

ANNUAL REPORT & ACCOUNTS '07



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the thirtysixth Annual General Meeting of **LEADWAY ASSURANCE COMPANY LIMITED** will be held at Protea Hotel Leadway, No. 1, Mogambo Drive, off Emmanuel Street, Maryland, Lagos on Thursday, the 24<sup>th</sup> of July, 2008 at 12 noon for the following purposes:

### **Ordinary Business**

- (a) To adopt the reports of the Directors and Auditors, including the statement of Accounts for the year ended 31<sup>st</sup> December, 2007.
- (b) To declare a dividend.
- (c) To re-elect the Directors of the Company.
- (d) To authorize the Directors to fix the remuneration of the Auditors.
- (e) To transact any other business that may be transacted at an Annual General Meeting.

### **BY ORDER OF THE BOARD**

Adetola Adegbayi  
**Company Secretary**  
20th June, 2008

### **NOTES:**

- (a) Any member entitled to attend and vote at the meeting may appoint a proxy (who need not be a member) to attend and vote in his place. In order to be valid, an instrument appointing a proxy must be deposited at the office of the Company Secretary at Leadway House , 121/123 Funso Williams Avenue, Iponri, Lagos, or at Leadway House, NN 28/29 Constitution Road, Kaduna not later than 48 hours before the time appointed for the meeting.
- (b) The Register of members and their shareholding is available for inspection , at the office of the Company Secretary during normal business hours from the date of this notice until the close of business on Wednesday 23<sup>rd</sup> of July,2008

## CHAIRMAN'S STATEMENT CONTD.



▶ **ALHAJI HASSAN HADEJIA**  
(Shettiman Hadejia)

Distinguished Shareholders, Ladies and Gentlemen, I welcome you all to our 36<sup>th</sup> Annual General Meeting of Shareholders for the purpose of presenting to you our Annual Report and Financial Statements for the year ended 31<sup>st</sup> December, 2007.

### **OPERATING ENVIRONMENT**

The Year 2007 witnessed the conclusion of the insurance industry consolidation exercise which culminated in the reduction of the number of insurance companies from 103 to 49 at the end of the consolidation exercise. On the heels of consolidation, the insurance industry enjoyed renewed vigour with market capitalization being put at an estimate of ₦241.5 billion. Insurers gained from investors' confidence in the growth potential of the industry as a whole within the context of an emerging economy and opportunities offered by the retention Laws on primary domestication of insurance of assets and liabilities domiciled in Nigeria. The industry also benefited from commercialization of government or parastatals assets insurance within a due process environment either by way of competitive bid or through intermediary quotations. It was a new beginning!

Although the reduction in number of insurers restored public confidence, the industry still suffered some setback as a result of the tight margins on underwriting rates and profitability, with insurers recording better margins on investment than underwriting income. The cost of doing business also remained on the rise as nation's prevalent power problem failed to improve and power outages became ever more frequent. Reinsurers underwriting controls of primary insurers' acceptance of high capital assets also became tighter, with higher ratings and stricter policy conditions on Nigerian risks as a result of activities of militants in the Niger-Delta region, which on the whole constitutes an albatross to stable economic activities.

## CHAIRMAN'S STATEMENT CONTD.

### FINANCIAL RESULTS

The accounting system of the Company was changed from cash to accrual basis in order to better recognize the level of outstanding premiums in the Company's books, which the Company took a prudent decision not to recognize in view of the "No Premium, No Cover" provision of the Insurance Act. However, this decision was revised to keep in line with new statutory accounting policy for insurance companies for Policies that had been issued. In addition, the Company also witnessed a phenomenal jump in its Special Risk portfolio of business which consists of Oil, Energy and Aviation insurances, thus affecting its gross premium income. This jump was however mitigated by the correspondingly huge increase in the level of reinsurance purchased by the Company for the high valued capital assets which are typically offered for insurance under the Special Risk class of business. As a result, the Company recorded a significant jump of 209% in its Gross Written Premium from N4.9b in 2006 to N15.1b in 2007, with a more modest 78% increase in Net Premium Income from N4.2billion in 2006 to N7.4billion in 2007.

