance as at 31 December	<u>410,167,611</u>	<u>373,881,793</u>	<u>410,167,611</u>	<u>373,881,793</u>
7 Loans and advances				
Staff loan	16,321,015	12,624,897	16,321,015	12,624,897
Other loans	14,285,067	8,846,048	-	-
	<u>30,606,082</u>	<u>21,470,945</u>	<u>16,321,015</u>	<u>12,624,897</u>
8 Other assets				
Prepayments (Note 8.1)	38,815,110	63,351,344	38,815,110	63,351,344
Prepaid expenses to staff	3,076,000	3,457,676	3,076,000	3,457,676
Inventories	304,368	934,744	-	-
Intercompany balance	-	-	20,026,550	34,592,026
	<u>42,195,478</u>	<u>67,743,764</u>	<u>61,917,660</u>	<u>101,401,046</u>
8.1 Prepayment				
Prepaid rents	24,306,092	24,899,065	24,306,092	24,899,065
Prepayments- Nigerian Stock Exchange	5,670,000	35,605,005	5,670,000	35,605,005
Withholding tax credits	8,839,018	2,847,274	8,839,018	2,847,274
	<u>38,815,110</u>	<u>63,351,344</u>	<u>38,815,110</u>	<u>63,351,344</u>

Notes to The Financial Statements

For The Year Ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
9. Deferred acquisition expenses				
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	99,835,583	73,874,443	99,835,583	73,874,443
Increase/(decrease) during the year	40,403,853	25,961,140	40,403,853	25,961,140
At 31 December	140,239,436	99,835,583	140,239,436	99,835,583

This represents unexpired commissions as at 31 December 2011

10. Long term investments				
Quoted investment	27,061,480	35,629,044	10,527,969	10,716,027
Unquoted ordinary shares	2,000,000	2,000,000	2,000,000	2,000,000
	29,061,480	37,629,044	12,527,969	12,716,027

The directors are of the opinion that the market value of unquoted investments is not lower than cost.

10.1 Unquoted ordinary shares				
At 31 December	2,000,000	2,000,000	2,000,000	2,000,000

11. Investment in subsidiaries	%				
CHI Capital	99.9	-	56,620,500	126,407,680	126,407,680

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of auto tracking devices and equipment leasing. CHI Capital Limited acquired 100% interest in Grand Treasurers Limited, a CBN licensed finance company, in December 2010 with the purpose of carrying on finance company operations.

11.1 Condensed result of consolidated entities- 2011

	CHI Capital	Grand Treasurers Limited	Total
	£	£	£
Condensed profit and loss			
Operating Income	11,487,390	6,506,104	17,864,173
Operating expenses	(10,742,764)	(2,760,205)	(13,373,649)
Diminution on investment	(6,179,468)	-	(6,179,468)
(Loss)/profit	(5,434,842)	3,745,899	(1,688,943)
Taxation	-	(1,236,147)	(1,236,147)
(Loss)/profit for the year	(5,434,842)	2,509,752	(2,925,090)

Notes to The Financial Statements

For The Year Ended 31 December 2011

11.1 Condensed result of consolidated entities- 2011

	CHI Capital #	Grand Treasurers Limited #	Total #
Condensed financial position			
Cash and bank balances	911,087	9,369,800	10,280,887
Short term investments	-	30,286,585	30,286,585
Other assets	47,048,639	13,749,258	14,589,435
Long term investments	16,533,511	-	16,533,511
Investment in subsidiaries (GTL)	10,000,000	-	-
Fixed assets	18,504,225	-	18,504,225
Goodwill on consolidation	-	-	10,000,000
	92,997,462	53,405,643	100,194,643
Liabilities			
Creditors	2,000,000	-	2,000,000
Payables- CHI	20,026,549	2,759,482	22,786,031
Deposits for shares	-	46,208,462	-
Other payables	-	191,800	191,800
Provision for audit fees	1,000,000	500,000	1,500,000
Taxation	-	1,236,147	1,236,147
Share capital	126,407,680	20,000,000	-
Revenue reserves	(56,436,766)	(17,490,248)	72,480,665
	92,997,463	53,405,643	100,194,643

