

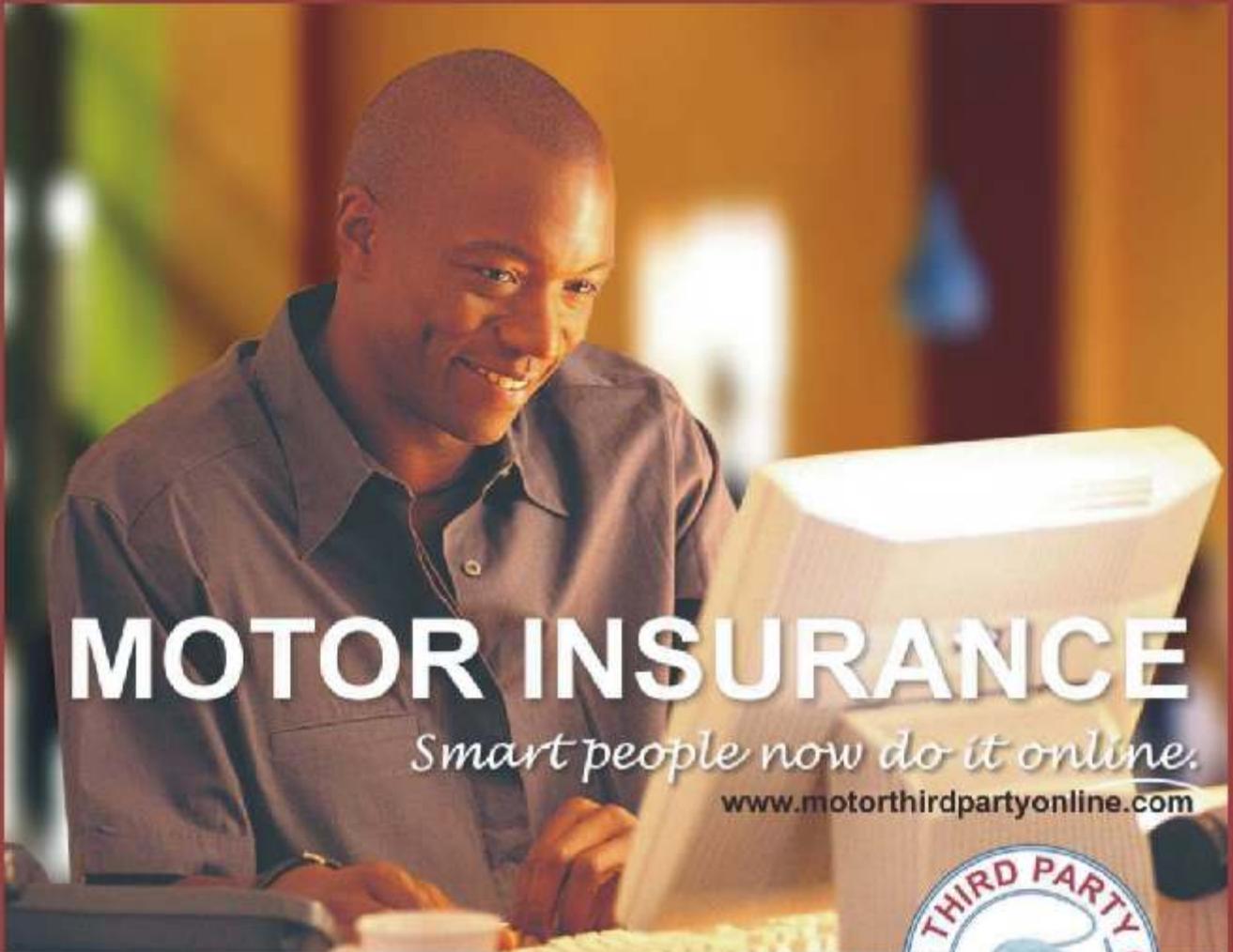
2008
ANNUAL
REPORT
& ACCOUNTS



Consolidated Hallmark Insurance Plc

We are what we have...

PROFESSIONALISM | RELATIONSHIP | INTEGRITY | ZEAL | EXCELLENCE



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Consolidated Hallmark Insurance Plc

Plot 33D Bishop Abovade Cole Street, P. O. Box 74013, Victoria Island, Lagos.
Tel: +234 1 461 8222. Fax: +234 1 461 8360. E-mail: info@consolidatedhallmark.com
website: www.consolidatedhallmark.com

We are what we have...

Powered by  interswitch

Our Core Values (PRIZE)

- **PROFESSIONALISM**
- **RELATIONSHIP**
- **INTEGRITY**
- **ZEAL**
- **EXCELLENCE**

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.

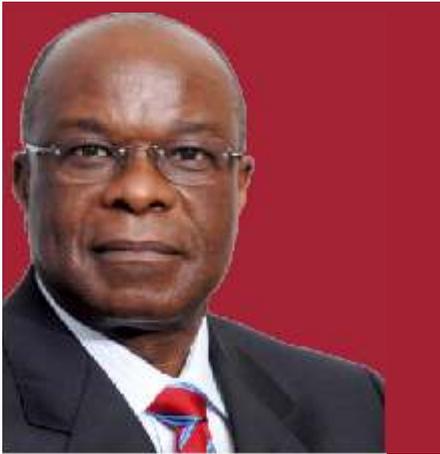


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Board of Directors



■ **UGO, (Dr.) OBI RALPH EKEZIE**
Chairman



■ **TONY ALETOR**
Vice Chairman



■ **EDDIE EFEKOHA**
Managing Director/CEO



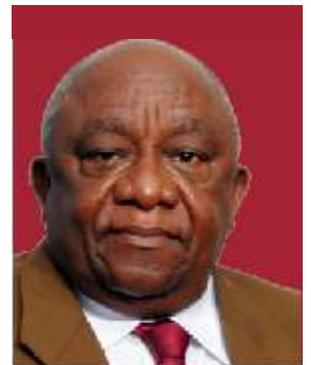
■ **OBASHOLA ALO**
Executive Director



■ **NZE (DR.) CLEMENT MADUAKO, (MFR)**
Director



■ **DR. LAYI FATONA**
Director



■ **CHIEF BEN IKEJIAKU**
Director



■ **FRIDAY AKPOME EBOJOH**
Director



■ **PAT AZURUNWA**
Director



■ **SUNNY OBIDEGWU**
Director



Corporate Information

Directors:	Ugo (Dr.) Obi Ralph Ekezie Eddie Efekoha Tony Aletor Obashola Alo Nze (Dr.) Clement Maduako Dr Layi Fatona Chief Ben Ikejiaku Friday Ebojoh Pat Azurunwa Sunny Obidegwu	Chairman Managing Director/CEO Vice Chairman Executive Director Director Director Director Director Director Director
Company Secretaries:	Foundation Chambers Summit House (1st Floor) 6, Ajele Street, Lagos	
Auditors:	Pannell Kerr Forster (Chartered Accountants) Toloye House 362 Ikorodu Road/IA, Okupe Estate, Maryland, Lagos.	
Registrars:	Meristem Registrars Ltd 305 Herbert Macaulay Way Sabo-Yaba Lagos	
Bankers:	Zenith Bank Plc Oceanic Bank Plc UBA Plc Bank PHB Guaranty Trust Bank Plc First Bank of Nigeria Plc	
Registered Office:	Plot 33D, Bishop Aboyade Cole Street Victoria Island, Lagos.	



Notice of AGM

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of the shareholders of the company will be held on the 27th August 2009 at 11.00am prompt at **Protea Hotel, Oakwood Park, Lekki Expressway, Lekki Peninsula, Lagos** to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statement for the year ended December 31st 2008 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To re-appoint the Auditors
5. To authorize the Directors to determine the remuneration of the Auditors.
6. To elect Members of the Audit Committee

SPECIAL BUSINESS

- A. To approve the remuneration of the Directors for the year ending 31st December 2009.

Dated this 3rd August 2009

BY ORDER OF THE BOARD

L. CHIDILOGUESO
PP: FOUNDATION CHAMBERS
(Company Secretaries)

NOTES:

PROXY:

A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the company. Executed form of proxy should be deposited at the Registered Office of the Company being Plot 33D Bishop Aboyade Cole Street, Victoria Island Lagos, not less than 48 hours before the time of holding the meeting. To be effective the proxy form should be duly stamped and signed by the Commissioner for Stamp Duties.