The increase in direct premium income reflects the moderate advancement in an emerging economy such as Nigeria with increasing level of disposable income and improved access to capital for project financing. General Insurance Business recorded 78% increase in net premium income from N3.5bn in 2006 to N6.3bn in 2007, while Life business (particularly group life insurance under the compulsory insurance regime) recorded 80% increase in net premium income from N614.4m in 2006 to N1.1bn in 2007. Overall, it was a profitable underwriting year with a top line profit of N2.6b in 2007 compared to N1.2b in 2006. Due to the accrual method adopted by the company, over N1bn was written off as bad and doubtful debt. Overall, the company recorded a 45% drop in the profit after tax from N1.9b in 2006 to N1.2b in 2007. The drop, however, is not alarming as the exceptional income of N1.3bn recorded in 2006, which arose from the sale of shares of Celtel Nigeria, was not repeated this year.

The Company also recorded a stronger balance sheet size with 69% growth in asset from N16.5bn in 2006 to N27.8bn in 2007, recording an overwhelming 93% in shareholders' funds from N9.4b in 2006 to N18.2bn in 2007 as a result of the strength of our investment portfolio. The Company's shareholders' equity as it stands presently far exceeds the requisite regulatory provision and enables the company to structure its risk profile in a more efficient manner.

### DIVIDEND

As our shareholders continuously sacrifice instant gratification for future profits in order to ensure that we continue to grow our core business in underwriting, your Board of Directors is equally recommending a dividend of 10.25 kobo per ordinary share for the 2007 financial year. The profit declared for distribution translates to a total of N500, 000,000.00 (Five Hundred Million Naira), subject to withholding tax at the prevalent rate.

### FUTURE OUTLOOK

With continuing economic expansion resulting in increasing demand for financial protection, we are ready to explore insurance markets outside Nigerian shores with a possibility of maintaining business presence in identified commercially conducive and profitable locations. As part of our envisioned future, we crafted the Leadway "iSCORE" to summarize our business qualities, which are Integrity, Service, Customer focus, Openness, Respect for Individuals and Excellence". On this platform, we will continue to ensure that our services and products are constantly re-engineered to surpass the expectation of our clients and our valued customers while continuing to harness our strengths in our areas of competence, primarily insurance and financial services, using the abilities of our dynamic and well-qualified personnel.

### CONCLUSION

Without the patronage of our valued customers and their confidence in our Company, it would have been impossible for us to continue in business or to enjoy the level of increase in our business production. To this end, we express our sincerest gratitude for their patronage, consistency of support and their continuing faith in our enterprise. I should also appreciate the efforts of our Management team and staff of our Company for their devotion and commitment in ensuring that we remain loyal to our customers, which to a great length has enabled us present the results of today.

Thank you all for your attention.

|                                 |  |
|---------------------------------|--|
| <b>DIRECTORS</b>                | <ol style="list-style-type: none"> <li>1. Alhaji Hassan Hadejia (Shettiman Hadejia)(Chairman)</li> <li>2. Mr. Oye Hassan-Odukale, MFR. (MD/CEO)</li> <li>3. Mr. Jeremy Rowse</li> <li>4. Mr. Olawale Oyeniye Oyedele</li> <li>5. Mrs. Abimbola Oyebanjo</li> <li>6. Dr. Konyinsola Ajayi</li> <li>7. Mallam Umar Yahaya</li> <li>8. Dr. A.B.C. Orjiako</li> <li>9. Mr. Tunde Hassan-Odukale</li> </ol> |
| <b>SECRETARY</b>                | Adetola Adegbayi   |
| <b>REGISTERED OFFICE</b>        | Leadway Assurance House<br>NN28/29 Constitution Road,<br>P.O. Box 458, Kaduna.   |
| <b>CORPORATE OFFICE</b>         | Leadway Assurance House<br>121/123 Funso Williams Avenue, Iponri, Lagos.<br>P.O.Box 6437, Marina, Lagos.   |
| <b>AUDITORS</b>                 | KPMG Professional Services<br>22A, Gerrard Road, ikoyi,<br>Lagos.  |
| <b>CONSULTING<br/>ACTUARIES</b> | H.R. (Nigeria) Limited<br>P.O.Box 75399<br>Victoria Island, Lagos.   |
| <b>REINSURERS</b>               |  |
| <b>Local</b>                    | African Reinsurance Corporation<br>Nigeria Reinsurance Corporation<br>Continental Reinsurance Plc.   |
| <b>International</b>            | Swiss Re Africa Limited<br>Munich Mauritius Reinsurance Company Limited.   |

## DIRECTORS' REPORT CONTD.

The Directors have pleasure in presenting their annual report on the affairs of Leadway Assurance Company Limited ("the Company") together with the audited financial statements and the auditor's report for the year ended 31 December 2007.

