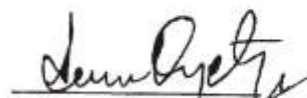


ASSETS	Note	Life Fund N'000	Company N'000	2011 N'000	2010 N'000
Cash and bank balances	2	-	309,369	309,369	221,119
Short-term investments	3	514,380	5,475,544	5,989,924	6,006,800
Treasury bills	4	-	1,286,327	1,286,327	725,308
Reinsurance debtors	5	214,460	4,418,949	4,633,409	4,090,112
Prepayments and other debits	6	4,143	682,074	686,217	483,107
Long-term investments	7	374,158	4,539,042	4,913,200	4,590,898
Investment properties	8	350,000	1,218,808	1,568,808	1,557,834
Statutory deposits	9	-	1,000,000	1,000,000	1,000,000
Fixed assets	10	-	108,335	108,335	115,926
		-----	-----	-----	-----
		1,457,141	19,038,448	20,495,589	18,791,104
		=====	=====	=====	=====
LIABILITIES					
Creditors and accruals	11	307,229	937,777	1,245,006	814,445
Insurance funds	12	948,677	2,884,821	3,833,498	3,533,292
Outstanding claims	13	-	2,822,811	2,822,811	2,223,453
Dividend payable	14	-	56,269	56,269	44,763
Taxation	15	-	381,624	381,624	336,074
Deferred taxation	16	-	-	-	13,386
Revaluation reserve	20	201,235	-	201,235	201,235
		-----	-----	-----	-----
		1,457,141	7,083,302	8,540,443	7,171,648
		=====	=====	=====	=====
CAPITAL & RESERVES					
Share capital	17	-	5,186,372	5,186,372	5,186,372
Share premium	18	-	3,915,451	3,915,451	3,915,451
Revenue reserve	19	-	1,087,932	1,087,932	973,954
Revaluation reserve	20	-	220,434	220,434	286,441
Contingency reserve	21	-	1,435,136	1,435,136	1,094,207
Exchange equalisation reserve	22	-	109,821	109,821	163,031
		-----	-----	-----	-----
Shareholders' fund		-	11,955,146	11,955,146	11,619,456
		-----	-----	-----	-----
		1,451,141	19,038,448	20,495,589	18,791,104
		=====	=====	=====	=====



Engineer S. Akin Laguda
Chairman



Dr. Olufemi Oyetunji
Managing Director/CEO

See notes to the financial statements.

**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2011**

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	Note	2011 N'000	2010 N'000
Gross premium income	23.1	9,484,537	10,253,976
Increase in unearned premium		(99,288)	(820,610)
Gross premium earned		9,385,249	9,433,366
Retrocession cost incurred	24	(970,721)	(867,955)
Net premium earned		8,414,528	8,565,411
Gross claims paid		3,044,259	2,451,205
Changes in outstanding claims		599,358	1,339,357
Gross claims incurred		3,643,617	3,790,562
Retrocession recoveries		-	(86,345)
Net claims incurred		3,643,617	3,704,271
Acquisition expenses		2,387,284	2,385,116
Maintenance Cost		1,063,075	995,930
Total expenses		7,093,976	7,085,263
Underwriting profit		1,320,552	1,480,148
Investment and other Income	25	972,284	981,688
Transfer from Life revenue account		196,182	123,951
Administrative expenses		(310,917)	(240,164)
Provision for doubtful balances	26	(581,584)	(720,123)
Revaluation deficit	8	-	(40,500)
Profit before taxation	27	1,596,517	1,585,000
Taxation	15.1	(363,742)	(354,766)
Profit after Taxation		1,232,775	1,230,234
Transfer to contingency reserve:			
- Non-life	21	(319,304)	(307,619)
- Life	21	(21,625)	(13,907)
Profit for the year	19	891,846	908,708
Earnings per share - Basic (kobo)	31	11.9	11.9

See notes to the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 DECEMBER 2011

	Note	2011 N'000	2010 N'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Premiums received from policy holders		11,547,750	10,824,110
Retrocession receipts in respect of claims		-	86,345
Acquisition cost paid		(2,844,702)	(2,720,284)
Retrocession premium paid		(1,295,097)	(867,955)
Cash paid to and on behalf of employees		(493,258)	(1,175,678)
Other operating income		18,652	820,755
Claims paid		(4,464,215)	(4,402,170)
Value added tax (VAT) input		-	-
Value added tax (VAT) output		-	(15,737)
Income tax paid	15.2	(331,578)	(237,718)
		-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	28	2,137,552	2,311,668
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	10	(69,019)	(48,898)
Proceeds from sale of fixed assets		4,247	4,021
Purchase of investments		(900,778)	(2,739,450)
Proceed on sale of investments		73,457	616,147
Purchase investments properties	8	(164,225)	(478,332)
Proceed on sale of investment properties		150,000	-
Dividend received		75,026	74,857
		-----	-----
NET CASH UTILISED BY INVESTING ACTIVITIES		(831,292)	(2,571,665)
		-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(766,362)	(562,082)
		-----	-----
NET CASH UTILISED BY FINANCING ACTIVITIES		(766,362)	(562,082)
		-----	-----
Net Increase /(decrease) in cash and cash equivalents		539,898	(822,069)
Cash and cash equivalents at 1 January		7,045,722	7,867,791
		-----	-----
Cash and cash equivalents at 31 December	29	7,585,620	7,045,722
		=====	=====