11.2 Condensed result of consolidated entities- 2010

Condensed profit and loss			
Operating Income	4,521,506	-	4,521,506
Operating expenses	(19,479,583)	-	(19,479,583)
Diminution on investment	-	-	-
(Loss)/profit	(14,958,077)	-	(14,958,077)
Taxation	-	-	-
(Loss)/profit for the year	(14,958,077)	-	(14,958,077)
Condensed financial position			
Cash and bank balances	7,088,309	-	7,088,309
Short term investments	5,000,000	-	5,000,000
Other assets	56,401,292	-	56,401,292
Long term investments	24,913,017	-	24,913,017
Investment in subsidiaries (GTL)	10,000,000	-	10,000,000
Fixed assets	17,647,725	-	17,647,725
Goodwill on consolidation	-	-	-
	121,050,343	-	121,050,343
Liabilities			
Creditors	7,050,422	-	7,050,422
Payables- CHI	34,592,026	-	34,592,026
Other payables	1,802,102	-	1,802,102
Taxation	-	-	-
Share capital	126,407,680	-	126,407,680
Revenue reserves	(51,001,924)	-	(51,001,924)
Investment revaluation reserve	2,200,038	-	2,200,038
	121,050,344	-	121,050,344

Notes to The Financial Statements
For The Year Ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
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 31st December, 2008, in accordance with section 9(1) and Section 10(3) of Insurance Act 2003-N300,000,000 (2010-N300,000,000).

Revenue Accounts
For The Year Ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
13. Investment properties (Note 13.1)				
At 1 January	780,907,593	780,907,593	780,907,593	780,907,593
Revaluation surplus	5,671,322	-	5,671,322	-
At 31 December	<u>786,578,915</u>	<u>780,907,593</u>	<u>786,578,915</u>	<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.

During the year ended 31 December, 2011, the investment property of the company were professionally revalued at N786,578,915 by Messr Adegboyega Sanusi & co, Estate Surveyors & Valuers on the basis of open market value between a willing seller and buyer. The sum of N5,671,322 was then recognised as revaluation reserve in the financial statement. Revaluation is carried out at the discretion of the directors and it is considered as and when necessary. (note 25)

13.1 Investment properties

Investment properties are made up of buildings and properties held by the company to earn rentals or for capital appreciation or both and are accounted for in line with statement of accounting standard (SAS) 13. Some of these properties retained the title of one of the legacy companies 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 title names to Consolidated Hallmark Insurance Plc.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT	CURRENT TITLE HOLDER	STATUS ON CHANGE OF TITLE
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri Imo State	208,595,430.00	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	240,393,762.00	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	108,749,560.00	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	38,244,844.00	Consolidated Hallmark Insurance Plc	The purchase documents now regularized in the name of Consolidated Hallmark Insurance Plc. Process to obtain the Governor's consent commenced.
5	Building	Rivers State Housing Estate Abuloma PH	41,973,861.00	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
6	Building	Plot 33 Chief Ogbonda Layout Rumuogba Port harcourt	125,920,731.00	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	20,300,337.00	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
8	Shops	Trade Fair Shopping Complex	2,400,390.00	Consolidated Hallmark Insurance Plc	Already exist in the name of Consolidated Hallmark Insurance Plc.
	TOTAL		786,578,915.00		

Notes to The Financial Statements

For The Year Ended 31 December 2011

14. Property and equipment

14.1 The group

	At 1 January 2011 ₦	Additions ₦	Disposal ₦	Transfer ₦	At December 2011 ₦
Costs/valuations					
Land and building	801,483,200	102,279,660	-	-	903,762,860
Office equipment	65,361,170	4,693,801	-	-	70,054,971
Furniture and fittings	81,584,506	13,289,396	-	-	94,873,902
Motor vehicle	207,663,447	21,614,201	(27,621,889)	18,036,667	219,692,426
Leasehold motor vehicle	18,036,667	-	-	(18,036,667)	-
Computer equipment	176,406,211	11,290,150	(1,500,000)	-	186,196,361
	1,350,535,201	153,167,208	(29,121,889)	-	1,474,580,520
Accumulated Depreciation					
Land and building	60,490,927	16,146,681	-	-	76,637,608
Office equipment	33,255,639	10,170,583	-	-	43,426,222
Furniture and fittings	45,162,119	12,880,173	-	-	58,042,292
Motor vehicle	131,950,753	43,006,460	(23,564,373)	12,314,555	163,707,395
Leasehold motor vehicle	11,713,333	601,222	-	(12,314,555)	-
Computer equipment	92,948,107	26,465,680	-	-	119,413,787
	375,520,878	109,270,799	(23,564,373)	-	461,227,304
Net book value					
Land and building	740,992,273				827,125,252
Office equipment	32,105,531				26,628,749
Furniture and fittings	36,422,387				36,831,610
Motor vehicle	75,712,694				55,985,031
Leasehold motor vehicle	6,323,334				-
Computer equipment	83,458,104				66,782,574
	975,014,323				1,013,353,216

Some fixed assets were professionally re-valued as at 31 December, 2006, by Messrs Adegboyega Sanusi & Co. on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values is treated in these financial statements as fixed assets revaluation reserve (Note 25). Revaluation is carried out at the discretion of the directors and it is considered as and when necessary.

