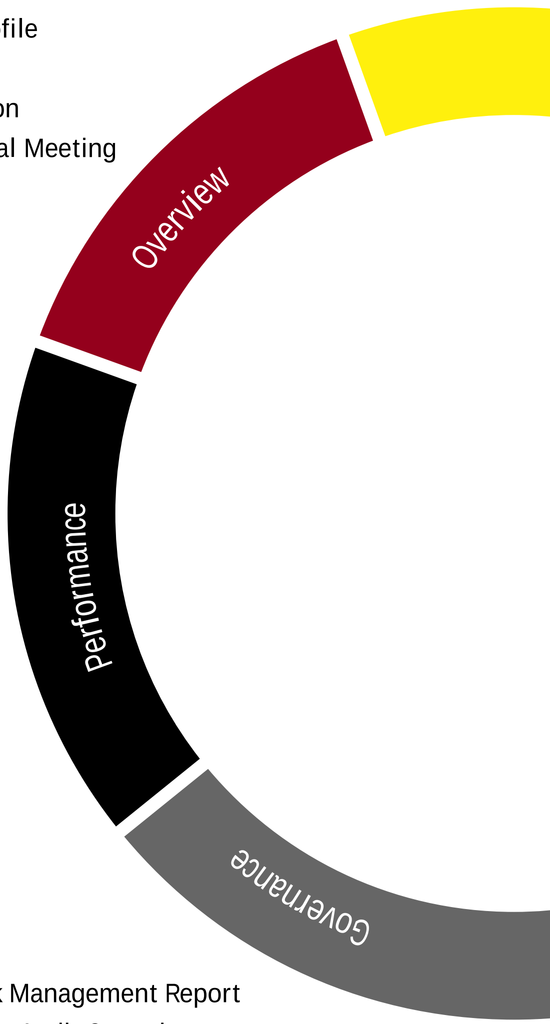
The year no doubt had several positive sides as a single digit inflation rate of 9.0% was recorded early, while the Nigerian Stock Exchange (NSE) bounced back fully, recording a 47.2% increase in the All Share Index ASE compared to 35.5% in 2012, the best performance since the 2008 stock market meltdown. This performance was attained with the Oil and Gas sector contributing a larger share through their index gain of 121.9% - the highest for any sector.

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

Contents



Financial Statements

Shareholder Information

Corporate Profile

Consolidated Hallmark Insurance (CHI) Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body – the National Insurance Commission.

The company was incorporated on 2nd August 1991 as a private limited liability company and commenced operations in 1992. It was converted to a public limited company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The company's shares were listed on the floor of the Nigerian Stock Exchange on 27th February, 2008.

CHI Plc has carved a niche for itself through big ticket transactions in Aviation, Oil and Gas, Marine Cargo and Hull Business and other non-life insurance underwriting including Motor, Fire and Special Perils, Goods-in-Transit, Engineering Insurance, amongst others.

With a formidable Team of highly experienced professionals, CHI Plc prides itself with a robust training and retraining programme to enable the team keep abreast of developments locally and at the global level. This is backed by the deployment of a state-of-the art technology infrastructure that ensures prompt service delivery across the on-line real time network of regional offices across Nigeria.

Consolidated Hallmark blazed the trail in the deployment of ICT infrastructure for the on-line transaction of insurance business in the industry through a user friendly platform - a development that is now fast spreading.

Products & Services

1. Compulsory Insurance Online Payment:
   - Motor third party - Individual Registration & Fleet Registration
   - Occupier Liability Insurance
   - Builders Liability (Open) Insurance
   - Healthcare Professional Indemnity Insurance

2. Contractors All Risk

3. Energy And Special Risk:
   - Offshore risks
   - Onshore risks

4. Bonds:
   - Bid/Tender Bond
   - Performance Bond
   - Advance Payment Bond

5. Householders Comprehensive Insurance
6. Consequential Loss Insurance
7. Professional Indemnity Insurance
8. Aviation Insurance
9. Good-In-Transit
10. Money Insurance
11. Plant Insurance
12. Machinery Breakdown Insurance
13. Motor Insurance
14. Fire Insurance
15. Burglary Insurance
16. Marine Cargo/Hall Insurance

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

Professionalism

Relationship

Integrity

Zeal

Excellence

Corporate Information

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

DIRECTORS

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

GRAND TREASURERS LIMITED

(A subsidiary of Consolidated Hallmark Insurance Plc)

Dr. Layi Fatona	Chairman (Resigned on 23rd June 2014)
Samuel Adeniyi	General Manager/CEO
Eddie Efekoha	Director
Sunny Obidegwu	Director
Friday Ebojoh	Director
Tunde Daramola	Director

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

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

REGISTRARS:

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

BANKERS:

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of the Members of Consolidated Hallmark Insurance Plc will be held on the 6th November 2014 at 11.00am prompt at EEMJM Hotel & Suites, 47 Dominic Utuk Avenue (formerly Brooks Street), Uyo, Akwa Ibom State to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statement for the year ended December 31st 2013 together with the reports of the Directors, Auditors and Audit Committee thereon.

2. To re-elect Directors.

3. To re-appoint the Auditors

4. To authorize the Directors to determine the remuneration of the Auditors.

5. To elect Members of the Audit Committee

SPECIAL BUSINESS

A. To approve the remuneration of the Directors for the year ending 31st December 2014.

Dated this 8th October 2014.

BY ORDER OF THE BOARD

L. CHIDI ILOGU (SAN)

PP: FOUNDATION CHAMBERS

(Company Secretaries)

FRC/2013/000000001170

NOTES:

PROXY:

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

CLOSURE OF REGISTER AND TRANSFER BOOKS:

The Register of Members and transfer books will be closed from 20th October to 24th October 2014 (both dates inclusive).

AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Maters Act Cap C20 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty One) days before the Annual General Meeting.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, Chief Sunny Obidegwu and Mr. Friday Ebojoh retire by rotation and being eligible offer themselves for re-election.

Board of Directors

Ugo (Dr.) Obi Ralph Ekezie Chairman

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

Dr Ekezie is the Founding Chairman, Indigenous Petroleum Technologists Association of Nigeria, where he served for ten years, and currently the Chairman of the Association's board of trustees.

Chief Ekezie has made outstanding contributions to the education and industrial sectors of the Nigerian economy. He was Chairman of Hallmark Assurance Plc, and has many years experience in Management and International Economics.

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

Mr. Tony Aletor Vice Chairman

Mr. Anthony Aletor is the Vice Chairman of the company, He is a versatile financial services player, and was until recently, the Managing Director of Capital Express Group which comprises Capital Express Insurance Company Limited, Capital Express Securities Limited, CAPEX Medicare Limited and UTIB Insurance Brokers Limited.

Mr. Aletor holds a B. Sc degree in Insurance from University of Lagos and MBA from University of Ibadan. He is an Associate of the Chartered Insurance Institute, London and Nigeria as well as a dealing clerk of The Nigerian Stock Exchange.

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

Mr. Eddie Efekoha MD/CEO

Mr. Efekoha is the Managing Director/Chief Executive Officer of Consolidated Hallmark Insurance Plc. He holds a Bachelor of Science degree in Insurance and a Masters degree in Business Administration both from the University of Lagos.

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

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

Board of Directors

Chief Ben Ikejiaku

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

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

Chief Ikejiaku is currently the Chairman of Sandwell Farms Ltd.

Ngozi Nkem

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

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

Dr. Layi Fatona

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

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

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

(Resigned on 23rd June 2014)

Board of Directors

Mr. Friday Ebojoh

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

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

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

Mr. Sunny Obidegwu

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

Mr. Pat Azurunwa

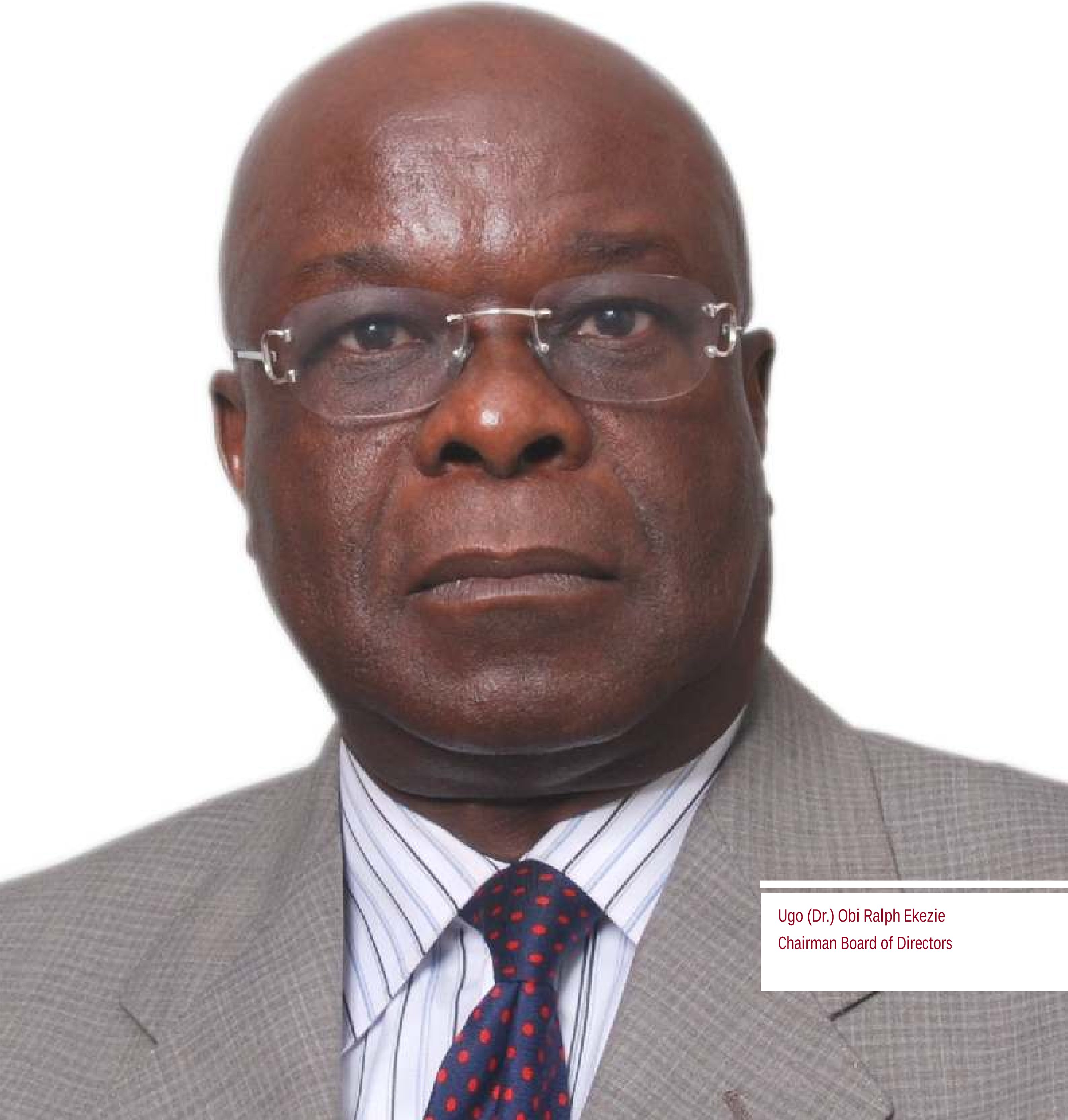
Mr. Pat Azurunwa's Insurance career started in 1990 at Foresight Insurance Brokers from where he moved to UTIB Insurance Brokers Ltd, first as a Coordinator and later as GM/COO, a position he occupied until September2004 when he teamed up with Capital Express General Insurance Ltd as Chief Operating Officer. He returned to UTIB Insurance Brokers Ltd in September, 2006 as CEO.
A Business Manager by training and education, he is an Associate Member of The Chartered Insurance Institute of Nigeria (CIIN), The Chartered Institute of Arbitrators (U.K), The Nigeria Council of Registered Insurance Brokers(NCRIB) and The Nigerian Institute of Management(NIM). He holds the MBA degree (specializing in Insurance & Risk Management) of ESUT Business School, Enugu and is greatly exposed to all aspects of risk identification, analysis and management. A Rotarian.
Mr. Azurunwa has published various articles on Risk Management, Planning, SMEs, and has attended several local and international courses cutting across Arbitration, Management, Corporate Finance and Insurance.
(Resigned on 7th August 2013.)

Performance

Result at a Glance

	2013		2012	
	Group	Company	Group	Company
Gross Premium Written	4,153,820,829	4,153,820,829	4,142,126,782	4,142,126,782
Gross Premium Earned	2,568,693,100	2,568,693,100	2,910,785,640	2,910,785,640
Investment And Other Income	321,226,952	295,235,747	257,495,141	238,462,402
Profit Before Tax and Exceptional Item	(178,195,323)	(193,148,539)	396,139,795	376,433,065
Taxation	(19,463,205)	(13,963,167)	(156,642,418)	(149,653,904)
(Loss)/Profit After Tax	(197,658,528)	(207,111,706)	239,497,377	226,779,161
Major Balance Sheet Items				
Total Assets	6,172,349,984	6,130,357,618	6,677,771,610	6,664,332,022
Trade Receivables	51,398,187	51,398,187	1,138,068,666	1,138,068,666
Investments	3,845,359,499	3,814,495,313	3,277,900,865	3,253,564,914
Share Capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shareholders Funds	3,652,141,369	3,629,746,341	4,029,789,897	4,016,858,047
Per Share Data				
Earnings (K)	(3.29)	(3.45)	3.99	3.78
Net Assets (K)	61	60	67	67
No of offices	14	14	14	14

Chairman's Statement



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

Chairman's Statement

Despite the challenges posed by the difficult operating environment your company was able to record a Gross Premium Income of ₦4,151,298,704, representing a ₦315,302,209 growth or 8% increase over the ₦3,835,996,495 achieved in the 2012 Financial Year. Investment Income also witnessed a positive growth from ₦ 246,691,774 in 2012 to ₦ 299,470,300 in 2013..

DISTINGUISHED SHAREHOLDERS,

It is my pleasure to welcome you to the 19th Annual General Meeting of your company. Permit me to first and formost acknowledge your commitment to our common cause over the years. No doubt God has been faithful to us.

The 2013 Financial Year was heralded by optimism of a better operating environment due to signs of the abating recession in the global economy. Such hopes were however short-lived as it turned out to be one of our most challenging years of operation. Our resilience and tenacity of purpose have ensured that we are able to achieve the modest results being presented before you today.

BUSINESS ENVIRONMENT

The year no doubt had several positive sides as a single digit inflation rate of 9.0% was recorded early , while the Nigerian Stock Exchange (NSE) bounced back fully, recording a 47.2% increase in the All Share Index ASE compared to 35.5% in 2012, the best performance since the 2008 stock market meltdown. This performance was attained with the Oil and Gas sector contributing a larger share through their index gain of 121.9%-the highest for any sector.

Reforms gathered steam in the Power Sector as the distribution companies (DISCOs) were successfully privatized, with hopes of improvement in power supply. However generation plummeted to as low as 2,290mw in the last quarter with most businesses, including your company, expending huge resources in powering their operations.

NIGERIAN INSURANCE INDUSTRY

Regulation during the year by the National Insurance Commission (NAICOM) intensified with the commencement of strict enforcement of "No Premium No Cover" policy beginning from January 1, 2013. Also, the full implementation of the International Financial Reporting Standards (IFRS) took firm roots in the industry with more detailed disclosures in the accompanying financials. NAICOM during the year also released the guidelines for micro insurance which is targeted at growing insurance business from the present concentration in few big ticket corporate transactions to a mass market.

OPERATING RESULTS

Despite the challenges posed by the difficult operating environment your company was able to record a Gross Premium Income of ₦4,151,298,704, representing a ₦315,302,209 growth or 8% increase over the ₦3,835,996,495 achieved in the 2012 Financial Year. Investment Income also witnessed a positive growth from ₦ 246,691,774 in 2012 to ₦ 299,470,300 in 2013. However, your company, for the first time in recent history recorded a loss after taxation of ₦ 197,648,528 when compared to a profit of ₦239,497,377 in 2012. These results were impacted by the significant provision for impairment charges during the year. It is gladdening to note that this is only a temporary setback as there are indications of significant improvement going forward.

SUBSIDIARIES

Grand Treasurers Limited (GTL) the Central Bank of Nigeria licensed Leasing subsidiary of your company was more active during the year, with expanded clientele and better staffing. It remains a very active member of the Equipment Leasing Association of Nigeria (ELAN).

FUTURE OUTLOOK

Distinguished Stakeholders, let me assure you that we remain focused on our vision. Though challenging, it is achievable.

Your company is not unmindful of several attempts by competitors within the industry to grow capacity through additional capital raise and further mergers and acquisitions. The Board is monitoring these developments and will not hesitate to take necessary steps that will grow the capital base of your company and thus enhance its risk retention capacity.

APPRECIATION

On behalf of other Members of the Board, I say thank you all particularly to our Shareholders, Management and entire Staff, Brokers and Agents, our numerous Customers as well as our other partners for your continued faith in us.

I also wish to express my deep appreciation to Dr Layi Fatona for his immense contributions to the growth of the Company. Fatona resigned from the Board on 23rd June, 2014.

Distinguished Shareholders, the road ahead is quite challenging. However, we believe firmly that with our continued commitment and hard work, God Almighty will crown our efforts with success.

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

November, 2014.

Grand Treasurers Limited (GTL) the Central Bank of Nigeria licensed Leasing subsidiary of your company was more active during the year, with expanded clientele and better staffing. It remains a very active member of the Equipment Leasing Association of Nigeria (ELAN).

Chief Executive Officer's Statement

Chief Executive Officer's Statement

Distinguished shareholders,
Fellow members of the Board,
Ladies and Gentlemen,

I wish to join the Chairman in welcoming you to the 19th Annual General Meeting of your company.

The Financial Year under review was quite remarkable as it witnessed the commencement of stringent regulatory enforcements of the "No Premium No Cover" provision of the Insurance Act 2003 by the National Insurance Commission (NAICOM). The regulation was greeted with cautious optimism by industry players who felt that though the policy was targeted at addressing the high volume of outstanding/unremitted premium in the industry, volume of transactions would be affected, with the resultant impact on gross revenue.

The effect of the above regulation was indeed a general drop in premium income but a healthier cash flow. Policyholders resorted to short term (less than one year) covers and others refused to renew existing businesses or cut down on their insurance spend. In the midst of this your company achieved a modest increase in its Gross Premium Income which moved from ₦ 3,835,996,495 in the previous year to ₦ 4,151,298,704, a growth of 8%.

Part of the regulatory requirements is the non-recognition of outstanding premiums above 30 days. Consequently we are compelled to make provision for impairment of ₦560,765,812 from the outstanding premium book. This accounts for the loss being reported. It is important however to note that with the outstanding premium debacle ended in the industry and particularly for our company it is a very strong signal of better days of profitability ahead.

PROMPT CLAIMS PAYMENTS

I am glad to inform you that one of our major strategies which has sustained the business is our avowed commitment to prompt and adequate claims settlement. In spite of the quite challenging operating environment, our claims payout rose from N846,618,408 in 2012 to N965,106,416, an increase of 14%. By close of business on 31st December 2013, we ensured that all fully documented claims for the year were settled.

STRATEGY/STAFF TRAINING

We have continued to emphasize staff training and development that cuts across all strata of the organisation. Top management staff participated in various management programmes organized by the Lagos Business School and other notable organisations during the year. Equally there were various in-house training programmes all tailored to enhancing our human capital capacity for the good of the business. The performance management system in place ensures that the right results are measured and appropriately rewarded.

SUBSIDIARIES

Grand Treasurers Limited (GTL), our Finance Company arm has remained upbeat in their contributions to the bottom-line of the Group, with a reinvigorated workforce. They have grown their loan book by 125% and has run very efficiently to keep their Loan Loss ratio at 5% and has achieved modest profits in the last two years. Having operated successfully for three years post acquisition, the company has come to stay to fulfill its role of diversifying the revenue base of the Group and also offer our customers a wider option for their financial services needs.

Also, CHI Support Services Limited, the vehicle tracking outfit duly licensed by the Nigerian Communications Commission, has also continued to contribute significantly to the growth in the volume of vehicles insured under the parent company comprehensive insurance cover. It has played a complementary role to ensure that we met the emerging needs of our numerous auto insurance customers who desire added benefits.

CORPORATE SOCIAL RESPONSIBILITY

We have sustained your company's contribution to the development of research through the Annual Essay Competition among institutions of higher learning. The Awards conducted the third edition during the financial year, with the first prize winners of the maiden and second editions from The Polytechnic, Ibadan and University of

We have continued to emphasize staff training and development that cuts across all strata of the organisation. Top management staff participated in various management programmes organized by the Lagos Business School and other notable organisations during the year.

Chief Executive Officer's Statement

Lagos taking advantage of the automatic employment offers. The third winner, a graduate of Lagos State Polytechnic is currently undergoing the National Youth Service programme.

Also, provision of items to motherless babies' homes during children's day and yuletide was observed religiously while the Group Personal Accident Insurance cover provided for insurance journalists in view of their professional hazards was renewed. The medical expense claim of the first beneficiary was promptly settled in 2013 after an accident involving journalists on their way from a meeting in Abuja.

FUTURE OUTLOOK

Attention would continually be directed towards achieving more growth in income within the potentially vast retail end of Nigerian market. Towards this end, we shall soon take advantage of the opportunities available in micro insurance by establishing an Agency network. We would also give attention to broadening our product base to meet additional needs of the insuring public.

CONCLUSION

There is no doubt that the strict regulatory environment and regular requests for returns has put pressure on our operations and also made our business even more challenging. However, I believe that it is a matter of time before the full benefits would accrue to all stakeheditions and for the overall good of the industry.

I wish to conclude by thanking our customers, brokers, agents, shareholders and members of our board for your steadfastness. I also like to appreciate my colleagues at management and members of staff for their resilience. I will continue to count on your support in our quest to deliver superior returns to all stakeholders.
Together, we shall take the company to greater heights by the special grace of God

Eddie A. Efekoha
Managing Director & Chief Executive Officer
November, 2014

Performance

Consolidated Hallmark Insurance Plc

Executive Management Team

❶ Eddie Efekoha
Managing Director/C.E .O

❷ Bode Opadokun
Group Head (Technical)
(Resigned on 7th March 2014)

❸ Mac Ekechukwu
Regional Director (North)

❹ Ijeoma Pearl Okoro
Regional Director (East)

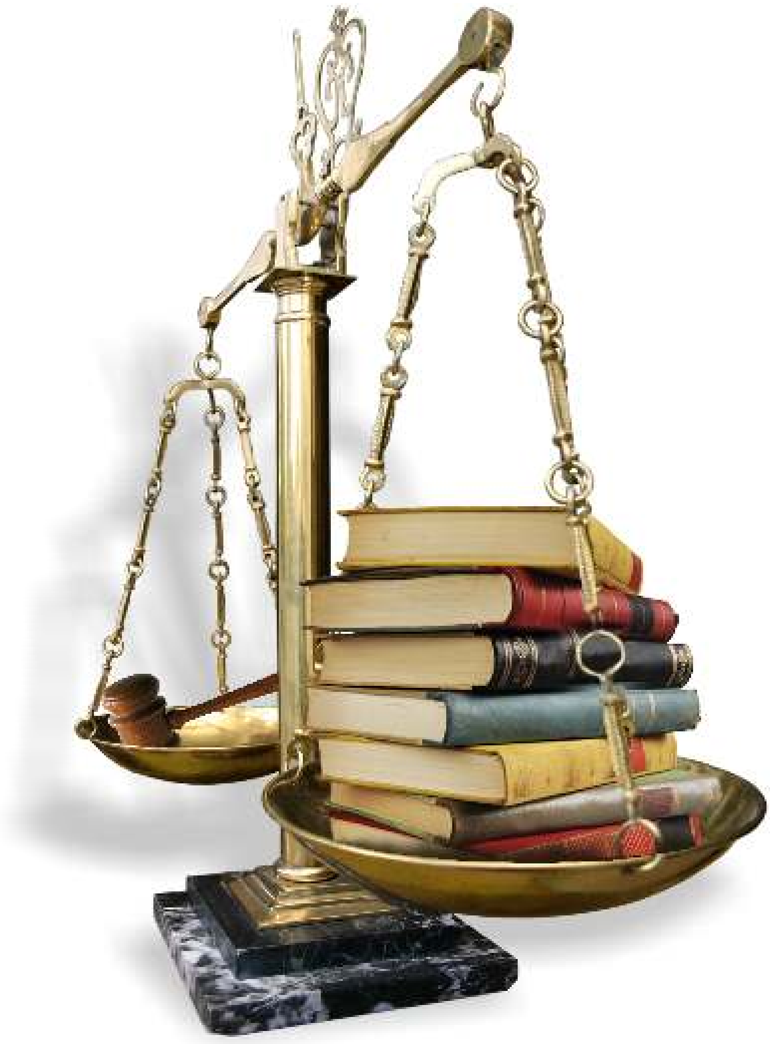
❺ Tunde Daramola
Group Head (Finance)

❻ Gbolaga Adeyanju
Regional Director
(Lagos/West)

❼ Kate Itua
Group Head
(Audit & Risk Management)

❽ Dotun Adeogun
Group Head
(Corporate Services)

Corporate Governance



Directors' Report
For the year ended 31 December, 2013

The Directors have the pleasure in submitting their report on the affairs of Consolidated Hallmark Insurance Plc together with the Group Audited Financial Statements for the year ended 31st December 2013.