CLOSURE OF REGISTER AND TRANSFER BOOKS:

The Register of members and transfer books will be closed from **Monday 10th August to Friday 14th August 2009** to enable the Registrar prepare for the payment of dividend. Accordingly dividend will only be paid to shareholders whose names are on the register before the date of closure.

PAYMENT OF DIVIDEND:

If the dividend of 5Kobo per every ordinary share recommended by the Board is approved and declared, those shareholders whose names appear in the Company's Register of Members as at the closure date shall have dividend warrants posted to them not later than Thursday 17th September 2009. The payment of dividend shall be subject to deduction of appropriate withholding tax.

AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Matters Act 1990, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty One) days before the Annual General Meeting.

RE-ELECTION OF DIRECTORS

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

AGE DECLARATION

Nze (Dr.) C.O. Maduako (MFR) in accordance with section 252 (1) of the Companies and Allied Matters Act 1990, intends to disclose at the meeting that he is over 70 years of age.



Result at a Glance

MAJOR PROFIT AND LOSS ACCOUNT ITEMS

	2008 N	2007 N
Gross Premium	3,043,296,387	1,506,209,059
Re insurance	700,598,555	62,047,794
Unexpired Premium	21,457,902	467,580,141
Earned Premium	2,321,385,570	976,581,124
Investment and other Income	123,673,247	164,316,902
Profit Before Tax & Exceptional Item	573,330,208	237,089,706
Profit After Tax	360,457,833	230,006,854

MAJOR BALANCE SHEET ITEMS

Total Assets	5,176,616,530	4,651,673,431
Investments	1,393,531,937	1,476,105,171
Share Capital	3,000,000,000	3,000,000,000
Contingency Reserves	185,900,070	94,601,178
Insurance Funds	720,777,2189	675,711,250
No of 50k ordinary shares issued	6,000,000,000	6,000,000,000

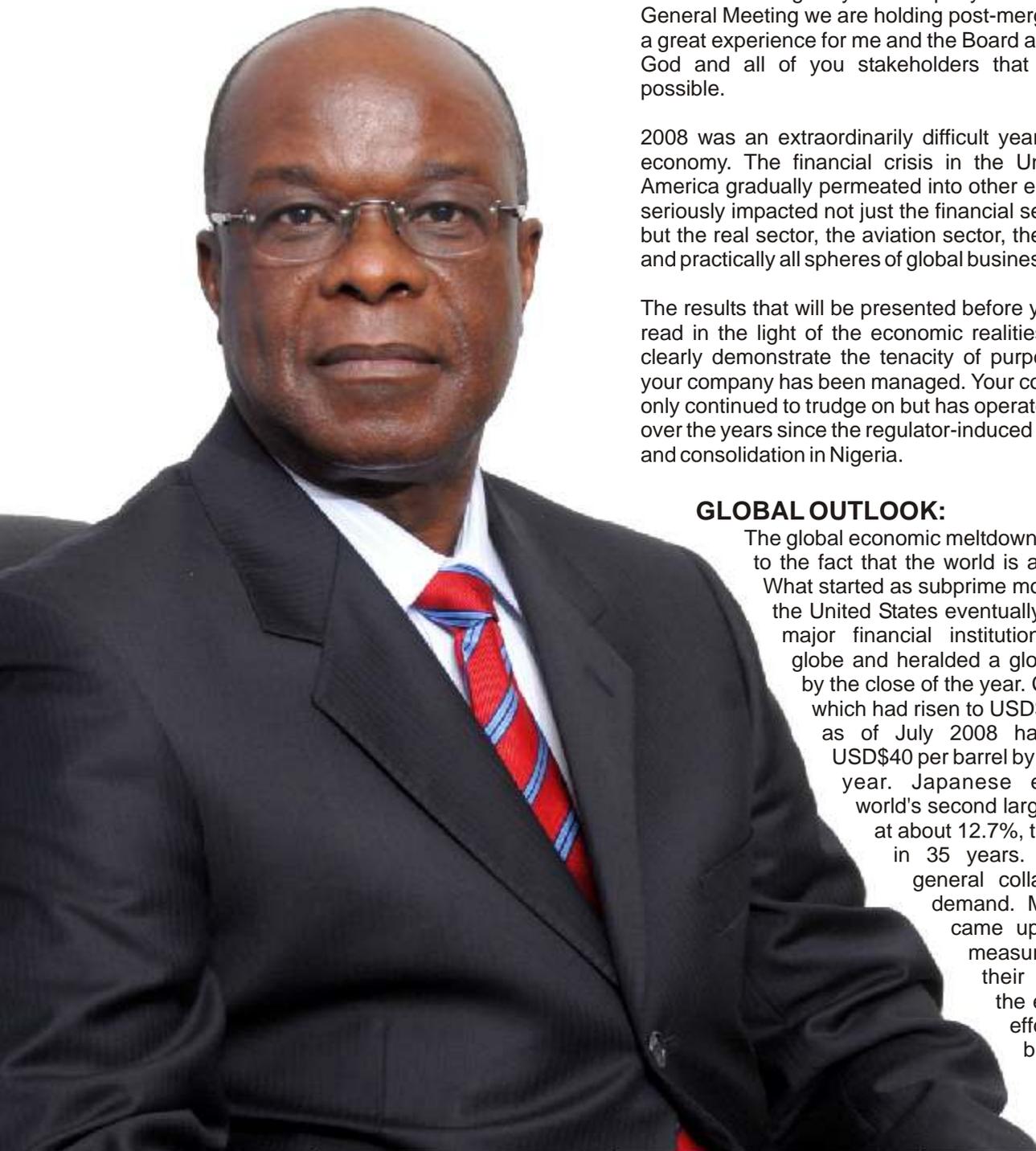
PER SHARE DATA

Earnings (k)	6.01	3.83
Net Assets (k)	68	62
No of offices	21	22



Chairman's Statement

"Your company has not only continued to trudge on but has operated successfully over the years since the regulator-induced recapitalisation and consolidation in Nigeria."



Dear Stakeholders, I welcome you all to this 14th Annual General Meeting of your company. This is the second General Meeting we are holding post-merger. It has been a great experience for me and the Board and I must thank God and all of you stakeholders that have made it possible.

2008 was an extraordinarily difficult year for the global economy. The financial crisis in the United States of America gradually permeated into other economies. This seriously impacted not just the financial services industry but the real sector, the aviation sector, the energy sector and practically all spheres of global business activities.

The results that will be presented before you today when read in the light of the economic realities of the period clearly demonstrate the tenacity of purpose with which your company has been managed. Your company has not only continued to trudge on but has operated successfully over the years since the regulator-induced recapitalisation and consolidation in Nigeria.

GLOBAL OUTLOOK:

The global economic meltdown in 2008 attests to the fact that the world is a global village. What started as subprime mortgage crisis in the United States eventually brought down major financial institutions across the globe and heralded a global depression by the close of the year. Crude oil prices which had risen to USD\$147 per barrel as of July 2008 had dropped to USD\$40 per barrel by the close of the year. Japanese economy, the world's second largest, contracted at about 12.7%, the fastest pace in 35 years. There was a general collapse in global demand. Many countries came up with bail out measures to shore up their economy but the effects of these efforts can only become manifest in 2009 or beyond.



Chairman's Statement (cont'd)

The fortunes of the Sub Saharan African Region did not fare better in 2008. Regional output declined to 5.4% (against 6.1% in 2007). Along the West African Coast, real GDP growth averaged about 4.5% compared to 4.8% in 2007. In Nigeria, the budgeted growth rate was 11% but from the statistics available only 6.8% was achieved.

However, on a very positive note, history was made in 2008 with the election of Barack Obama as the first African-American President of the United States of America. This was very significant to the world at large and to Africa in particular. His victory confirms that with determination and tenacity of purpose nothing is impossible.

OPERATING ENVIRONMENT

The effect of the global meltdown gradually took its toll on the Nigerian economy towards the end of the year. Being a major oil producing nation, the economy was directly affected by the sharp drop in global oil prices. The 2008 Federal Government budget was premised on a per barrel figures of USD\$53.83 and a daily production of 2.45million. Neither of these budget estimates were realised because of a combination of falling oil prices in the international market and the oil output cut as a result of the continued restiveness in the Niger Delta area. This impacted negatively on the economy. By the end of the year, Nigerian external reserve had dropped to USD\$58b and the exchange rate against major currencies depreciated significantly.

Year on year inflation in the country stood at 15.1% by the end of 2008 as against 6.6% in the previous year.