See notes to the financial statements

**NON-LIFE REVENUE ACCOUNT FOR THE YEAR
ENDED 31 DECEMBER 2011**

	NOTE	FIRE	ACCIDENT	MARINE	LIABILITY	ENERGY	TOTAL 2011	TOTAL 2010
		₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000
Gross premium income	23.1	4,510,672	1,615,822	1,192,011	797,036	1,368,996	9,484,537	10,253,976
Change in unexpired premium		(24,271)	(18,766)	10,533	(16,831)	(49,973)	(99,288)	(820,610)
Gross Premium Earned		4,486,401	1,597,056	1,202,564	780,205	1,319,023	9,385,249	9,433,366
Retrocession Cost	24	(438,706)	(139,215)	(101,389)	-	(291,411)	(970,721)	(867,955)
Net premium earned		4,047,695	1,457,841	1,101,175	780,205	1,027,612	8,414,528	8,565,411
Expenses:								
Gross Claims Paid		1,627,946	616,403	306,062	245,947	247,901	3,044,259	2,451,205
Change in outstanding claim		458,523	(30,297)	(10,902)	51,091	130,943	599,358	1,339,357
Gross claims incurred		2,086,469	586,106	295,160	297,038	378,844	3,643,617	3,790,562
Retrocession Recoveries		-	-	-	-	-	-	(86,345)
Net Claims incurred		2,086,469	586,106	295,160	297,038	378,844	3,643,617	3,704,217
Underwriting expenses:								
Acquisition and Maintenance cost								
-Acquisition cost		1,368,380	426,934	388,515	45,970	157,485	2,387,284	2,385,116
-Maintenance charges		80,104	49,915	23,211	46,608	2,385	202,223	175,580
-Management expenses		409,405	146,658	108,191	72,342	124,255	860,852	820,350
		3,944,358	1,209,613	815,077	461,958	662,929	7,093,976	7,085,263
Underwriting Profit		103,337	248,228	286,098	318,247	364,643	1,320,552	1,480,148

	Note	2011 N'000	2010 N'000
ASSETS			
Short-term investments	3	514,380	649,760
Reinsurance debtors	5	214,460	154,190
Prepayments and other debit balances	6	4,143	-
Long-term investments	7	374,158	-
Investment properties	8	350,000	350,000
		-----	-----
		1,457,141	1,153,950
		=====	=====
LIABILITIES			
Creditors and accruals	11	307,229	204,957
Insurance funds	12	948,677	747,758
Revaluation reserve	20	201,235	201,235
		-----	-----
		1,457,141	1,153,950
		=====	=====

The financial statements were approved by the Board of Directors on 6 March 2012 and signed on its behalf by:



Engineer S. Akin Laguda
Chairman



Dr. Olufemi Oyetunji
Managing Director/CEO

See notes to the financial statements.

	Note	2011 Individual N'000	2010 Group N'000	Total N'000	Total N'000
Income					
Gross premium Income	23.2	84,537	2,077,964	2,162,501	1,390,744
Retrocession cost		(12,681)	(311,695)	(324,376)	-
		<u>71,856</u>	<u>1,766,269</u>	<u>1,838,125</u>	<u>1,390,744</u>
Net premium income		71,856	1,766,269	1,838,125	1,390,744
Investments Income	25	1,055	25,928	26,983	31,986
		<u>72,911</u>	<u>1,792,197</u>	<u>1,865,108</u>	<u>1,422,730</u>
Expenses					
Commissions		34,172	423,246	457,418	335,168
Claims		1,429	819,169	820,598	611,608
Other charges		81	13,345	13,426	32,680
Management expenses		5,982	147,050	153,032	184,519
Provision for premium debtors	26	920	22,613	23,533	(39,642)
		<u>42,584</u>	<u>1,425,423</u>	<u>1,468,007</u>	<u>1,124,333</u>
Excess of income over expenditure		30,327	366,774	397,101	298,397
Transfer to profit and loss account		(22,473)	(173,709)	(196,182)	(123,951)
		<u>7,854</u>	<u>193,065</u>	<u>200,919</u>	<u>174,446</u>
Transfer to life fund		7,854	193,065	200,919	174,446

See notes to the financial statements.

1. THE COMPANY**a. Legal form**

Continental Reinsurance Plc was incorporated in 1985 as a professional reinsurance limited liability Company under the Companies Act 1968 and obtained license to transact non-life reinsurance business on 10 December, 1986. It commenced business operation in January, 1987. The Company subsequently obtained license to transact life reinsurance business in September, 1989 and commenced life reinsurance business in January 1990. In 1999, the Company was converted to a public limited liability Company and on 30 May, 2007, its shares were listed on the Nigerian Stock Exchange. In January, 2005, the Company opened a business office in Douala Cameroun while the Nairobi office, Kenya commenced operations in year 2007.

b. Principal activities

The Company was licensed to carry out both life and non-life reinsurance business.

2. CASH AND BANK BALANCES

	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
Cash	-	666	666	2,008
Local bank balances	-	102,112	102,112	55,960
Foreign bank balances	-	206,591	206,591	163,151
	-----	-----	-----	-----
	-	309,369	309,369	221,119
	=====	=====	=====	=====

3. SHORT-TERM INVESTMENTS

Placements with banks and other financial institutions (Note 3.1)	264,380	5,150,311	5,414,691	5,361,488
Managed funds	250,000	1,164,273	1,414,273	1,414,273
Other short-term placements	-	48,617	48,617	48,842
	-----	-----	-----	-----
	514,380	6,363,201	6,877,581	6,824,603
Provision of doubtful Investments (Note 3.2)	-	(887,657)	(887,657)	(817,803)
	-----	-----	-----	-----
	514,380	5,475,544	5,989,924	6,006,800
	=====	=====	=====	=====