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 14 corporate offices.

OPERATING RESULTS

	2013 N'000	2012 N'000	Change N'000	Change %
Gross Written Premium	4,153,820,829	4,142,126,782	11,694,047	0.28
Gross Premium Earned	4,151,298,704	3,835,996,496	315,302,208	8.22
Premium Earned	2,568,693,100	2,910,758,640	(342,065,540)	(11.75)
Net Claim Paid	650,354.587	722,743,362	(72,388,775)	(10.02)
Management Expenses	996,255,298	916,641,303	79,613,995	8.69
Underwriting Profit	1,039,667,228	1,494,262,762	(454,595,534)	(30.42)
Profit or (Loss) Before Tax & Exceptional Item	(193,148,539)	376,433,065	(569,581,604)	(151.31)
Profit or (Loss) After Tax	(207,111,706)	226,779,161	(433,890,867)	(191.33)

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 2013	Indirect 2013	Direct 2012	Indirect 2012
				-
Ugo (Dr.) Obi Ralph Ekezie	396,285,136	-	396,285,136	1,065,000,000
Mr. Tony Aletor	-	1,066,465,000	-	250,808,100
Mr. Eddie Efekoha	505,690,000	256,318,100	336,190,000	21,553,750
Dr. Layi Fatona (Resigned on 23rd June 2014)	-	26,553,750	-	
Mrs. Ngozi Nkem	240,000,000	677,820,607	-	917,820,607
Chief Ben Ikejiaku				-
Mr. Pat Azurunwa (Resigned on Aug 7 2013)	15,500,000	-	15,500,000	
Mr. Friday Ebojoh	-	-	-	-
Chief Sunny Obidegwu	6,625,000	-	6,625,000	25,000,000
	25,000,000	25,000,000	25,000,000	

Director	Indirect Interest Represented
Mr. Tony Aletor	Capital Express Assurance Company Limited
	Capital Express Securities Limited
Dr. Layi Fatona	Nouveau Technologies Limited
Mrs. Ngozi Nkem	Maduako Group Limited
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited
Chief Sunny Obidegwu	Sunthel Trust Limited

SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the Company as at 31st December 2013 were as follows:

Shareholder	Units Held	%
Maduako Group Limited	677,820,607	11.3
Capital Express Assurance Co. Ltd	1,000,000,000	16.7
SPDC West Multipurpose Cooperative Society	500,000,000	8.3
Ugo (Dr.) Obi Ralph Ekezie	396,285,136	6.6
Mr. Eddie Efekoha	505,690,000	8.4

SHAREHOLDING ANALYSIS

The range of shareholding as at 31st December 2013 is as follows:

Range of Holding			No of Shareholders	Share Holdings	%
1	-	10,000	3,508	17,530,688	0.30%
10,001	-	100,000	3,807	154,654,645	2.58%
100,001	-	1,000,000	1,291	441,770,612	7.36%
1,000,001	-	10,000,000	235	692,400,564	11.54%
10,000,001	-	100,000,000	34	931,468,093	15.52%
100,000,001	-	ABOVE	9	3,762,175,398	62.70%
			8,884	6,000,000,000	100%

DIRECTORS RESPONSIBILITIES

The Company's Directors are responsible, in accordance with the provisions of Section 334 of the Companies and Allied Matters Act 2004, for the preparation of Financial Statements which give a true and fair view of the state of affairs of the Group as at the end of each financial year and of its profit and loss and cash flows for the year and that the statements comply with the International Financial Reporting Standard, Insurance Act 2003 and Companies and Allied Matters Act 2004(as amended). 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, 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 eleven on page 072. 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 REPORT

INTRODUCTION

Consolidated Hallmark Insurance Plc ('CHI') is unswerving in its adherence to the principles of corporate governance as enshrined in the regulators' codes. CHI recognises the benefits that strict adherence to these codes afford its investors, the Company, the insurance industry and the financial market in Nigeria and beyond. The Group has thus, not reneged in its commitment and efforts toward ensuring full compliance with the various and similar standards required of it by its regulators.

THE BOARD

The Company's Board of Directors is made of seasoned and accomplished professionals in the petroleum, insurance, accounting and banking industry. This assemblage of well bred and accomplished professionals with vast experience who are very conscious of their various professional ethics and the regulated nature of the insurance business have over the years brought these experiences to bear by their robust, dispassionate and consistent review of the Company's policies.

COMPOSITION OF THE BOARD

The Board of CHI is made up of eight Directors. The Board is composed majorly of Non-Executive Directors which makes it independent of Management and has thus, enabled the Board to carry out its oversight function in an objective and effective manner.

In tandem with international best practice, the positions of the Chairman and the Chief Executive Officer/Managing Director are occupied by two different persons.

The details of the composition of the Board are stated below:

Ugo (Dr.) Obi Ralph Ekezie	Chairman
Mr. Tony Aletor	Vice Chairman
Mr. Eddie Efekoha	Managing Director/Chief Executive Officer
Chief Ben C. Ikejiaku	Non-Executive Director
Dr. Layi Fatona	Non-Executive Director (Resigned on 23rd June 2014)
Chief Sunny Obidegwu	Non-Executive Director
Mrs. Ngozi Nkem	Non-Executive Director
Mr. Friday Ebojoh	Non-Executive Director
Mr. Pat Azurunwa	Non-Executive Director (Resigned on 6th Aug 2013)

DUTIES OF THE BOARD

1. Provides strategic direction for the Company.
2. Approves budget of the Company.
3. Oversees the effective performance of Management in running the affairs of the Company.
4. Ensures human and financial resources are effectively deployed.
5. Establishes adequate system of internal control procedures that ensure the safeguard of assets and assist in the prevention and detection of fraud and other irregularities
6. Following applicable accounting standards.
7. Consistently applying suitable accounting policies.
8. Ensures compliance with the code of corporate governance and with other regulatory laws and guidelines.
9. Performance appraisal of Board Members and senior executives.
10. Approves the policies surrounding the Company's communication and information dissemination system.

MEETINGS OF THE BOARD

The Board meets regularly and ensures that the minimum standards in terms of attendance and frequency of meetings are complied with. The Board met five times in 2013, thus it ensured that the requirement of meeting at least once in every quarter was surpassed. Required notices and meeting papers were sent in advance before the meeting to all the Directors while the Nigerian Stock Exchange was equally given prior notice before every meeting of the Board.

BOARD COMMITTEES

To assist in the execution of its responsibilities, the Board discharges its oversight functions through various Committees put in place. The Committees are set up in line with statutory and regulatory requirements and are consistent with global best practices. Membership of the Committees of the Board is intended to make the best use of the skills and experience of non-Executive Directors in particular.

The Committees have well defined terms of reference which set out their roles, responsibilities, functions, scope of authority and procedure for reporting to the Board. The Committees consider matters that fall within their purview to ensure that decisions reached are as objective as possible.

Set out below are the various Committees and the terms of reference of each Board Committee:

1. Board Finance & General Purpose Committee (FGPC)
2. Board Audit & Risk Management Committee (ARMC)
3. Board Investment Committee (BIC)
4. Board Establishment & Governance Committee (EGC)

1. BOARD FINANCE & GENERAL PURPOSE COMMITTEE (FGPC)

PURPOSE

The Board Finance & General Purpose Committee is responsible to the Board of Directors and it is mandated to oversee the Company's financial affairs on behalf of the Board and to give initial consideration to and advice on any other Board business of particular importance or complexity.

RESPONSIBILITIES

- To review and make recommendation to the Board on the annual budget and audited accounts of the Company.
- To recommend strategic initiatives to the Board.
- To review quarterly and annual performance against budget
- To consider and approve extra budgetary expenditure.
- To give anticipatory approvals on behalf of the Board and ensure that such approvals are ratified by the Board at next sitting.
- Any other matter that is not specifically covered by any other Committee.
- Any other matter as may be delegated to the Committee by the Board from time to time.

MEETINGS OF THE COMMITTEE

The Committee meets as often as it considers necessary, but not less that once per quarter. The Committee

MEMBERSHIP/COMPOSITION

Chief Ben Ikejiaku	Non Executive Director	Chairman
Mr. Friday Ebojoh	Non Executive Director	Member
Dr. Layi Fatona	Non Executive Director	Member (Resigned on 23rd June 2014)
Mr. Pat Azurunwa	Non Executive Director	Member (Resigned on 6th Aug 2013)
Mr. Eddie Efekoha	Executive Director	Member

2. BOARD AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

PURPOSE

The primary objective of the Audit & Risk Management Committee of the Board is to monitor and provide effective supervision of the Management's Financial Reporting Process with a view to ensuring accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.
The Audit Committee also oversees the work carried out in the financial reporting process by Management, Internal Auditor and the External Auditor. The Audit Committee has the power to investigate any activity within its terms of reference, seek information from any employee when necessary and obtain external legal or professional advice from experts when necessary.

RESPONSIBILITIES

- Monitors the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant reporting judgments contained in them, assisting the Board's oversight of the Group's compliance with applicable legal and regulatory requirements in this respect.
- Reviews and approves the External Auditors' terms of engagement, propose fees and planned audit scope.
- Oversees, monitors and reviews the functions and effectiveness of Internal Audit.
- It reviews the scope and planning of Internal Audit requirements.
- It reviews findings on management matters in conjunction with the External Auditors.
- The Committee reviews the effectiveness of the Company's system of accounting and internal control.
- The promotion, co-ordination and monitoring of risk management activities, including regular review and input to the corporate risk profile.
- The Committee shall ensure that principal risks of the Company's business are identified and effectively managed.
- To ensure that infrastructure, resources and systems are in place for risk management.
- Carry out review of the risk mitigation programmes for completeness, adequacy, proportionality and optimal allocation of resources.
- Setting the Company's tolerance for risks.
- Ensuring that management establishes a framework for assessing the various risks.
- It makes recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors, financial and senior management of the Company.
- It has the power to instruct the Internal Auditors to carry out investigations into any of the Company's activities which might be of interest or concern to the Board.
- The Committee is responsible for the review of the integrity of the Company's financial reporting and oversees the independence and objectivity of the External Auditors.
- The Committee may seek explanations and additional information from the External Auditors with management presence.
- It receives quarterly reports of the Internal Auditors.

MEETINGS OF THE COMMITTEE

The Committee meets not less than four times per annum and more frequently as circumstances require. This Committee met four times during the period under review.

MEMBERSHIP/COMPOSITION

Mr. Friday Ebojoh	Non-Executive Director	Chairman
Chief Ben Ikejiaku	Non-Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Tony Aletor	Non-Executive Director	Member
Mr. Eddie Efekoha	Executive Director	Member

3. BOARD INVESTMENT COMMITTEE (BIC)

PURPOSE

The purpose of the Board Investment Committee is to assist the Board of Directors in fulfilling its obligation and oversight responsibilities in making investment decisions and formulating and advising the Board on strategic policy for the Company's capital and revenue investment programmes based on professional information/advice and for ensuring that systems are in place to identify, manage, and monitor principal risks that may impact on the Company's investment.

RESPONSIBILITIES

- To consider and advise the Board on strategic policies for the Company's investment programmes.
- The Investment Committee has responsibility for deciding on the appropriateness of all investments within the Company as it affects its clients, lines of business, Management staff and IT systems.
- The Committee takes full responsibility for investment decisions whether to proceed with change initiatives, and necessary release or withdrawal of funds on behalf of the Board and in line with the Company's strategic objectives.
- Ensures that the assets of the Company are protected and effective control measures are put in place for sufficient internal checks and balances.
- Considers and approves the investment policies of the Company.

MEETINGS AND PROCEDURE

The Committee meets at regular intervals and as necessary to consider and review issues within its purview. The Board Investment Committee met three times during the period under review.

MEMBERSHIP/COMPOSITION

Mr. Tony Aletor	Non-Executive Director	Chairman
Dr. Layi Fatona (Resigned on 23rd June 2014)	Non-Executive Director	Member
Chief Sunny Obidegwu	Non-Executive Director	Member
Mr. Eddie Efekoha	Executive Director	Member

4. BOARD ESTABLISHMENT & GOVERNANCE COMMITTEE

PURPOSE

The Committee deals with matters affecting executive management staff as it relates to recruitment, assessment, promotion, disciplinary measures, career development among others. The Committee is also responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the Company's corporate governance practices.

RESPONSIBILITIES

- Review from time to time the People Management Policies and make recommendations to the Board as appropriate;
- Review and recommend recruitment, appointment and promotion of Top Management Staff;
- Consideration and approval of disciplinary matters and exit/severance matters pertaining to Top Management Staff;
- Reviews periodically, reports on productivity/performance of Top Management;
- Review of staff compensation and welfare packages and make recommendation to the Board;
- Consider and approve annual training programmes for the Company's staff in order to ensure overall staff development.

In carrying out its Corporate Governance functions, the Committee shall undertake the following duties:

- Evaluate the current composition, organisation and governance of the Board and its Committees, as well as determine future requirements and make recommendations in this regard to the Board for its approval;
- Oversee the evaluation of the Board;
- Recommend to the Board, Director nominees for each Committee of the Board;
- Coordinate and recommend Board and Committee meeting schedules;
- Advise the Company on the best business practices being followed on corporate governance issues nationally and world – wide;
- Recommend to the Board the governance structure for the management of the affairs of the Company;
- Review and re-examine the Board charter annually and make recommendations to the Board for any proposed changes; and
- Annually review and evaluate Board performance.

MEETINGS OF THE COMMITTEE

The Committee meets at least once in each quarter and as necessary. The Board Establishment & Governance Committee met four times during the period under review.

Chief Sunny Obidegwu	Non-Executive Director	Chairman
Mr. Eddie Efekoha	Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Pat Azurunwa	Non-Executive Director	Member (Resigned on 6th Aug (2013)

ATTENDANCE AT BOARD & ITS COMMITTEES' MEETINGS

	BOARD	FGPC	ARMC	BIC	BEGC
Ugo (Dr) Obi Ralph Ekezie	5	N/A	N/A	N/A	N/A
Mr. Tony Aletor	5	N/A	2	3	N/A
Mr. Eddie Efekoha	5	5	4	3	4
Chief Ben C. Ikejiaku	5	5	4	N/A	N/A
Chief Sunny Obidegwu	5	N/A	N/A	2	4
Mr. Friday Ebojoh	4	5	4	N/A	N/A
Dr Layi Fatona (Resigned on 23rd June 2014)	4	3	N/A	2	N/A
Mrs. Ngozi Nkem	5	N/A	4	N/A	4
Mr. Pat Azurunwa (Resigned on 7th Aug 2013)	4	3	N/A	N/A	3
Dates of Meetings					
	30/01/2013	28/01/2013	28/01/2013	29/01/2013	11/01/2013
	10/04/2013	24/04/2013	24/04/2013	05/08/2013	25/04/2013
	04/06/2013	29/07/2013	29/07/2013	01/11/2013	30/07/2013
	06/08/2013	29/10/2013	29/10/2013		30/10/2013
	19/11/2013	06/12/2013			

TENURE OF DIRECTORS

The tenure of the Non-Executive Directors is limited to three terms of three years each. This is in compliance with CAMA, NAICOM's code of Corporate Governance and also fuelled by the necessity to reinforce the Board by continually injecting new energy, fresh ideas and perspectives.

STATUTORY AUDIT COMMITTEE

The constitution and composition of the statutory audit committee is in compliance with Section 359 of the Companies and Allied Matters Act, Cap C20 LFN 2004. The Committee is made of three Directors and three representatives of Shareholders.

The Statutory Audit Committee amongst other things examines the auditor's report and make recommendations thereon at the annual general meeting as it deems fit. The Committee's composition is set out below:

Mr. Tony Anonyai	Shareholders' Representative	Chairman
Chief Simon Okiotorhoro	Shareholders' Representative	Member
Chief Tony Ukatu	Shareholders' Representative	Member
Mr. Friday Ebojoh	Non Executive Director	Member
Chief Ben Ikejiaku	Non Executive Director	Member
Mr. Tony Aletor	Non Executive Director	Member

SHAREHOLDERS RIGHTS

The Board is continuously committed to the fair treatment of shareholders and ensures that the shareholders are given equal access to information about the Company irrespective of their shareholdings. The general meetings of the Company have always been conducted in an open manner which allows for free discussions on all issues on the agenda. The statutory and general rights of the shareholders are protected at all times.

Representatives of regulatory bodies such as the NAICOM, SEC and the NSE are always in attendance at our annual general meetings. The representatives of the shareholders association also attend the Company's general meetings and they are allowed to make full and fair participation during the meetings.

CONFLICT OF INTEREST

CHI has a policy in place that requires prompt disclosure from Directors of any real or potential conflict of interest that they may have regarding any matter that may come before the Board or its committees. CHI policy requires any Director who has or may have a conflict of interest to abstain from discussions and voting on such matters.

THE COMPANY SECRETARY

The Company Secretary primarily assists the Board and Management in the implementation and development of good corporate governance. The Company Secretary provides guidance and advice to the Board and the Management of the Company on issues of ethics, conflict of interest and good corporate governance.

The Company Secretary also does the following: advice the Directors on their duties, and ensure that they comply with corporate legislation and the Articles of Association of the Company; Arranging meetings of the Directors and the shareholders. This responsibility involves the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record the business transacted at the meetings and the decisions taken.

REMUNERATION

CHI has a comprehensive remuneration policy for Directors and all levels of Management staff. Our remuneration policy is adequate to attract, motivate and retain skilled, qualified and experienced individuals required to manage the Company successfully. The statement of the Directors remuneration is stated in the Audited Financial Statement.

SPONSORSHIP AND DONATIONS

In line with our Corporate Social Responsibility initiatives the following sponsorship and donations were made to organisations during the year, including:

• University of Calabar	- 200,000
• Chartered Insurance Institute of Nigeria (Education Conference)	- 250,000
• Kaduna Golf Club Tournament	- 180,000
• Nigerian Council of Registered Insurance Brokers Investiture	- 250,000
• Ibadan Golf Club Insurance Tournament	- 100,000
• Professional Insurance Ladies Association	- 250,000
• Nigerian Red Cross Society Motherless Babies Home, Makoko, Lagos	- 150,000
• Lagos State Motherless Babies Home, Lekki	- 150,000

EMPLOYMENT AND EMPLOYEES

a) Employment of disabled persons

The group does not discriminate in considering applications for employment from disabled persons. If a disabled person meets all recruitment requirements, the group shall not by reason of disability deny such a person from employment opportunity but would make adequate provision for the accommodation of such person. However, as at 31st December 2013 there was no disabled person in the group employment.

b) Employees' training and Involvement

The group ensures that the employees are kept fully informed of the values, goals and performance plans and progress during the year. They are involved in the goal setting at the beginning of the year and meet regularly to review performances. They make recommendations on innovative ideas towards meeting customers' expectations and improving on general operations and relationships within the group. The group pays strong importance to the use of our core values in the discharge of duties across the company and acquisition of Technical expertise through extensive internal and external training, on the job skills enhancement and professional development.

c) Health, Safety and welfare of employees

The group strictly observes all safety and health regulations. Successfully managing HSE issues is an essential component of our business strategy. Through observance and encouragement of this policy, we assist in protecting the environment and the overall well-being of all our stakeholders, specifically, our employees, clients, shareholders, contractors, and host communities.

We conduct regular fire training and drill exercises to sensitize all staff and stakeholders of the need to be safety conscious. The group ensures that all safety measures are observed in all locations. During the period under consideration we did not experience any workplace accident or health hazards.

Employees are registered with Health Management Organisations of their choice for provision of medical services at the designated hospitals. We equally have arrangement with offsite hospitals to cater for emergency cases that occur during working hours.

AUDITORS

The Auditors PKF (Chartered Accountants) have indicated their willingness to continue in office in accordance with section 356(2) of the Companies and Allied Matters Act Cap C20 2004.
A resolution will be proposed at the annual general meeting to authorize the directors to fix their remuneration.

By order of the Board

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

Mission and objectives of risk management

The mission of risk management at Consolidated Hallmark Insurance group is to promptly identify, measure, manage, report and monitor risks that affect the achievement of strategic, operational and financial objectives. This includes adjusting the risk profile in line with the Consolidated Hallmark Insurance's stated risk tolerance to respond to new threats and opportunities in order to optimize returns.

The Consolidated Hallmark Insurance major risk management objectives are to:

- Protect the capital base by monitoring that risks are not taken beyond its risk tolerance
- Enhance value creation and contribute to an optimal risk-return profile by providing the basis for an efficient capital deployment
- Support Group's decision-making processes by providing consistent, reliable and timely risk information
- Protect the Group's reputation and brand by promoting a sound culture of risk awareness.

Risk management framework

In order to achieve its mission and objectives, Consolidated Hallmark Insurance relies on its risk management framework. At the heart of the risk management framework is a governance process with clear responsibilities for taking, managing, monitoring and reporting risks. Consolidated Hallmark Insurance articulates the roles and responsibilities for risk management throughout the organization, from the Board of Directors and the Chief Executive Officer (CEO) to its businesses and functional areas, thus embedding risk management in the business.

To support the governance process, the company relies on documented policies and guidelines. The Risk Policy is Consolidated Hallmark Insurance's main risk governance document; it specifies our risk tolerance, risk limits and authorities, reporting requirements, procedures to approve any exceptions and procedures for referring risk issues to senior management and the Board of Directors. Limits are specified per risk type, reflecting the group's willingness and ability to take risk, considering earnings stability, economic capital adequacy, financial flexibility and liquidity and reputation, our strategic direction and operational plan, and a reasonable balance between risk and return, aligned with economic and financial objectives.

Consolidated Hallmark Insurance regularly enhances its Risk Policy to reflect new insights and changes in it environment and to reflect changes to the Group's risk tolerance. As an ongoing process, adherence to requirements stated in the Risk Policy is assessed. One of the key elements of the Group's risk management framework is to foster risk transparency by establishing risk reporting standards throughout the group. The Group regularly reports on its risk profile, current risk issues, adherence to its risk policies and improvement actions to both management and the Board through the Board Audit & Risk Management Committee.

Consolidated Hallmark Insurance has procedures in place for the timely referral of risk issues to senior management and the Board of Directors. Various governance and control functions coordinate to help ensure that objectives are being achieved, risks are identified and appropriately managed and internal controls are in place and operating effectively.