Cost of operations was at its all time high as the Power sector problem appeared to have further escalated. Many companies actually closed their operations in Nigeria and relocated to neighbouring countries where some of these basic infrastructures work.

NIGERIAN INSURANCE INDUSTRY

The year under review was the first full year that most of the insurance companies settled down to focus on the business after the government induced recapitalisation and the further revalidation exercise that ended in September 2007. With the subsequent re-certification of NICON and Nigerian Re, the total of operators in the market came to 50 (48 direct Insurance companies and 2 indigenous Reinsurance companies).

The Nigerian Insurance market was not immuned from the larger economy. Insurance depends on a thriving real sector which is in turn driven by consumer demand. In the aftermath of the insurance industry recapitalization, the much anticipated growth in the industry has not yet materialised.

The opportunities created by the Nigerian content policy in the Oil sector and the Cabotage laws requires a higher operating capital than the regulatory limit for an insurance company to fully participate. There have been media commentaries of a possible market induced consolidation (as against regulatory) in the near future to enable the operators achieve the needed capacity to underwrite the mega risks.

The insurance market penetration is still very low and more companies, both Life and Non-Life insurers, are beginning to direct their attention to the retail end of the market.

The industry experienced a significant growth in the non-life business segment earlier in 2008. This was on account of increased bank lending to companies and consumers in the economy. But this trend reversed towards the latter end of the year as the impact of the global economic meltdown began to be felt.

Your company remained a respected operator in the market playing leadership roles in a number of the Aviation risks placed in the market whilst also taking a number of initiatives to position itself for the retail end of the market.

OPERATING RESULTS

In spite of the daunting challenges posed by the global economic meltdown and the generally tough business climate, your company was still able to achieve significant growth in all its key performance metrics.

Your company achieved a 100% growth in its Gross Earnings. The company achieved a GPI of N3.0b as against the N1.5b recorded in 2007. Profit Before Tax grew by 26.1% to N298, 959, 094.00 as against the N237, 089, 706.00 in 2007. Also, a Profit After Tax of N360,457,830.00 was recorded, which is a 56.7% increase from the 2007 figure of N230, 006, 854.00. The total assets of the company in 2008 became N5, 176, 616, 530.00 as against N4, 651, 673, 431.00 in 2007. The Shareholders' Fund was equally enhanced by 9.2% to N4,081,985,841.00 in 2008 from N3, 736, 647, 574.00 in 2007.

These results were achieved by sheer determination and commitment of both management and staff with a lot of support from the market.



Chairman's Statement (cont'd)

DIVIDEND

The board is recommending a dividend of N300 million for your approval to be paid to members whose names appear in the register by close of business on 7th August, 2009. This translates to a dividend per share of 5 kobo.

SUBSIDIARIES AND EXPANSION

Distinguished stakeholders, in line with the growth plan that have already been set at the beginning, the company successfully established a Financial Services subsidiary, CHI Capital Ltd. in 2008. This company was incorporated in July 2008 and has since commenced operations. CHI Capital Ltd. is to serve as the Investment arm of Consolidated Hallmark Insurance Plc and also provide financial advisory, fund management and investment services for other clients.

Also, in the course of the year, your company applied to the National Insurance Commission of Ghana for an operating licence to start a General Insurance Company in Ghana. The application is at an advanced stage with the necessary requirement having been complied with. This will therefore mark the beginning of the expansion into other Regional markets in Africa.

CORPORATE SOCIAL RESPONSIBILITY

Your company, as a socially responsible entity, continues to support activities that promote the well being of its environment, particularly in the area of sports, education and any other

environmentally friendly initiatives. In 2008, your company sponsored table tennis tournament of the Lagos Country Club.

The company also co-sponsored the Insurance Stakeholders' Parliament, an interactive summit to promote insurance understanding for the benefit of society. The company also made contributions to the Chartered Insurance Institute of Nigeria, CIIN, the training arm of the insurance industry.

FUTURE OUTLOOK:

Distinguished Stakeholders, our vision is to evolve into a leading provider of insurance and other financial services of international standard. The task ahead is both challenging and desirable and indeed achievable. While the company continues to carefully pursue its expansion drive, more focus would be placed on achieving more penetration within the potentially vast retail end of Nigerian market.

We shall continue to place high premium on attracting, motivating and retaining the best people to run the business. We also appreciate the need to grow the company's financial capacity so as to be able to compete effectively in the market place and achieve competitive returns for you the stakeholders.

APPRECIATION

I thank all our stakeholders our shareholders, fellow board members, management and staff, insurance brokers and agents and all our loyal customers - for the progress recorded so far.

I believe very strongly that with the sustained co-operation from all of us, our company shall continue to forge ahead towards its vision.

Thank you

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

August, 2009.



Executive Management Team



EDDIE EFEKOHA
Managing Director/Chief Executive Officer



OBASHOLA ALO
Executive Director, Operations



BODE OPADOKUN
General Manager & Head, Energy and Special Risks



MAC EKECHUKWU
General Manager & Head, Risk Management



KOLA ILESANMI
General Manager & Head, Finance & Investments



MRS IJEOMA OKORO
General Manager & Head, Eastern Region



TUNDE DARAMOLA
Deputy General Manager & Head, Corporate
Planning and Technology



GBOLAGA ADEYANJU
Deputy General Manager & Head,
Lagos/Western Region



Directors' Report

The directors have the pleasure in submitting their reports together with the Company's Audited Financial Statements for the year ended 31st December 2008.

1 LEGAL FORM

The company was incorporated on 2nd August 1991 as a private limited liability company under the Companies and Allied Matters Act 1968 and commenced operations in 1992. The Company converted to a public limited company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The company shares were listed on the floor of The Nigerian Stock Exchange on 22nd February 2008.

2 PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

During the year under review the company engaged in general insurance business and maintained 21 corporate offices.

3 RESULTS

	2008 N'000	2007 N'000	change N'000	change %
Gross Premium written	3,043,296	1,506,209	1,537,087	102
Premium earned	2,321,385	976,581	1,344,804	138
Net claim paid	338,430	197,202	141,228	72
Management expenses	792,848	469,708	323,140	69
Underwriting profit	1,555,154	585,624	969,530	166
Profit/(Loss) Before tax & Exceptional item	573,330	237,089	336,241	142
Profit After Tax	360,457	230,006	130,451	57

4 DIRECTORS AND THEIR INTERESTS

- a) The names of the current directors are detailed on page 5
- b) In accordance with the Company's Articles of Association Ugo (Dr) Obi Ralph Ekezie, Mr Anthony Aletor and Nze (Dr) Clement O. Maduako (MFR) retire by rotation and being eligible offer themselves for re-election.



Directors' Report (cont'd)

- c) The direct/ indirect interests of the Directors in the issued share capital of the company as recorded in the register of director's shareholdings at 31st December 2008 are as follows:

Number of shares held:

DIRECTORS	DIRECT 25/06/09	INDIRECT 25/06/09	TOTAL 25/06/09	2008	2007
Ugo (Dr.) Obi Ralph Ekezie	370,715,888	-	370,715,888	370,715,888	370,715,888
Mr. Anthony Aletor	-	1,065,000,000	1,065,000,000	1,065,000,000	1,067,469,970
Mr. Eddie Efekoha	313,890,712	250,030,625	563,921,337	563,921,337	564,221,337
Mr. Obashola Alo	9,662,488	-	9,662,488	9,662,488	10,000,000
Dr. Layi Fatona	-	21,553,750	21,553,750	21,553,750	21,553,750
Nze (Dr.) C.O. Maduako (MFR)	-	917,820,607	917,820,607	917,820,607	1,007,595,254
Chief Ben Ikejiaku	17,500,000	-	17,500,000	17,500,000	22,000,000
Mr. Pat Azurunwa	Nil	Nil	Nil	Nil	Nil
Mr. Friday Ebojoh	26,625,000	-	26,625,000	26,625,000	26,625,000
Mr. Sunny Obidegwu	25,000,000	25,000,000	50,000,000	50,000,000	25,000,000

Director

Indirect Interest Represented

Mr. Anthony Aletor	Capital Express Insurance Company Limited and Capital Express Securities Limited
Dr. Layi Fatona	Nouveau Technologies Limited
Nze (Dr.) C.O. Maduako (MFR)	Maduako Group Limited
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited

- d. **Substantial Interest in Shares**

Shareholders who held more than 5% of the issued share capital of the company as at 31st December, 2008 were as follows:

Shareholder	Units Held	%
Maduako Group Limited	960,507,321	16.00
Capital Express Insurance Co. Ltd.	1,000,000,000	16.67
SPDC West Multipurpose Cooperative	449,313,286	7.40
Ugo (Dr.) Obi Ralph Ekezie	370,715,888	6.17
Mr. Eddie Efekoha	313,890,712	5.23

- e. The range of shareholding as at 31st December 2008 is as follows:

Range of holdings	No of shareholders	No of share holdings	%
1 - 10,000	3339	17,481,038	0.29
10,001 - 100,000	3836	156,833,798	2.61
100,001 - 1,000,000	1278	440,486,978	7.34
1,000,001 - 10,000,000	241	737,446,652	12.29
10,000,001 - 100,000,000	35	950,010,430	15.83
100,000,001 - Above	9	3,697,741,104	61.63
	8,738	6,000,000,000	100.00



Directors' Report (cont'd)

5. DIRECTORS RESPONSIBILITIES

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

In doing so they ensure that:

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

6. FIXED ASSETS

Movement in fixed assets during the year are shown in note 7 on page 31 In the opinion of the Directors the market value of the Company's fixed assets is not lower than the value shown in the financial statement.