3.1 Placements with banks and other financial institutions	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
<i>Foreign:</i>				
Ecobank Douala	-	882,706	882,706	434,502
United Bank for Africa Plc - Douala	-	492,960	492,960	400,330
United Bank for Africa Plc - Abidjan	-	382,064	382,064	300,771
Union Bank Plc -Douala	-	-	-	30,100
HSBC	-	123,364	123,364	31,259
NIC-Kenya	-	87,312	87,312	-
<i>Nigeria:</i>				
Guaranty Trust Bank	-	281,842	281,842	315,121
First City Monument Bank Plc	83,349	-	83,349	150,102
FinaCorp Limited	-	-	-	56,102
First Securities Discount House	-	255,258	255,258	312,737
Fidelity Bank	-	205,541	205,541	-
GT Asset Management Limited	-	104,613	104,613	-
GT Homes Limited	-	184,608	184,608	162,620
Ecobank Plc	-	117,355	117,355	639,039
Profund Finance Limited	-	136,076	136,076	231,911
Profund Securities Limited	-	125,929	125,929	-
United bank of Africa Plc	-	202,271	202,271	631,720
First Marina Limited	-	52,269	52,269	127,678
Skye Bank Plc	-	111,455	111,455	-
Sterling bank Plc	131,896	-	131,896	556,555
Zenith IBTC plc	-	114,536	114,536	304,153
Associated Discount Limited	-	106,198	106,198	-
PHB Mortgage	-	59,937	59,937	-
Access Bank Plc	-	541,668	541,668	250,000
Kakawa Discount House Limited	49,135	-	49,135	46,057
	----- 264,380 =====	----- 5,150,311 =====	----- 5,414,691 =====	----- 5,361,488 =====
3.2 Provision for Doubtful Investments				
At 1 January	-	817,803	817,803	881,478
Charge of the Year	-	69,854	69,854	(63,675)
	-----	-----	-----	-----
At 31 December	-	887,657	887,657	817,803
	====	=====	=====	=====

The provisions in this account balance were principally as a result of the diminution in the value of quoted equities held and managed by fund and stock managers on behalf of the Company.

3.3 Allocation of short-term investments

	2011	2010
	N'000	N'000
Life assurance funds	514,380	649,760
Non-life insurance funds	4,295,441	2,855,657
Shareholders' funds	2,067,760	3,319,186
	<u>6,877,581</u>	<u>6,824,603</u>
	=====	=====

4 TREASURY BILLS

	Life	Non-Life	2011	2010
	N'000	N'000	N'000	N'000
The Treasury bills are held with financial institutions:				
Access Bank	-	-	-	241,740
Ecobank Plc	-	383,467	383,467	-
First Securities Discount House	-	138,625	138,625	-
GT Bank Plc	-	342,112	342,112	-
Stanbic IBTC Bank Plc	-	422,123	422,123	483,568
	<u>-</u>	<u>1,286,327</u>	<u>1,286,327</u>	<u>725,308</u>
	=====	=====	=====	=====

The treasury bills are wholly allocated to Non-life insurance funds.

5. REINSURANCE DEBTORS

	Life	Non-Life	2011	2010
	N'000	N'000	N'000	N'000
Due from ceding Companies (local)	446,211	4,671,593	5,117,804	4,333,891
Due from ceding Companies (pipeline)	-	1,878,115	1,878,115	1,808,915
Due on retrocession	-	31,120	31,120	101,470
Premium reserves retained by ceding companies	1,172	50,938	52,210	34,266
	<u>447,383</u>	<u>6,631,766</u>	<u>7,079,149</u>	<u>6,278,542</u>
Provision for bad and doubtful debts (Note 5.1)	(232,923)	(2,212,817)	(2,445,740)	(2,188,430)
	<u>214,460</u>	<u>4,418,949</u>	<u>4,633,409</u>	<u>4,090,112</u>
	=====	=====	=====	=====

5.1	Provision for bad and doubtful debts	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
	At 1 January	199,790	1,988,640	2,188,430	1,393,426
	Reclassification	5,271	(5,271)	-	-
	Write off	-	(75,490)	(75,490)	-
	Charge for the year (Note 26)	27,862	304,938	332,800	795,004
	At 31 December	<u>232,923</u>	<u>2,212,817</u>	<u>2,445,740</u>	<u>2,188,430</u>
		=====	=====	=====	=====
5.2	Age Profile of reinsurance debtors		2011 Gross Premium N'000	Provision N'000	2010 N'000
	Under 365 days		4,633,409	-	4,090,112
	Above 365 days		2,445,740	2,445,740	2,188,430
			<u>7,079,149</u>	<u>2,445,740</u>	<u>6,278,542</u>
			=====	=====	=====
6.	PREPAYMENTS AND OTHER DEBIT BALANCES	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
	Prepayments	-	46,952	46,952	29,133
	Interest receivables	-	192,002	192,002	147,324
	Staff loans and advances	-	153,584	153,584	144,706
	Staff share ownership issue	-	135	135	135
	Due from subsidiaries (Note 7.5)	-	10,413	10,413	10,413
	Withholding tax recoverable	-	9,561	9,561	6,945
	Life business	-	206,581	206,581	204,957
	Deposit for shares (Note 6.1)	-	13,461	13,461	13,388
	Loss reserves	4,143	142,502	146,645	40,471
	Others	-	26,170	26,170	4,922
		<u>4,143</u>	<u>801,361</u>	<u>805,504</u>	<u>602,394</u>
	Provision for other debtors	-	(119,287)	(119,287)	(119,287)
		<u>4,143</u>	<u>682,074</u>	<u>686,217</u>	<u>483,107</u>
		=====	=====	=====	=====
6.1	Deposit for shares				

This represents money paid for various public offers of companies and financial institutions for which the shares had not been allotted as at year end. Out of this balance the sum of N11 million has been fully provisioned in these financial statements.