Risk management is not only embedded in the Group's businesses but is also aligned with its strategic and operational planning process. Consolidated Hallmark Insurance assesses risks systematically and from a strategic perspective through its Risk Profiling process, which allows the Group to identify and then evaluate the probability of a risk scenario occurring, as well as the severity of the consequences should it occur. The Group then develop, implement and monitors appropriate improvement actions. The Risk Profiling process is integral to how the Group deals with change, and is particularly suited for evaluating strategic risks as well as risks to its reputation. At Consolidated Hallmark Insurance this process is reviewed regularly and tied to the planning process. Through these processes, responsibilities and policies, Consolidated Hallmark Insurance embeds a culture of disciplined risk taking across the Group. We continue to consciously take risks for which we expect an adequate return. This approach requires sound judgment and an acceptance that certain risks can and will materialize in the future.

Governance structure

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

- Levels of risk appetite and tolerance;
- Risk governance standards for each risk type;
- Actions on the risk profile;

- Risk strategy and key risk controls across the group; and
- Utilization of risk appetite.

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

Roles and responsibilities

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

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

The Board, its Committees (Finance & General Purpose Committee, Audit & Risk Management Committee, Establishment & Governance Committee and Investment Committee) and the Executive Management have overall responsibility for the Company's risk management. The board committee saddled with the oversight function for risk management is the Audit & Risk Management Committee.

The Audit & Risk Management Committee of the Board is responsible for:

- Reviewing and providing oversight of the adequacy and effectiveness of the Group's risk management control framework;
- Reviewing and recommending for approving risk management governance standards and policies;
- Reviewing and recommending for approving the Group's risk profile and risk tendency against risk appetite for each risk type and
- Ensuring effective communication between internal auditors, external auditors, the board, management and regulators.

Executive management has the responsibility to manage all risk types on a daily basis and considers to the extent required and recommends to the Board for approval the following:

- Levels of risk appetite and tolerance;
- Risk governance standards for each risk type;
- Actions on the risk profile;
- Risk strategy and key risk controls across the Group;

Approach and structure

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

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

To ensure independence and appropriate segregation of responsibilities between business and risk management, business units risk champions report operationally to their respective business unit heads and functionally to the Group Chief Risk Officer.

Risk management philosophy

The key elements of the Consolidated Hallmark's (CHI) risk management philosophy are the following:

- CHI considers sound risk management to be the foundation of a long-lasting financial institution;
- CHI continues to adopt an holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions;
- Risk officers are empowered to perform their duties professionally and independently without undue interference;
- Risk management is governed by well-defined policies that are clearly communicated across the Group;
- Risk management is a shared responsibility, therefore the Group aims to build a shared perspective on risks that is grounded in consensus;
- CHI's risk management governance structure is clearly defined;
- There is a clear segregation of duties between market-facing business units and risk management functions;
- Risk-related issues are taken into consideration in all business decisions. The Group shall continue to strive to maintain a conservative balance between risk and revenue considerations;
- Risks are reported openly and fully to the appropriate levels once they are identified; and
- All subsidiaries are guided by the principles enshrined in the risk management policies of the Group.

Risk culture

- The board and management consciously promote a responsible approach to risk and ensure that the long-term survival and reputation of the Group are not jeopardized.
- The responsibility for risk management in CHI is fully vested in the Board of Directors, which in turn delegates such to senior management.
- The management promotes awareness of risk and risk management across the Group.
- The Group avoids markets and businesses where it cannot objectively assess and manage the associated risks.

Risk appetite

Risk appetite is the maximum level of residual risk that the Group is prepared to accept to deliver its business objectives. The Group has developed a robust framework that is used to articulate risk appetite throughout the Group and to external stakeholders.

The board establishes the Group's parameters for risk appetite by:

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

CHI's risk appetite framework considers all risks across the Group in an integrated manner, and is aligned with our business and capital strategy. Quantitatively, our risk appetite framework is designed such that we are able to monitor and manage both total risk and fulfillment of our risk appetite within a set of pre-defined set of risk limits. The risk appetite framework is aligned with our risk policies. The Group will not compromise its reputation through unethical, illegal and unprofessional conduct. The Group also maintains zero appetite for association with disreputable individuals and entities.

Internal control

Internal control in the group refers to the overall operating framework of practices, systems, organizational structures, management philosophy, code of conduct, policies, procedures and actions, which exists in the Group and is designed to ensure:

- That essential business objectives are met, including the effectiveness and efficiency of operations and the safeguarding of assets against losses;

- The reliability of financial reporting and compliance with general accounting principles; compliance with applicable laws and regulations including internal policies;
- Systematic and orderly recording of transactions; and
- Provision of reasonable assurance that undesired events will be prevented or detected and corrected.

The Group is committed to creating and maintaining a world-class internal control environment that is capable of sustaining its current drive towards service excellence in the Insurance industry.

Money laundering and terrorist financial risk control

The current regulatory regime places much pressure on financial institutions to identify, assess and understand the money laundering and terrorist financing risks they face in order to ensure that the measures they implement to prevent or mitigate money laundering and terrorist financing are commensurate with risks identified. The risk based approach adopted by the Group is intended to ensure that resources are applied more efficiently. The Group's money laundering and terrorist financial control policies continue to be updated to reflect best practice expectations.

Conclusion

The Group will continue to foster proactive assessment and management of risks in its different business lines and areas of operations to meet its corporate and strategic objectives. Unguarded and uncalculated risk on capital will be avoided based on our commitment to upholding sound corporate governance and best-in-class risk management.

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

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF CONSOLIDATED HALLMARK INSURANCE PLC FOR THE YEAR ENDED 31 DECEMBER 2013

In compliance with section 359 (6) of the Companies and Allied Matters Act C20 Laws of the Federation of Nigeria 1990, we have reviewed the audit report for the year ended 31 December 2013 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 to statutory requirements and agreed ethical practices.
3. The internal control was being constantly and effectively monitored.
4. The external auditors' management report received satisfactory response from Management.
5. The committee reviewed the internal audit programmes and report for the year and is satisfied with the status.

Tony Anonyai
Chairman , Audit Committee
FRC/2013/1CAN/000002579

Members of the Audit Committee
Tony Anonyai
Tony Ukatu
Chief Simon Okiotorhoro
Tony Aletor
Friday Ebojoh
Chief Ben C. Ikejiaku

Report of the Independent Auditors
For the year ended 31 December, 2013

PKF Professional Services
Chartered Accountants &
business advisers

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

We have audited the consolidated financial statements of Consolidated Hallmark Insurance Plc ("the Company") and its subsidiaries (together the "Group"), for the year ended 31 December 2013, from which the summarised consolidated financial statements were derived, in accordance with International Standards on Auditing. We expressed an unqualified audit opinion on the consolidated financial statements in our report dated 16 September 2014.

Directors' responsibility for the summarised consolidated financial statements

The Directors are responsible for the preparation and fair presentation of this audited consolidated financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

Independent auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our procedures. We conducted our procedures in accordance with International Standards on Auditing (ISA 810), "Engagement to Report on Summary Financial Statements".

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of Consolidated Hallmark Insurance Plc and its subsidiaries for the year ended 31 December, 2013 are consistent in all material respects, with the consolidated statement of financial position at 31 December 2013, the consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

Notice to Reader

These accompanying summarised consolidated statement of financial position, statement of comprehensive income and statements of cashflows of Consolidated Hallmark Insurance Plc and its subsidiaries do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act and the Financial Reporting Council of Nigeria Act No. 6, 2011. Reading these consolidated financial statements therefore is not a substitute for reading the financial statements of the Group.

Najeeb Abdus salaam

Najeeb A. Abdus-salaam, FCA, FRC/2013/ICAN/0753
For: PKF Professional Services
Chartered Accountants
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Date: 16th September, 2014

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Statement of Significant Accounting Policies
For the year ended 31 December, 2013

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

Group information and accounting policies

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

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

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

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

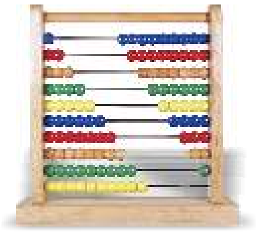
The Company is a public limited company incorporated and domiciled in Nigeria. Its shares are listed on the floor of the Nigerian Stock Exchange and have its registered office at Consolidated Hallmark House, 266, Ikorodu Road, Lagos.

Going concern assessment
This financial statement has been prepared on going concern basis. The group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and there are no going concern threats to the operations of the group.

Subsidiary; CHI Capital Limited and Grand Treasurers Limited
CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing and corporate support services. CHI Capital Limited acquired 100% interest in Grand Treasurers Limited in 2010.

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

These financial statements have been authorized for issue by the Board of Directors on 16 September 2014.



Statement of Significant Accounting Policies
For the year ended 31 December, 2013

1. Basis of presentation:

1.1 Statement of compliance with IFRS
These financial statements are the separate and consolidated financial statement of the company and its subsidiaries (together, "the group"). The group financial statements for the year 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB"). Additional requirement by national regulations is included where appropriate.

1.1.2 New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial period.

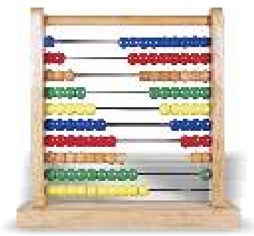
a. Standards and interpretations effective during the reporting period
Amendments to the following standard(s) became effective in the reporting period from 1st January, 2013. They do not have any material impact on the accounting policies, financial position or performance of the Group.

- **Amendment to IAS 19 - Employee Benefits:**
  The amendment introduces changes to recognition of deficit / surplus on defined benefit plans and presentation of defined benefit cost. It also introduces recognition of net interest on net defined benefit assets (liability) and more extensive disclosures. This standard does not have any impact on the Group as the Group operates a defined contributory pension plan in line with the Pension Reforms Act 2004.

- **Amendments to IAS 34 - Interim financial reporting and segment information for total assets and liabilities (Amendment);**
  The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the Chief Operating Decision Maker (CODM) and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. This amendment does not have a material impact on the Group.

- **IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements:**
  IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the portion of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. While the disclosure implications have been duly effected, IFRS 10 had no impact on the consolidation of investments held by the Group.

- **Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial liabilities:**
  The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. Collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32.



The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. IFRS 7 as amended had no material impact on the Group's financial statement.

- Amendment to IAS 32 - Tax effects of distributions to holders of equity instruments:

  The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the consolidated financial statements for the Group, as there is no company income tax consequences attached to cash or non-cash distribution.

- IFRS 12 Disclosure of Interests in Other Entities:

  IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The group has made the disclosures relevant to its interest in subsidiaries in these consolidated financial statements.

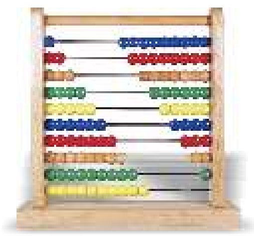
- IFRS 13 Fair Value Measurement:

  IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures, and expands them by requiring that all assets, liabilities and equities, including those that are not financial instruments, be measured at fair value. Furthermore, additional extensive disclosures are required in many areas and the extent of these disclosures increase as the Fair value inputs fall significantly within level 2 and 3 of the fair value hierarchy. In accordance with the transitional provisions of IFRS 13, the Group has applied all the requirements provided by the new fair value measurement guidance prospectively, and has not provided comparative information for new disclosures.

  IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect from reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

- Amendments to IAS 16 "Classification of servicing Equipment":

  The IASB amendment to IAS 16 clarifies the recognition criteria for spare parts and service equipment. The amendment was issued to address the unintended consequences of the wordings of the original standard. Initial wordings of the standard contained ambiguous provisions as to the classification of servicing equipments and the criteria for the determination of this classification. To correct this, the amendment clarifies when certain assets are to be classified as property, plant and equipment or as inventory. This will help ensure that entities consistently record and present these assets. This amendment however has no impact on the consolidated Statement of Financial position of the Group as this relates essentially more to manufacturing industries.



- Amendments to IAS 1 "Clarification of requirements for comparative information":
  The amendment clarifies the IAS 1 requirements for comparative information when an entity prepares financial statements that include more than the minimum comparative information requirements. It also clarifies the requirement for presentation of a third Statement of Financial Position as a result of a change in accounting policy, retrospective restatement or reclassification.

  An entity is permitted to present comparative information that exceeds the minimum requirements as long as that information is prepared in accordance with IFRSs. When presented, accompanying notes relevant to support the third statement of financial position must be disclosed.

  When there is a change in accounting policy, restatements or reclassification, the opening statement of financial position is to be presented as at the beginning of the immediately preceding comparative period unless there is no material effect on the Statement of Financial Position at the beginning of the preceding period. Related notes are not required to accompany this opening statement of financial position other than as required by IAS 1 and 8. This amendment has no impact on the Group's financial statements.

b. Standards and interpretations issued/amended but not yet effective
   Other standards issued/amended by the IASB but are yet to be effective are outlined below:

   IFRIC Interpretation 21 Levies 1-Jan-14
   Amendments to IAS 27 Separate Financial Statements 1-Jan-14
   Amendments to IFRS 12 Disclosure of Interests in Other Entities 1-Jan-14
   Amendments to IFRS 10 Consolidated Financial Statements 1-Jan-14
   IFRS 9 Financial Instruments 1-Jan-15
   Amendments to IAS 32 Financial Instruments – Presentation 1-Jan-14
   Amendments to IAS 36 Impairment of Assets 1-Jan-14
   Amendments to IAS 39 Financial Instruments - Recognition and Measurement 1-Jan-14
   Amendments to IFRS 1 First-Time Adoption of IFRS 1-Jul-14
   Amendments to IAS 40 Investment Property 1-Jul-14
   Amendments to IFRS 13 Fair Value Measurement 1-Jul-14
   Amendments to IFRS 3 Business Combination 1-Jul-14

   Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2014, as shown in the table above, have not been applied in preparing these financial statements and the group. Management has assessed the implication of these amendments and they are not expected to have any material impact on the financial statements.

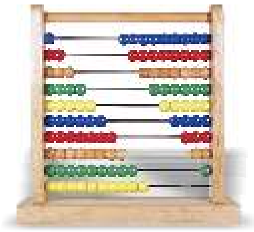
1.2 Basis of measurement

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

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

1.3 Functional and presentation currency

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



1.4 Consolidation

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

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

1.5 Use of estimates and judgments

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

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

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

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

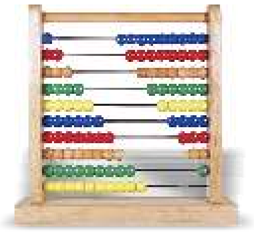
The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. The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

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

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

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

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from



observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The group adopts costs less impairment to determine the fair value of its available for sale financial assets whenever observable market data exist for this asset.

(c) Impairment of trade receivables

The management adopted the policy of no premium no cover and the trade receivables are outstanding premium that are within 30days. The trades receivable were further subjected to Impairment based on management judgement. Internal models were developed based on company specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to management and where there is objective evidence of impairment they are appropriately impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectorial basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

(d) Deferred acquisition costs (DAC)

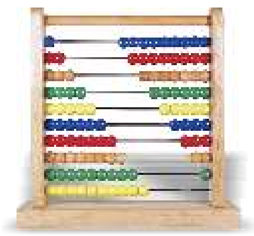
Commissions that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). The amount of commission to be deferred is directly proportional to the time apportionment basis of the underlying premium income to which the acquisition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

(e) Income taxes

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

2. Segment reporting

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



3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash. For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; bank balances, fixed deposits and treasure bills within 90days.

3.1 Financial assets

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

3.1.1 Financial assets at fair value through profit or loss

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

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

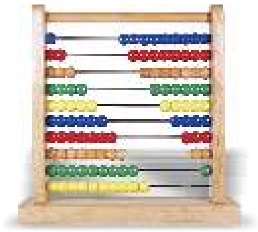
3.1.2 Loans and receivables

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

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

3.1.3 Available-for-sale investments

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



Statement of Significant Accounting Policies
For the year ended 31 December, 2013

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

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

3.1.4 Held-to-maturity financial assets

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

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

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

3.2 Reclassifications

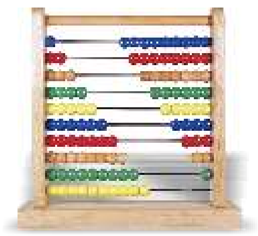
Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets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

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

3.3 Impairment of assets

3.3.1 Financial assets carried at amortized cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have



occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the Group about the following events:

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

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

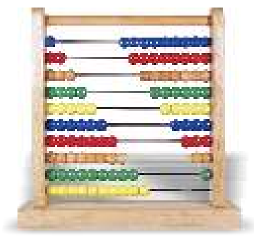
If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding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

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

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

3.3.2 Assets classified as available for sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded



as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

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

3.3.3 Impairment of non-financial assets

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

3.3.4 Impairment of other non-financial assets

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

4. Leases

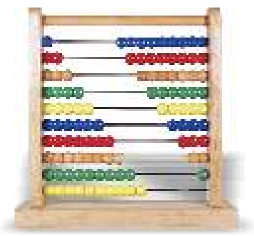
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.1 As Lessor

4.1.1 Finance leases

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

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



5. Trade Receivables

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

6. Reinsurance Assets and Liabilities

These are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company, and which also meets the classification requirements for insurance contracts held as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

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

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

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

7. Deferred acquisition costs

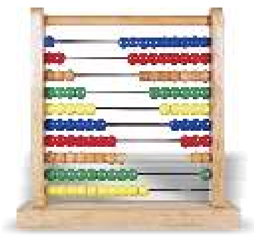
Acquisition costs comprise mainly of agent's commission. These costs are amortized and deferred over the terms of the related policies to the extent that they are considered to be recoverable from unearned premium.

8. Other receivables and prepayments

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

9. Investment in subsidiaries

Subsidiaries are entities controlled by the parent. In accordance with IAS 10, control exists when the parent has;



I. Power over the investee
II. Exposure, or rights, to variable returns from its involvement with the investee; and
III. The ability to use its power over the investee to affect the amount of investor's returns.

Investments in subsidiaries are reported at cost less impairment (if any).

10. Offsetting financial instruments

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

11. Investment properties

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

12. Property and equipment

12.1 Recognition and Measurement

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

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

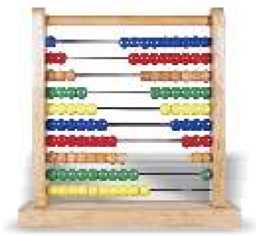
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

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

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

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are



included in the income statement in operating income.

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

12.2 Reclassification to investment property

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

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

13. Statutory Deposit

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

14. Insurance Contracts Liabilities

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

14.1 Reserves for unearned premium

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

14.2 Reserves for outstanding claims

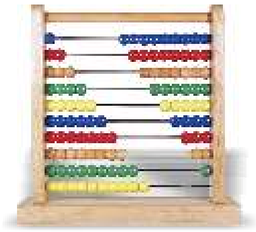
The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test.

14.3 Reserves for unexpired risk

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

14.4 Liability adequacy test

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



Statement of Significant Accounting Policies
For the year ended 31 December, 2013

The insurance contract liability for 2010 was not subjected to liability adequacy test due to data limitations. This has no material impact on the accounts. Subsequent years' carrying amounts are fully subjected to liability adequacy test.

15 Trade payables related to Insurance Contracts

Trade payables are recognized when due. These include amounts due to agents, brokers and insurance contract holders. Trade payables are initially recognized at fair value and subsequently measure at amortized cost using effective interest rate method. Where it is a non interest bearing liability, it is measure at a discounted repayment amount. However if the due date is less than one year, discounting is omitted.

16. Other payables and accruals

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

17. Retirement benefits obligations

17.1 Defined contribution plan

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

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

18. Share capital

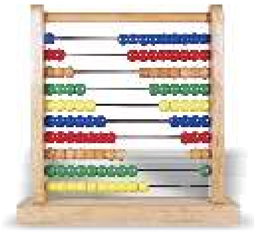
Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity instruments issued are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Incremental costs directly attributable to the issue of equity instruments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

19. Contingency reserve

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3%of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

20. Statutory reserve

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



21. Dividend distribution

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

22. Revenue recognition

22.1 Premium

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

22.2 Reinsurer's share of unearned premium

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

23. Provision for unpaid claims and adjustment expenses

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

24. Salvage and subrogation recoverable

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

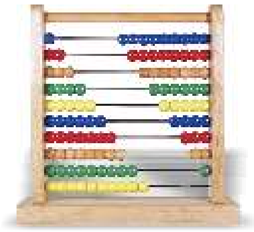
Where the company indemnifies policyholders against a liability claim, it acquires the right to subrogate its claims against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

25. Fees and commission income

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

26. Investment Income

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



26.1 Interest income

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

27.1 Other operating income

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

27.2 Realized gains and losses

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

28. Taxation

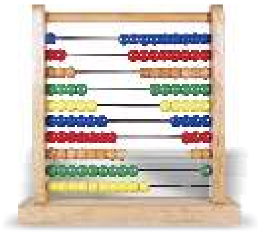
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly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

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

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

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

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



29. Provisions

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

30. Foreign currency translation

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

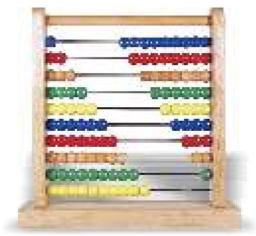
Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the group's functional currency are recognized in the consolidated income statement.