During the year ended 31 December, 2011, the landed property of CHI Capital Limited were professionally revalued at N84million by Messr Adegboyega Sanusi & co, Estate Surveyors & Valuers on the basis of open market value between a willing seller and buyer. The sum of N65,495,775 was then recognised as revaluation reserve in the financial statements. Revaluation is carried out at the discretion of the directors and it is considered as and when necessary. (Note 25)

14.1.1 Transfer

The leasehold motor vehicles were transferred to the freehold motor vehicle upon the completion of the lease payment during the year.

Notes to The Financial Statements

For The Year Ended 31 December 2011

14.2 Property and equipment (Cont'd)

The company

	At 1 January 2011 ₦	Additions ₦	Disposal ₦	Transfer ₦	At December 2011 ₦
Costs/valuations					
Land and building	783,835,475	35,927,388	-	-	819,762,863
Office equipment	65,361,170	4,693,801	-	-	70,054,971
Furniture and fittings	81,584,506	13,289,396	-	-	94,873,902
Motor vehicle	207,663,447	21,614,201	(27,621,889)	18,036,667	219,692,426
Leasehold motor vehicle	18,036,667	-	-	(18,036,667)	-
Computer equipment	176,406,211	11,290,150	(1,500,000)	-	186,196,361
	1,332,887,476	86,814,936	(29,121,889)	-	1,390,580,523
Accumulated Depreciation					
Land and building	60,490,927	16,146,681	-	-	76,637,608
Office equipment	33,255,639	10,170,583	-	-	43,426,222
Furniture and fittings	45,162,119	12,880,173	-	-	58,042,292
Motor vehicle	131,950,753	43,006,460	(23,564,373)	12,314,555	163,707,395
Leasehold motor vehicle	11,713,333	601,222	-	(12,314,555)	-
Computer equipment	92,948,107	26,465,680	-	-	119,413,787
	375,520,878	109,270,799	(23,564,373)	-	461,227,304
Net book value					
Land and building	723,344,548	-	-	-	743,125,255
Office equipment	32,105,531	-	-	-	26,628,749
Furniture and fittings	36,422,387	-	-	-	36,831,610
Motor vehicle	75,712,694	-	-	-	55,985,031
Leasehold motor vehicle	6,323,334	-	-	-	-
Computer equipment	83,458,104	-	-	-	66,782,574
	957,366,598	-	-	-	929,353,219

Some fixed assets were professionally re-valued as at 31 December, 2006, by Messrs Adegboyega Sanusi & Co. on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values is treated in these financial statements as fixed assets revaluation reserve (Note 25). Revaluation is carried out at the discretion of the directors and it is considered as and when necessary.

Notes to The Financial Statements
For The Year Ended 31 December 2011

	Group		Group	
	2011	2010	2011	2010
	₦	₦	₦	₦
15. Creditors and accruals				
Due to agents, reinsurance companies and brokers (note 15.1)	93,054,868	151,783,120	93,054,868	151,783,120
Lease payable (due within one year)	-	9,217,216	-	9,217,216
Sundry creditors and accruals	27,495,628	26,342,582	23,803,827	17,490,058
Legacy companies current accounts	6,149,821	6,149,821	6,149,821	6,149,821
	<u>126,700,317</u>	<u>193,492,739</u>	<u>123,008,516</u>	<u>184,640,215</u>
15.1 Due to agents, reinsurance companies and brokers				
Agents	-	79,358	-	79,358
Brokers	-	200,117	-	200,117
Insurance companies	62,070,605	57,995,973	62,070,605	57,995,973
Reinsurance companies - local	30,004,640	93,507,672	30,004,640	93,507,672
Policyholders	979,623	-	979,623	-
	<u>93,054,868</u>	<u>151,783,120</u>	<u>93,054,868</u>	<u>151,783,120</u>
16. Insurance funds				
Reserve for outstanding claims (Note 16.1)	74,057,338	71,018,783	74,057,338	71,018,783
Provision for unexpired risks (Note 16.2)	910,951,769	695,008,515	910,951,769	695,008,515
	<u>985,009,107</u>	<u>766,027,298</u>	<u>985,009,107</u>	<u>766,027,298</u>