7. CORPORATE GOVERNANCE

a. BOARD OF DIRECTORS

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

b. BOARD MEETINGS:

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

	23/01/08	12/06/08	29/07/08	04/12/08
Obi Ralph Ekezie	Attended	Attended	Attended	Attended
Anthony Aletor	Attended	Attended	Attended	Absent
Eddie Efekoha	Attended	Attended	Attended	Attended
Obashola Alo	Attended	Attended	Attended	Attended
Layi Fatona	Attended	Attended	Attended	Attended
Clement O. Maduako	Attended	Absent	Attended	Absent
Ben C. Ikejiaku	Attended	Attended	Attended	Attended
Pat Azurunwa	Attended	Attended	Attended	Attended
Friday A. Ebojoh	Attended	Attended	Attended	Attended
Sunny C. Obidegwu	Attended	Attended	Attended	Attended

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

- a. Audit Committee.
- b. Finance and General Purpose Committee.
- c. Investment and Risk Management Committee.
- d. Establishment Committee.



Directors' Report (cont'd)

8. POST BALANCE SHEET

There has been no significant post balance sheet event that could have had a material effect on the financial position of the company as at 31st December 2008

9. REINSURANCE ARRANGEMENT

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

African Reinsurance Corporation
Continental Reinsurance Company Limited

10. CSR/DONATIONS AND SPONSORSHIPS

Sponsorships and donations during the year amounted to N1,492,880.00 and were made to the following:

a. Lagos Country Club Table Tennis Sponsorship	--	N797,880
b. Women Development International Association	--	N20,000
c. CIIN Library Project	--	N100,000
d. Nigerian-Ukrainian Business Council Members Day	--	N100,000
e. Insurance Stakeholders' Parliament	--	N250,000
f. ITC Franchise Drivers Welfare Association	--	N20,000
g. National Association of Insurance Correspondents' Event	--	N40,000
h. Nigerians Insurers Association NIA Cargo Defence Fund	--	N65,000
i. SUG-University of Agriculture Abeokuta	--	N100,000

11. EMPLOYMENT AND EMPLOYEES

a) Employment of Disabled Persons

The Company does not discriminate in considering applications for employment including those from Disabled persons. However as at 31st December 2008 there was no disabled person in the Company's employment.

b) Employees Training and Involvement

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

a) Health Safety and Welfare of Employees:

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

12. AUDITORS

The Auditors, Pannell Kerr Forster (Chartered Accountants) have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act 1990.

A resolution will be proposed at the Annual General Meeting to authorise the Directors to fix their remuneration.

By order of the Board

L. CHIDI ILOGU ESQ.

PP: Foundation Chambers
(Company Secretaries)



Report of the Auditors

PKF

Chartered Accountants &
business advisers

Report on the Financial Statements

We have audited the accompanying financial statements of **Consolidated Hallmark Insurance Plc** as at 31 December 2008 set out on pages 18 to 36, which have been prepared on the basis of the significant accounting policies on pages 18 to 21 and other explanatory notes on pages 29 to 34.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004, the applicable provisions of the Insurance Act CAP 117 LFN 2004 and relevant guidelines issued by the National Insurance Commission. The financial statements give a true and fair view of the financial position Consolidated Hallmark Insurance Plc as at 31 December 2008, and of its financial performance and its Cash Flows for the year ended in accordance with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board.

PKF Anuclken Forster

Chartered Accountants
Lagos, Nigeria

Date: 25 June 2009.





Report of the Audit Committee

In compliance with section 359(6) of the Companies and Allied Matters Act 1990, we have reviewed the Audit Report for the year ended December 31, 2008 and hereby state as follows:

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

DATED JUNE 25, 2009



Tony Anonyai
Chairman, Audit Committee

Members of The Committee

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



Statement of Accounting Policies

FOR THE YEAR ENDED 31 DECEMBER, 2008

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

1. BASIS OF ACCOUNTING

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

2. PROPERTY, PLANT & EQUIPMENT

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

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

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

3. DEPRECIATION OF PROPERTY, PLANT & EQUIPMENT

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

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

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



Statement of Accounting Policies (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

4. PROVISION FOR UNEXPIRED RISKS

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

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

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

6. CONTINGENCY RESERVE

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

7. FOREIGN CURRENCIES TRANSLATION

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

8. INVESTMENTS

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

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

9. INVESTMENT INCOME

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

10. DEBTORS

Debtors are recognized and earned at the original invoice amounts less an allowance for any un-collectible amounts. Specific provision is made where there is objective evidence that the Collection of any debt is considered doubtful. Debts considered Irrecoverable are written off.



Statement of Accounting Policies (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

11. EMPLOYEES' RETIREMENT BENEFITS

Pension Fund Scheme

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

12. TAXATION

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

i) Income Tax

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

ii) Deferred Taxation

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

iii) Capital Gain Tax

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

iv) Value Added Tax

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

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

v) Withholding Tax

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

13. CLAIMS

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



Statement of Accounting Policies (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

14. MAINTENANCE EXPENSES

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

15. PREMIUM

Full credit is taken for premium receivable upon the issuance of the related policies.

16. COMMISSION

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

17. PROVISIONS

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

18. CASH AND CASH EQUIVALENT

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; cash balances with banks and bank overdrafts.

19. DIVIDEND PAYABLE

Proposed dividends for the year, is recognized as a liability after the balance sheet date when declared and approved by shareholders at the Annual General Meeting.

20 BUSINESS COMBINATION

With effect from 1 March 2007, Consolidated Risk Insurers Plc combined its business with that of Hallmark Assurance Plc and Nigerian General Insurance Co. Ltd. to form Consolidated Hallmark Insurance Plc.

In accounting for the business combination, the Company adopted the purchase method with Consolidated Risk Insurers Plc being the acquirer.

21 GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of a merging entity at the date of acquisition. Goodwill is recognized as an asset but to be tested for impairment annually and /or more frequently depending on events and circumstances.

22 CAPITAL RESERVE

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

24/7

A friend is always there...

...a friend indeed.



Consolidated Hallmark Insurance Plc

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Tel: +234 1 461 8222. Fax: +234 1 461 8380. E-mail: info@consolidatedhallmark.com
website: www.consolidatedhallmark.com

We are what we have...

PROFESSIONALISM

RELATIONSHIP

INTEGRITY

ZEAL

EXCELLENCE



Photo News



- Managing Director of Consolidated Hallmark, Mr. Eddie Efekoha and the chairman, Ugo (Dr) Obi Ralph Ekezie presenting copies of the company's Annual Report and Accounts to the Deputy Governor of Enugu State, Mr. Sunny Onyebuchi at the government house, Enugu during a courtesy call on the occasion of the 2008 Annual General Meeting.

The President of the Nigerian Council of Registered Insurance Brokers (NCRIB) Chief Dede Ijere, presenting an Award to the Managing Director of Consolidated Hallmark, Mr. Eddie Efekoha during the members' evening of the council.



- Executive Director of Consolidated Hallmark Insurance, Obashola Alo, (second from left) with officials of the Lagos State Motherless Babies Home, Lekki, and other staff of the company during a children's day trip to donate items to the home.