7. LONG TERM INVESTMENTS

	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
7.1 Quoted investments (at market value)				
Quoted shares and debentures: Cost	-	676,676	676,676	544,684
(Diminution)/appreciation in market value	-	(206,792)	(206,792)	51,284
	-----	-----	-----	-----
		469,884	469,884	595,968
	=====	=====	=====	=====
7.2 Unquoted investment (at cost)				
Investment in unquoted companies	261,038	405,154	666,192	660,003
Foreign currencies commercial bonds (Note 7.3)	113,120	-	113,120	113,120
	-----	-----	-----	-----
	374,158	405,154	779,312	773,123
Provision for doubtful Investments (Note 7.4)	-	(26,343)	(26,343)	(22,382)
	-----	-----	-----	-----
	374,158	373,811	752,969	750,741
	-----	-----	-----	-----
Investment in subsidiary (Note 7.5)	-	1,998	1,998	1,998
	-----	-----	-----	-----
Government and Corporate bonds (Note 7.6)	-	3,688,349	3,688,349	3,242,191
	-----	-----	-----	-----
	374,158	4,539,042	4,913,200	4,590,898
	=====	=====	=====	=====

7.3 Foreign currencies commercial bonds

These represent long-term investments in life bonds with HSBC International and foreign mutual funds with Scottish Widow and J. P. Morgan.

7.4 Provision for doubtful investments	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
At 1 January	-	22,382	22,382	21,946
Charge for the year	-	3,961	3,961	436
	-----	-----	-----	-----
At 31 December	-	26,343	26,343	22,382
	=====	=====	=====	=====

7.5 Due from subsidiaries

The Company has a subsidiary named Crestech Limited. The subsidiary is not consolidated in these financial statements as it had been dormant. This and other related balances have been fully provided for in these financial statements. Also, management is in the process of liquidating the Company and all the assets and liabilities of the Company will be taken up by the parent Company.

7.6 Government and Corporate bonds	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
United Bank for Africa Plc's corporate bond series 1	-	300,000	300,000	300,000
Guaranty Trust Bank Plc's Eurobond	-	420,954	420,954	206,092
Guaranty Trust Bank Plc's corporate bond series 1	-	150,000	150,000	150,000
Flour Mills Plc's corporate bond	-	150,000	150,000	150,000
Wapco's corporate Bond	-	200,000	200,000	-
Central Bank of Kenya	-	30,757	30,757	35,686
Bayelsa State bond series 1	-	188,850	188,850	200,000
Lagos State bond series 2	-	489,686	489,686	497,591
Republic of Cameroun bond	-	137,550	137,550	138,713
Federal Republic of Cote d' Ivoire	-	77,683	77,683	151,140
Federal Republic of Nigeria:				
6th FGN series 1	-	49,994	49,994	49,918
6th FGN series 2	-	391,719	391,719	292,303
7th FGN series 2	-	710,236	710,236	683,136
9.25 FGN series 2	-	390,920	390,920	387,612
	-----	-----	-----	-----
		3,688,349	3,688,349	3,242,191
	=====	=====	=====	=====

7.7 Allocations of long-term investments

Life assurance funds			374,158	-
Non-life insurance funds			405,154	1,409,379
Shareholders' funds			4,160,231	3,203,901
			-----	-----
			4,939,543	4,613,280
			=====	=====

8. INVESTMENT IN PROPERTIES

	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
Valuation/cost	350,000	1,207,834	1,557,834	827,629
Additions in the year	-	164,225	164,225	478,332
Disposal during the year:				
- cost	-	(87,244)	(87,244)	(104,902)
- revaluation reserve (Note 20.1)	-	(66,007)	(66,007)	(50,915)
Revaluation during the year				
- revaluation reserve (Note 20.1)	-	-	-	448,190
- profit and loss account	-	-	-	(40,500)
	-----	-----	-----	-----
	350,000	1,218,808	1,568,808	1,557,834
	=====	=====	=====	=====

Three of the Company's land and buildings were revalued by Fola Oyekan & Associates, a professional firm of Estate Surveyors and Valuers on the basis of Open Market Value on 16 November, 2006 and a revaluation surplus of NGN 102.421 million was incorporated into the books of the Company.

The following properties of the Company were revalued by Fola Oyekan & Associates, a professional firm of Estate Surveyors and Valuers on the basis of Open Market Value on 7 October, 2010:

- ✦ Four (4) units of wing of duplex referenced as A7, A9, A10, and A18 located at the Living Gold Estate, Ikoyi Foreshore Layout, Ikoyi South East, Banana Island at N600million. The initial cost of these properties was NGN 398,045,500. A revaluation surplus of NGN 201,954,500 had been recognised in these financial statements.
- ✦ A wing of the four (4) bedroom Terrace House at House 1 Plot 9, Block 8, Ikoyi Foreshore Layout, Ikoyi South East, Banana Island at NGN 125 million. This property was purchased at a cost of NGN 40,514,430 and was valued by Fola Oyekan & Associates on 16 November, 2006 at NGN 80 million. An additional revaluation surplus of NGN 45 million had been included in the revaluation reserve.
- ✦ Three (3) units of wings of 4 bedroom duplex in Royal Terraces located at Cricklewood Estate, Banana Island at NGN 525 million. Two (2) of these properties, Block A, House 1 & 2, belong to the Life Business at the cost of NGN 148,765,476 and the remaining one (1), Block C, House 5, to the General Business at the cost of NGN 200 million. A revaluation surplus of NGN 201,234,524 was recognised for the Life Business while the revaluation deficit of NGN 25 million was charged against the Profit and Loss account of the General Business.