16.1 Reserve for outstanding claims- 2011

	Group			Company		
	Gross	Provision for IBNR	Total	Gross	Provision for IBNR	Total
	₦	₦	₦	₦	₦	₦
Fire	8,043,822	804,382	8,848,204	8,043,822	804,382	8,848,204
General Accident	33,801,731	3,380,173	37,181,904	33,801,731	3,380,173	37,181,904
Motor	18,121,906	1,812,191	19,934,097	18,121,906	1,812,191	19,934,097
Marine	2,670,625	267,063	2,937,688	2,670,625	267,063	2,937,688
Bond	2,085,000	208,500	2,293,500	2,085,000	208,500	2,293,500
Engineering	2,601,767	260,177	2,861,944	2,601,767	260,177	2,861,945
	<u>67,324,851</u>	<u>6,732,486</u>	<u>74,057,337</u>	<u>67,324,851</u>	<u>6,732,486</u>	<u>74,057,338</u>

Reserve for outstanding claims- 2010

	Group			Company		
	Gross	IBNR	Total	Gross	IBNR	Total
	₦	₦	₦	₦	₦	₦
Fire						
General Accident	6,042,044	604,204	6,646,248	6,042,044	604,204	6,646,248
Motor	9,825,234	982,523	10,807,757	9,825,234	982,523	10,807,757
Marine	35,003,982	3,500,398	38,504,380	35,003,982	3,500,398	38,504,380
Bond	7,930,989	793,099	8,724,088	7,930,989	793,099	8,724,088
Engineering	4,090,909	409,091	4,500,000	4,090,909	409,091	4,500,000
	<u>1,669,373</u>	<u>166,937</u>	<u>1,836,310</u>	<u>1,669,373</u>	<u>166,937</u>	<u>1,836,310</u>
	<u>64,562,531</u>	<u>6,456,252</u>	<u>71,018,783</u>	<u>64,562,531</u>	<u>6,456,252</u>	<u>71,018,783</u>

Notes to The Financial Statements

For The Year Ended 31 December 2011

	Group		Group	
	2011	2010	2011	2010
	₦	₦	₦	₦
16.2 Provision for unexpired risks				
Fire	85,530,062	51,800,995	85,530,062	51,800,995
General accident	163,904,834	112,021,356	163,904,834	112,021,356
Motor	391,144,589	332,150,487	391,144,589	332,150,487
Marine	28,024,249	15,145,122	28,024,249	15,145,122
Oil & gas	107,909,911	60,682,810	107,909,911	60,682,810
Engineering	26,105,577	18,510,301	26,105,577	18,510,301
Aviation	108,332,547	104,697,444	108,332,547	104,697,444
	<u>910,951,769</u>	<u>695,008,515</u>	<u>910,951,769</u>	<u>695,008,515</u>
16.3 Fixed deposit amount representing insurance funds and outstanding claims (Note 3.1)				
At 31 December	1,021,302,473	775,731,893	1,021,302,473	775,731,893
17. Taxation				
17.1 Per profit and loss account				
Income tax	84,728,443	47,498,673	83,604,673	47,498,673
Education tax	7,650,074	8,068,063	7,575,156	8,068,063
Information technology development (Note 17.1.1)	2,689,487	2,532,523	2,652,028	2,532,523
Write back of over-provision	(92,427,044)	-	(92,427,044)	-
	<u>2,640,960</u>	<u>58,099,259</u>	<u>1,404,813</u>	<u>58,099,259</u>
Deffered tax	(7,888,786)	(16,421,531)	(7,888,786)	(16,421,531)
	<u>(5,247,826)</u>	<u>41,677,728</u>	<u>(6,483,973)</u>	<u>41,677,728</u>
17.1.1 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.				
	₦	₦	₦	₦
17.2 Income tax payable				
At 1 January	191,805,345	162,925,217	191,805,345	162,925,217
Payments during the year	(42,182,667)	(29,219,131)	(42,182,667)	(29,219,131)
	<u>149,622,678</u>	<u>133,706,086</u>	<u>149,622,678</u>	<u>133,706,086</u>
Charge for the year (Note 17.1)	2,640,960	58,099,259	1,404,813	58,099,259
At 31 December	<u>152,263,638</u>	<u>191,805,345</u>	<u>151,027,491</u>	<u>191,805,345</u>
17.3 Deffered tax liability				
At 1 January	126,617,070	143,038,601	126,617,070	143,038,601
Write back (Note 17.3)	(7,888,786)	(16,421,531)	(7,888,786)	(16,421,531)
At 31 December	<u>118,728,284</u>	<u>126,617,070</u>	<u>118,728,284</u>	<u>126,617,070</u>

The company has adopted the Statement of Accounting Standard SAS 19 on accounting for taxation which is now computed using liability method.