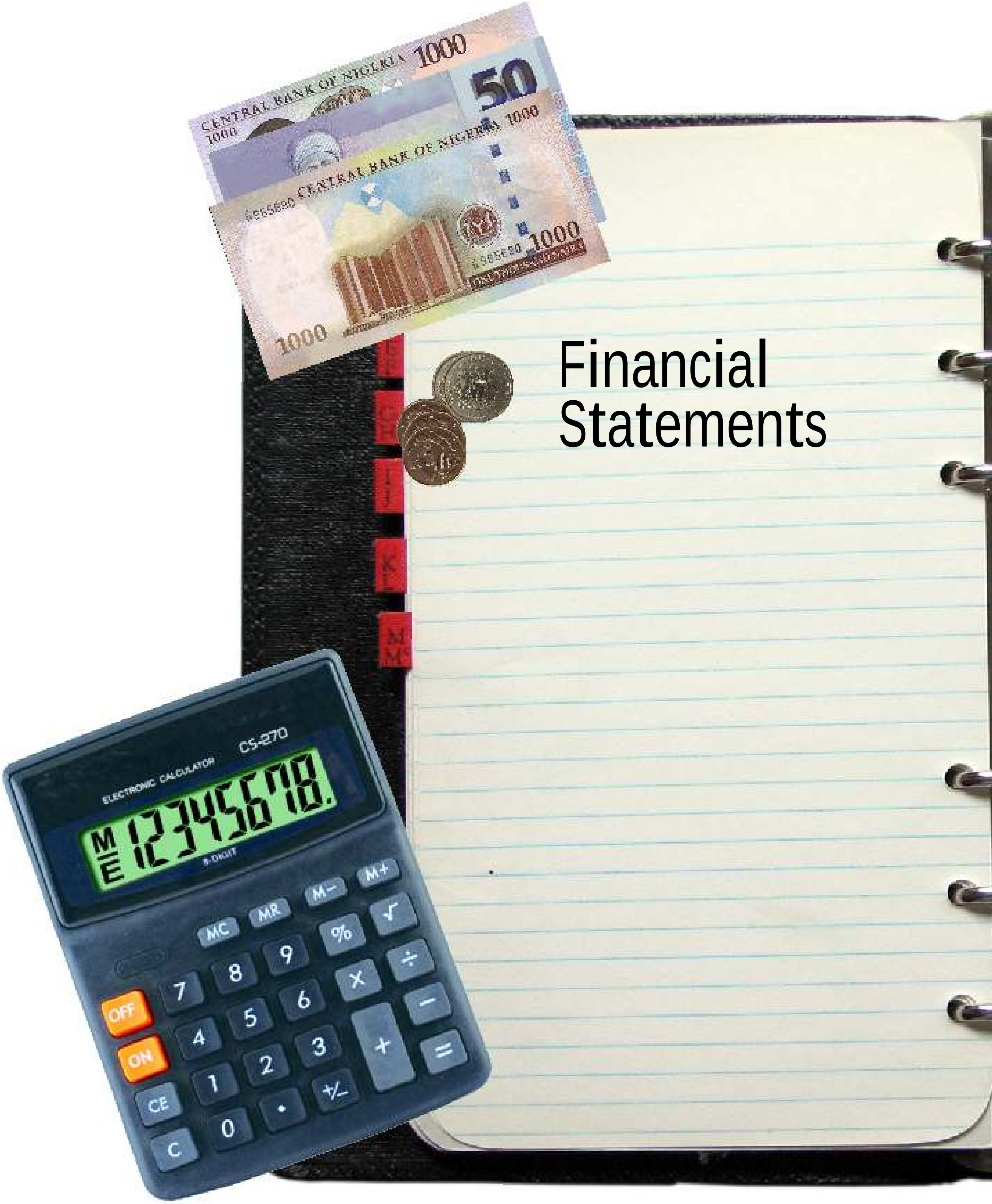
31. Unclaimed dividend

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

32. Earnings per share

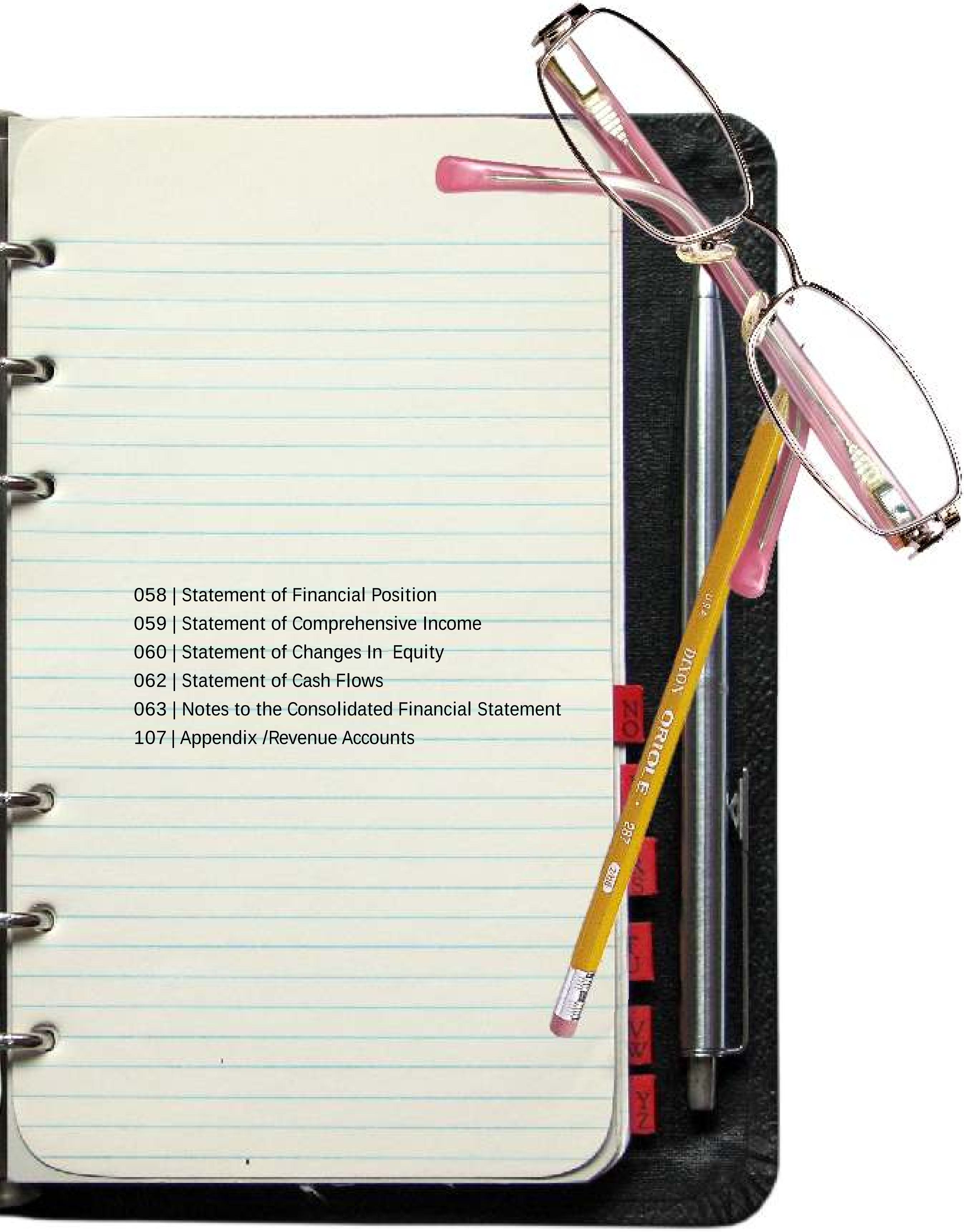
The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the year.





Financial Statements

Consolidated Hallmark Insurance Plc



Consolidated Statement Of Financial Position
At 31 December 2013

		Group		Company	
			Restated		Restated
	Notes	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
Assets					
Cash and cash equivalent	2	2,275,501,790	1,857,303,251	2,232,194,169	1,746,507,954
Financial assets:					
- At fair value through profit or loss	3.1	174,453,485	182,451,560	156,076,887	167,695,232
- Loans and receivables	3.2	68,342,353	41,082,638	42,254,826	25,122,448
- Available for sale	3.3	2,000,000	2,000,000	2,000,000	2,000,000
- Held-to-maturity	3.4	65,783,151	-	65,783,151	-
Finance lease receivables	4	85,000,120	24,731,816	-	-
Trade receivables	5	51,398,187	1,138,068,666	51,398,187	1,138,068,666
Reinsurance assets	6	981,521,500	1,068,907,833	981,521,500	1,068,907,833
Deferred acquisition cost	7	204,941,728	195,734,475	204,941,728	195,734,475
Other receivables and prepayments	8	125,024,460	50,413,486	118,125,644	61,710,099
Investment in subsidiaries	9	-	-	226,407,680	226,407,680
Investment properties	10	874,278,600	870,331,600	789,778,600	785,831,600
Property and equipment	11	964,104,610	946,746,285	959,875,246	946,346,035
Statutory deposits	12	300,000,000	300,000,000	300,000,000	300,000,000
Total assets		6,172,349,984	6,677,771,610	6,130,357,618	6,664,332,022
Liabilities					
Insurance contract liabilities	13	2,124,258,116	2,044,293,984	2,124,258,116	2,044,293,984
Trade payables	14	26,056,310	218,963,082	26,056,310	218,963,082
Other payables and provision	15	67,042,956	78,514,068	62,509,495	87,474,075
Retirement benefit obligations	16	4,104,330	8,507,055	3,920,476	8,429,295
Current income tax liabilities	17.2	145,018,810	170,767,513	130,138,787	161,377,528
Deferred tax liabilities	17.4	153,728,093	126,936,011	153,728,093	126,936,011
Total liabilities		2,520,208,615	2,647,981,713	2,500,611,277	2,647,473,975
Equity					
Issued and paid share capital	18	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Contingency reserves	19.1	742,159,644	617,545,019	742,159,644	617,545,019
Statutory reserves	19.2	6,690,382	5,826,986	-	-
Retained earnings	20	(96,708,657)	406,417,892	(112,413,303)	399,313,028
Shareholders' fund		3,652,141,369	4,029,789,897	3,629,746,341	4,016,858,047
Total liabilities and equity		6,172,349,984	6,677,771,610	6,130,357,618	6,664,332,022

The consolidated financial statements were approved by the Board of Directors on 16 September 2014 and signed on its behalf by:

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

Eddie Efekoha
Managing Director
FRC/2013/CIIN/00000002189

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

Consolidated Statement Of Comprehensive Income
For The Year Ended 31 December 2013

	Notes	Group 31 December 2013 ₦	Group Restated 31 December 2012 ₦	Company 31 December 2013 ₦	Company Restated 31 December 2012 ₦
Gross premium written		4,153,820,829	4,142,126,782	4,153,820,829	4,142,126,782
Gross premium income	22	4,151,298,704	3,835,996,495	4,151,298,704	3,835,996,495
Reinsurance premium expenses	23	(1,582,605,604)	(925,237,855)	(1,582,605,604)	(925,237,855)
Net premium income		2,568,693,100	2,910,758,640	2,568,693,100	2,910,758,640
Fee and commission income	24	203,633,369	237,243,585	203,633,369	237,243,585
Net underwriting income		2,772,326,469	3,148,002,225	2,772,326,469	3,148,002,225
Claims expense					
Gross claims incured	24a	(965,106,416)	(846,618,408)	(965,106,416)	(846,618,408)
Claims recoveries from reinsurers	24b	314,751,829	123,875,046	314,751,829	123,875,046
		(650,354,587)	(722,743,362)	(650,354,587)	(722,743,362)
Underwriting expenses	25	(1,064,854,654)	(904,686,101)	(1,082,304,654)	(930,996,101)
Underwriting profit		1,057,117,228	1,520,572,762	1,039,667,228	1,494,262,762
Investment income	26	299,470,300	246,691,774	270,979,045	230,811,905
Other operating income	27	21,756,652	10,803,367	24,256,702	7,650,497
Impairment charge	28	(547,735,224)	(422,184,651)	(544,652,983)	(419,336,868)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	29	16,100,005	(19,468,439)	12,856,767	(20,313,928)
Management expenses	30	(1,024,904,284)	(940,275,018)	(996,255,298)	(916,641,303)
Results of operating activities		(178,195,323)	396,139,795	(193,148,539)	376,433,065
(Loss)/Profit before taxation		(178,195,323)	396,139,795	(193,148,539)	376,433,065
Income tax expenses	17.1	(19,453,205)	(156,642,418)	(13,963,167)	(149,653,904)
(Loss)/Profit after taxation		(197,648,528)	239,497,377	(207,111,706)	226,779,161
Total comprehensive (loss)/income for the year		(197,648,528)	239,497,377	(207,111,706)	226,779,161
(Loss)/profit attributable to:					
Equity holders of the parent		(197,648,528)	239,497,377	(207,111,706)	226,779,161
Non-controlling interest		-	-	-	-
		(197,648,528)	239,497,377	(207,111,706)	226,779,161
Basic and diluted (loss)/earnings per share (kobo)	31	(3.29)	3.99	(3.45)	3.78

Consolidated Statement Of Changes In Equity
As At 31 December 2013

The Group

	Issued share capital ₦	Statutory contingency reserves ₦	Statutory reserve ₦	Retained earnings ₦	Total equity ₦
At 1 January 2012 as reported	3,000,000,000	493,281,216	533,415	417,643,213	3,911,457,844
Transfer between reserves	-	-	4,491,960	(4,491,960)	-
Current income tax	-	-	-	(1,165,324)	(1,165,324)
At 1 January 2012 as restated	3,000,000,000	493,281,216	5,025,375	411,985,929	3,910,292,520
Changes in equity for 2012:					
Profit for the year	-	-	-	239,497,377	239,497,377
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	239,497,377	239,497,377
Transactions with owners:					
Transfer between reserves	-	124,263,803	801,611	(125,065,414)	-
Dividends relating to 2012 paid during the year	-	-	-	(120,000,000)	(120,000,000)
Contribution by and to owners of the business	-	124,263,803	801,611	(245,065,414)	(120,000,000)
At 31 December 2013	3,000,000,000	617,545,019	5,826,986	406,417,892	4,029,789,897
At 1 January 2013	3,000,000,000	617,545,019	5,826,986	406,417,892	4,029,789,897
Changes in equity for 2013:					
Profit for the year	-	-	-	(197,648,528)	(197,648,528)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(197,648,528)	(197,648,528)
Transactions with owners:					
Transfer between reserves	-	124,614,625	863,396	(125,478,021)	-
Dividends relating to 2012 paid during the year	-	-	-	(180,000,000)	(180,000,000)
Contribution by and to owners of the business	-	124,614,625	863,396	(305,478,021)	(180,000,000)
At 31 December 2013	3,000,000,000	742,159,644	6,690,382	(96,708,657)	3,652,141,369

Consolidated Statement Of Changes In Equity
As At 31 December 2013

The company

	Issued share capital ₦	Statutory contingency reserves ₦	Statutory reserve ₦	Retained earnings ₦	Total equity ₦
At 1 January 2012	3,000,000,000	493,281,216	-	416,797,670	3,910,078,886
Changes in equity for 2012:					
Profit for the year	-	-	-	226,779,161	226,779,161
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	226,779,161	226,779,161
Transactions with owners:					
Transfer to contigency reserves	-	124,263,803	-	(124,263,803)	-
Dividends relating to 2011 paid during the year	-	-	-	(120,000,000)	(120,000,000)
Contribution by and to owners of the business	-	124,263,803	-	(244,263,803)	(120,000,000)
At 31 December 2012	3,000,000,000	617,545,019	-	399,313,028	4,016,858,047
At 1 January 2013	3,000,000,000	617,545,019	-	399,313,028	4,016,858,047
Changes in equity for 2013:					
Profit for the year	-	-	-	(207,111,706)	(207,111,706)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(207,111,706)	(207,111,706)
Transactions with owners:					
Transfer to contigency reserves	-	124,614,625	-	(124,614,625)	-
Dividends relating to 2012 paid during the year	-	-	-	(180,000,000)	(180,000,000)
Contribution by and to owners of the business	-	124,614,625	-	(304,614,625)	(180,000,000)
At 31 December 2013	3,000,000,000	742,159,644	-	(112,413,303)	3,629,746,341

Consolidated Statement Of Cash Flows
For The Year Ended 31 December 2013

	Notes	Group 31 December 2013 ₦	Group 31 December 2012 ₦	Company 31 December 2013 ₦	Company 31 December 2012 ₦
Cash flows from operating activities					
Premium received from policy holders		4,679,725,496	3,700,010,439	4,679,725,496	3,700,010,439
Reinsurance receipts in respect of claims		245,903,277	123,875,048	245,903,277	123,875,048
Commission received	24	193,177,814	237,243,584	193,177,814	237,243,585
Other operating receipts	27	32,212,207	10,803,368	34,712,257	7,650,497
Cash paid to and on behalf of employees	31	(376,631,950)	(335,254,753)	(363,141,249)	(328,402,153)
Reinsurance premium paid		(1,775,512,376)	(799,329,642)	(1,775,512,376)	(799,329,642)
Claims paid		(887,764,410)	(874,736,420)	(887,764,410)	(874,736,420)
Underwriting expenses	25	(1,064,854,654)	(904,686,101)	(1,082,304,654)	(930,996,101)
Other operating cash payments		(550,576,615)	(776,637,621)	(461,193,217)	(709,477,117)
Company income tax paid	17	(42,772,005)	(131,060,586)	(42,772,005)	(131,060,586)
Net cash from operating activities		452,906,784	250,227,316	540,830,933	294,777,550
Cash flows from investing activities					
Purchase of fixed assets	11	(115,344,884)	(84,633,171)	(110,677,134)	(84,168,171)
Fair value change and addition to investment properties	10	(3,947,000)	247,315	(3,947,000)	747,315
Additional investment in subsidiaries	9	(3,010,000)	-	-	(100,000,000)
Proceeds from sale of fixed assets	11	9,808,410	10,223,967	9,808,410	10,223,967
Purchase of financial assets		(94,485,179)	-	(93,375,647)	-
Proceeds from sale of financial assets	3.1	53,583,259	105,219,473	52,850,759	102,596,800
Dividend received	26	6,029,802	5,161,338	6,029,802	5,161,338
Interest received	26	292,657,347	241,530,436	264,166,092	225,650,567
Net cash from/(used in) investing activities		145,291,755	277,749,358	124,855,282	160,211,816
Cash flows from financing activities					
Dividend paid	20	(180,000,000)	(120,000,000)	(180,000,000)	(120,000,000)
Net cash used in financing activities		(180,000,000)	(120,000,000)	(180,000,000)	(120,000,000)
Increase in cash and cash equivalents		418,198,539	407,976,674	485,686,215	334,989,366
Cash and cash equivalent at 1 January 2013		1,857,303,251	1,449,326,577	1,746,507,954	1,411,518,588
Cash and cash equivalent at 31 December 2013	2	2,275,501,790	1,857,303,251	2,232,194,169	1,746,507,954

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

1. Corporate information

1.1 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 headquarter at 266 Moshood Abiola way, Lagos. The principal activities of the subsidiaries are portfolio management, short term lending, equipment leasing and auto tracking services.

		Group		Company	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
2	Cash and balances with banks				
	Cash in hand	8,880,000	9,337,429	8,880,000	9,313,410
	Balance with banks	223,616,363	191,890,309	214,954,462	181,437,787
	Call deposits	931,366	628,850	931,366	628,850
	Fixed deposits (Note 2.1)	2,081,191,240	1,698,327,578	2,046,545,520	1,597,968,560
		2,314,618,969	1,900,184,166	2,271,311,348	1,789,348,607
	Impairment allowance (Note 2.2)	(39,117,179)	(42,880,915)	(39,117,179)	(42,840,653)
		2,275,501,790	1,857,303,251	2,232,194,169	1,746,507,954
2.1	The fixed deposits have a short term maturity of 30-90 days and the effect of discounting is immaterial.				
2.2	Impairment allowance				
	At 1 January	42,880,915	26,181,044	42,840,653	26,181,044
	Charge for the year	-	16,699,871	-	16,659,609
	Write off in the year	(40,262)	-	-	-
	Provision no longer required	(3,723,474)	-	(3,723,474)	-
	At 31 December	39,117,179	42,880,915	39,117,179	42,840,653
3.	Financial assets				
	Financial assets at fair value through profit or loss (Note 3.1)	174,453,485	182,451,560	156,076,887	167,695,232
	Loans and receivables measured at amortised cost (Note 3.2)	68,342,353	41,082,638	42,254,826	25,122,448
	Available for sale (Note 3.3)	2,000,000	2,000,000	2,000,000	2,000,000
		244,795,838	225,534,198	200,331,713	194,817,680

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

		Group		Company	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
3.1	At fair value through profit or loss				
	At 1 January	182,451,560	307,139,471	167,695,232	290,605,960
	Additions	29,485,179	-	28,375,647	-
	Disposals	(53,583,259)	(105,219,472)	(52,850,759)	(102,596,800)
		158,353,480	201,919,999	143,220,120	188,009,160
	Fair value gain/(loss)	16,100,005	(19,468,439)	12,856,767	(20,313,928)
	Fair value at 31 December	174,453,485	182,451,560	156,076,887	167,695,232
	Current	174,453,485	182,451,560	156,076,887	167,695,232
	Non Current	-	-	-	-
3.2	Loans and receivables				
	Staff loans	27,710,334	16,367,566	27,710,334	16,367,566
	Loan and advances (Note 3.2.1)	40,632,019	24,715,072	14,544,492	8,754,882
		68,342,353	41,082,638	42,254,826	25,122,448
	Current	54,038,198	41,082,638	27,950,671	25,122,448
	Non-current	14,304,155	-	14,304,155	-
3.2.1	Loan and advances				
	At 1 January	134,717,937	119,534,472	117,173,142	115,299,214
	Addition	135,359,653	97,998,703	95,000,000	59,390,674
	Repayment	(133,923,853)	(82,815,238)	(103,249,745)	(57,516,746)
		136,153,737	134,717,937	108,923,397	117,173,142
	Impairment allowance (note 3.2.2)	(95,521,718)	(110,002,865)	(94,378,905)	(108,418,260)
	At 31 December	40,632,019	24,715,072	14,544,492	8,754,882
	Analysis by performance:				
	Performing	68,342,353	41,082,638	42,254,826	25,122,448
	Non-performing	-	-	-	-
		68,342,353	41,082,638	42,254,826	25,122,448
	Analysis by maturity:				
	0 - 30 days	5,425,000	859,382	-	729,574
	1 - 3 months	17,482,228	2,188,720	13,482,228	5730,740
	3 - 6 months	3,619,569	18,556,287	1,119,569	9730,722
	6 - 12 months	3,717,096	19,478,249	-	8931,412
	Above 12 Months	38,098,460	-	27,653,028	-
		68,342,353	41,082,638	42,254,826	52,122,448

		Group		*Company*	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
3.2.2	Impairment allowance				
	At 1 January	110,002,865	98,345,456	108,418,260	98,345,456
	Charge for the year	-	11,657,409	-	10,072,804
	Recoveries in the year	(1,650,000)	-	(1,650,000)	-
	Provision no longer required	(12,831,147)	-	(12,389,355)	-
	At 31 December	95,521,718	110,002,865	94,378,905	108,418,260
3.3	Available for sale				
	Unlisted equities				
	At 1 January	2,000,000	2,000,000	2,000,000	2,000,000
	Revaluation deficit	-	-	-	-
	At 31 December	2,000,000	2,000,000	2,000,000	2,000,000
	Current	-	-	-	-
	Non-current	2,000,000	2,000,000	2,000,000	2,000,000

Available for sale assets relates to the Group's holdings in the equity of Strategy and Arbitrage Limited and has been measured at cost on account of it not being material to the Group. At year end, there is no indication of impairment.