Also in 2010, one of the Company's properties located at Block 3 Plot 47 Castle and Temple drive Off Fatai Arobieke Street Lekki, Phase 1, Lagos was revalued by Fola Oyekan & Associates, a professional firm of Estate Surveyors and Valuers on 8 June, 2010 on the basis of Open Market Value at the sum of NGN 305 million. The initial cost of the property was NGN 320.5 million. The revaluation deficit of NGN 15.5 million was charged against the Profit and Loss account of the General Business.

During the year, one (1) unit of the four (4) units of wing of duplex referenced as A7, A9, A10, and A18 located at the Living Gold Estate, Ikoyi Foreshore Layout, Ikoyi South East, Banana Island valued at NGN 153.25 million with an initial cost of NGN 87.24 million was disposed

11. CREDITORS AND ACCRUALS

	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
Due to retrocessionaires	77,922	98,836	176,758	237,823
Due to ceding companies	20,847	524,780	545,627	38,147
Sundry creditors	1,879	142,294	144,173	131,251
Rent received in advance	-	103,118	103,118	128,353
Accrued expenses	-	25,899	25,899	39,291
Statutory deductions	-	133	133	133
Non-Life business	206,581	-	206,581	204,957
Staff gratuity scheme	-	26,414	26,414	26,413
Due to subsidiaries	-	338	338	338
IT levy (Note 11.1)	-	15,965	15,965	12,739
	----- 307,229 =====	----- 937,777 =====	----- 1,245,006 =====	----- 814,445 =====

11.1 Information Technology (IT) development levy

At 1 January	-	12,739	12,739	13,610
Based on profit for the year	-	15,965	15,965	12,739
Payments during the year	-	(12,739)	(12,739)	(13,610)
	-----	-----	-----	-----
At 31 December	-	15,965	15,965	12,739
	===	=====	=====	=====

The Nigerian Information Technology Development Agency [NITDA] Act was signed into law on 24 April, Section 12 [2a] of the Act stipulates that 'specified' companies contribute 1% of their profit before taxation to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

12. INSURANCE FUNDS

	2011 N'000	2010 N'000
12.1 Non-Life		
Reserve for unearned premium:		
At 1 January	2,785,534	1,964,918
Arising during the year	99,287	820,616
	-----	-----
At 31 December	2,884,821	2,785,534
	=====	=====

	2011	2010
	N'000	N'000
12.2 Life		
At 1 January	747,758	573,312
Accretion from life revenue account	200,919	174,446
	<u>948,677</u>	<u>747,758</u>
	-----	-----
At 31 December	3,833,498	3,533,292
	=====	=====

The latest available valuation of the life business funds was as at 31 December 2011. The book value of the fund as at that date was put at N1,146.96 million compared to the advised liability of N656.5 million. Based on this and in line with the Insurance Act 2003, a distribution of N196.2 million representing 40% of the surplus of N490.5 million was advised by the actuaries. The valuation of the Company's life business fund as at 31 December 2011 was carried out by HR Nigeria Limited (Consultants and Actuaries).

	2011	2010
	N'000	N'000
13. RESERVE FOR OUTSTANDING CLAIMS		
At 1 January	2,223,453	884,096
Change during the year	599,358	1,339,357
	<u>2,822,811</u>	<u>2,223,453</u>
	=====	=====

	2011	2010
	N'000	N'000
14. DIVIDEND PAYABLE		
At 1 January	44,763	36,345
Prior year dividend	777,868	570,500
Payments	(766,362)	(562,082)
	<u>56,269</u>	<u>44,763</u>
	=====	=====

	2011	2010
	N'000	N'000
15. TAXATION		
15.1 Per Profit and loss Account:		
Income taxation	352,267	336,505
Education taxation	24,839	24,021
Capital gains taxation	22	-
	<u>377,128</u>	<u>360,526</u>
Deferred taxation (Note 16)	(13,386)	(5,760)
	<u>363,742</u>	<u>354,766</u>
	=====	=====

15.2 Per Balance Sheet:

At 1 January	336,074	213,266
Current charge	377,128	360,526
Payments during the year	(331,578)	(237,718)
	-----	-----
At 31 December	381,624	336,074
	=====	=====

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21 Laws of the Federation of Nigeria 2004 and the Education Tax Act, CAP E4 Laws of the Federation of Nigeria 2004 as amended.

16. DEFERRED TAXATION

	2011	2010
	N'000	N'000
At 1 January	13,386	19,146
Released during the year	(13,386)	(5,760)
	-----	-----
At 31 December	-	13,386
	=====	=====

There was a deferred tax asset amounting to N75 million during the year under review which was not recognized in the books though there is reasonable expectation of its realization in the nearest future yet the Directors thought it fit not to realize it on the grounds of prudence.

17. SHARE CAPITAL

	2011	2010
	N'000	N'000
<i>Authorised:</i>		
15,000,000,000 ordinary shares of 50k each	7,500,000	7,500,000
	=====	=====
<i>Issued and fully paid:</i>		
10,372,744,000 ordinary shares of 50k each	5,186,372	5,186,372
	=====	=====

18. SHARE PREMIUM

	2011	2010
	N'000	N'000
At 31 December	3,915,451	3,915,451
	=====	=====

19. REVENUE RESERVE –NON-LIFE

At 1 January	973,954	635,747
Prior year dividend (Note 14)	(777,868)	(570,500)
Transfer from profit and loss	891,846	908,708
	-----	-----
	1,087,932	973,954
	=====	=====

In respect of the current year, the Directors proposed that a dividend of 8 kobo per ordinary share will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The gross dividend payable is N829,819,545.