Notes to The Financial Statements
For The Year Ended 31 December 2011

	Group		Group	
	2011	2010	2011	2010
	₦	₦	₦	₦
18. Staff				
Average number of persons employed in the financial year and staff costs were as follows:				
	Number	Number	Number	Number
Managerial	25	25	25	25
Senior Staff	88	90	88	90
Junior Staff	34	37	34	37
	<u>147</u>	<u>152</u>	<u>147</u>	<u>152</u>
	₦	₦	₦	₦
19. Staff costs				
Wages & salaries	234,681,152	209,876,303	234,681,152	209,876,303
PAYE	1,273,253	-	1,273,253	-
Medical	8,639,759	6,821,767	8,639,759	6,821,767
Staff training	37,694,888	24,154,884	37,694,888	24,154,884
Pension (Note 20)	26,192,152	24,239,046	26,192,152	24,239,046
	<u>308,481,204</u>	<u>265,092,000</u>	<u>308,481,204</u>	<u>265,092,000</u>
20. Pension				
At 1 January	10,927,814	10,022,612	10,927,814	10,022,612
Provision during the year	26,192,152	24,239,046	26,192,152	24,239,046
Payment during the year	(28,706,760)	(23,333,844)	(28,706,760)	(23,333,844)
At 31 December	<u>8,413,206</u>	<u>10,927,814</u>	<u>8,413,206</u>	<u>10,927,814</u>
21. Chairman's and director's emolument's, pensions and Compensation for Loss of Office:				
Emoluments:	₦	₦	₦	₦
Chairman	400,000	400,000	400,000	400,000
Other directors	2,100,000	2,100,000	2,100,000	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	6,000,000	12,000,000	6,000,000
The number of directors excluding the chairman whose emoluments were within the following ranges were:				
	2011	2010	2011	2010
₦	Number	Number	Number	Number
NIL - N50,000	Nil	Nil	Nil	Nil
N50001- N60,000	Nil	Nil	Nil	Nil
N60001- N80,000	Nil	Nil	Nil	Nil
above N80,000	9	9	9	9
Emoluments waived				
Number of directors who have waived their rights to receive emoluments.	Nil	Nil	Nil	Nil
22. Employees remunerated at higher rates				
The number of employees in respect of emoluments within the following ranges were:				
	2011	2010	2011	2010
	(Number)	(Number)	(Number)	(Number)
N200,001 - 300,000	-	2	-	2
N300,001 - 400,000	7	7	7	7
N400,001 - 500,000	2	5	2	5
N500,001 - 600,000	5	12	5	12
N600,001 - 700,000	5	2	5	2
N700,001 - 800,000	6	5	6	5
N800,001 - 900,000	10	-	10	-
N900,001 - 1,000,000	8	26	8	26
N1,000,001 and above	<u>104</u>	<u>93</u>	<u>104</u>	<u>93</u>

Notes to The Financial Statements

For The Year Ended 31 December 2011

	Group		Group	
	2011 ₦	2010 ₦	2011 ₦	2010 ₦
23. Share capital				
<i>Authorised:</i>				
10 billion ordinary shares of 50k each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
<i>Issued and fully paid:</i>				
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
24. Statutory contingency reserve				
At 1 January	370,321,437	278,593,850	370,321,437	278,593,850
Transfer from profit and loss account	122,959,779	91,727,587	122,959,779	91,727,587
At 31 December	493,281,216	370,321,437	493,281,216	370,321,437
In line with sections 21(1) and (2) and 22(16) of the Insurance Act 2003, the company is required to transfer to the statutory contingency reserve, the higher of 20% of profit before tax and 15% of gross premium.				
25. Revaluation reserves				
Fixed assets	90,306,923	24,811,148	24,811,148	24,811,148
Investment property	5,671,322	-	5,671,322	-
Quoted investment	-	2,200,037	-	-
At 31 December	95,978,245	27,011,185	30,482,470	24,811,148
26. Capital reserve / goodwill arising from consolidation				
	Hallmark Assurance Plc	Nigerian General Insurance Co. Ltd.	Consolidated Risk Insurers Plc	Total
	N'000	N'000	N'000	N'000
Net assets as at 1 March 2007	1,758,231	442,419	-	2,200,650
Adjustments (Note 26.1)	562,193	(54,589)	(96,941)	410,663
Final net assets taken over as at 1 March 2007	2,320,424	387,830	(96,941)	2,611,313
Value of shares issued	(1,500,000)	(600,000)	-	(2,100,000)
	820,424	(212,170)	(96,941)	511,313
Recapitalisation expenses	-	-	(95,693)	(95,693)
Adjustment (Note 17a)	10,716	(51,388)	-	(40,672)
Capital reserve/ (goodwill)	831,140	(263,558)	(192,634)	374,948

26.1 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.