		Group		*Company*	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
3.4	Held to Maturity financial assets at amortised cost				
	At 1 January	-	-	-	-
	At initial recognition - Additions	65,000,000	-	65,000,000	-
		65,000,000	-	65,000,000	-
	Amortised interest	783,151	-	783,151	-
	At 31 December	65,783,151	-	65,783,151	-
3.4a	Held to Maturity financial assets at amortised cost				
	(a) Debts securities	65,783,151	-	65,783,151	-
	Listed	-		-	-
	Unlisted				
		65,783,151	-	65,783,151	-
	At 31 December				
		783,151	-	783,151	-
	Current	65,000,000	-	65,000,000	-
	Non-current	65,783,151	-	65,783,151	-
	At the reporting date, no held to maturity assets were past due or impaired. Held to maturity bonds are analysed below:				
	15.25% NAHCO BOND series 2 2013/2020	20,217,260	-	20,217,260	-
	13.5% Lagos State Government Bond series 2 2013/2020	45,565,891	-	45,565,891	-
	At 31 December	65,783,151	-	65,783,151	-

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
4. Finance lease receivables				
At 1 January	25,454,733	3,683,648	-	-
Additions	135,276,353	50,254,085	-	-
Repayments	(43,217,560)	(21,461,189)	-	-
Gross investment	117,513,526	32,476,544	-	-
Unearned income	(27,766,456)	(7,021,811)	-	-
Net investment	89,747,070	25,454,733	-	-
Impairment allowance (Note 4.1)	(4,746,950)	(722,917)	-	-
At 31 December	85,000,120	24,731,816	-	-
Current	85,000,120	24,731,816	-	-
Non-current	-	-	-	-
4.1 Movement in impairment - finance lease receivables:				
At 1 January	722,917	-	-	-
Charge for the year (Note 28)	4,024,033	722,917	-	-
At 31 December	4,746,950	722,917	-	-

		Group		Company	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
5.	Trade receivables				
	Due from insurance companies	159,538,400	191,522,871	159,538,400	191,522,871
	Due from insurance brokers and agents	1,193,919,150	2,011,217,921	1,193,919,150	2,011,217,921
		1,353,457,550	2,202,740,792	1,353,457,550	2,202,740,792
	Impairment allowance (Note 5.1)	(1,302,059,363)	(1,064,672,126)	(1,302,059,363)	(1,064,672,126)
		51,398,187	1,138,068,666	51,398,187	1,138,068,666
	Current	51,398,187	1,138,068,666	51,398,187	1,138,068,666
	Non-current	-	-	-	-
5.1	Impairment allowance				
	At 1 January	1,064,672,126	1,259,812,110	1,064,672,126	1,259,812,110
	Write off	(323,378,575)	(587,022,282)	(323,378,575)	(587,022,282)
	Charge for the year (Note 28)	560,765,812	391,882,298	560,765,812	391,882,298
	At 31 December	1,302,059,363	1,064,672,126	1,302,059,363	1,064,672,126
6.	Reinsurance assets				
	Prepaid reinsurance (6.1)	621,548,852	777,783,717	621,548,852	777,783,717
	Reinsurers share of outstanding claims	359,972,648	291,124,116	359,972,648	291,124,116
	At 31 December	981,521,500	1,068,907,833	981,521,500	1,068,907,833
	Current	981,521,500	1,068,907,833	981,521,500	1,068,907,833
	Non-current	-	-	-	-
6.1	Reinsurance Assets:				
	Movement in prepaid reinsurance:				
	At 1 January	777,783,717	410,167,611	777,783,717	410,167,611
	Adittions during the year (Note 23)	1,426,370,739	1,292,853,962	1,426,370,739	1,292,853,962
		2,204,154,456	1,703,021,573	2,204,154,456	1,703,021,573
	Amortization during the year	(1,582,605,604)	(925,237,856)	(1,582,605,604)	(925,237,856)
	At 31 December	621,548,852	777,783,717	621,548,852	777,783,717

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance Plc. Based on the financial positions and performance during the period under review, they are solvent and had never defaulted on their obligations. Consequently, there are no indication of impairment as at reporting date.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
7. Deferred acquisition cost				
At 1 January	195,734,475	140,827,494	195,734,475	140,827,494
Increase during the year	9,207,253	54,906,981	9,207,253	54,906,981
At 31 December	204,941,728	195,734,475	204,941,728	195,734,475
Current	204,941,728	195,734,475	204,941,728	195,734,475
Non-current	-	-	-	-
Deferred acquisition cost represent commissions on unearned premium relating to the unexpired risk as at 31 December 2013.				
8. Other receivables and prepayments				
Staff advances	23,459,776	12,754,628	23,459,776	12,754,626
Intercompany balance	-	-	-	13,030,842
Deposit for investments	3,010,000	-	-	-
Accounts receivables	13,166,830	10,517,289	9,278,014	8,283,062
Witholding tax credits	30,169,027	17,716,194	30,169,027	17,716,194
Prepayments (Note 8.1)	55,218,827	9,925,375	55,218,827	9,925,375
	125,024,460	50,913,486	118,125,644	61,710,099
Impairment allowance	-	(500,000)	-	-
	125,024,460	50,413,486	118,125,644	61,710,099
Current	125,024,460	50,413,486	118,125,644	61,710,099
Non-current	-	-	-	-
8.1 Prepayments				
Prepaid rents	45,563,773	9,925,375	45,563,773	9,925,375
Other prepayments	9,655,054	-	9,655,054	-
	55,218,827	9,925,375	55,218,827	9,925,375
Current	55,218,827	9,925,375	55,218,827	9,925,375
Non-current	-	-	-	-

	%	Group 31 December 2013 ₦	Group 31 December 2012 ₦	Company 31 December 2013 ₦	Company 31 December 2012 ₦
9. Investment in subsidiaries					
CHI Capital	99.9	-	-	226,407,680	226,407,680

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

9.1 Condensed information of consolidated entities

31 December 2013	CHI PLC ₦	CHI Capital Limited ₦	Elimination ₦	Total ₦
Condensed profit and loss				
Underwriting income	1,039,667,228	-	17,450,000	1,057,117,228
Investment income	270,979,045	28,491,255	-	299,470,300
Other operating income	37,113,469	18,193,188	(17,450,000)	37,856,657
Total operating income	1,347,759,742	46,654,443	-	1,394,444,185
Management expenses	(996,255,298)	(28,648,986)	-	(1,024,904,284)
Impairment charge	(544,652,983)	(3,082,241)	-	(547,735,224)
Operating profit	(193,148,539)	14,953,216	-	(178,195,323)
Taxation	(13,963,167)	(5,490,038)	-	(19,453,205)
(Loss)/profit for the year	(207,111,706)	(9,463,178)	-	(197,648,528)
Condensed financial position				
Assets				
Cash and cash equivalents	2,232,194,169	43,307,621	-	2,275,501,790
Financial assets	266,114,864	44,464,125	-	310,578,989
Finance lease receivables	-	87,021,857	(2,021,737)	85,000,120
Trade receivables	51,398,187	-	-	51,398,187
Reinsurance assets	981,521,500	-	-	981,521,500
Deferred acquisition cost	204,941,728	-	-	204,941,728
Other receivables and prepayment	118,125,644	10,480,233	(3,581,417)	125,024,460
Investment in subsidiaries	226,407,680		(226,407,680)	-
Investment properties	789,778,600	84,500,000	-	874,278,600
Property plant and equipment	959,875,246	4,229,364	-	964,104,610
Statutory deposits	300,000,000	-	-	300,000,000
Total assets	6,130,357,618	274,003,200	(232,010,834)	6,172,349,984
Liabilities and equity				
Insurance contract liabilities	2,124,258,116	-	-	2,124,258,116
Trade payables	26,056,310		-	26,056,310
Other payables	62,509,495	10,136,615	(5,603,154)	67,042,956
Retirement benefit obligations	3,920,476	183,854	-	4,104,330
Income tax and deferred tax liabilities	283,866,880	14,880,023	-	298,746,903
Share capital	3,000,000,000	126,407,680	(126,407,680)	3,000,000,000
Deposit for shares	-	100,000,000	(100,000,000)	-
Reserves	629,746,341	22,395,028	-	652,141,369
Total liabilities and equity	6,130,357,618	274,003,200	(232,010,834)	6,172,349,984

9.2. Condensed information of consolidated entities

31 December 2012	CHI Plc ₦	CHI Capital Limited ₦	Elimination ₦	Total ₦
Condensed profit and loss				
Underwriting income	1,494,262,762	-	26,310,000	1,520,572,762
Investment income	230,811,905	15,879,868		246,691,773
Other operating income	7,650,497	29,462,871	(26,310,000)	10,803,368
Total operating income	1,732,725,164	45,342,739	-	1,778,067,903
Management expenses	(936,955,231)	(22,788,226)	-	(959,743,457)
Impairment charge	(419,336,868)	(2,847,783)		(422,184,651)
Operating loss	376,433,065	19,706,730	-	396,139,795
Taxation	(149,653,904)	(6,988,513)	-	(156,642,417)
(Loss)/profit for the year	226,779,161	12,718,217	-	239,497,377
Condensed financial position				
Assets				
Cash and cash equivalents	1,746,507,954	110,795,297	-	1,857,303,251
Financial assets	194,817,680	30,716,521	-	225,534,201
Finance lease receivables	-	36,862,477	(12,130,662)	24,731,815
Trade receivables	1,138,068,666	-	-	1,138,068,666
Reinsurance assets	1,068,907,833	-	-	1,068,907,833
Deferred acquisition cost	195,734,475	-	-	195,734,475
Other receivables and prepayment	61,710,099	1,734,227	(13,030,842)	50,413,484
Investment in subsidiaries	226,407,680	-	(226,407,680)	-
Investment properties	785,831,600	84,500,000	-	870,331,600
Property plant and equipment	946,346,035	400,250	-	946,746,285
Statutory deposits	300,000,000	-	-	300,000,000
Total assets	6,664,332,022	265,008,772	(251,569,184)	6,677,771,610
Liabilities and equity				
Insurance contract liabilities	2,044,293,984	-	-	2,044,293,984
Trade payables	218,963,082	-	-	218,963,082
Borrowings	-	-	-	-
Other payables	87,474,075	17,366,822	(25,161,504)	79,679,393
Retirement benefit obligations	8,429,295	77,760	-	8,507,055
Income tax and deferred tax liabilities	288,313,539	8,224,660	-	296,538,199
Share capital	3,000,000,000	126,407,680	(126,407,680)	3,000,000,000
Deposit for shares		100,000,000	(100,000,000)	-
Reserves	1,016,858,047	12,931,850	-	1,029,789,897
Total liabilities and equity	6,664,332,022	265,008,772	(251,569,184)	6,677,771,610

	Group		*Company*	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
10. Investment properties				
At 1 January	870,331,600	870,578,915	785,831,600	786,578,915
Addition	3,947,000	1,922,672	3,947,000	-
Fair value change	-	(2,169,987)	-	(747,315)
At 31 December	874,278,600	870,331,600	789,778,600	785,831,600

10.1 Investment properties

Investment properties are made up of buildings and properties held by the Group to earn rentals or for capital appreciation or both and are accounted for in line with International Accounting Standard (IAS) 40. The title documents to four (4) of these properties are at an advanced stage of being perfected in the name of Consolidated Hallmark Insurance Plc. However, in line with NAICOM requirement, provided below is the list of these properties and status of efforts to change their name to Consolidated Hallmark Insurance Plc.

At 31 December 2013

S/N	Type of asset	Location	Amount N	Current title holder	Status on change of title
	Company				
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	207,625,000	Consolidated Hallmark Insurance Plc.	Title over this property transferred to Consolidated Hallmark Insurance Plc.
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	240,250,125	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	109,500,000.00	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	124,580,650.00	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
5	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	42,947,000	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
6	Building	Rivers State Housing Estate, Abuloma PH	40,125,825	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	21,750,000	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
8	Shops	Trade Fair Shopping Complex	3,000,000	Consolidated Hallmark Insurance Plc.	Already exist in the name of Consolidated Hallmark Insurance Plc.
			789,778,600		
CHI Capital Limited					
9	Land	Thomas Estate, Orile Ibamo, Ajah, Lagos	84,500,000	CHI Capital Limited	Already exist in the name of CHI Capital Limited.
TOTAL			874,278,600		

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

11. Property and equipment

The Group

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
Costs							
At 1 January 2013	286,099,948	536,339,722	77,908,958	102,415,485	239,887,199	196,354,313	1,439,005,625
Additions	-	-	3,338,735	2,724,448	84,627,000	24,654,701	115,344,884
Disposals	-	-	(4,303,500)	(608,236)	(51,652,265)	-	(56,564,001)
At 31 December 2013	286,099,948	536,339,722	76,944,193	104,531,697	272,861,934	221,009,014	1,497,786,508
Accumulated depreciation							
At 1 January 2013	-	59,098,412	50,865,044	70,680,134	164,945,974	146,669,776	492,259,340
Charge in the Year	-	10,364,753	10,119,113	13,513,590	32,893,096	26,122,765	93,013,317
Disposal	-	-	(3,553,756)	(492,282)	(47,544,721)	-	(51,590,759)
At 31 December 2013	-	69,463,165	57,430,401	83,701,442	150,294,349	172,792,541	533,681,898
Carrying amount							
At 31 December 2013	286,099,948	466,876,557	19,513,792	20,830,255	122,567,585	48,216,473	964,104,610
At 1 January 2013	286,099,948	477,241,310	27,043,914	31,735,351	74,941,225	49,684,537	946,746,285

i. Impairment of property and equipment
There is no indication of impairment of property and equipment at statement of financial position date.
The directors are of the opinion that allowance for impairment is not required.

ii. Assets pledged as securities
The Group has not pledged any of its property and equipment as security for financial liabilities.

11. Property and equipment (Cont'd)

The Company

	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At 1 January 2013	286,099,948	536,339,722	77,908,958	102,415,485	239,887,199	195,889,313	1,438,540,625
Additions	-	-	3,283,735	2,724,448	80,177,000	24,491,951	110,677,134
Disposals	-	-	(4,303,500)	(608,236)	(51,652,265)	-	(56,564,001)
At 31 December 2013	286,099,948	536,339,722	76,889,193	104,531,697	268,411,934	220,381,264	1,492,653,758
Accumulated depreciations							
At 1 January 2013	-	59,098,412	50,865,044	70,680,134	164,945,974	146,605,026	492,194,590
Charge in the Year	-	10,364,753	10,112,238	13,513,590	32,151,429	26,032,671	92,174,681
Disposal	-	-	(3,553,756)	(492,282)	(47,544,721)	-	(51,590,759)
At 31 December 2013	-	69,463,165	57,423,526	83,701,442	149,552,682	172,637,697	532,778,512
Carrying amount							
At 31 December 2013	286,099,948	466,876,557	19,465,667	20,830,255	118,859,252	47,743,567	959,875,246
At 1 January 2013	286,099,948	477,241,310	27,043,914	31,735,351	74,941,225	49,284,287	946,346,035

i. Impairment of property and equipment

There is no indication of impairment of property and equipment at statement of financial position date. The directors are of the opinion that allowance for impairment is not required.

ii. Assets pledged as securities

The Company has not pledged any of its property and equipment as security for financial liabilities.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
12. Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000

This deposit represents the amount deposited with the Central Bank of Nigeria as at 31 December 201

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
13. Insurance contract liabilities				
Reserve for outstanding claims (Note 13.1)	900,950,271	823,608,265	900,950,271	823,608,265
Provision for unearned premium (Note 13.2)	1,223,307,845	1,220,685,719	1,223,307,845	1,220,685,719
	2,124,258,116	2,044,293,984	2,124,258,116	2,044,293,984

	Group			Company		
	Gross ₦	Provision for IBNR ₦	Total ₦	Gross ₦	Total ₦	Provision for IBNR ₦
13.1 Reserve for outstanding claims 31 December 2013						
Fire	10,342,831	148,044,138	158,386,969	10,342,831	158,386,969	148,044,138
General accident	60,609,006	72,566,185	133,175,191	60,609,006	133,175,191	72,566,185
Motor	35,822,673	105,481,094	141,303,767	35,822,673	141,303,767	105,481,094
Marine	2,324,067	28,529,361	30,853,428	2,324,067	30,853,428	28,529,361
Bond	550,000	6,825,652	7,375,652	550,000	7,375,652	6,825,652
Engineering	5,254,546	31,137,793	36,392,339	5,254,546	36,392,339	31,137,793
Aviation	-	142,254,813	142,254,813	-	142,254,813	142,254,813
Oil & gas	164,326,562	86,881,550	251,208,112	164,326,562	251,208,112	86,881,550
	279,229,685	621,720,586	900,950,271	279,229,685	900,950,271	621,720,586
Reserve for outstanding claims 31 December 2012						
Fire	11,663,541	137,802,893	149,466,434	11,663,541	149,466,434	137,802,893
General accident	49,012,510	48,564,230	97,576,740	49,012,510	97,576,740	48,564,230
Motor	26,276,763	124,365,477	150,642,240	26,276,763	150,642,240	124,365,477
Marine	3,872,407	4,509,116	8,381,523	3,872,407	8,381,523	4,509,116
Bond	3,023,250	1,278,444	4,301,694	3,023,250	4,301,694	1,278,444
Engineering	3,772,562	37,781,514	41,554,076	3,772,562	41,554,076	37,781,514
Aviation	-	86,018,890	86,018,890	-	86,018,890	86,018,890
Oil & gas	164,326,562	121,340,106	285,666,668	164,326,562	285,666,668	121,340,106
	261,947,595	561,660,670	823,608,265	261,947,595	823,608,265	561,660,670

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
13.2 Provision for unearned premium				
Fire	199,315,144	108,039,217	199,315,144	108,039,217
General accident	149,694,109	167,591,433	149,694,109	167,591,433
Motor	394,132,359	504,392,536	394,132,359	504,392,536
Marine	80,030,716	37,659,208	80,030,716	37,659,208
Oil & Gas	283,925,930	131,598,058	283,925,930	131,598,058
Engineering	76,298,831	88,290,321	76,298,831	88,290,321
Aviation	34,151,190	176,533,418	34,151,190	176,533,418
Bond	5,759,566	6,581,528	5,759,566	6,581,528
	1,223,307,845	1,220,685,719	1,223,307,845	1,220,685,719
13.3 Funds representing insurance contract liabilities				
Balance with banks	214,954,462	181,437,787	214,954,462	181,437,787
Fixed deposits	2,007,428,341	1,555,127,907	2,007,428,341	1,555,127,907
Financial assets at fair value through profit or loss	-	167,695,232	-	167,695,232
	2,222,382,803	1,904,260,926	2,222,382,803	1,904,260,926
14. Trade payables				
Due to brokers	-	1,232,548	-	1,232,548
Due to insurance companies	13,927,182	136,707,783	13,927,182	136,707,783
Due to reinsurance companies - local	2,554,331	81,022,751	2,554,331	81,022,751
Other trade payables	9,574,797	-	9,574,797	-
	26,056,310	218,963,082	26,056,310	218,963,082
Current	26,056,310	218,963,082	26,056,310	218,963,082
Non-current	-	-	-	-
15. Other payables and provision				
Lease payables	-	-	2,021,735	12,130,662
Audit fees	9,350,178	6,500,000	5,850,178	5,000,000
VAT payable	9,639,107	11,861,335	9,639,107	11,861,335
Witholding tax payables	2,436,805	9,422,782	2,436,805	9,422,782
Intercompany balance	-	-	2,709,619	-
Accruals	45,616,866	50,729,951	39,852,051	49,059,296
	67,042,956	78,514,068	62,509,495	87,474,075
Current	67,042,956	78,514,068	62,509,495	87,474,075
Non-current	-	-	-	-

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
16. Retirement benefit obligation				
At 1 January	8,507,055	8,413,206	8,429,295	8,413,206
Provision during the year	35,429,515	26,497,748	34,788,544	26,368,148
Remittance during the year	(39,832,240)	(26,403,899)	(39,297,363)	(26,352,059)
At 31 December	4,104,330	8,507,055	3,920,476	8,429,295
17. Taxation				
17.1 Income tax expense				
Income tax	28,471,242	31,571,431	23,499,969	25,218,237
Education tax	245,008	1,505,506	-	1,081,960
Information technology tax (Note 17.1.1)	273,757	3,976,104	-	3,764,331
(Over)/Under-provision	(36,328,884)	111,346,097	(36,328,884)	111,346,096
	(7,338,877)	148,399,137	(12,828,915)	141,410,623
Deferred tax (Note 17.4)	26,792,082	8,243,281	26,792,082	8,243,281
Total income tax expense	19,453,205	156,642,418	13,963,167	149,653,904

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

	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
17.2 Current income tax liabilities				
At 1 January	170,767,513	153,428,962	161,377,528	151,027,491
Transfer to VAT and WHT payable	24,362,179	-	24,362,179	-
Payments during the year	(42,772,005)	(131,060,586)	(42,772,005)	(131,060,586)
Charge for the year (Note 17.1)	(7,338,877)	148,399,137	(12,828,915)	141,410,623
At 31 December	145,018,810	170,767,513	130,138,787	161,377,528
17.3 Reconciliation of effective tax rate				
(Loss)/profit after tax	(197,648,528)	239,497,377	(207,111,706)	226,779,161
Total income tax expense				
Income	28,471,242	31,571,431	23,499,969	25,218,237
Education	245,008	1,505,506	-	1,081,960
Information technology tax	273,757	3,976,104	-	3,764,331
(Over)/under-provision	(36,328,884)	111,346,097	(36,328,884)	111,346,096
Deferred tax (Note 17.4)	26,792,082	8,243,281	26,792,082	8,243,281
	19,453,205	156,642,418	13,963,167	149,653,904
(Loss)/profit for the period before excluding income tax	(178,195,323)	396,139,795	(193,148,539)	376,433,065
Effective tax rate	(11)%	40%	(7)%	40%

		Group		*Company*	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
17.4	Deferred tax liabilities				
	At 1 January	126,936,011	118,692,730	126,936,011	118,692,730
	Addition (Note 17.1)	26,792,082	8,243,281	26,792,082	8,243,281
	At 31 December	153,728,093	126,936,011	153,728,093	126,936,011
18.	Share capital				
	Authorised:				
	10 billion ordinary shares of 50k each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
	Issued and fully paid:				
	6 billion ordinary shares of 50k each				
	At 31 December	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
	The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.				
19.	Other reserves				
19.1	Contingency reserve				
	At 1 January	617,545,019	493,281,216	617,545,019	493,281,216
	Transfer from profit and loss account (Note 20)	124,614,625	124,263,803	124,614,625	124,263,803
	At 31 December	742,159,644	617,545,019	742,159,644	617,545,019

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

		Group		*Company*	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
19.2	Statutory reserve				
	At 1 January	5,826,986	5,025,375	-	-
	Transfer from profit and loss account (Note 20)	863,396	801,611	-	-
	At 31 December	6,690,382	5,826,986	-	-

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

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
20. Retained earnings				
At 1 January	406,417,892	411,985,929	399,313,028	416,797,670
Dividend declared and paid in the year based on the previous year's account	(180,000,000)	(120,000,000)	(180,000,000)	(120,000,000)
Transfer from profit and loss account	(197,648,528)	239,497,377	(207,111,706)	226,779,161
Transfer to contigency reserves	(124,614,625)	(124,263,803)	(124,614,625)	(124,263,803)
Transfer to statutory reserves	(863,396)	(801,611)	-	-
At 31 December	(96,708,657)	406,417,892	(112,413,303)	399,313,028

	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
21. Profit before taxation				
Profit before taxation is stated after charging/(crediting):				
Depreciation of fixed assets	93,013,317	87,909,334	92,174,681	87,844,584
Auditors' remuneration	8,000,000	6,500,000	6,000,000	5,000,000
Directors' remuneration:				
- Fees	4,275,000	4,275,000	4,275,000	4,275,000
Profit/(loss) on disposal of fixed assets	4,835,168	2,920,470	4,835,168	2,920,470
Foreign exchange (loss)	(2,609,956)	(1,151,768)	(2,609,956)	(1,151,768)

22. Gross premium income analysed as follows:

	2013			
	Direct premium ₦	Inward reinsurance premium ₦	Increase/ decrease in unearned premium ₦	Gross premium earned ₦
Fire	538,395,241	16,420,906	(91,275,927)	463,540,220
General accident	771,156,552	5,165,663	17,897,324	794,219,539
Motor	1,061,439,156	4,316,555	110,260,177	1,176,015,888
Aviation	382,384,290	1,339,439	142,382,228	526,105,957
Oil & Gas	958,407,078	3,772,601	(152,327,871)	809,851,808
Marine	212,873,841	5,303,727	(42,371,508)	175,806,060
Engineering	172,177,131	3,927,052	11,991,490	188,095,673
Bond	15,369,948	1,371,649	921,962	17,663,559
	4,112,203,237	41,617,592	(2,522,125)	4,151,298,704

Gross premium income analysed as follows:

	2012			
	Direct premium ₦	Inward reinsurance premium ₦	Increase/ decrease in unearned premium ₦	Gross premium earned ₦
Fire	374,294,164	6,884,458	(22,906,840)	358,271,782
General accident	884,303,118	3,419,923	(3,004,869)	884,718,172
Motor	1,354,173,353	6,623,848	(111,926,202)	1,248,870,999
Aviation	433,891,121	3,573,896	(67,662,865)	369,802,152
Oil & Gas	620,474,977	3,234,470	(22,835,442)	600,874,005
Marine	257,931,196	2,908,719	(9,216,167)	251,623,748
Engineering	174,142,678	735,177	(61,996,374)	112,881,481
Bond	15,535,684	-	(6,581,528)	8,954,156
	4,114,746,291	27,380,491	(306,130,287)	3,835,996,495

	Group		*Company*	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
23. Reinsurance premium expense				
The reinsurance expense is analysed as follows:				
Reinsurance premium cost (Note 6)	1,426,370,739	1,292,853,962	1,426,370,739	1,292,853,962
Increase in prepaid reinsurance	156,234,865	(367,616,107)	156,234,865	(367,616,107)
Reinsurance expense	1,582,605,604	925,237,855	1,582,605,604	925,237,855
24. Fee and commission				
Fire	61,572,873	13,063,409	61,572,873	13,063,409
General accident	55,806,603	10,278,012	55,806,603	10,278,012
Motor	7,179,365	104,798,974	7,179,365	104,798,974
Aviation	26,906,164	85,417,427	26,906,164	85,417,427
Oil & Gas	8,987,079	7,334,731	8,987,079	7,334,731
Marine	20,923,282	6,419,108	20,923,282	6,419,108
Engineering	21,267,640	9,449,308	21,267,640	9,449,308
Bond	990,363	482,616	990,363	482,616
	203,633,369	237,243,585	203,633,369	237,243,585