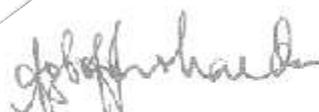
Balance Sheet

AS AT 31ST DECEMBER, 2008

ASSETS	NOTES	2008 N	2007 N
Cash and Bank Balances	2	104,033,829	66,713,191
Short term Investments	3a	1,047,523,384	1,367,509,491
Debtors & Prepayments	4	1,405,464,317	840,818,418
Deferred Acquisition Expenses	5	85,959,125	86,104,764
Long term Investments	3b	346,008,553	108,595,680
Deferred Charges	6	55,965,041	-
Statutory Deposits	7	300,000,000	300,000,000
Fixed Assets	8	1,831,662,281	1,881,931,887
TOTAL ASSETS		5,176,616,530	4,651,673,431
LIABILITIES			
Creditors & Accruals	9	229,672,102	20,510,896
Insurance Funds	10	720,777,289	675,711,250
Taxation	24b	53,341,471	176,057,011
Deferred Taxation	24c	90,839,824	42,746,700
		1,094,630,686	915,025,857
Shareholders' Funds			
Share Capital	11	3,000,000,000	3,000,000,000
Statutory Contingency Reserve	12	185,900,070	94,601,178
Fixed Assets Revaluation Reserve	13	24,811,148	24,811,148
Investment Revaluation Reserve	14	-	15,119,563
Capital Reserves	16	415,619,220	415,619,220
Revenue Reserve	15	455,655,406	186,496,465
		4,081,985,844	3,736,647,574
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		5,176,616,530	4,651,673,431

Approved by the Board on June 25 2009



 UGO, (Dr.) OBI RALPH EKEZIE }
 } DIRECTORS


 EDDIE EFEKOHA }

The accounting policies on pages 18 to 21 the notes on pages 29 to 34 form part of these accounts.



Profit and Loss Account

FOR THE YEAR ENDED 31 DECEMBER, 2008

	NOTES	2008 N	2007 N
GROSS PREMIUM INCOME	18	3,043,296,387	1,506,209,059
PREMIUM EARNED	19	2,321,385,570	976,581,124
Commissions Received		148,605,155	12,150,231
		2,469,990,725	988,731,355
LESS:			
Claims Incurred		338,430,045	197,202,816
Underwriting Expenses	19	576,406,579	205,904,027
		914,836,624	403,106,843
UNDERWRITING PROFITS	19	1,555,154,101	585,624,512
Investment income		94,440,058	159,891,868
Other Income		29,233,189	4,425,034
		1,678,827,348	749,941,414
DEDUCT:			
Management Expenses		792,848,495	469,708,245
Provision for Bad and Doubtful Debts		312,648,645	43,143,463
		1,105,497,140	512,851,708
PROFIT ON ORD. ACTIVITY BEFORE TAX AND EXCEPTIONAL ITEM		573,330,208	237,089,706
Exceptional item	22	(271,351,326)	-
Information Technology levy	23	(3,019,788)	-
PROFIT ON ORD. ACTIVITY BEFORE TAX		298,959,094	237,089,706
Income Taxation	24	109,591,863	(34,767,482)
Deferred Taxation		(48,093,124)	27,684,630
PROFIT AFTER TAX		360,457,833	230,006,854
Statutory Contingency Reserve	12	(91,298,892)	(47,417,942)
RETAINED PROFIT TRANSFERRED TO REVENUE RESERVES	15	269,158,941	182,588,912
Earnings Per Share (Kobo)		6.01	3.83

The accounting policies on pages 18 to 21 and the Notes on pages 29 to 34 form part of these Accounts.

Revenue Accounts

FOR THE YEAR ENDED 31 DECEMBER, 2008

	FIRE N	GEN. ACCDT. N	MOTOR N	AVIATION N	OIL & GAS N	MARINE N	ENGINE- RING N	BOND N	2008 TOTAL N	2007 TOTAL N
INCOME										
Direct Premium	133,866,047	748,335,325	1,079,920,819	515,540,215	124,998,492	261,322,934	62,784,216	97,979,407	3,024,747,455	1,504,887,319
Inward Reinsurance Premiums	275,815	11,458,278	3,117,784	-	1,529,331	1,754,408	413,316,26	-	18,548,932	1,321,740
Gross Written Premium (Note 17)	<u>134,141,862</u>	<u>759,793,603</u>	<u>1,083,038,603</u>	<u>515,540,215</u>	<u>126,527,823</u>	<u>263,077,342</u>	<u>63,197,532</u>	<u>97,979,407</u>	<u>3,043,296,387</u>	<u>1,506,209,059</u>
Deduct:										
Outward Reinsurance Premiums	(31,790,462)	(56,255,182)	(40,240,229)	(436,342,282)	(78,268,175)	(40,659,878)	(8,662,976)	(8,379,371)	(700,598,555)	62,047,794
Net Written Premiums	<u>102,351,399</u>	<u>703,538,421</u>	<u>1,042,798,374</u>	<u>79,197,933</u>	<u>48,259,648</u>	<u>222,417,464</u>	<u>54,534,556</u>	<u>89,600,036</u>	<u>2,342,697,832</u>	<u>1,568,256,853</u>
(Increase)/Decrease in Unexpired Risks Provision	(1,885,658)	54,086,787	(47,810,647)	-	(3,468,415)	(9,994,921)	(12,223,211)	(16,198)	(21,312,262)	(467,580,141)
Premiums Earned	<u>100,465,742</u>	<u>757,625,208</u>	<u>994,987,727</u>	<u>79,197,933</u>	<u>44,791,233</u>	<u>212,422,543</u>	<u>42,311,345</u>	<u>89,583,838</u>	<u>2,321,385,570</u>	<u>1,100,676,712</u>
Commission Received	10,219,324	17,669,555	478,614	87,268,456	15,653,635	12,412,350	2,598,893	2,304,327	148,605,155	12,150,231
TOTAL INCOME	<u>110,685,066</u>	<u>775,294,763</u>	<u>995,466,341</u>	<u>166,466,389</u>	<u>60,444,868</u>	<u>224,834,893</u>	<u>44,910,238</u>	<u>91,888,165</u>	<u>2,469,990,725</u>	<u>1,112,826,943</u>
EXPENSES										
Direct Claims Paid	42,404,744	121,511,767	190,515,025	-	-	23,480,738	-	1,672,246	379,584,520	183,998,216
Inward Reinsurance Claims Paid	-	(1,768,278)	-	-	-	-	-	-	(1,768,278)	(1,288,734)
Gross Claims Paid	<u>42,404,744</u>	<u>119,743,489</u>	<u>190,515,025</u>	<u>-</u>	<u>-</u>	<u>23,480,738</u>	<u>-</u>	<u>1,672,246</u>	<u>377,816,242</u>	<u>182,709,482</u>
Deduct Reinsurance Claims Recoveries	(28,107,260)	(18,979,667)	(10,997,248)	-	-	(4,619,142)	(436,657)	-	(63,139,974)	(14,539,505)
Net Claims Paid	<u>14,297,484</u>	<u>100,763,822</u>	<u>179,517,777</u>	<u>-</u>	<u>-</u>	<u>18,861,596</u>	<u>(436,657)</u>	<u>1,672,246</u>	<u>314,676,268</u>	<u>168,169,977</u>
Increase/ (Decrease) in Outstanding Claims Provision	10,959,337	(16,515,589)	15,451,199	-	-	6,484,317	(295,488)	7,670,000	23,753,777	29,032,839
Claims Incurred	<u>25,256,821</u>	<u>84,248,232</u>	<u>194,968,976</u>	<u>-</u>	<u>-</u>	<u>25,345,913</u>	<u>(732,145)</u>	<u>9,342,246</u>	<u>338,430,045</u>	<u>197,202,816</u>
Add underwriting Expenses:										
Acquisition Expenses	23,818,199	139,184,293	113,213,078	100,786,434	20,463,934	45,218,075	9,172,148	16,748,135	468,604,295	165,574,958
Maintenance Expenses	4,751,690	26,914,068	38,364,333	18,261,913	4,481,978	9,318,954	2,238,638	3,470,712	107,802,284	40,329,069
TOTAL EXPENSES	<u>53,826,710</u>	<u>250,346,593</u>	<u>346,546,387</u>	<u>119,048,347</u>	<u>24,945,912</u>	<u>79,882,942</u>	<u>10,678,640</u>	<u>29,561,093</u>	<u>914,836,624</u>	<u>403,106,843</u>
Underwriting Profit transferred to Profit & Loss Account	<u>56,858,356</u>	<u>524,948,170</u>	<u>648,919,954</u>	<u>47,418,042</u>	<u>35,498,956</u>	<u>144,951,951</u>	<u>34,231,598</u>	<u>62,327,072</u>	<u>1,555,154,101</u>	<u>709,720,100</u>

The accounting policies on pages 18 to 21 and the Notes on pages 29 to 34 form part of these Accounts.



Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER, 2008

	2008		2007	
	N	N	N	N
Cash Flows from Operating Activities				
Premium received from policy holders	2,508,913,562		1,506,209,059	
Commission received	148,605,155		12,150,231	
Other operating receipts	29,233,189		4,425,034	
Reinsurance receipts in respect of claims	63,139,974		14,539,505	
Cash paid to and on behalf of employees	(444,619,874)		(208,788,070)	
Reinsurance premium paid	(700,598,555)		(62,047,794)	
Other operating cash payments	(988,361,211)		(230,783,851)	
Claims paid	(377,816,242)		(182,709,482)	
Company Income Tax paid	(13,123,677)		(6,910,123)	
Net cash provided by operating activities		225,372,321		846,084,509
Cash Flows from Investing Activities				
Purchase of fixed assets	(70,530,937)		(86,193,866)	
Purchase of investments	(272,927,392)		(753,009,026)	
Realisation of /(Addition to) other investments	48,634,781			
Sale of investments	73,340,206		3,699,480	
Sale of fixed assets	8,741,190		900,000	
Dividend received	7,023,893		-	
Interest received	87,416,165		32,077,515	
Deferred assets	(69,749,588)		-	
Net Cash provided by investing activities		(188,051,682)		(802,525,897)
Cash Flows from Financing Activities				
Interest paid	-		-	
Issue of ordinary shares	-		-	
Deposit for shares	-		-	
Dividend paid	-		-	
Repayment of loans	-		-	
Net cash provided by financing activities		-		-
Increase in cash and cash equivalents		37,320,638		43,558,612
Cash at the beginning		66,713,191		23,154,579
Cash at 31 December,		<u>104,033,829</u>		<u>66,713,191</u>

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



Statement of Cash Flows (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

1 Reconciliation of Operating Profit to the Cash provided by operating Activities	2008	2007	
	N	N	
Operating Profit After Tax	360,457,830	230,006,854	
Depreciation	108,772,414	78,057,475	
Amortisation	13,784,547	-	
Investment income	(94,440,058)	-	
Exceptional Items	271,351,327	-	
Information Technology Bill	3,019,789	-	
Loss on disposal of Fixed Assets	3,286,941	-	
Increase /(Decrease) in unearned premiums	21,312,263	467,580,140	
Increase /(Decrease) in creditors	209,161,208	170,850,397	
Increase /(Decrease) in claims provisions	23,753,776	29,032,840	
(Increase) /Decrease in debtors	(564,645,899)	(545,062,416)	
(Increase) /Decrease in deferred charges	(55,965,041)	-	
(Increase) /Decrease in capital reserve	-	415,619,219	
(Increase) /Decrease in deferred acquisition expenses	145,639	-	
Taxation	(74,622,416)	-	
Cash provided by operating activities	<u>225,372,321</u>	<u>846,084,509</u>	
2 Analysis of Changes in Cash and Cash Equivalents and other liquid Investments			
	Cash & Cash	Investments	Total
	Equivalents	Investments	Total
	N	N	N
Balance as at 1 Jan. 2008	66,713,191	1,476,105,171	1,542,818,362
Net cash inflow	37,320,638	73,340,205	110,660,843
Purchase of investments	-	272,927,392	272,927,392
	<u>104,033,829</u>	<u>1,822,372,768</u>	<u>1,926,406,597</u>
3 Analysis of the Balance of cash and cash equivalents and other liquid investments			
	2008	2007	Changes
	N	N	during the year
Cash at Bank and in hand	104,033,829	66,713,191	37,320,638
Bank Overdraft	-	-	-
Total cash and cash equivalents	104,033,829	66,713,191	37,320,638
Investments	<u>1,822,372,768</u>	<u>1,476,105,171</u>	<u>346,267,597</u>
	<u>1,926,406,597</u>	<u>1,542,818,362</u>	<u>383,588,235</u>



Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER, 2008

	2008 N	2007 N
1a LEGAL FORM		
Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company recently changed its name from Cosolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Ltd. in line with the consolidation reform of NAICOM announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.		
b PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT		
During the year under review, the Company engaged in General Insurance Business and maintained offices in major cities with corporate headquarters in Victoria Island, Lagos.		
2 CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	104,033,829	66,713,191
	<u>104,033,829</u>	<u>66,713,191</u>
3a SHORT TERM INVESTMENTS		
Commercial Papers	161,124,586	62,914,173
Bankers Acceptances	12,978,898	2,201,583
Fixed Deposits	409,556,584	543,633,420
Fund under management	485,594,445	766,004,025
Provision for doubtful investments	(21,731,129)	(7,243,710)
	<u>1,047,523,384</u>	<u>1,367,509,491</u>
b LONG TERM INVESTMENTS		
Quoted Ordinary Shares at Market value	51,010,152	106,595,680
Unquoted Ordinary Shares	17,000,000	2,000,000
Investment in subsidiary- CHI Capital	105,207,680	-
Investment in subsidiary- CHI Ghana	172,790,721	-
	<u>346,008,553</u>	<u>108,595,680</u>
Ordinary shares of quoted investments were valued at market value in line With NAICOM guidelines 2008.		
Quoted Ordinary Shares at Market value		
At 1 January	106,595,680	48,696,882
Additions during the year	47,353,350	45,709,637
Disposal during the year	(68,677,780)	(1,623,758)
Excess of cost over market value transferred to investment revaluation reserve	(34,261,097)	13,812,919
	<u>51,010,153</u>	<u>106,595,680</u>
Unquoted Ordinary Shares		
At 1 January	2,000,000	3,400,000
Additions during the year	292,998,401	-
Disposal during the year	-	(1,400,000)
At 31 December	<u>294,998,401</u>	<u>2,000,000</u>
4 DEBTORS AND PREPAYMENTS		
Amount due from Insurance Brokers and Agents	1,699,159,609	852,128,138
Prepayments	103,140,283	22,154,092
Deposit for shares	-	37,650,000
Prepaid Expenses to staff	7,737,685	5,583,400
Staff Loans	18,864,066	27,446,179
Legacy Companies Current Accounts	-	6,645,290
Assets suspenses - Land and Building	51,387,562	51,387,561
Provision for bad and doubtful debts	(474,824,887)	(162,176,242)
	<u>1,405,464,317</u>	<u>840,818,418</u>
5 DEFERRED ACQUISITION EXPENSES		
Deffered acquisition Expenses	85,959,125	86,104,764
6 DEFERRED CHARGES		
Balance as at January	-	-
Additions during the year	69,749,588	-
Amortised during the year	(13,784,547)	-
Balance as at December	<u>55,965,041</u>	<u>-</u>
This relates to the cost incurred during consolidation exercise and the listing of the Company's shares on the Nigerian Stock Exchange. It is the Company's policy to write-off the amount in sixty months.		
7 STATUTORY DEPOSIT		
This deposit represents the amount deposited with the Central Bank of Nigeria as at 31st December, 2008, in accordance with section 9(l) and Section 10(3) of Insurance Act 2003 - N300,000,000 (2007-N300,000,000)		



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

8	FIXED ASSETS	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
	COST						
	At 1 January 2008	1,578,688,000	50,318,335	66,590,701	155,479,747	145,399,044	1,996,475,828
	Additions	2,630,475	2,624,010	8,772,668	41,845,000	14,658,784	70,530,937
	Disposal	-	(319,239)	-	(17,989,426)	-	(18,308,665)
	At 31 December 2008	<u>1,581,318,475</u>	<u>52,623,106</u>	<u>75,363,369</u>	<u>179,335,321</u>	<u>160,057,829</u>	<u>2,048,698,100</u>
	DEPRECIATION:						
	At 1 January 2008	31,573,760	8,770,968	12,156,083	42,071,016	19,972,113	114,543,940
	Charge in the Year	31,621,870	7,759,117	10,726,746	35,310,559	23,354,123	108,772,414
	Disposal	-	(91,781)	-	(6,188,754)	-	(6,280,535)
	At 31 December 2008	<u>63,195,630</u>	<u>16,438,303</u>	<u>22,882,829</u>	<u>71,192,822</u>	<u>43,326,236</u>	<u>217,035,819</u>
	Net book value						
	At 31 December 2008	<u>1,518,122,846</u>	<u>36,184,802</u>	<u>52,480,540</u>	<u>108,142,500</u>	<u>116,731,593</u>	<u>1,831,662,281</u>
	At 31 December 2007	<u>1,547,114,240</u>	<u>41,547,367</u>	<u>54,434,618</u>	<u>113,408,731</u>	<u>125,426,931</u>	<u>1,881,931,888</u>

Fixed assets were professionally re-valued as at 31 December, 2006, by Messrs Adegboyega Sanusi & Co on the basis of open market values. The values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values is treated in these financial statements as fixed assets revaluation reserve.