Notes to The Financial Statements
For The Year Ended 31 December 2011

	Group		Company	
	2011 #	2010 #	2011 #	2010 #
27. Revenue reserve				
At 1 January	374,479,873	269,590,948	425,481,797	305,634,795
Dividend declared and paid in the year based on the previous year account	(180,000,000)	-	(180,000,000)	-
Transfer from profit and loss account	135,801,945	104,888,925	148,727,039	119,847,002
At 31 December	330,281,817	374,479,873	394,208,836	425,481,797

	Group		Company	
	2011 #	2010 #	2011 #	2010 #
28. Profit before taxation				
Profit before taxation is stated after charging/crediting:				
Depreciation of fixed assets	109,270,799	90,134,044	109,270,799	90,134,044
Auditors' remuneration	5,500,000	3,500,000	4,000,000	3,500,000
Directors' remuneration:				
-Fees	4,275,000	3,100,000	4,275,000	3,100,000
-Other remuneration	-	8,160,000	-	8,160,000
(Profit)/loss on disposal of fixed assets	(667,157)	1,323,351	(667,157)	1,323,351
Foreign exchange(gains)/loss	(5,425,007)	(13,214,546)	(5,425,007)	(13,214,546)

29. Gross / net premium earned and commission received analysed as follows

	←----- 2011 -----→		
	Gross premium	Net premium	Commission received
Fire	204,841,662	126,592,878	27,053,962
General Accident	960,117,563	867,851,851	24,042,629
Motor	1,109,467,291	1,039,516,709	163,268
Aviation	728,153,892	199,598,917	325,442
Oil & Gas	427,490,719	174,443,777	484,655
Marine	297,648,965	224,338,663	14,228,273
Engineering	111,029,940	89,346,283	7,670,135
Bond	43,966,021	35,123,464	2,203,715
	3,882,716,053	2,756,812,542	76,172,079
	←----- 2010 -----→		
	Gross premium	Net premium	Commission received
Fire	159,691,968	92,563,520	25,920,647
General Accident	637,972,229	574,692,435	19,179,018
Motor	854,483,529	823,098,441	724,729
Aviation	341,882,856	209,009,598	-
Oil & Gas	483,653,326	137,298,781	4,743,227
Marine	233,740,516	179,169,389	12,035,771
Engineering	121,543,078	102,416,924	3,383,680
Bond	20,141,821	10,025,821	1,833,605
	2,853,109,323	2,128,274,909	67,820,677

Notes to The Financial Statements

For The Year Ended 31 December 2011

30. Reinsurance cost	Group		Company	
	2011 ¥	2010 ¥	2011 ¥	2010 ¥
The cost of reinsurance is analysed as follows:				
Reinsurance premium paid	1,162,189,328	881,955,126	1,162,189,328	881,955,126
(Increase)/decrease in prepaid reinsurance (Note 5)	(36,285,817)	(157,120,712)	(36,285,817)	(157,120,712)
Reinsurance cost	1,125,903,511	724,834,414	1,125,903,511	724,834,414
31. Underwriting expenses				
	Acquisition expenses	Maintenance expenses	Acquisition expenses	Maintenance expenses
Fire	37,484,265	14,912,282	31,032,026	13,094,456
General Accident	205,396,985	106,327,605	139,152,615	49,338,640
Motor	123,874,837	96,768,497	96,511,565	74,436,471
Aviation	45,283,614	11,382,964	69,394,573	24,912,600
Oil & Gas	53,240,759	9,926,690	55,112,148	40,927,166
Marine	55,256,973	22,199,936	43,666,916	17,744,577
Engineering	21,706,659	1,824,618	24,117,988	10,033,171
Bond	7,397,217	3,869,775	4,040,105	1,528,400
	549,641,309	267,212,367	463,027,936	232,015,481
32. Investment income				
Interest received-fixed deposit	114,394,178	57,169,636	108,163,775	52,324,307
Dividend received	3,820,994	6,670,998	3,820,994	6,670,998
	118,215,172	63,840,634	111,984,769	58,995,305
33. Other income				
Profit on disposal of fixed assets	667,157	-	667,157	-
Profit on lease	1,971,644	2,195,822	1,971,644	2,195,822
Rent income on investment properties	4,413,645	-	4,413,645	-
Fee income	733,740	-	-	-
Auto track profit/loss	1,035,809	-	12,000	-
Exchange gain	5,425,007	13,214,545	5,425,007	13,214,545
Others	3,485,157	1,837,362	859,759	2,161,185
	17,732,159	17,247,729	13,349,212	17,571,552
34. Diminution of investments				
This represents diminution in the value of investments during the year as given below:				
	2011 ¥	2010 ¥	2011 ¥	2010 ¥
Investment in leases	17,650,280	35,398,006	17,650,280	35,398,006
Short term investment	12,641,022	13,540,022	12,641,022	13,540,022
Quoted Investments	6,367,526	-	188,058	-
	36,658,828	48,938,028	30,479,360	48,938,028
35. Exceptional item				
This represents diminution in the value of investments during the year under review as given below:				
Fund under management portfolio	113,358,215	-	113,358,215	-