24a Claims Expenses

	Claims expenses 31 December 2013 ₦	Claims expenses 31 December 2012 ₦	Claims expenses 31 December 2013 ₦	Claims expenses 31 December 2012 ₦
Claims Paid during the year	887,764,410	874,736,420	887,764,410	874,736,420
Opening IBNR and Outstanding Claims	(823,608,265)	(851,726,277)	(823,608,265)	(851,726,277)
Closing IBNR and Outstanding Claims	900,950,271	823,608,265	900,950,271	823,608,265
Gross Claims expenses	965,106,416	846,618,408	965,106,416	846,618,408

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

	Group Claims Recoveries 31 December 2013 ₦	*Group* Claims Recoveries 31 December 2012 ₦	*Company* Claims Recoveries 31 December 2013 ₦	*Company* Claims Recoveries 31 December 2012 ₦
24b Claims recoverable				
Opening Claims recoverable	(291,124,116)	(462,893,469)	(291,124,116)	(462,893,469)
Claims recovered	245,903,297	295,644,399	245,903,297	295,644,399
Closing Claims recoverable	359,972,648	291,124,116	359,972,648	291,124,116
Net recoveries	314,751,829	123,875,046	314,751,829	123,875,046
Net Claims Expenses	650,354,587	722,743,362	650,354,587	722,743,362

	Group Acquisition expenses 31 December 2013 ₦	*Group* Acquisition expenses 31 December 2012 ₦	*Company* Acquisition expenses 31 December 2013 ₦	*Company* Acquisition expenses 31 December 2012 ₦
25. Underwriting expenses				
Fire	90,465,050	42,994,553	90,465,050	42,994,553
General accident	153,063,714	169,174,414	153,063,714	169,174,414
Motor	119,629,708	117,163,165	137,079,708	143,473,165
Aviation	111,405,031	67,984,837	111,405,031	67,984,837
Oil & Gas	153,677,429	113,480,128	153,677,429	113,480,128
Marine	35,008,365	49,922,938	35,008,365	49,922,938
Engineering	37,170,017	49,666,832	37,170,017	49,666,832
Bond	1,887,912	2,338,246	1,887,912	2,338,246
	702,307,226	612,725,113	719,757,226	639,035,113

	Group Maintenance expenses ₦ 31 December 2013	*Group* Maintenance expenses ₦ 31 December 2012	*Company* Maintenance expenses ₦ 31 December 2013	*Company* Maintenance expenses ₦ 31 December 2012
Fire	20,638,284	13,701,407	20,638,284	13,701,407
General accident	128,833,160	112,873,468	128,833,160	112,873,468
Motor	124,718,046	108,605,801	124,718,046	108,605,801
Aviation	15,557,720	7,359,758	15,557,720	7,359,758
Oil & Gas	47,387,362	32,017,531	47,387,362	32,017,531
Marine	15,904,907	12,654,181	15,904,907	12,654,181
Engineering	8,804,224	1,024,995	8,804,224	1,024,995
Bond	703,725	3,723,847	703,725	3,723,847
	362,547,428	291,960,988	362,547,428	291,960,988
	1,064,854,654	904,686,101	1,082,304,654	930,996,101

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

		Group		Company	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
26.	Investment income				
	Interest received	292,657,347	241,530,436	264,166,092	225,650,567
	Amortised gain(loss) on held to maturity	783,151	-	783,151	-
	Dividend received	6,029,802	5,161,338	6,029,802	5,161,338
		299,470,300	246,691,774	270,979,045	230,811,905
26.1	Investment income				
	Investment income attributable to policyholders' fund	216,169,356	115,836,639	216,169,356	115,836,639
	Investment income attributable to shareholders' fund	83,300,944	130,855,135	54,809,689	114,975,267
		299,470,300	246,691,774	270,979,045	230,811,906
27.	Other operating income				
	Profit on disposal of property plantand equipment	4,835,168	2,920,470	4,835,168	2,920,470
	Profit on disposal of investment	-	1,527,327	-	-
	Rent income on investment properties	251,283	130,500	251,283	130,500
	Fee income	-	6,000	-	-
	Recoveries in the year (Note 3.2.2)	1,650,000	-	1,650,000	-
	Others	15,020,201	6,219,070	17,520,251	4,599,527
		21,756,652	10,803,367	24,256,702	7,650,497
28.	Impairment charge				
	Loans and receivables	(12,831,147)	11,657,409	(12,389,355)	10,072,804
	Finance lease receivables (Note 4.1)	4,024,033	722,917	-	-
	Staff loan	-	722,156	-	722,157
	Cash and cash equivalent	(3,723,474)	16,699,871	(3,723,474)	16,659,609
	Trade receivables (Note 28.1)	560,765,812	391,882,298	560,765,812	391,882,298
	Other receivables (Note 8.2)	(500,000)	500,000	-	-
		547,735,224	422,184,651	544,652,983	419,336,868

28.1 The N560,765,812 impairment charge on trade receivables is in compliance with NAICOM guideline which stipulates that only receivables within 30 days and duly supported by credit notes from brokers and insurance companies can be recognised in the books. Consequently, trade receivables outside the 30 days window has been fully impaired.

		Group		Company	
		31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
29.	Net fair value gain/(loss) on financial assets at fair value through profit or loss	16,100,005	(19,468,439)	12,856,767	(20,313,928)

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

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
30. Management expenses				
Staff cost	376,631,950	321,954,039	363,141,249	315,166,239
Rent, insurance and maintenance	148,315,574	140,831,992	147,527,089	138,141,662
Depreciation of fixed assets	93,013,316	87,909,333	92,174,681	87,844,583
Auditors' remuneration	8,000,000	6,500,000	6,000,000	5,000,000
Directors' remuneration:				
- Fees	4,275,000	4,275,000	4,275,000	4,275,000
Professional charges	40,169,051	76,021,519	33,242,051	70,331,519
Printing and telecommunication	57,585,689	57,061,618	56,678,454	56,667,018
Others	296,913,704	245,721,517	293,216,774	239,215,282
	1,024,904,284	940,275,018	996,255,298	916,641,303
31. Basic / diluted earnings per share				
(Loss)/profit after taxation	(197,648,528)	239,497,377	(207,111,706)	226,779,161
Number of shares	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
Weighted average number of issued shares	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
(Loss)/earnings per share				
Basic	(3.29)	3.99	(3.45)	3.78
Diluted	(3.29)	3.99	(3.45)	3.78

(Loss)/earnings per share have been computed on (loss) /profits after taxation attributable to ordinary shareholders and divided by the number of shares at 50k ordinary shares in issue at year end.

	31 December 2013 ₦	2012 ₦	31 December 2013 ₦	31 December 2012 ₦
32. Staff costs				
Wages and salaries	290,233,870	256,974,784	277,188,655	250,329,784
Medical	31,533,182	10,251,618	31,483,182	10,243,118
Staff training	37,828,032	41,530,603	37,753,032	41,461,103
Pension	17,036,866	13,197,034	16,716,380	13,132,234
	376,631,950	321,954,039	363,141,249	315,166,239
33. Chairman's and Directors' emoluments, pensions and compensation for loss of office				
Emoluments:				
Chairman	750,000	750,000	750,000	750,000
Other Directors	4,000,000	4,000,000	4,000,000	4,000,000
Other emolument of executives	8,160,000	8,160,000	8,160,000	8,160,000
Emolument of highest paid Director	12,000,000	12,000,000	12,000,000	12,000,000

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
34. Staff	Number	Number	Number	Number
Average number of persons employed in the financial year and staff costs were as follows:				
Managerial	41	25	40	24
Senior staff	84	101	83	96
Junior staff	27	32	27	30
	152	158	150	150

35.

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

₦ - ₦				
Nil - 100,000	-	-	-	-
100,001 - 200,000	-	-	-	-
200,001 - 300,000	-	-	-	-
Above 300,000	9	9	9	9
	-	-	-	-

Emolument
Number of Directors who have waived their rights to receive emoluments

36. Employees remunerated at higher rates

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

₦ - ₦				
200,001 - 300,000	18	-	18	-
300,001 - 400,000	6	7	6	7
400,001 - 500,000	14	7	14	5
500,001 - 600,000	8	8	8	7
600,001 - 700,000	1	7	1	2
700,001 - 800,000	29	7	29	7
800,001 - 900,000	5	10	5	10
900,001 - 1,000,000	-	8	-	8
1,000,001 and above	71	104	71	104

37. Capital commitments
There were no capital commitments as at 31 December 2013.

38. Contingent liabilities
There were no material contingent liabilities as at 31 December 2013.

39. Comparative figures
Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1 & 8).

40. Segment Information

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

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

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

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

Segment information by company and subsiddiaries:

	General Insurance ₦	Finance and support services ₦	Elimination ₦	Total ₦
As at 31 December 2013				
Operating income	1,347,759,742	46,684,443	(14,949,950)	1,394,444,185
Operating expenses	(1,540,908,281)	(31,731,227)	14,949,950	(1,572,639,508)
Operating profit	(193,148,539)	14,953,216	-	(178,195,323)
Taxation	(13,963,167)	(5,490,038)	-	(19,453,205)
Profit for the year	(207,111,706)	9,463,198	14,949,950	(197,648,528)
Total assets	6,130,357,618	274,003,198	(232,010,832)	6,172,349,984
Total liabilities	2,500,611,277	25,200,492	(5,603,154)	2,520,208,615
Share capital and reserves	3,629,746,341	248,802,708	(226,407,679)	3,652,141,369
Depreciation	92,174,681	838,635	-	-
ROCE	(3.17%)	4.14%	-	(2.87%)
As at 31 December 2012				-
Operating income	1,732,725,164	45,342,739	-	1,778,067,903
Operating expenses	(1,356,292,099)	(25,636,009)	-	(1,381,928,108)
Operating profit	376,433,065	19,706,730	-	396,139,795
Taxation	(149,653,904)	(6,988,514)	-	(156,642,418)
Profit for the year	226,779,161	12,718,216	-	239,497,377
Total assets	6,664,332,023	265,008,772	(251,569,185)	6,677,771,610
Total liabilities	2,647,473,975	25,669,242	(25,161,504)	2,647,981,713
Share capital and reserves	4,016,858,047	239,339,530	(226,407,680)	4,029,789,897
Depreciation	87,844,583	64,750	-	-
ROCE	11.56%	8.26%	-	12.01%

42. Contravention

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

i. A fine of N3 million was paid to NAICOM for placement of risk overseas without prior approval of NAICOM.
ii. N900,000 fine was paid to the Nigeria Stock Exchange for late filing of 2012 audited accounts.
iii. N500,000 fine was imposed by NAICOM for dealing with two unregistered brokers.
iv. N50,000 was paid to NAICOM as fine for violation of the provisions to state assets cover in the 2012 account submitted for approval.
v. N2,200,000 was paid to the Nigerian Stock Exchange for delay in filing the 2013 Financial Report.

The above penalties have been duly paid.

43. Reinsurance treaty

The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance Plc to reinsure the risks associated with fire and consequential loss, General accident, Marine cargo, motor, aviation and special risks etc. according to agreed quota share, surplus treaty or excess of loss treaty. This agreement was last modified 31 December 2013.

44. Related party transactions:

Parent:
"The Group is controlled by Consolidated Hallmark Insurance Plc. which is the parent company, whose shares are widely held. Consolidated Hallmark Insurance Plc, is a General Business Insurance Company licensed by the National Insurance Commission."

Subsidiaries:
Consolidated Hallmark Insurance Plc holds 100% interest in CHI Capital Limited. Transactions between Consolidated Hallmark Plc and this subsidiary is eliminated on consolidation and already disclosed in Note 9.1

Management Personnel:
Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group or Company, directly or indirectly, including any director (whether executive or otherwise). It includes close members of their families who may be expected to influence or be influenced by that individual in their dealings with the Group.

The significant related party transaction in the course of the reporting period are as stated below with the subsidiary company, CHI Capital Limited.

	Entity	31-Dec-13	31-Dec-12
Income from Auto-insurance support services	CHI Capital Limited	17,450,000	26,310,000
Auto-insurance support services expenses	CHI PLC	17,450,000	26,310,000

44. Compensation of key management personnel:

	Group		Company	
	31 December 2013 ₦	31 December 2012 ₦	31 December 2013 ₦	31 December 2012 ₦
Directors Fees	4,275,000	4,275,000	4,275,000	4,275,000

45. Events after the reporting period:

No event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be mentioned in the financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its result for the year then ended.

46. Capital management

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

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

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

1. Profits from operations: The group had regularly appropriated from its profit to grow its capital.
2. Issue of shares: The Group can successfully access the capital market to raise the desired funds for its operations and needs.
3. Loans (long term/short term): this remains a source of capital even though the group had never had course to access this source for funding its operations.

Compliance with statutory solvency margin requirement:

The company at the end of the 2013 financial year maintained admisible assets of N5,581,067,513 which exceeded the total admissible liabilities of N2,375,097,945. The solvency margin was computed in line with the requirements of Section 24 of the insurance Act 2003, latest NAICOM guidelines. This showed a solvency margin in excess of the minimum requirement of N3billion for General Insurance Business by 7%. Thus, the solvency margin above satisfies the requirement of the regulatory requirement.

47. Asset & liability Management

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

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

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

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

Group

	Insurance fund	Shareholders funds	Dec 2013
	₦	₦	₦
ASSETS			
Cash and cash equivalents	2,124,258,116	151,243,674	2,275,501,790
Financial assets			
- At fair value through profit or loss		174,453,485	174,453,485
- Loans and receivables		68,342,353	68,342,353
- Available for sale		2,000,000	2,000,000
-Held -to-maturity		65,783,151	65,783,151
Finance lease receivables		85,000,120	85,000,120
Trade receivables		51,398,187	51,398,187
Reinsurance assets		981,521,500	981,521,500
Deferred acquisition cost		204,941,728	204,941,728
Other receivables and prepayments		125,024,460	125,024,460
Investment in subsidiaries		-	-
Investment properties		874,278,600	874,278,600
Property and equipment		964,104,610	964,104,610
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	2,124,258,116	4,048,091,868	6,172,349,984
LIABILITIES			
Insurance contract liabilities	2,124,258,116		2,124,258,116
Trade payable		26,056,310	26,056,310
Provision and Other payables		67,042,956	67,042,956
Retirement benefit obligations		4,104,330	4,104,330
Income tax liabilities		145,018,810	145,018,810
Deferred income tax		153,728,093	153,728,093
TOTAL LIABILITIES	2,124,258,116	395,950,499	2,520,208,615
SURPLUS	-	3,652,141,369	3,652,141,369

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2013

Company

	Insurance fund	Shareholders funds	Dec 2013
ASSETS			
Cash and cash equivalents	2,124,258,116	107,936,053	2,232,194,169
Financial assets			
– At fair value through profit or loss		156,076,887	156,076,887
– Loans and receivables		42,254,826	42,254,826
– Available for sale		2,000,000	2,000,000
– Held-to-maturity		65,783,151	65,783,151
Trade receivables		51,398,187	51,398,187
Reinsurance assets		981,521,500	981,521,500
Deferred acquisition cost		204,941,728	204,941,728
Other receivables and prepayments		118,125,644	118,125,644
Investment in subsidiaries		226,407,680	226,407,680
Investment properties		789,778,600	789,778,600
Property, plant and equipment		959,875,246	959,875,246
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	2,124,258,116	4,006,099,502	6,130,357,618
LIABILITIES			
Insurance contract liabilities	2,124,258,116		2,124,258,116
Trade payable		26,056,310	26,056,310
Provision and Other payables		62,509,495	62,509,495
Retirement benefit obligations		3,920,476	3,920,476
Income tax liabilities		130,138,787	130,138,787
Deferred income tax		153,728,093	153,728,093
TOTAL LIABILITIES	2,124,258,116	376,353,161	2,500,611,277
SURPLUS	**-**	**3,629,746,341**	**3,629,746,341**

48. Fair value Hierarchy

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

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

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

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

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

Group 31 December 2013

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	174,453,485	-	-	174,453,485
Available for sale	-	-	2,000,000	2,000,000

Group 31 December 2012

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	182,451,560	-	-	182,451,560
Available for sale	-	-	2,000,000	2,000,000

Company 31 December 2013

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	156,076,887	-	-	156,076,887
Available for sale	-	-	2,000,000	2,000,000

Company 31 December 2012

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	167,695,231	-	-	167,695,231
Available for sale	-	-	2,000,000	2,000,000

49. Management of Insurance and Financial risks

Risk Management framework:

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

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

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

The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the

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

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

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

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

a). Insurance risk management

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

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

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

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

The Group purchases reinsurance as part of its risks mitigation program. Retention limits for the excess-of-loss reinsurance vary by product line. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

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

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

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

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

In deciding the assumption used, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are the Basic Chain Ladder and the Loss Ratio methods adjusted for assumed experience to date.

Claims paid data were grouped into classes of business and Large claims were projected separately as they can significantly distort patterns. The Company also ensure prompt payment of claims as it's the main purpose of the business and also to avoid possible reputational risk.

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

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

a(ii). Expected Loss Ratio Method

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

a(iii). Claims development tables

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

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

Technical Reserve Using Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims N	Estimated Reinsurance Recoveries N	Net Outstanding Claims N
General Accident	133,175,191.00	(51,276,948.00)	81,898,243.00
Fire	158,386,969.00	(48,790,815.00)	109,596,154.00
Marine Cargo	29,039,280.00	(1,187,809.00)	27,851,471.00
Marine Hull	1,814,148.00	(481,476.00)	1,332,672.00
Motor	141,303,767.00	(28,057,917.00)	113,245,850.00
Oil & Gas	251,208,112.00	(134,566,132.00)	116,641,980.00
The Group is controlled by Consolidated Hallmark	7,375,652.00	(888,973.00)	6,486,679.00
Aviation	142,254,813.00	(87,609,850.00)	54,644,963.00
Engineering	36,392,339.00	(7,112,727.00)	29,279,612.00
TOTAL	900,950,270.00	(359,972,647.00)	540,977,623.00
Accounts (Outstanding Claims)	(279,229,685.00)	-	279,229,685.00
Difference	621,720,585.00	(359,972,647.00)	261,747,938.00

Appendix 1 – Cumulative Claims Development Pattern: General Accident

Table 1

Incremental Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	88,990,150	40,481,685	7,471,543	5,007,014	2,131,451	1,328,000
2009	57,630,658	73,229,617	16,521,755	6,145,272	5,804,415	-
2010	41,697,640	88,402,475	8,717,547	7,156,709,.24	-	-
2011	90,710,191	82,807,462	22,330,865	-	-	-
2012	55,014,015	162,146,233	-	-	-	-
2013	39,421,231	-	-	-	-	-

Table 2

Cumulative Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	88,990,149.96	129,471,835.17	136,943,377.93	141,950,391.70	144,081,842.48	145,409,842.48
2009	57,630,657.81	130,860,275.00	147,382,029.51	153,527,301.02	159,331,716.46	160,800,274.30
2010	41,697,640.00	130,100,115.09	138,817,662.25	145,974,371.49	149,894,914.77	151,276,493.76
2011	90,710,190.79	173,517,652.62	195,848,517.28	204,322,694.66	209,810,342.66	211,744,161.18
2012	55,014,014.91	217,160,247.83	238,355,165.42	248,668,564.67	255,347,243.00	257,700,774.39
2013	39,421,231.04	92,180,811.08	101,177,691.10	105,555,552.69	108,390,537.42	109,389,571.24

Table 3

Summary of Results

Accident year	Latest Paid ₦	Developed to Date	Ultimate Claims ₦	Gross Outstanding Claim ₦
2008	145,409,842.48	100%	145,409,842.48	-
2009	159,331,716.46	99%	160,800,274.30	1,468,557.84
2010	145,974,371.49	97%	151,276,493.76	5,302,122.28
2011	195,848,517.28	93%	211,744,161.18	15,895,643.90
2012	217,160,247.83	84%	257,700,774.39	40,540,526.56
2013	39,421,231.04	36%	109,389,571.24	69,968,340.20
Total	903,145,926.58	87%	1,036,321,117.35	133,175,190.78

Appendix 1 – Cumulative Claims Development Pattern: Marine Hull

Table 1

Incremental Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	4,620,178.28	2,699,050.71	2,496,698.06	220,707.85	-	-
2009	53,851,408.12	11,649,445.23	284,435.75	-	-	-
2010	10,732,965.69	8,574,565.10	288,827.39	-	-	-
2011	10,674,229.11	7,263,576.66	-	-	-	-
2012	6,798,378.17	1,536,518.05	-	-	-	-
2013	3,731,995.00	-	-	-	-	-

Table 2

Cumulative Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	4,620,178.28	7,319,228.99	9,815,927.05	10,036,634.90	10,036,634.90	10,036,634.90
2009	53,851,408.12	65,500,853.35	65,785,289.10	65,785,289.10	65,785,289.10	65,785,289.10
2010	10,732,965.69	19,307,530.79	19,596,358.18	19,596,358.18	19,596,358.18	19,596,358.18
2011	10,674,229.11	17,937,805.77	17,937,805.77	17,979,393.12	17,979,393.12	17,979,393.12
2012	6,798,378.17	8,334,896.22	8,567,374.40	8,587,237.16	8,587,237.16	8,587,237.16
2013	3,731,995.00	5,097,875.69	5,240,066.41	5,252,215.08	5,252,215.08	5,252,215.08

Table 3

Summary of Results

Accident year	Latest Paid ₦	Developed to Date	Ultimate Claims ₦	Gross Outstanding Claim ₦
2008	2008	10,036,635	100%	10,036,635
2009	2009	65,785,289	100%	65,785,289
2010	2010	19,596,358	100%	19,596,358
2011	2011	17,937,806	100%	17,979,393
2012	2012	8,334,896	97%	8,587,237
2013	2013	3,731,995	71%	5,252,215
Total		125,422,979	99%	127,237,128

Appendix 1 – Cumulative Claims Development Pattern: Marine Cargo

Table 1

Incremental Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	9,376,382.00	1,460,617.52	322,519.38	750,000.00	95,861.87	2,289,279.34
2009	2,492,611.24	4,873,394.72	2,248,605.93	17,402.48	-	-
2010	4,497,996.20	19,153,238.60	303,063.83	-	-	-
2011	4,244,479.66	919,611.55	528,266.66	-	-	-
2012	1,935,124.69	24,755,799.70	-	-	-	-
2013	773,658.92	-	-	-	-	-

Table 2

Incremental Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	9,376,382.00	10,836,999.52	11,159,518.90	11,909,518.90	12,005,380.77	14,294,660.11
2009	2,492,611.24	7,366,005.96	9,614,611.89	9,632,014.37	9,632,014.37	11,468,721.75
2010	4,497,996.20	23,651,234.80	23,954,298.63	23,954,298.63	24,060,897.54	28,649,016.54
2011	4,244,479.66	5,164,091.21	5,692,357.87	5,790,021.25	5,815,787.39	6,924,786.95
2012	1,935,124.69	26,690,924.39	28,622,398.51	29,113,470.97	29,243,028.68	34,819,316.73
2013	773,658.92	10,670,977.35	11,443,176.78	11,639,506.55	11,691,303.46	13,920,692.10

Table 3

Summary of Results

Accident year	Latest Paid ₦	Developed to Date	Ultimate Claims ₦	Gross Outstanding Claim ₦
2008	14,294,660	100%	14,294,660	-
2009	9,632,014	84%	11,468,722	1,836,707
2010	23,954,299	84%	28,649,017	4,694,718
2011	5,692,358	82%	6,924,787	1,232,429
2012	26,690,924	77%	34,819,317	8,128,392
2013	773,659	6%	13,920,692	13,147,033
Total	81,037,914	74%	110,077,194	29,039,280

Appendix 1 – Cumulative Claims Development Pattern: Motor

Table 1

Incremental Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	122,876,705.33	104,531,551.30	18,519,014.86	3,924,467.28	247,205.64	8,746.38
2009	141,786,936.43	115,582,964.23	7,454,557.15	1,335,034.73	-	-
2010	155,867,868.41	83,730,285.06	5,826,487.82	-	-	-
2011	198,258,622.07	59,109,913.53	4,419,681.46	-	-	-
2012	199,105,685.17	176,964,144.70	-	-	-	-
2013	125,805,796.20	-	-	-	-	-

Illustrates how claims paid relating to business written in each accident year. For instance with regards to 2008,₦122.88million was paid in 2008
₦104.53mllion was paid in 2009

Table 2

Incremental Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	122,876,705.33	227,408,256.63	245,927,271.49	249,851,738.77	250,098,944.41	250,107,690.79
2009	141,786,936.43	257,369,900.66	264,824,457.81	266,159,492.54	266,159,492.54	266,168,800.58
2010	155,867,868.41	239,598,153.47	245,424,641.29	245,424,641.29	245,542,216.94	245,550,803.96
2011	198,258,622.07	257,368,535.60	261,788,217.06	263,609,056.36	263,735,343.62	263,744,566.89
2012	199,105,685.17	376,069,829.87	389,944,261.69	392,656,476.34	392,844,586.39	392,858,324.82
2013	125,805,796.20	237,621,363.42	246,387,983.73	248,101,708.39	248,220,566.54	248,229,247.23

Illustrates the accumulation of claims leading to the Ultimate amounts that will be paid for each accident year
For instance; In 2008 the ultimate amount of claims incurred is ₦250.11million

Table 3

Summary of Results

Accident year	Latest Paid ₦	Developed to Date	Ultimate Claims ₦	Gross Outstanding Claim ₦
2008	250,107,691	100%	250,107,691	-
2009	266,159,493	100%	266,168,801	9,308
2010	245,424,641	100%	245,550,804	126,163
2011	261,788,217	99%	263,744,567	1,956,350
2012	376,069,830	96%	392,858,325	16,788,495
2013	125,805,796	51%	248,229,247	122,423,451
Total	1,525,355,668	92%	1,666,659,434	141,303,767

Illustrates the proportion of our estimates of claims for each accident year that have been settled by the review date.