Revaluation is carried out at the discretion of the directors and it is considered as and when necessary.

	2008 N	2007 N
9 CREDITORS & ACCRUALS		
Due to agents, reinsurance companies and brokers	81,952,470	4,112,440
Sundry Creditors and Accruals	111,616,971	16,398,456
Legacy Companies Current Accounts	3,751,597	-
Deferred Investments Income	32,351,064	-
Proposed Dividend	-	-
	<u>229,672,102</u>	<u>20,510,896</u>

9.1 PROPOSED DIVIDEND

In respect of the current year, the directors proposed that a dividend of 5 kobo per ordinary share will be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in the financial statements in accordance with the statement of accounting standard 23. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose name appear in the register of members at closure date. The gross dividend to be paid is N300,000,000

10 INSURANCE FUNDS

a Reserve For Outstanding Claims

Fire	11,058,544	99,208
General Accident	26,995,479	43,511,067
Motor	40,481,344	25,030,145
Marine	7,004,317	550,000
Engineering	-	295,488
Bond	7,700,000	-
	<u>93,239,684</u>	<u>69,485,908</u>



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

		2008		2007
		N		N
b Provision For Unexpired Risks				
Fire		50,399,967		48,514,309
General Accident		144,350,515		198,437,302
Motor		386,790,966		338,980,319
Marine		18,708,314		8,713,393
Bond		16,198		-
Aviation		-		-
Oil & Gas		6,331,769		2,863,354
Engineering		20,939,876		8,716,665
		<u>627,537,605</u>		<u>606,225,342</u>
Total Insurable Funds		<u>720,777,289</u>		<u>675,711,250</u>
11 SHARE CAPITAL AUTHORISED				
	Number	N	Number	N
Ordinary shares of 50k each	10,000,000,000	<u>5,000,000,000</u>	10,000,000,000	<u>5,000,000,000</u>
Issued and Fully Paid				
Ordinary shares of 50k each	6,000,000,000	<u>3,000,000,000</u>	6,000,000,000	<u>3,000,000,000</u>
12 STATUTORY CONTINGENCY RESERVE				
This is maintained in compliance with section 21(1) and (2) and 22(16) of the Insurance Act 2003.				
Balance as at 1st January		94,601,178		47,183,236
Transfer from profit and loss account		91,298,892		47,417,942
Balance as at 31st December		<u>185,900,070</u>		<u>94,601,178</u>
13 FIXED ASSETS REVALUATION RESERVE				
Balance as at 1st January		24,811,148		-
Addition during the year		-		24,811,148
Balance as at 31st December		<u>24,811,148</u>		<u>24,811,148</u>
14 INVESTMENT REVALUATION RESERVE				
Balance as at 1st January		15,119,563		1,306,644
Additions				13,812,919
Movement during the year		(34,261,097)		
		(19,141,534)		15,119,563
Diminution Transferred to Income and Expenditure		19,141,534		-
Balance as at 31st December		<u>-</u>		<u>15,119,563</u>
15 REVENUE RESERVE				
Brought forward		186,496,465		3,907,553
Transfer from Profit & Loss Account		269,158,941		182,588,912
Carried Forward		<u>455,655,406</u>		<u>186,496,465</u>
16 CAPITAL RESERVE/GOODWILL ARISING FROM CONSOLIDATION				
	Hallmark Assurance Plc N'000	Nigerian General Insurance Co. Ltd. N'000	General N'000	Total N'000
Net Assets as at 1 March 2007	1,758,231	442,419	-	2,200,650
*Adjustments	562,193	(54,589)	(96,941)	410,662
Final Net Assets taken over as at 1 March 2007	<u>2,320,424</u>	387,830	(96,941)	2,611,312
Value of Shares issued	(1,500,000)	(600,000)	-	(2,100,000)
	820,424	(212,170)	(96,941)	511,312
Recapitalisation expenses	-	-	(95,693)	(95,693)
Capital Reserve/ (Goodwill)	<u>820,424</u>	<u>(212,170)</u>	<u>(192,634)</u>	<u>415,619</u>

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



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

	2008 N		2007 N	
17 PROFIT BEFORE TAXATION				
Profit before taxation is stated after charging:				
Depreciation of fixed assets	108,772,414		78,057,475	
Auditors' Remuneration	3,000,000		1,500,000	
Directors' Remuneration:				
Fees	1,900,000		3,550,000	
Other remuneration	28,020,000		8,400,000	
Loss on disposal of fixed assets	3,286,941		586,252	
Foreign Exchange Gains/(Loss)	(59,763)		(65,402)	
18 GROSS PREMIUM WRITTEN				
Fire	134,141,862		114,912,883	
General Accident	759,793,603		480,341,608	
Motor	1,083,038,603		678,444,374	
Marine	263,077,342		135,654,476	
Aviation	515,540,215		1,228,029	
Oil & Gas	126,527,823		19,565,336	
Bond	97,979,407		58,915,327	
Engineering	63,197,532		17,147,026	
	<u>3,043,296,387</u>		<u>1,506,209,059</u>	
19 PREMIUM EARNED AND UNDERWRITING PROFITS	2008 PREMIUM EARNED	U/W PROFITS	2007 PREMIUM EARNED	U/W PROFITS
Fire	100,465,742	56,858,356	65,574,880	39,570,417
General Accident	757,625,208	524,948,170	290,696,849	147,090,605
Motor	994,987,728	648,919,955	411,426,506	229,588,601
Marine	213,422,543	144,951,952	121,799,468	100,195,477
Aviation	79,197,933	47,418,042	1,228,029	1,018,292
Oil & Gas	44,791,233	35,498,956	16,701,982	12,587,720
Bond	89,583,838	62,327,072	61,005,906	48,036,468
Engineering	42,311,345	34,231,598	8,147,504	7,536,931
	<u>2,321,385,570</u>	<u>1,555,154,101</u>	<u>976,581,124</u>	<u>585,624,511</u>
20 UNDERWRITING EXPENSES				
Acquisition Cost:				
- Commission Paid		468,604,295		165,574,958
Maintenance Expenses		107,802,284		40,329,069
		<u>576,406,579</u>		<u>205,904,027</u>
21a INVESTMENT INCOME				
Interest received-Fixed Deposit		31,043,451		63,887,843
Interest received-Fund Management		56,372,714		96,004,025
Dividend received		7,023,893		-
		<u>94,440,058</u>		<u>159,891,868</u>
21b OTHER INCOME				
Auto Reg.		2,427,420		2,066,520
Others		26,805,769		2,358,514
		<u>29,233,189</u>		<u>4,425,034</u>
22 EXCEPTIONAL ITEM				
This represents diminution in the value of investments during the year as given below;				
Fund under management		252,209,793		-
Quoted Investments		19,141,533		-
		<u>271,351,326</u>		<u>-</u>
23 INFORMATION TECHNOLOGY DEVELOPMENT				
The Nigeria Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(2a) of the act demands that, 1% of profit before tax should be paid to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.				