Notes to The Financial Statements

For The Year Ended 31 December 2011

36. 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	258,761,724	196,616,512	271,686,818	211,574,589
Number of shares	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
Earnings per share	4.31	3.28	4.53	3.53

37. Capital commitments
There were no capital commitments at 31 December 2011 (2010 - Nil)

38. Contingent liabilities
There were no material contingent liabilities at 31 December 2011 (2010 - Nil)

39. Comparative figures
Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the Statement of Accounting Standard No 2 (SAS 2).

40. 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 these financial statements.

41. 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.

42. 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. Infraction of the guidelines for oil and gas insurance business resulted in a penalty of N 1,500,000.
- ii. Late filing of 2010 returns resulting in a penalty of N260,000.

The above penalties have been duly paid.

- iii. In addition, the 2011 Group Financial Statement was filed with the Nigerian Stock Exchange in default of 23days. However, the default did not attract any financial penalty because the Exchange had earlier extended the filing period by one month.

Statement of Value Added

For The Year Ended 31 December 2011

	Group				Company			
	2011 ₤	%	2010 ₤	%	2011 ₤	%	2010 ₤	%
Income								
Gross premium written	4,098,659,307		2,853,109,323		4,098,659,307		2,853,109,323	
Commission Received	76,172,079		67,820,676		76,172,079		67,820,676	
Investment and other income	135,947,331		81,088,363		125,333,981		76,566,857	
	<u>4,310,778,717</u>		<u>3,002,018,362</u>		<u>4,300,165,367</u>		<u>2,997,496,856</u>	
Less:								
Reinsurances, claims and commissions	2,247,625,455		1,558,820,869		2,247,625,455		1,558,820,869	
Other expenses and services								
- local	1,610,869,170		849,677,210		1,588,566,871		1,036,333,996	
- imported	-		-		-		-	
Increase in Insurance Fund	(218,981,809)		-		(218,981,809)		(206,136,369)	
	<u>3,639,512,816</u>		<u>2,408,498,079</u>		<u>3,617,210,517</u>		<u>2,389,018,496</u>	
Value Added	671,265,901	100	593,520,283	100	682,954,850	100	608,478,360	100

Applied as follows:

To pay employees' salaries, wages and other benefits	308,481,204	46	265,092,000	45	308,481,204	45	265,092,000	37
To pay taxation	(5,247,826)	(1)	41,677,728	7	(6,483,973)	(1)	41,677,728	24
Depreciation	109,270,799	17	90,134,043	15	109,270,799	16	90,134,043	13
Transfer to contingency reserve	122,959,779	18	91,727,587	15	122,959,779	18	91,727,587	10
Retained profit	135,801,945	20	104,888,925	18	148,727,040	22	119,847,002	16
	<u>671,265,901</u>	<u>100</u>	<u>593,520,283</u>	<u>100</u>	<u>682,954,849</u>	<u>100</u>	<u>608,478,360</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

Five Years Financial Summary

For The Year Ended 31 December 2011

	2011	2010	2009	2008	2007
	£	£	£	£	£
Results					
Gross premium written	4,098,659,307	3,057,586,242	2,454,929,044	3,043,296,387	1,506,209,059
Net Premium earned	3,882,716,053	2,853,109,323	3,023,019,526	2,321,385,568	976,581,124
Profit / (Loss) before tax	265,202,845	253,252,317	463,468,901	301,978,879	237,089,706
Profit/ (Loss) after tax	271,686,818	211,574,589	242,673,169	360,457,830	230,006,854
Earnings per share (k)	4.53	3.53	4.04	6.0	3.8
Balance Sheet					
Assets					
Current assets	1,945,462,420	1,927,372,467	1,681,756,522	2,082,506,784	993,636,373
Investments	2,504,291,179	2,290,840,751	1,978,251,777	1,393,531,937	1,476,105,171
Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Fixed assets	929,353,219	957,366,598	999,458,786	1,831,662,281	1,881,931,887
Total Assets	5,679,106,818	5,475,579,816	4,959,467,085	5,607,701,002	4,651,673,431
Liabilities					
Current liabilities	282,449,213	387,373,374	283,266,097	283,013,573	196,567,907
Deferred taxation	118,728,284	126,617,070	143,038,601	90,839,824	42,746,700
Insurance Funds	985,009,107	766,027,298	559,890,929	1,151,861,762	675,711,250
Share capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Capital reserve	374,947,692	364,231,665	364,231,665	415,619,219	415,619,220
Reserves	887,490,052	795,803,234	584,228,645	641,555,476	281,097,643
Revaluation reserve	30,482,470	35,527,175	24,811,148	24,811,148	39,930,711
Total Liabilities	5,679,106,818	5,475,579,816	4,959,467,085	5,607,701,002	4,651,673,431

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

Photo News

Head Office:

Newly re-constructed Head Office building of the company on the ever busy Ikorodu Road, Lagos.