We expect:

No more claim with respect to year 2008

₦ 1.96million is expected to be paid in respect of accident year 2011

Appendix 1 – Cumulative Claims Development Pattern: Fire

Table 1

Incremental Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	20,388,617.51	6,888,572.63	8,124,764.77	225,629.01	150,486.84	27,500.00
2009	10,509,311.94	10,492,062.00	4,756,927.08	274,899.14	-	-
2010	16,276,368.23	3,828,759.39	23,023,755.18	1,728,632.26	-	-
2011	7,433,761.10	51,673,026.67	24,227,097.05	-	-	-
2012	45,312,315.30	59,522,227.75	-	-	-	-
2013	41,066,561.87	-	-	-	-	-

Table 2

Incremental Chain ladder-Yearly Projections (₦)

Accident year	1	2	3	4	5	6
2008	20,388,617.51	27,277,190.14	35,401,954.91	35,627,583.92	35,778,070.76	35,805,570.76
2009	10,509,311.94	21,001,373.94	25,758,301.02	26,033,200.16	26,033,200.16	26,053,209.99
2010	16,276,368.23	20,105,127.62	43,128,882.80	44,857,515.06	44,966,992.51	45,001,555.37
2011	7,433,761.10	59,106,787.77	83,333,884.82	85,115,130.68	85,322,859.26	85,388,440.74
2012	45,312,315.30	104,834,543.05	154,281,119.82	157,578,849.28	157,963,429.90	158,084,844.90
2013	41,066,561.87	95,483,929.07	140,520,167.05	143,523,758.77	143,874,037.10	143,984,622.61

Table 3

Summary of Results

Accident year	Latest Paid ₦	Developed to Date	Ultimate Claims ₦	Gross Outstanding Claim ₦
2008	35,805,571	100%	35,805,571	
2009	26,033,200	100%	26,053,210	
2010	44,857,515	100%	45,001,555	
2011	83,333,885	98%	85,388,441	
2012	104,834,543	66%	158,084,845	
2013	41,066,562	29%	143,984,623	
Total	335,931,276	82%	494,318,244	

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

b). Sensitivity analysis:-Claims

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

Sensitivity Analysis - Claims:	2013(M)	2012(M)
Gross Premium Earned	4,158	3,836
Reinsurance cost	1,427	925
Gross Claim incurred	1,061	682
Claims ratio	26%	18%
5% increase in claims	53	34
Claims ratio	27%	19%
5% reduction in claims	(53)	(34)
Claims ratio	24%	17%

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

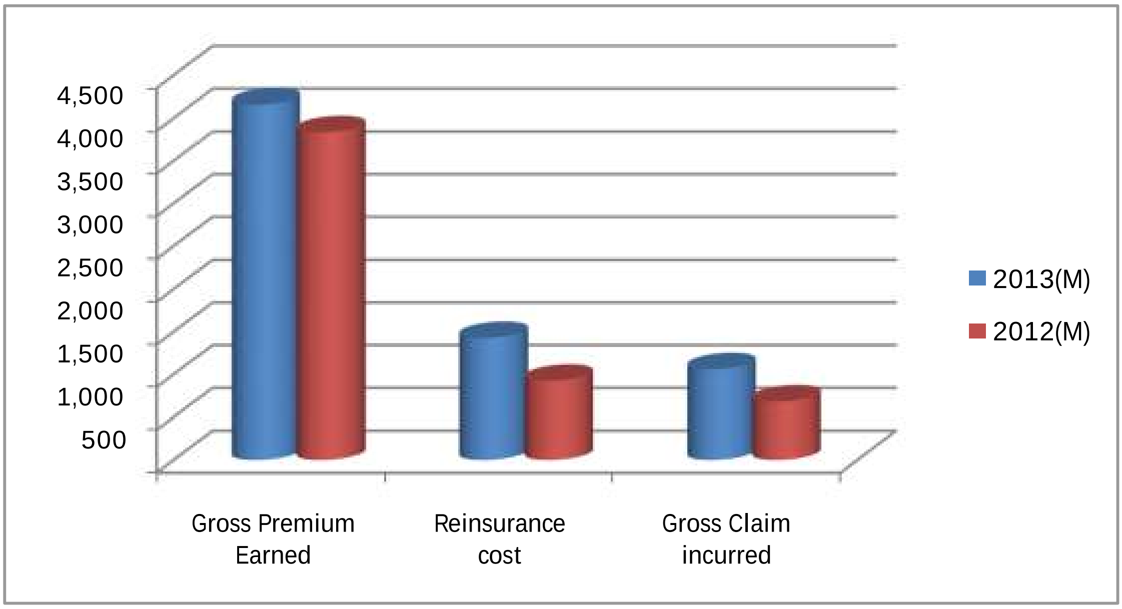


Figure 1 : Gross Premium earned vs Reinsurance Cost vs Gross Claim incured. (2013 & 2012)

c). Risk Concentration

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

Year ended 31st December, 2013

Product	Gross Premium Earned (M)	Reinsurance Cost (M)	Net Premium Earned(M)
Fire	464	135	328
General Accident	794	126	669
Motor	1,176	282	894
Aviation	526	483	43
Oil & Gas	810	449	361
Marine	176	42	134
Engineering	188	64	124
Bond	18	2	15
	4,151	1,583	2,569

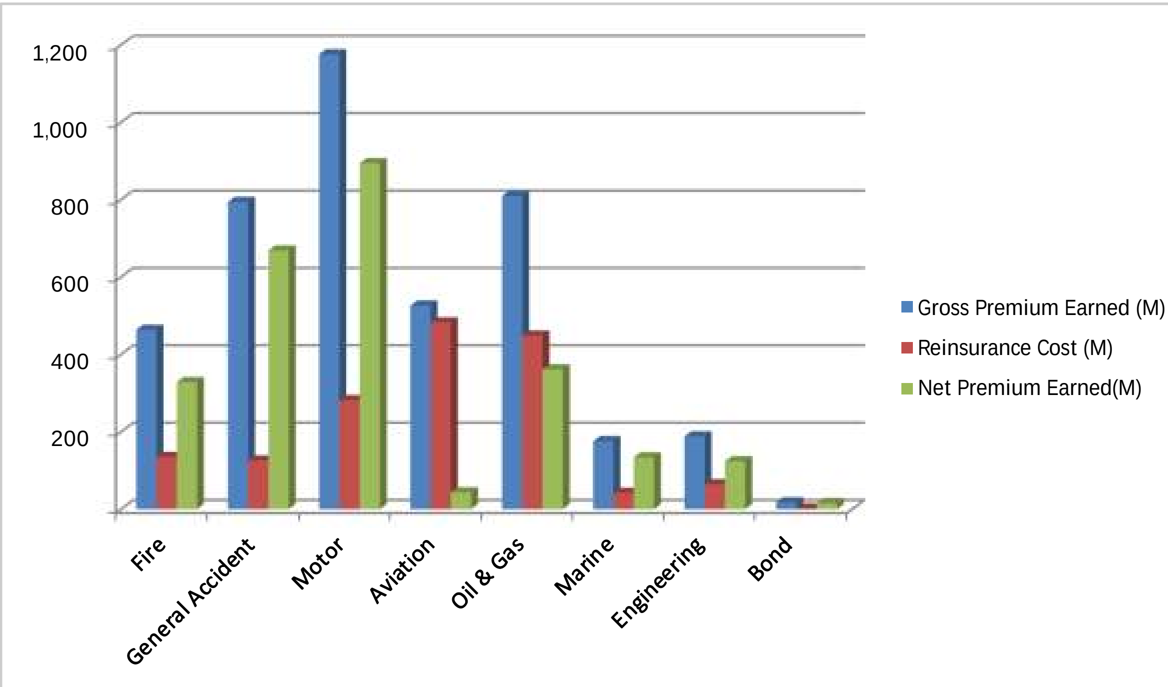


Figure 2 : Gross premium earned vs Reinsurance Cost per class . (2013)

Year ended 31st December, 2012

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

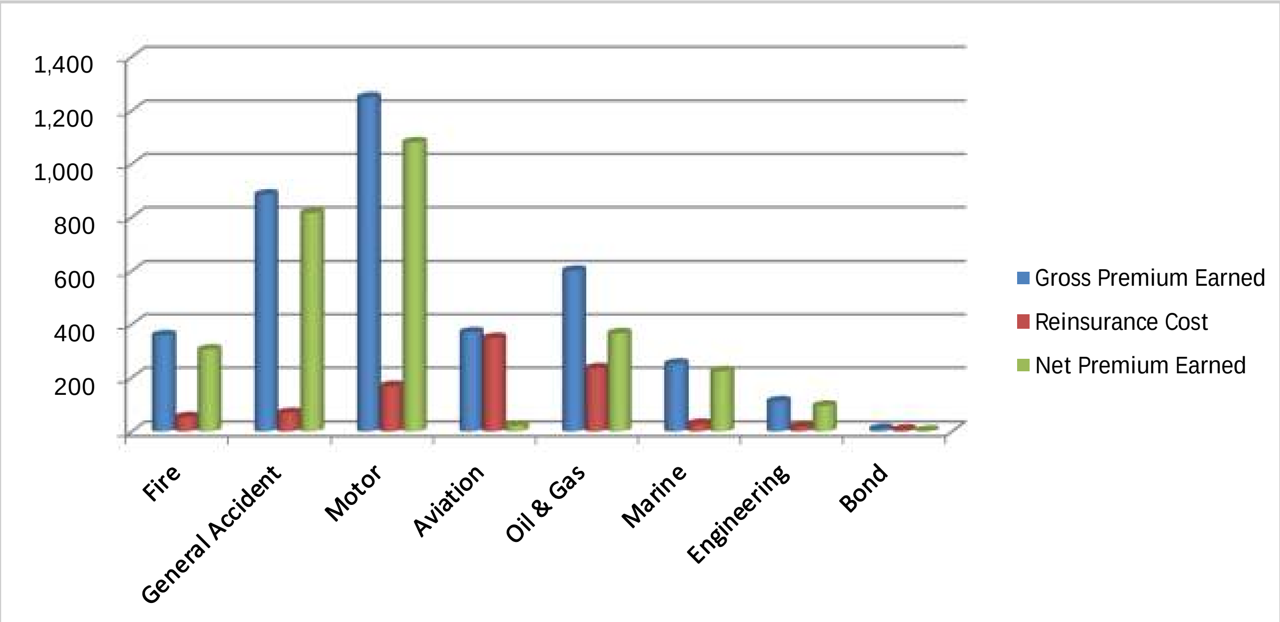
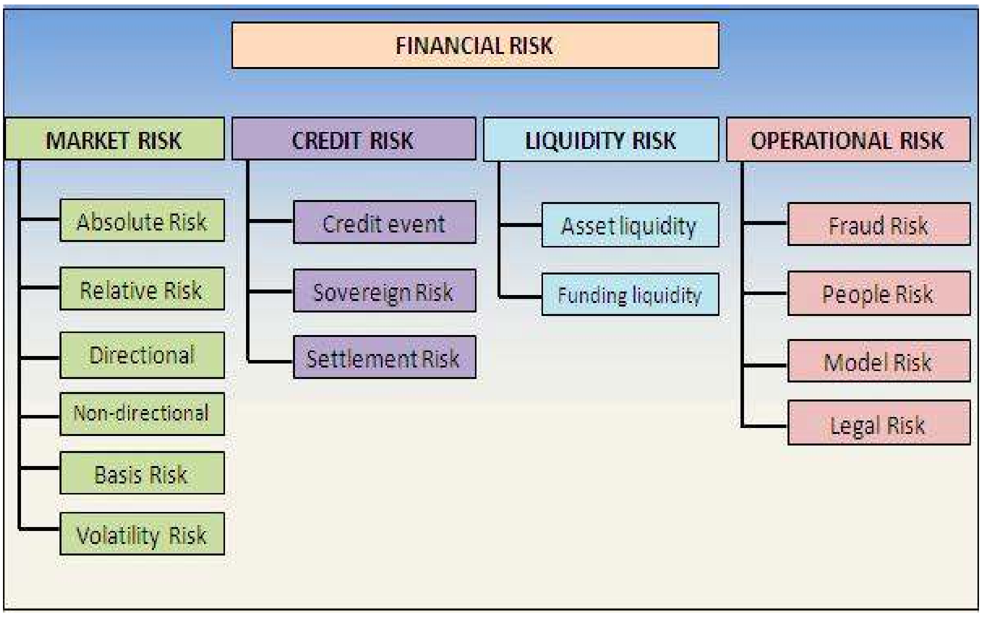


Figure 3 : Gross premium earned vs Reinsurance Cost per class. (2012)

d. Financial Risks Management (FRM)

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

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



d(ii). Operational risks

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

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:- requirements for appropriate segregation of duties, including independent authorisation of transactions:- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased

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

d(ii). Credit risks

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

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

d(iv). Liquidity risks

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

FINANCIAL ASSETS MATURITY PROFILE

The maturity profile Group's financial assets is as listed below:

Loans And Receivables				
	Group		Company	
	2013	2012	2013	2012
Analysis by Performance				
Performing	68,342,353	41,082,638	42,254,826	25,122,448
Non - Performing	-	-	-	-
Total	68,342,353	41,082,638	42,254,826	25,122,448
Analysis by Maturity				
0 - 30 days	5,425,000	859,382	-	729,573
1 - 3 months	17,482,228	2,188,720	13,482,228	2,188,720
3 - 6 months	3,619,569	18,556,287	1,119,569	18,556,286
6 - 12 months	3,717,096	19,478,249	-	3,647,869
Beyond 12 Months	38,098,460	-	27,653,028	
Total	68,342,353	41,082,638	42,254,826	25,122,448
Fixed Deposits with Banks				
ANALYSIS BY MATURITY				
	GROUP		COMPANY	
FIXED DEPOSIT WITH BANKS	2013	2012	2013	2012
0 - 30 days	605,415,625	605,415,625	947,644,846	505,056,607
30 - 90 days	1,541,546,985	1,092,911,953	1,098,900,674	1,092,911,953
Sub Total	2,146,962,610	1,698,327,578	2,046,545,520	1,597,968,560
Grand Total	2,149,533,593	1,739,410,216	2,088,800,345	1,623,091,008

d(v). Equity risk

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

d(vi). Currency risks

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

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

d(vii). Business Risks

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

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

d(viii). Reputational Risks

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

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

50. Correction of prior year error

On 12 March 2012 a claim of N164, 326,563 was reported to the Company by an insured.Consolidated Hallmark Insurance Plc was co-underwriters to the risks. However, the claim was inadvertently not recognised in the financial statements for the year ended 31 December 2012. The Group has restated the financial information for the year ended 31 December 2012 accordingly.

The notes below summarise the impact of the error on the consolidated statement of financial position, income statement and the statements of changes in equity and cash flows for the year ended 31 December 2012:

50.1. Impact of error on the statement of financial position - Group

	Notes	31 December 2012 Previously stated ₦	Impact of error ₦	31 December 2012 Restated ₦
Liabilities				
Insurance contract liabilities	(I)	1,879,967,421	164,326,563	2,044,293,984
Trade payables		218,963,082	-	218,963,082
Other payables and provision		78,514,068	-	78,514,068
Retirement benefit obligations		8,507,055	-	8,507,055
Current income tax liabilities		178,219,612	(7,452,099)	170,767,513
Deferred tax liabilities	(ii)	126,936,011	-	126,936,011
Total liabilities		2,491,107,249	156,874,464	2,647,981,713
Equity				
Issued and paid share capital		3,000,000,000	-	3,000,000,000
Contingency reserves		617,545,019	-	617,545,019
Statutory reserves		1,660,694	-	1,660,694
Retained earnings	(i,ii,iii)	567,458,647	(156,874,463)	410,584,184
Shareholders' fund		4,186,664,360	(156,874,463)	4,029,789,897
Total liabilities and equity		6,677,771,609	-	6,677,771,610

50.2. Impact of error on the statement of financial position - Company

	Notes	31 December 2012 Previously stated ₦	Impact of error ₦	31 December 2012 Restated ₦
Liabilities				
Insurance contract liabilities	(I)	1,879,967,421	164,326,563	2,044,293,984
Trade payables		218,963,082	-	218,963,082
Other payables and provision		87,474,075	-	87,474,075
Retirement benefit obligations		8,429,295	-	8,429,295
Current income tax liabilities	(ii)	169,994,951	(8,617,423)	161,377,528
Deferred tax liabilities		126,936,011	-	126,936,011
Total liabilities		2,491,764,835	155,709,140	2,647,473,975
Equity				
Issued and paid share capital		3,000,000,000	-	3,000,000,000
Contingency reserves		617,545,019	-	617,545,019
Statutory reserves		-	-	-
Retained earnings	(i,ii)	555,022,167	(155,709,139)	399,313,028
Shareholders' fund		4,172,567,186	(155,709,139)	4,016,858,047
Total liabilities and equity		6,664,332,021	-	6,664,332,022

50. Prior year error corrected

50.3. Impact of error on the statement of comprehensive income- Group

	31 December 2012 Previously stated ₦	Impact of error ₦	31 December 2012 Restated ₦
Claims expense			
Gross Claim s incured	(682,291,847)	(164,326,562)	(846,618,409)
Claims Recoveries from reinsurers	123,875,048	-	123,875,048
	(558,416,799)	(164,326,562)	(722,743,361)
Underwriting expenses	(904,686,101)	-	(904,686,101)
Underwriting profit	1,684,899,324	(164,326,562)	1,520,572,762
Investment income	243,208,498	3,483,275	246,691,773
Other operating income	14,286,644	(3,483,275)	10,803,369
Impairment charge	(422,184,652)	-	(422,184,652)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	(19,468,439)	-	(19,468,439)
Management expenses	(940,275,018)	-	(940,275,018)
Results of operating activities	560,466,357	(164,326,562)	396,139,795
Finance cost	-	-	-
Profit before taxation	560,466,357	(164,326,562)	396,139,795
Income tax expense	(165,259,841)	8,617,423	(156,642,418)
Profit after taxation	395,206,516	(155,709,139)	239,497,377
Other comprehensive income net of tax	-	-	-
Total comprehensive (loss)/income for the year	395,206,516	(155,709,139)	239,497,377
Basic and diluted (loss)/earnings per share (kobo)	6.59		3.99

50.4. Impact of error on the statement of comprehensive income - Company

	31 December 2012 Previously stated ₦	Impact of error ₦	31 December 2012 Restated ₦
Claims expense			
Gross claims incured	(682,291,847)	(164,326,562)	(846,618,409)
Claims recoveries from reinsurers	123,875,048	-	123,875,048
	(558,416,799)	(164,326,562)	(722,743,361)
Underwriting expenses	(930,996,101)	-	(930,996,101)
Underwriting profit	1,658,589,324	(164,326,562)	1,494,262,762
Investment income	227,328,630	3,483,275	230,811,905
Other operating income	11,133,773	(3,483,275)	7,650,498
Impairment charge	(419,336,869)	-	(419,336,869)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	(20,313,928)	-	(20,313,928)
Management expenses	(916,641,303)	-	(916,641,303)
Results of operating activities	540,759,627	(164,326,562)	376,433,065
Finance cost	-	-	-
Profit before taxation	540,759,627	(164,326,562)	376,433,065
Income tax expense	(158,271,327)	8,617,423	(149,653,904)
Profit after taxation	382,488,300	(155,709,139)	226,779,161
Other comprehensive income net of tax	-	-	-
Total comprehensive (loss)/income for the year	382,488,300	(155,709,139)	226,779,161
Basic and diluted (loss)/earnings per share (kobo)	6.37	-	3.78

50. Prior year error corrected (Continued)

50.5. Impact of error on the statement of changes in equity -Group

		Issued share capital	Statutory contingency reserves	Statutory reserve	Retained earnings	Total equity
At 1 January 2012 as previously stated		3,000,000,000	493,281,216	533,415	417,643,213	3,911,457,843
Transfer between reserves		-	-	4,491,960	(4,491,960)	-
Reclassification of income tax		-	-	-	(1,165,324)	(1,165,324)
At 1 January 2012 as restated	a	3,000,000,000	493,281,216	5,025,375	411,985,929	3,910,292,520
Changes in equity for 2012						
Profit for the year as previously reported		-	-	-	395,206,516	395,206,516
Effect of error		-	-	-	(155,709,139)	(155,709,139)
Profit for the year as restated	b	-			239,497,377	239,497,377
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year	c	-	-	-	-	-
Transactions with owners:						
Transfer to contigency reserve		-	124,263,803	-	(124,263,803)	-
Transfer between reserves		-	-	801,611	(801,611)	-
Dividends relating to 2012 paid during the year		-	-	-	(120,000,000)	(120,000,000)
Total contribution by and to owners of the business	d	-	124,263,803	801,611	(245,065,414)	(120,000,000)
At 31 December 2012	(abcd)	3,000,000,000	617,545,019	5,826,986	406,417,892	4,029,789,897

50.6. Impact of error on the statement of changes in equity - Company

		Issued share capital	Statutory contingency reserves	Statutory reserve	Retained earnings	Total equity
At 1 January 2012 as previously stated	a	3,000,000,000	493,281,216	-	416,797,670	3,910,078,886
Changes in equity for 2012						
Profit for the year as previously reported		-	-	-	382,488,300	382,488,300
Effect of error		-	-	-	(155,709,139)	(155,709,139)
Profit for the year as restated	b	-			226,779,161	226,779,161
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year	c	-	-	-	-	-
Transactions with owners:						
Transfer to contigency reserve		-	124,263,803	-	(124,263,803)	-
Dividends relating to 2012 paid during the year		-	-	-	(120,000,000)	(120,000,000)
Total contribution by and to owners of the business	d	-	124,263,803	-	(244,263,803)	(120,000,000)
At 31 December 2012	(abcd)	3,000,000,000	617,545,019	-	399,313,028	4,016,858,047

50. Prior year error corrected (Continued)

50.7 Notes to the reconciliation

i) Recognition of insurance contract claim
Value of the insurance contact claim previously omitted has now been recognised through the statement of comprehensive income.

ii) Tax effect on insurance contract claim
The income tax impact arising from the recognition of the insurance contract claim has now been recognised through the of comprehensive income

iii) Current income tax
Current income tax has now been recognised in the group statement of comprehensive income.

iv) Reclassification of dividend income
Dividend income previously included in operating income has now been reclassified to investment income.