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

24 TAXATION

a Per Profit and Loss Account

Income Tax based on the profit for the year	41,470,492	28,972,902
Education Tax	8,212,095	5,794,580
Over provision in prior year	(159,274,449)	-
	(109,591,863)	34,767,482
Deferred Taxation	48,093,124	(27,684,630)
	(61,498,739)	7,082,852

b Per Balance Sheet

At 1st January	176,057,011	43,896,399
Transfer from legacy companies	-	104,303,253
Payment during the year	(13,123,677)	(6,910,123)
Charge for the year (Note 24a)	(109,591,863)	34,767,482
	53,341,471	176,057,011

c Deferred Taxation

At 1 January	42,746,700	9,517,024
Transferred from legacy companies	-	60,914,306
Charge to profit and loss account (Note 24a)	48,093,124	(27,684,630)
	90,839,824	42,746,700

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

25 PROPOSED DIVIDEND

The dividend is subjected to withholding tax at the appropriate rate

	-	-
--	---	---

26 STAFF

Average number of persons employed in the financial year and staff costs were as follows:

	2008 Number	2007 Number
Managerial	42	25
Senior Staff	76	72
Junior Staff	29	48
	147	145

27 STAFF COSTS

	N	N
Wages & Salaries	293,464,908	116,624,649
Staff welfare	105,939,790	79,016,151
Medical	5,772,112	6,258,835
Staff Training	19,877,141	4,283,833
Pension & Gratuity	19,565,923	2,604,602
	444,619,874	208,788,070

28 PENSION & GRATUITY

Balance b/f	5,647,302	4,102,464
Provision during the year	19,565,923	2,604,602
Payment during the year	(17,659,337)	(1,059,764)
Balance as at December	7,553,888	5,647,302



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2008

29 CHAIRMAN'S AND DIRECTORS' EMOLUMENTS, PENSIONS AND COMPENSATION FOR LOSS OF OFFICE:

	N	N
Emoluments:		
Chairman	300,000	300,000
Other Directors	1,800,000	1,800,000
Other Emolument of Executives	28,020,000	8,400,000
Emolument of highest paid director	6,000,000	4,800,000

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

N	N	2008 Number	2007 Number
NIL	N50,000	Nil	Nil
50001	60,000	Nil	Nil
60001	80,000	Nil	Nil
above N80,000		9	9

EMOLUMENTS WAIVED

Number of directors who have waived their rights to receive emoluments

Nil	Nil
-----	-----

30 EMPLOYEES REMUNERATED AT HIGHER RATES

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

	2008 (Number)	2007 (Number)
N100,001 - 200,000	8	15
N200,001 - 300,000	12	50
N300,001 - 400,000	34	14
N400,001 - 500,000	4	9
N500,001 - 600,000	-	6
N600,001 - 700,000	-	1
N700,001 - 800,000	12	12
N800,001 - 900,000	6	6
N900,001 - 1,000,000	20	3
N1,000,001 and above	51	29

31 EARNINGS PER SHARE

Earnings per share is calculated on the net profits after taxation based on the share capital in issue at 31st December 2008

32 CAPITAL COMMITMENTS

There were no capital commitments at 31st December 2008

33 CONTINGENT LIABILITIES

There is no material contingent liability other than in the normal course of business.

34 COMPARATIVE FIGURES

Certain figures in 2007 financial statements were re-classified to conform with 2008 presentation and enhance Comparability.



Statement of Value Added

FOR THE YEAR ENDED 31 DECEMBER, 2008

	2008 N	%	2007 N	%
INCOME				
Gross premium written	3,043,296,388		1,506,209,059	
Commission Received	148,605,155		12,150,231	
Investment and other income	123,673,247		164,316,902	
	<u>3,315,574,790</u>		<u>1,682,676,192</u>	
LESS:				
Reinsurances, claims and commissions	1,483,733,480		395,792,729	
Other expenses and services - Local	934,423,891		266,335,232	
- Imported	-		-	
(Increase) / Decrease in Insurable Fund	45,066,039		496,612,980	
	<u>2,463,223,410</u>		<u>1,158,740,941</u>	
VALUE ADDED	<u>852,351,380</u>	100	<u>523,935,251</u>	100
APPLIED AS FOLLOWS:				
To pay employees' salaries, wages and other benefits	444,619,875	52	208,788,070	34
To pay taxation	(61,498,739)	(7)	7,082,852	21
Depreciation	108,772,414	13	78,057,475	6
Transfer to contingency reserve	91,298,892	11	47,417,942	12
Retained Profits	269,158,938	31	182,588,912	27
	<u>852,351,380</u>	100	<u>523,935,251</u>	100

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



Five-Year Financial Summary

	2008 N	2007 N	2006 N	2005 N	2004 N
RESULTS					
Gross Premium Written	3,043,296,387	1,506,209,059	508,368,380	394,998,421	274,159,713
Net Premium Written	2,342,697,832	1,444,161,265	473,422,782	349,723,976	230,848,512
Premium Earned	2,321,385,570	976,581,124	449,766,767	299,423,309	172,035,349
Profit/(Loss) Before Tax & Exceptional Item	298,959,094	237,089,706	87,334,978	65,223,321	29,553,454
Profit/(loss) After Tax	360,457,830	230,006,854	56,870,711	52,965,523	24,665,980
Earning/(Loss) per share (k)	6.01	3.8	4.3	18.3	10.0
BALANCE SHEETS					
Assets					
Current Assets	1,651,422,312	993,636,373	332,952,093	369,636,680	231,693,786
Investments	1,393,531,937	1,476,105,171	723,096,145	191,975,432	37,658,467
Statutory Deposits	300,000,000	300,000,000	20,000,000	20,000,000	20,000,000
Fixed Assets	1,831,662,281	1,881,931,887	72,248,470	49,060,938	46,917,966
TOTAL ASSETS	5,176,616,530	4,651,673,431	1,148,296,708	630,673,050	336,270,219
Liabilities					
Current Liabilities	283,013,576	196,567,907	58,947,186	60,330,229	16,164,704
Deferred Taxation	90,839,824	42,746,700	9,517,024	6,377,919	2,776,971
Insurance Funds	720,777,289	675,711,250	179,098,270	131,795,139	74,188,187
Share Capital	3,000,000,000	3,000,000,000	665,155,330	300,000,000	250,000,000
Share Premium	-	-	-	2,369,570	249,567
Capital Reserve	415,619,220	415,619,220	-	-	-
Bonus Issue Reserve	-	-	158,370,317	-	-
Reserves	641,555,473	281,097,643	51,090,789	31,234,813	(7,109,210)
Investments Revaluation Reserve	-	15,119,563	1,306,644	2,165,380	-
Assets Revaluation Reserve	24,811,148	24,811,148	24,811,148	-	-
Deposit for shares	-	-	-	96,400,000	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	5,176,616,530	4,651,673,431	1,148,296,707	630,673,050	336,270,219



Management Staff

MD/CEO

EDDIE EFEKOHA

ED (Operations)

OBASHOLA ALO

General Managers

KOLAWOLE ILESANMI
BODE OPADOKUN
MAC EKECHUKWU
IJEOMA OKORO

Deputy General Managers

TUNDE DARAMOLA
GBOLAGA ADEYANJU

Controllers

BARIU ABDUL GAFFAR
MARY ADEYANJU
SHOLA OSHO

Senior Managers

JIMALEX OJIAKOR
PROMISE ANYIM
OSE OLUYANWO
GBOYEGA ADETOKI
OLU ADEOYE
TOPE ILESANMI
OYENIKE NIHINLOLA

Managers

CHUKWUMAH UWAJEH
GLORIA EDEMCORD
OLADOTUN ADEOGUN
CHARLES NWANZE
ROSEMARY MADUAKOR
GODDY EZEALA
SAINT HUOMAH
JOB OYEDELE



Office Locations



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Yenagoa
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Share Capital History

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

PROXY FORM

Annual General Meeting to be held at Protea Hotel, Oakwood Park, Lekki Expressway, Lekki Peninsula, Lagos.

I/We.....
of.....

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

of.....
or failing him the Chairman of the Company as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on the 27th August, 2009 and any adjournment thereof.

Dated this....day of.....2009

Shareholder's Signature.....

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

NOTE

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

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

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

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

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

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

ADMISSION SLIP

Please admit.....to the Annual General Meeting of Consolidated Hallmark Insurance Plc which will hold at Protea Hotel, Oakwood Park, Lekki Expressway, Lekki Peninsula, Lagos..

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

Foundation Chambers
(Secretaries)

Name & Address of Shareholder.....

Number of shares held.....

MERISTEM REGISTRARS
305 Herbert Macaulay Way
Sabo-Yaba
Lagos.
P. O. Box 51585, Ikoyi



Consolidated Hallmark Insurance Plc

Plot 33D Bishop Aboyade Cole Street, P. O. Box 74013, Victoria Island, Lagos.
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website: www.consolidatedhallmark.com

We are what we have...



“A friend sings your song”

*“I have a friend
that cares for me,
to help me cope
in anything*

*Consolidated Hallmark
covers everything.*

*In all situations,
they are there for me*

*Consolidated Hallmark
an insurance company fit for me*

I have a friend...

...a friend indeed”

PROFESSIONALISM

RELATIONSHIP

INTEGRITY

ZEAL

EXCELLENCE



www.consolidatedhallmark.com