Team Player of the Year:

Team Player of the Year, Ayo Shobiye, left, displaying his Trophy. He is flanked by the Managing Director/CEO Mr. Eddie Efekoha (right) and Group Head Technical, Mr. Bode Opadokun (left).



Award Prize Winners:

2nd, 1st and 3rd Prize Winners of the maiden CHI Plc Essay Competition displaying their award plaques. With them is the Managing Director/CEO Mr. Eddie Efekoha (second from left) and Mary Adeyanju of the Lagos/Western Operations.



Management Team

Eddie Efekoha	Managing director / Chief Executive Officer
Bode Opadokun	General Manager
Mac Ekechukwu	General Manager
Ijeoma Pearl Okoro	General Manager
Tunde Daramola	General Manager
Gbolaga Adeyanju	Deputy General Manager
Kate Itua	Assistant General Manager
Bariu Abdul Gaffar	Controller
Mary Adeyanju	Controller
Shola Osho	Controller
Jimalex Orjiako	Controller
Promise Anyim	Controller
Ose Oluyanwo	Controller
Gboyega Adetoki	Senior Manager
Olu Adeoye	Senior Manager
Tope Ilesanmi	Senior Manager
Oyenike Nihinlola	Senior Manager
Oladotun Adeogun	Senior Manager
Chukwuma Uwajeh	Manager
Gloria Edemcord	Manager
Charles Nwanze	Manager
Goddy Ezeala	Manager
Job Oyedele	Manager

Branch Network

CORPORATE HEAD OFFICE

266, Ikorodu Road,
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Tel: +234-1-7419182, 8419703
e-mail: info@consolidatedhallmark.com
website: www.consolidatedhallmark.com

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Fax: 01-4618380
e-mail: info@consolidatedhallmark.com
website: www.consolidatedhallmark.com.

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Plot 991/992 Zakariya Maimalari Street
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abuja@consolidatedhallmark.com

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Amazing Grace plaza
D/Line
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phc@consolidatedhallmark.com

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Tel/fax: 082-223216
aba@consolidatedhallmark.com

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Bank of Industry(BOI)
House Obanikoro,
Alagbaka Akure
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Kaduna
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kaduna@consolidatedhallmark.com

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Gyadi Gyadi
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Fax: 064-642 456
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ibadan@consolidatedhallmark.com

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Opp Govt College Owerri
Tel; 083-234306, 083-303992
owerri@consolidatedhallmark.com

Warri Office
179, Jakpa Road, Effurun
Tel: 0703 956 8540
warri@consolidatedhallmark.com

Mandate Form

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



To;

The Registrar,
Meristem Registrars Limited,
213, Herbert Mercaulay way,
Adekunle Yaba
Lagos.

Meristem Registrars Limited
213, Herbert macaulay way
Sabo yaba
Falomo ikoyi
Lagos
Phone: 01-8920491, 8920492
Fax: 01-2702361
E.mail; info@meristemregistrars.com
Website; www.meristemregistrar.com

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

Bank Address.....

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 Bankers:.....

Sort Cold

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

Proxy Form

17th Annual General Meeting to be held at Agip Recital Hall, Muson Centre, 8/9 Marina, Lagos, on Wednesday 20th June, 2012, at 11.00 am.

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 20th June, 2012 and any adjournment thereof.

Dated this.....day of.....2012
Shareholder's Signature.....

ORDINARY BUSINESS		FOR	AGAINST
1	To receive the Reports & Financial Statements		
2	To declare a Dividend		
3	To re-relect Directors		
4	To approve the appointment of a new Director		
5	To re-appoint the Auditors		
6	To authorize the Directors to fix the remuneration of the Auditors		
7	To elect members of the Audit Committee		
8	SPECIAL BUSINESS		
	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 or 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.

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



ADMISSION SLIP

Please admit.....to the Annual General Meeting of Consolidated Hallmark Insurance Plc which will hold at Agip Recital Hall, Muson Centre, 8/9 Marina, 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 and 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