20. REVALUATION RESERVE	2011	2010
	N'000	N'000
20.1 Non-life		
At 1 January	286,441	90,401
Movement during the year:		
- On revaluation (Note 8)	-	246,955
- On disposal (Note 8)	(66,007)	(50,915)
	<u>220,434</u>	<u>286,441</u>
At 31 December	<u>220,434</u>	<u>286,441</u>
20.2 Life		
At 1 January	201,235	-
Addition during the year	-	201,235
	<u>201,235</u>	<u>201,235</u>
At 31 December	<u>201,235</u>	<u>201,235</u>
	<u>421,669</u>	<u>487,676</u>
	=====	=====

21. CONTINGENCY RESERVE

The statutory contingency reserve has been computed in accordance with Section 21(1) of the Insurance Act 2003. The movements on the account are as follows:

21.1 Non-Life	2011	2010
	N'000	N'000
At 1 January	1,002,320	694,701
Transfer from profit and loss account	319,304	307,619
	<u>1,321,624</u>	<u>1,002,320</u>
At 31 December	<u>1,321,624</u>	<u>1,002,320</u>
	=====	=====
21.2 Life		
At 1 January	91,887	77,980
Transfer from profit and loss account	21,625	13,907
	<u>113,512</u>	<u>91,887</u>
At 31 December	<u>113,512</u>	<u>91,887</u>
	<u>1,435,136</u>	<u>1,094,207</u>
	=====	=====

22. EXCHANGE EQUALIZATION RESERVE

At 1 January	163,031	568,996
Movement during the year	(53,210)	(405,935)
At 31 December	109,821	163,031
	=====	=====

23. PREMIUM INCOME

23.1 Non-life	Written N'000	Pipeline N'000	2011 N'000	2010 N'000
Fire	2,927,339	1,583,333	4,510,672	4,116,296
Energy	1,229,801	139,195	1,368,996	1,009,968
General accident	1,400,335	215,487	1,615,822	2,003,051
Marine	750,675	441,336	1,192,011	1,499,622
Liability	650,092	146,944	797,036	1,625,039
	-----	-----	-----	-----
	6,958,242	2,526,295	9,484,537	10,253,976
	=====	=====	=====	=====
			2011 N'000	2010 N'000
23.2 Life				
Individual			84,537	90,933
Group			2,077,964	1,299,811
			-----	-----
			2,162,501	1,390,744
			-----	-----
			11,647,038	11,644,720
			=====	=====
24. RETROCESSION COST				
Energy			291,411	416,370
Fire			438,706	321,535
Marine			101,389	75,666
Accident			139,215	54,384
			-----	-----
			970,721	867,955
			=====	=====

25. INVESTMENT AND OTHER INCOME	Life N'000	Non-Life N'000	2011 N'000	2010 N'000
Dividend	-	75,026	75,026	74,857
Profit on disposal investment	-	62,756	62,756	110,261
Interest on deposits and bank instruments	16,467	325,079	341,546	350,432
Interest on statutory deposit	-	82,397	82,397	21,407
Interest on government and corporate bonds	468	335,867	336,335	250,420
Income on investment property	10,048	86,040	96,088	196,097
Profit/(loss) on disposal of fixed asset	-	3,491	3,491	(6,926)
Exchange gain	-	-	-	14,727
Other income	-	1,628	1,628	2,399
	----- 26,983 =====	----- 972,284 =====	----- 999,267 =====	----- 1,013,674 =====
26. PROVISION FOR DOUBTFUL BALANCES				
Short-term investments (Note 3.2)	-	69,854	69,854	(63,675)
Reinsurance debtors	27,862	304,938	332,800	795,004
Retrocession share of provisions	(4,329)	-	(4,329)	-
Quoted securities	-	206,792	206,792	(51,284)
Unquoted investment	-	-	-	436
	----- 23,533 =====	----- 581,584 =====	----- 605,117 =====	----- 1,013,674 =====
27. PROFIT BEFORE TAXATION			2011 N'000	2010 N'000
Profit before taxation is arrived at after charging/(crediting):				
Directors' remuneration:				
-Fees			16,059	39,617
-Other emoluments			197,090	134,885
Auditors' remuneration			10,000	10,000
(Profit)/loss on disposal of fixed assets			(3,491)	6,926
Exchange gain			-	(14,727)
Depreciation			75,854	82,416
			----- =====	----- =====

28. RECONCILIATION OF PROFIT AFTER TAXATION TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Profit after taxation	1,232,775	1,230,234
Excess of the income over expenditure-life	397,101	298,397
Adjustment for non-cash items:		
Depreciation	75,854	82,416
Provision for bad and doubtful balances	605,117	680,481
Profit on disposal of investments	(62,756)	(110,261)
Exchange gain	-	(14,727)
(Profit)/loss on disposal of fixed assets	(3,491)	6,926
Dividend received	(75,026)	(74,857)
Changes in operating assets/liabilities:		
Reinsurance debtors	(800,607)	(2,373,213)
Prepayments and other debit balances	(203,110)	215,002
Creditors and accruals	425,561	35,336
Dividend payable	11,506	8,418
Actuarial surplus	(196,182)	(123,951)
Provision for unexpired risks	99,288	820,616
Provision for outstanding claims	599,358	1,339,357
Increase in income tax payable	45,550	122,808
Deferred Taxation	(13,386)	(5,760)
	-----	-----
Net cash provided by operating activities	2,137,552	2,311,668
	=====	=====

29. CASH AND CASH EQUIVALENTS

Cash and bank balances	309,369	221,119
Short-term investments	7,276,251	6,824,603
	-----	-----
	7,585,620	7,045,722
	=====	=====

30. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

i) Directors

Emoluments paid to Directors include:

	2011	2010
	N'000	N'000
-fees	16,059	39,617
-other emoluments	197,090	134,885
	-----	-----
	213,149	174,502
	=====	=====

Fees and other emoluments disclosed above
(excluding pension contribution) include amount paid to:

Chairman	2,590	3,295
Highest paid director	18,663	18,664
	=====	=====

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

N	N	Number	Number
4,000,000 - 7,000,000		0	1
Above - 7,000,000		4	3
		----	---
		4	4
		----	---

ii) **The number of employees in receipt of emoluments within the following ranges**

N	N		
500,501 - 1,000,000		16	15
1,000,001 - 1,500,000		9	9
1,500,001 - 2,000,000		7	8
2,000,001 - 2,500,000		3	5
2,500,001 - 3,000,000		4	3
3,000,001 & Above		15	11
		-----	-----
		54	51
		====	====

iii) **Pension**

At 1 January	-	-
Provision during the year	26,203	18,490
Released to PFA	(26,203)	(18,490)
	-----	-----
At 31 December	-	-
	=====	=====

iv) Gratuity	2011	2010
	N'000	N'000
At 1 January	26,413	38,015
Provision during the year	26,519	25,000
Released to Continental Re's trustees/PFAs	(26,518)	(36,602)
	-----	-----
At 31 December	26,414	26,413
	=====	=====
v) Staff Cost		
Salaries and allowances	328,124	322,396
Staff pension	26,203	18,490
Staff gratuity	26,519	25,000
	-----	-----
At 31 December	380,846	365,886
	=====	=====
The average number of persons employed during the was as follows		
	Number	Number
Managerial and Senior Staff	54	49
Junior Staff	0	2
	-----	-----
	54	51
	===	===

31. EARNINGS PER SHARE

The earnings per 50k ordinary share is calculated on the profit after taxation and the number of ordinary shares outstanding at the end of the year.

32. SEGMENT INFORMATION BY GEOGRAPHICAL DISTRIBUTION

	Nigeria	Cameroun	Kenya	TOTAL 2011	TOTAL 2010
	N'000	N'000	N'000	N'000	N'000
Income					
Gross premium income	5,870,759	1,834,522	1,779,256	9,484,537	10,253,976
Change in unexpired premium	(15,445)	33,219	(117,062)	(99,288)	(820,610)
Gross premium earned	5,855,314	1,867,741	1,662,194	9,385,249	9,433,366
Retrocession Cost	(666,670)	(157,299)	(146,752)	(970,721)	(867,955)
Net premium earned	5,188,644	1,710,442	1,515,442	8,414,528	8,565,411
Expenses:					
Gross Claims Paid	2,132,235	578,193	333,831	3,044,259	2,451,205
Change in outstanding claims	339,511	84,544	175,303	599,358	1,339,357
Gross claims Incurred	2,471,746	662,737	509,134	3,643,617	3,790,562
Retrocession Recoveries	-	-	-	-	(86,345)
Net Claims incurred	2,471,746	662,737	509,134	3,643,617	3,704,217
Underwriting expenses:					
-Acquisition costs	1,388,593	486,146	512,545	2,387,284	2,385,116
-Maintenance costs	149,758	14,024	38,441	202,223	175,580
-Management expenses	601,639	147,378	111,835	860,852	820,350
	4,611,736	1,310,285	1,171,955	7,093,976	7,085,263
Underwriting Profit	576,908	400,157	343,487	1,320,552	1,480,148

33. RELATED PARTY TRANSACTIONS

a) Amount due from Directors

	MD	ED Non - Life	ED Life	Total 2011	Total 2010
	=N='000	=N='000	=N='000	=N='000	=N='000
Mortgage Loan	-	-	3,634	3,634	3,411
Personal Loan	910	8,091	6,001	15,002	9,515
Car Loan	-	-	1,125	1,125	2,958
Car Refurbishment Loan	-	-	1,800	1,800	-
	910	8,091	12,560	21,561	15,884

These loans were given in line with the conditions of service of the Directors. Under the terms of the mortgage loan, repayment is to be made over the mortgage period from 2004. For other loans, 100% repayment is through deductions from salaries plus cash payment of balance upon cessation of employment.

All the facilities were performing at the balance sheet date.

b) Due from subsidiary

The Company has an outstanding sum of ₦10,413,435 (2010: ₦10,413,435) with CReStech Limited, a wholly-owned subsidiary. The transaction was in the ordinary course of business and is to be repaid according to the agreed terms and conditions. This amount has however been fully provisioned in these financial statements.

34. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

There were no contingent liabilities and capital commitment as at 31 December 2011 (2010: – Nil).

STATEMENT OF VALUE ADDED FOR THE
YEAR ENDED 31 DECEMBER 2011

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	2011 N'000	%	2010 N'000	%
Net premium income:				
- local	7,026,769		7,191,796	
- foreign	3,225,884		2,764,360	
Other Income:	999,267		1,045,660	
	-----		-----	
	11,251,920		11,001,816	
Claims, commission, charges and management expenses:				
- local	(6,741,221)		(7,964,541)	
- foreign	(2,482,240)		(317,699)	
	-----		-----	
	2,028,459	100	2,719,576	100
	=====	===	=====	===
Applied as follows:				
To pay employees:				
Salaries, pension and other allowances	380,846	18.8	365,886	13.5
To pay Government:				
-Income taxation	377,128	18.6	360,526	13.2
-Information technology levy	15,965	0.8	12,739	0.5
Retained for growth and payment of dividend to shareholders :				
- Depreciation	75,854	3.7	82,416	3.0
- Deferred taxation	(13,386)	(0.7)	(5,760)	(0.2)
- Insurance fund	300,206	14.8	995,062	36.6
- Profit for the year	891,846	44.0	908,708	33.4
	-----		-----	
	2,028,459	100	2,719,576	100
	=====	===	=====	===