Financial Statements

Consolidated Hallmark Insurance Plc

Revenue Accounts
For The Year Ended 31 December 2013

	Fire ₦	General accident ₦	Motor ₦	Aviation ₦	Oil & Gas ₦	Marine ₦	Engineering ₦	Bond ₦	2013 Total ₦	2012 Total ₦
Income										
Direct premium	538,395,241	771,156,552	1,061,439,156	382,384,290	958,407,078	212,873,841	172,177,131	15,369,948	4,112,203,237	4,114,746,291
Inward reinsurance premiums	16,420,906	5,165,663	4,316,555	1,339,439	3,772,601	5,303,727	3,927,052	1,371,649	41,617,592	27,380,491
Gross written premium	554,816,147	776,322,215	1,065,755,711	383,723,729	962,179,679	218,177,568	176,104,183	16,741,597	4,153,820,829	4,142,126,782
(Increase)/decrease in unearned premium provision	(91,275,927)	17,897,324	110,260,177	142,382,228	(152,327,871)	(42,371,508)	11,991,490	921,962	(2,522,125)	(306,130,287)
Gross premium earned	463,540,220	794,219,539	1,176,015,888	526,105,957	809,851,808	175,806,060	188,095,673	17,663,559	4,151,298,704	3,835,996,495
Deduct:										
Outward reinsurance premiums	(224,101,404)	(209,601,887)	(83,683,944)	(254,728,478)	(507,511,983)	(67,262,324)	(75,842,214)	(3,638,505)	(1,426,370,739)	(1,292,853,962)
(Increase)/decrease in prepaid insurance premium	88,895,530	83,938,204	(197,982,004)	(228,030,419)	58,958,211	25,038,357	11,531,184	1,416,072	(156,234,865)	367,616,107
Reinsurance cost	(135,205,874)	(125,663,683)	(281,665,948)	(482,758,897)	(448,553,772)	(42,223,967)	(64,311,030)	(2,222,433)	(1,582,605,604)	(925,237,855)
Net premiums earned	328,334,346	668,555,856	894,349,940	43,347,060	361,298,036	133,582,093	123,784,643	15,441,126	2,568,693,100	2,910,758,640
Commision received	61,572,873	55,806,603	7,179,365	26,906,164	8,987,079	20,923,282	21,267,640	990,363	203,633,369	237,243,584
Total income	389,907,219	724,362,459	901,529,305	70,253,224	370,285,115	154,505,375	145,052,283	16,431,489	2,772,326,469	3,148,002,224
Expenses										
Direct claims paid	(126,572,020)	(238,530,535)	(307,172,719)	(6,795,977)	(137,269,357)	(33,615,517)	(37,788,285)	(20,000)	(887,764,410)	(874,736,420)
Increase/(decrease) in outstanding claims provision	(8,920,535)	(35,598,451)	9,338,473	(56,235,923)	34,458,616	(22,471,905)	5,161,697	(3,073,958)	(77,341,986)	28,118,011
Gross claims incurred	(135,492,555)	(274,128,986)	(297,834,246)	(63,031,900)	(102,810,741)	(56,087,422)	(32,626,588)	(3,093,958)	(965,106,396)	(846,618,409)
Deduct reinsurance claims recoveries	(8,530,930)	2,322,351	235,418,195	28,141,440	61,401,995	(5,004,164)	625,766	377,156	314,751,809	123,875,048
Net claims paid/incurred	(144,023,485)	(271,806,635)	(62,416,051)	(34,890,460)	(41,408,746)	(61,091,586)	(32,000,822)	(2,716,802)	(650,354,587)	(722,743,361)
Add underwriting expenses:										
Acquisition expenses	(90,465,050)	(153,063,714)	(137,079,708)	(111,405,031)	(153,677,429)	(35,008,365)	(37,170,017)	(1,887,912)	(719,757,226)	(639,035,114)
Maintenance expenses	(20,638,284)	(128,833,160)	(124,718,046)	(15,557,720)	(47,387,362)	(15,904,907)	(8,804,224)	(703,725)	(362,547,428)	(291,960,987)
Total expenses	(255,126,819)	(553,703,509)	(324,213,805)	(161,853,211)	(242,473,537)	(112,004,858)	(77,975,063)	(5,308,439)	(1,732,659,241)	(1,653,739,462)
Underwriting profit	134,780,400	170,658,950	577,315,500	(91,599,987)	127,811,578	42,500,517	67,077,220	11,123,050	1,039,667,228	1,494,262,762

Five Year Financial Summary
Group
Statement Of Financial Position

IFRS

	31 December 2013 N	Restated 31 December 2012 N	31 December 2011 N	31 December 2010 N
Assets				
Cash and cash equivalent	2,275,501,790	1,857,303,251	1,449,326,577	1,103,532,501
Financial assets:				
- At fair value through profit or loss	174,453,485	182,451,560	307,139,471	440,555,249
- Loans and receivables	68,342,353	41,082,638	38,045,841	71,625,750
- Available for sale	2,000,000	2,000,000	2,000,000	2,000,000
- Held-to-maturity	65,783,151	-		
Finance lease receivables	85,000,120	24,731,816	3,683,648	-
Trade receivables	51,398,187	1,138,068,666	1,087,834,621	1,173,764,373
Reinsurance assets	981,521,500	1,068,907,833	873,061,080	592,225,564
Deferred acquisition cost	204,941,728	195,734,475	140,827,494	99,835,583
Other receivables and prepayments	125,024,460	50,413,486	47,945,478	114,364,264
Investment in subsidiaries	-	-	-	10,000,000
Investment properties	874,278,600	870,331,600	870,578,915	798,555,318
Property and equipment	964,104,610	946,746,285	957,325,946	979,445,786
Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	6,172,349,984	6,677,771,610	6,077,769,071	5,685,904,388
Liabilities				
Insurance contract liabilities	2,124,258,116	2,044,293,984	1,766,281,709	1,231,267,874
Trade payables	26,056,310	218,963,082	93,054,868	151,783,120
Other payables and provision	67,042,956	78,514,068	27,605,076	26,342,581
Finance lease payable	-	-	-	9,217,216
Retirement benefit obligations	4,104,330	8,507,055	8,413,206	10,927,814
Current income tax liabilities	145,018,810	170,767,513	152,263,638	191,805,345
Deferred tax liabilities	153,728,093	126,936,011	118,692,730	126,491,859
Total liabilities	2,520,208,615	2,647,981,713	2,166,311,227	1,747,835,809
Equity				
Issued and paid share capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Contingency reserves	742,159,644	617,545,019	493,281,216	370,321,437
Statutory reserves	6,690,382	5,826,986	533,415	-
Retained earnings	(96,708,657)	406,417,892	417,643,213	567,747,142
Shareholders' fund	3,652,141,369	4,029,789,897	3,911,457,844	3,938,068,579
Total liabilities and equity	6,172,349,984	6,677,771,610	6,077,769,071	5,685,904,388

Statement Of Comprehensive Income

	31 December 2013 ₦	Restated 31 December 2012 ₦	31 December 2011 ₦	NGAAP 31 December 2010 ₦
Gross premium written	4,153,820,829	4,142,126,782	4,098,659,307	3,057,586,242
Gross premium income	4,151,298,704	3,835,996,495	3,879,112,389	2,853,109,323
Reinsurance premium expenses	(1,582,605,604)	(925,237,855)	(1,125,903,511)	(724,834,414)
Net premium income	2,568,693,100	2,910,758,640	2,753,208,878	2,128,274,909
Fee and commission income	203,633,369	237,243,585	76,172,079	67,820,677
Net underwriting income	2,772,326,469	3,148,002,225	2,829,380,957	2,196,095,586
Claims expense	(965,106,416)	(846,618,408)	(733,464,392)	(523,196,594)
Gross claims incured	314,751,829	123,875,046	93,505,090	152,238,080
Claims recoveries from reinsurers	(650,354,587)	(722,743,362)	(639,959,302)	(370,958,514)
Underwriting expenses	(1,064,854,654)	(904,686,101)	(816,265,617)	(695,043,417)
Underwriting profit	1,057,117,228	1,520,572,762	1,373,156,038	1,130,093,655
Investment income	299,470,300	246,691,774	118,215,172	63,840,634
Other operating income	21,756,652	10,803,367	88,709,456	17,247,729
Impairment charge	(547,735,224)	(422,184,651)	(447,425,932)	(74,674,564)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	16,100,005	(19,468,439)	(122,023,661)	(48,938,028)
Management expenses	(1,024,904,284)	(940,275,018)	(862,399,977)	(849,275,186)
Results of operating activities	(178,195,323)	396,139,795	148,231,095	238,294,240
Finance cost	-	-	-	-
(Loss)/Profit before taxation	(178,195,323)	396,139,795	148,231,095	238,294,240
Income tax (expenses)/credit	(19,453,205)	(156,642,418)	5,158,169	(41,677,728)
(Loss)/Profit after taxation	(197,648,528)	239,497,377	153,389,264	196,616,512
Other comprehensive income net of tax	-	-	-	-
Total comprehensive (loss)/income for the year	(197,648,528)	239,497,377	153,389,264	196,616,512
(Loss)/profit attributable to:				
Equity holders of the parent	(197,648,528)	239,497,377	153,389,264	196,616,512
Non-controlling interest	-	-	-	-
	(197,648,528)	239,497,377	153,389,264	196,616,512
Basic and diluted (loss)/earnings per share (kobo)	(3.29)	3.99	2.56	3.28
	-	-		

Five Year Financial Summary
Company

Statement Of Financial Position

	31 December 2013 ₦	Restated 31 December 2012 ₦	31 December 2011 ₦	31 December 2010 ₦
Assets				
Cash and cash equivalent	2,232,194,169	1,746,507,954	1,411,518,588	1,091,444,192
Financial assets:				
- At fair value through profit or loss	156,076,887	167,695,232	290,605,960	415,642,232
- Loans and receivables	42,254,826	25,122,448	33,274,773	62,779,702
- Available for sale	2,000,000	2,000,000	2,000,000	2,000,000
- Held-to-maturity	65,783,151	-		
Finance lease receivables	-	-	-	-
Trade receivables	51,398,187	1,138,068,666	1,087,834,621	1,173,764,373
Reinsurance assets	981,521,500	1,068,907,833	873,061,080	592,225,564
Deferred acquisition cost	204,941,728	195,734,475	140,827,494	99,835,583
Other receivables and prepayments	118,125,644	61,710,099	61,917,660	101,401,046
Investment in subsidiaries	226,407,680	226,407,680	126,407,680	126,407,680
Investment properties	789,778,600	785,831,600	786,578,915	780,907,593
Property and equipment	959,875,246	946,346,035	957,325,946	979,445,786
Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	6,130,357,618	6,664,332,022	6,071,352,717	5,725,853,751
Liabilities				
Insurance contract liabilities	2,124,258,116	2,044,293,984	1,766,281,709	1,231,267,874
Trade payables	26,056,310	218,963,082	93,054,868	151,783,120
Other payables and provision	62,509,495	87,474,075	23,803,827	17,490,058
Finance lease payable	-	-	-	9,217,216
Retirement benefit obligations	3,920,476	8,429,295	8,413,206	10,927,814
Current income tax liabilities	130,138,787	161,377,528	151,027,491	191,805,345
Deferred tax liabilities	153,728,093	126,936,011	118,692,730	126,491,859
Total liabilities	2,500,611,277	2,647,473,975	2,161,273,831	1,738,983,286
Equity				
Issued and paid share capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Contingency reserves	742,159,644	617,545,019	493,281,216	370,321,437
Statutory reserves	-	-	-	-
Retained earnings	(112,413,303)	399,313,028	416,797,670	616,549,028
Shareholders' fund	3,629,746,341	4,016,858,047	3,910,078,886	3,986,870,465
Total liabilities and equity	6,130,357,618	6,664,332,022	6,071,352,717	5,725,853,751

	NGAAP 2009 ₦
Assets	
Cash and bank balances	143,052,555
Short term investments	987,455,798
Investments in leases	81,480,706
Premium debtors	1,150,140,363
Reinsurance debtors	216,761,081
Other debtors & prepayments	97,928,080
Deferred acquisition expenses	73,874,443
Long term investments	2,000,000
Investment in subsidiaries	126,407,680
Statutory deposits	300,000,000
Investment properties	780,907,593
Fixed assets	999,458,786
Total assets	4,959,467,086
Liabilities	
Creditors & accruals	120,340,880
Outstanding claims	69,359,334
Insurance funds	490,531,595
Taxation	162,925,217
Deferred taxation	143,038,601
	986,195,627
Net assets	3,973,271,459
Capital & reserves	
Authorised share capital	5,000,000,000
Paid up share capital	3,000,000,000
Statutory contingency reserve	278,593,850
Fixed assets revaluation reserve	24,811,148
Investment revaluation reserve	-
Capital reserve	364,231,665
Revenue reserve	305,634,796
shareholders' fund	3,973,271,459

Statement Of Comprehensive Income

	31 December 2013 ₦	Restated 31 December 2012 ₦	31 December 2011 ₦	31 December 2010 ₦
Gross premium written	4,153,820,829	4,142,126,782	4,098,659,307	3,057,586,242
Gross premium income	4,151,298,704	3,835,996,495	3,879,112,389	2,853,109,323
Reinsurance premium expenses	(1,582,605,604)	(925,237,855)	(1,125,903,511)	(724,834,414)
Net premium income	2,568,693,100	2,910,758,640	2,753,208,878	2,128,274,909
Fee and commission income	203,633,369	237,243,585	76,172,079	67,820,677
Net underwriting income	2,772,326,469	3,148,002,225	2,829,380,957	2,196,095,586
Claims expense				
Gross claims incured	(965,106,416)	(846,618,408)	(733,464,392)	(523,196,594)
Claims recoveries from reinsurers	314,751,829	123,875,046	93,505,090	152,238,080
	(650,354,587)	(722,743,362)	(639,959,302)	(370,958,514)
Underwriting expenses	(1,082,304,654)	(930,996,101)	(816,265,617)	(695,043,417)
Underwriting profit	1,039,667,228	1,494,262,762	1,373,156,038	1,130,093,655
Investment income	270,979,045	230,811,905	111,984,769	58,995,306
Other operating income	24,256,702	7,650,497	19,020,534	17,571,552
Impairment charge	(544,652,983)	(419,336,868)	(447,425,932)	(74,674,564)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	12,856,767	(20,313,928)	(113,644,156)	(52,724,194)
Management expenses	(996,255,298)	(916,641,303)	(846,277,148)	(826,009,437)
Results of operating activities	(193,148,539)	376,433,065	96,814,104	253,252,318
Finance cost	-	-	-	-
(Loss)/Profit before taxation	(193,148,539)	376,433,065	96,814,104	253,252,318
Income tax (expenses)/credit	(13,963,167)	(149,653,904)	6,394,316	(41,677,728)
(Loss)/Profit after taxation	(207,111,706)	226,779,161	103,208,420	211,574,590
Other comprehensive income net of tax	-	-	-	-
Total comprehensive (loss)/income for the year (Loss)/profit attributable to:	(207,111,706)	226,779,161	103,208,420	211,574,590
Equity holders of the parent	(207,111,706)	226,779,161	103,208,420	211,574,590
Non-controlling interest	-	-	-	-
	(207,111,706)	226,779,161	103,208,420	211,574,590
Basic and diluted (loss)/earnings per share (kobo)	(3.45)	3.78	1.72	3.53
	-	-		

PROFIT AND LOSS ACCOUNT

	2009 ₦
Gross premium income	3,023,019,526
Reinsurance cost	(628,868,885)
Premium earned	2,394,150,641
Commissions received	101,592,367
Total income	2,495,743,008
Expenses	
Claims incurred	(306,294,057)
Underwriting expenses:	
Acquisition expenses	(397,005,333)
Maintenance expenses	(121,807,516)
Underwriting profits	1,670,636,102
Investment income	89,764,057
Other Income	70,358,913
Net operating income	1,830,759,072
Management expenses	(885,513,358)
Diminution of investment	-
Provision for bad and doubtful debts	(381,849,399)
Profit on ordinary activities before taxation and exceptional items	563,396,315
Exceptional item	(99,927,414)
Profit on ordinary activities before taxation	463,468,901
Information technology levy	(4,634,689)
Income taxation	(163,962,266)
Deferred taxation	(52,198,777)
Profit after taxation	242,673,169
Statutory contingency reserve	(92,693,780)
Retained profit transferred to revenue reserve	149,979,389
Earnings per share (Kobo)	4.04

Share Capital History

Year	Authorized		Issued and Fully Paid		Consideration
	Increase	Cumulative	Increase	Cumulative	
1991	5,000,000	5,000,000			
1992	10,000,000	15,000,000	3,611,881	3,611,881	Cash
1993	-	15,000,000	1,500,000	5,111,881	Cash
1994	-	15,000,000	-	5,111,881	No Change
1995	15,000,000	30,000,000	14,888,119	20,000,000	Cash
1996	-	30,000,000	-	20,000,000	No Change
1997	-	30,000,000	-	20,000,000	No Change
1998	-	30,000,000	5,601,651	25,601,651	Bonus
1999	-	30,000,000	239,500	25,841,151	Cash
2000	-	30,000,000	259,632	26,100,783	Cash
2001	-	30,000,000	-	26,100,783	No Change
2002	-	30,000,000	-	26,100,783	No Change
2003	320,000,000	350,000,000	223,899,217	250,000,000	Cash
2004	150,000,000	500,000,000	50,000,000	300,000,000	No Change
2005	500,000,000	1,000,000,000	-	300,000,000	No Change
2006	-	1,000,000,000	365,155,330	665,155,330	cash
2007	4,000,000,000	5,000,000,000	2,334,844,670	3,000,000,000	Acquisition/Bonus
2008	-	5,000,000,000	-	3,000,000,000	No Change
2009	-	5,000,000,000	-	3,000,000,000	No Change
2010	-	5,000,000,000	-	3,000,000,000	No Change
2011	-	5,000,000,000	-	3,000,000,000	No Change
2012	-	5,000,000,000	-	3,000,000,000	No Change
2013	-	5,000,000,000	-	3,000,000,000	No Change

CHI Team Player of The Year 2013 Award Plaque

Managing Director/CEO, Mr Eddie Efekoha (left) presenting the CHI Team Player of The Year 2013 Award Plaque to the winner, Babatunde Aminu of Technical Group, during the Management Retreat at Peninsular Resort, Ajah Lagos.

Medical expenses compensation cheque to Bimbo Oyetunde

Bode Opadokun (then General Manager, Technical, left) presenting a medical expenses compensation cheque to Bimbo Oyetunde, a Journalist with Radio Nigeria who was injured in an accident. She is covered under the Group Personal Accident Insurance (GPA) Scheme provided by Consolidated Hallmark for National Association of Insurance Correspondents (NAICO). With them is the President of NAICO, Modestus Anaesoronye and Nike Nihinlola, Senior Manager (Technical Group)

On the occasion of the 2013 Children's Day

Mrs Juliana Obanife of the Red Cross Society Motherless Babies' Home receiving Provisions and Foodstuff from Members of staff of Consolidated Hallmark Insurance Plc led by Bode Opadokun and Dotun Adeogun (Group Head, Corporate Services) on the occasion of the 2013 Children's Day

First Prize Winner of the 2013 CHI Annual Essay Competition

First Prize Winner of the 2013 Consolidated Hallmark Insurance Annual Essay Competition, Miss Aladenika Atinuke (middle) of The Lagos State Polytechnic, Isolo with 2nd and 3rd Prize winners. They are flanked by the Managing Director/CEO of the company, Mr Eddie Efekoha and distinguished members of the assessment team drawn from the Insurance Industry.

Management Team

Eddie Efekoha	Managing Director/ Chief Executive Officer
Bode Opadokun (Resigned 7th March 2014)	General Manager
Mac Ekchukwu	General Manager
Ijeoma Pearl Okoro	General Manager
Tunde Daramola	General Manager
Olu Adeoye	Senior Manager
Oyenike Nihinlola	Senior Manager
Oladotun Adeogun	Senior Manager
Gbolaga Adeyanju	Deputy General Manager
Kate Itua	Assistant General Manager
Bariu Abdul Gafar	Controller
Mary Adeyanju	Controller
Shola Osho (Resigned 26th November 2013)	Controller
Jimalex Orjiako	Controller
Promise Ayim	Controller
Ose Oluyanwo	Controller
Tope Ilesanmi	Controller
Gboyega Adetoki	Controller
Chukwuma Uwajeh	Manager
Gloria Edemcord	Manager
Charles Nwanze	Manager
Goddy Ezeala	Manager
Job Oyedele	Manager
Maria Adekola	Manager

CORPORATE HEAD OFFICE

266, Ikorodu Road,
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website: www.consolidatedhallmark.com

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kaduna@consolidatedhallmark.com

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warri@consolidatedhallnmark.com

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Tel: 08180001142
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IBADAN OFFICE

Ibrafunds House
(GreenHouse) Ring Road,
Tel: 08180001152
ibadan@consolidatedhallmark.com

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Ikoyi, Lagos
phone; 01-8920491, 8920492
Fax; 01-2702361
E.mail; info@meristemeregistrars.com
Website; www.meristemregistrar.com

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213, Herbert Mercaulay Way,
Adekunle Yaba
Lagos.

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

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Bank Name...

Account Number...

Shareholders Full Name...

Shareholders Address...

E.mail...

Mobile no...

CSCS CHN...CSCS A/C NO...

Single Shareholders Signature...

Joint shareholders signature...

(1) ....

(2) ....

if company,

Authorizes signatory

(1) ....

(2) ....

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Authorized signature or stamp of Banks:...

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Notice to shareholders on e-copy of Annual Report & Accounts

Dear Shareholder,

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

If you wish to receive an e-copy of the 2013 Annual Report & Accounts and subsequent editions via e-mail, kindly send an e-mail to the following addresses:

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

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

NOTICE IS HEREBY GIVEN that the 19thAnnual General Meeting of the Members of Consolidated Hallmark Insurance Plc will be held on the 6th November 2014 at 11.00am prompt at EEMJM Hotel & Suites, 47 Dominic Utuk Avenue (formerly Brooks Street), Uyo, Akwa Ibom State to transact the following business:

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.

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.

	ORDINARY BUSINESS	FOR	AGAINST
1	To receive and consider the Audited Financial Statement for the year ended December 31st 2013 together with the reports of the Directors, Auditors and Audit Committee thereon.		
2	To re-elect Chief Sunny Obidegwu.		
3	To re-elect Mr. Friday Ebojoh		
4	To re-appoint the Auditors		
5	To authorize the Directors to determine the remuneration of the Auditors.		
6	To elect Members of the Audit Committee		
	SPECIAL BUSINESS		
A.	To approve the remuneration of the Directors for the year ending 31st December 2014.		

CLOSURE OF REGISTER AND TRANSFER BOOKS:
The Register of Members and transfer books will be closed from 20th October to 24th October 2014 (both dates inclusive).

FUTURE DIVIDEND:
All shareholders are hereby advised to open bank accounts and forward details of such accounts to the Company's Registrars for the payment of subsequent dividend directly into such accounts. A detachable e-dividend form is attached to the Annual Report and Accounts for your completion.

AUDIT COMMITTEE
In accordance with section 359(5) of the Companies and Allied Maters Act Cap C20 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty One) days before the Annual General Meeting.

RE-ELECTION OF DIRECTORS
In accordance with the Company's Articles of Association, Chief Sunny Obidegwu and Mr. Friday Ebojoh retire by rotation and being eligible offer themselves for re-election.

ADMISSION SLIP
Please admit …………………………………………………………………………………… to the Annual General Meeting of Consolidated Hallmark Insurance Plc which will be hold at EEMJM Hotel & Suites, 47 Dominic Utuk Avenue (formerly Brooks Street), Uyo, Akwa Ibom State.
Admission Slip must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Foundation Chambers
(Secretaries)

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

Number of Shares held ……………………………………………………………………………………………

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

Notes