Value added is the wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

	← 31 DECEMBER →				
	2011	2010	2009	2008	2007
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and bank balances	309,369	221,119	338,216	189,932	45,619
Short-term investments	5,989,924	6,006,800	6,648,097	7,409,768	7,933,893
Treasury bills	1,286,327	725,308	-	-	-
Reinsurance debtors	4,633,409	4,090,112	3,349,515	2,495,191	1,719,212
Prepayments and other debit balances	686,217	483,107	698,109	772,671	942,961
Long-term investments	4,913,200	4,590,898	2,622,852	1,678,985	1,873,055
Investment properties	1,568,808	1,557,834	827,629	687,344	597,344
Statutory deposit	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Fixed assets	108,335	115,926	160,391	119,698	47,562
	-----	-----	-----	-----	-----
TOTAL ASSETS	20,495,589	18,791,104	15,644,809	14,353,589	14,159,646
	-----	-----	-----	-----	-----
LIABILITIES					
Creditors and accruals	1,245,006	819,445	784,109	705,037	902,185
Insurance funds	3,833,498	3,533,292	2,538,230	1,598,678	926,924
Outstanding claims	2,822,811	2,223,453	884,096	378,151	205,324
Dividend	381,624	44,763	36,345	271,616	20,581
Taxation	56,269	336,074	213,266	265,779	281,194
Deferred taxation	-	13,386	19,146	-	8,168
	-----	-----	-----	-----	-----
	8,339,208	6,970,413	4,475,192	3,219,261	2,344,376
	-----	-----	-----	-----	-----
CAPITAL AND RESERVES:					
Share capital	5,186,372	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	3,915,451	3,915,451	3,915,451	3,896,559	3,870,959
Revenue reserve	1,087,932	973,954	635,747	522,216	688,583
Investments revaluation reserve	-	-	-	1,987	1,162,501
General reserve fund	-	-	-	623,181	373,929
Exchange equalization reserve	109,821	163,031	568,966	232,997	15,377
Contingency reserve	1,435,136	1,094,207	772,680	568,595	415,127
Revaluation reserve	421,669	487,676	90,401	102,421	102,421
	-----	-----	-----	-----	-----
	12,156,381	11,820,691	11,169,617	11,134,328	11,815,270
	=====	=====	=====	=====	=====
	20,495,589	18,791,104	15,644,809	14,533,589	14,159,646
	=====	=====	=====	=====	=====

SHAREHOLDERS' FUNDS

Gross Premium (Life and Non-life)	11,647,038	11,644,720	7,403,914	5,275,296	2,806,337
Non-life underwriting profit	1,320,552	1,480,148	763,427	351,784	519,097
Profit before taxation	1,596,517	1,585,000	979,814	557,486	806,443
Taxation	(363,742)	(354,766)	(74,597)	(84,161)	(129,757)
Profit after taxation	1,232,775	1,230,234	905,217	473,325	676,686
Contingency reserve	340,929	(321,526)	(204,085)	(121,055)	(111,984)
Profit transferred to revenue reserve	891,846	908,708	701,132	352,270	564,702
	=====	=====	=====	=====	=====
Earnings per Share (basic)(kobo)	11.9	11.9	8.7	4.6	6.5
Dividend per share (kobo)	-	7.5	5.5	5	5
Net asset per share (kobo)	117	114	108	107	114
	=====	=====	=====	=====	=====

Note: Earnings and dividend per share were computed based on the profit for the year and on the number of issued and fully paid ordinary shares at the end of the year. Net assets per share were computed on the number of issued and fully paid ordinary shares at the end of the respective years.

SHARE CAPITAL HISTORY

Date	Authorised (N)		Issued & Fully Paid up (N)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1985	-	10,000,000	-	-	-
1986	-	10,000,000	-	5,070,000	Cash
1987	-	10,000,000	3,730,000	8,800,000	Cash
1988	5,000,000	15,000,000	1,200,000	10,000,000	Cash
1989	-	15,000,000	2,450,000	12,450,000	Cash
1990	-	15,000,000	1,490,000	13,940,000	Cash
1991	-	15,000,000	1,060,000	15,000,000	Cash
1992	85,000,000	100,000,000	4,918,000	19,918,000	Cash
1993	-	100,000,000	10,934,000	30,852,000	Cash and Bonus (1 for 15)
1994	-	100,000,000	24,148,000	55,000,000	Cash and Bonus (1 for 8)
1995	-	100,000,000	17,012,000	72,012,000	Cash and Bonus (1 for 15)
1996	-	100,000,000	6,197,237	78,209,237	Cash, Stock split (N1,000 to N1)
1997	100,000,000	200,000,000	36,317,763	114,527,000	Cash
1998	-	200,000,000	35,487,588	150,014,588	Cash and Bonus (1 for 10)
1999	300,000,000	500,000,000	29,985,414	180,000,002	Cash and Bonus (1 for 15)
2000	-	500,000,000	12,000,000	192,000,002	Cash
2001	-	500,000,000	63,598,223	255,598,225	Cash and Bonus (1 for 8)
2002	-	500,000,000	44,503,325	300,101,550	Cash and Bonus (1 for 6)
2003	500,000,000	1,000,000,000	103,565,104	403,666,654	Cash and Bonus (1 for 4)
2004	-	1,000,000,000	254,674,470	658,241,124	Cash and Bonus (1 for 9)
2005	1,000,000,000	2,000,000,000	198,566,308	856,907,432	Cash and Bonus (1 for 9)
2006	5,500,000,000	7,500,000,000	383,683,372	1,240,590,804	Cash
2007	-	7,500,000,000	3,945,781,353	5,186,372,157	Cash, Stock split (N1 to N0.50)
2008	-	7,500,000,000	-	5,186,372,157	-
2009	-	7,500,000,000	-	5,186,372,157	-
2010	-	7,500,000,000	-	5,186,372,157	-
2011	-	7,500,000,000	-	5,186,372,157	-