### Legal form and principal activity:

The Company was incorporated as a private limited liability company in September 1970. It obtained a licence to operate as an insurance company in January 1971 and commenced business in January 1971.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include the provision of life and non-life insurance services for both corporate and individual customers.

### Subsidiary companies:

The Company holds 53% shareholding in Leadway Trustees Limited, 51% in Leadway Hotels Limited and 100% in Leadway Properties and Investments Limited. In accordance with section 336 (3) of the Companies and Allied Matters Act, 1990, the financial results of these subsidiaries have not been consolidated because the directors are of the opinion that it would be of no real value for the purpose of the financial year and would involve expense or delay out of proportion to its value to members of the Company.

**Operating results:** Highlights of the Company's operating results for the year under review are as follows:

|  | <b>2007</b><br><b>N'000</b> | <b>2006</b><br><b>N'000</b> |
|--|-----------------------------|-----------------------------|
| Gross premium  | 15,114,579                  | 4,886,756                   |
| Profit before tax  | 1,208,561                   | 1,966,806                   |
| Taxation   | (181,315)                   | (104,683)                   |
| Transfer to statutory reserve                                | (228,498)                   | (116,312)                   |
| <b>Transfer to general reserve</b>                           | <b>798,748</b>              | <b>1,745,811</b>            |
| General reserve beginning of the year as previously reported | 1,530,154                   | 1,386,555                   |
| Prior year adjustments to opening general reserve            | (565,935)                   | -                           |
| General reserve beginning of the year-adjusted               | 964,219                     | 1,386,555                   |
| Reserve for bonus issue capitalised                          | -                           | (975,409)                   |
| Transfer from profit and loss account                        | 798,748                     | 1,745,811                   |
| Dividends declared   | (100,222)                   | (626,803)                   |
| General reserve, end of the year                             | 1,662,745                   | 1,530,154                   |
| <b>Earnings per share</b>                                    | <b>22.72 k</b>              | <b>47.25 k</b>              |

**Dividends :** The Shareholders at the Annual General Meeting held on 21 June 2007 approved the payment of N100,222,000 as dividend during the year. The dividends were subject to deduction of withholding tax.

### Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2007

This statement, which should be read in conjunction with the Auditor's report, is made with a view to setting out for shareholders, the responsibilities of the Directors of the Company with respect to the financial statements.

## DIRECTORS' REPORT CONTD.

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act 1990, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Company and the profit for the financial year.

The responsibilities include ensuring that:

- (a). appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- (b). the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, Insurance Act 2003 and NAICOM guidelines and circulars.
- (c). the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.
- (d). It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Company will not continue in business.

### Analysis of Shareholding

The analysis of the distribution of the shares of the company at 31 December, 2007 is as follows:

| Share range               | No of<br>Shareholders | % of<br>Shareholders | No. of Holdings      | % Holdings |
|---------------------------|-----------------------|----------------------|----------------------|------------|
| Above 400,000,000         | 3                     | 9                    | 2,364,527,647        | 48         |
| 200,000,001-400,000,000   | 5                     | 14                   | 1,418,224,546        | 29         |
| 100,000,001 - 200,000,000 | 3                     | 9                    | 483,176,949          | 10         |
| 50,000,001 - 100,000,000  | 4                     | 11                   | 254,671,170          | 5          |
| 1,000,000 - 50,000,000    | 20                    | 57                   | 356,951,594          | 7          |
| <b>Total</b>              | <b>35</b>             | <b>100</b>           | <b>4,877,551,906</b> | <b>100</b> |

### Fixed Assets:

Information relating to changes in fixed assets is given in Note 8 to the financial statements.



## DIRECTORS' REPORT CONTD.

### **Donations and charitable gifts:**

In order to identify with the aspirations of the community and the environment within which the Company operates, a total sum of ₦6,143,060 (2006: ₦3,062,953) was donated to non political and charitable organisations. Details of such donations and charitable contributions are as follows:

### **Beneficiary**

|  |                         |
|--|-------------------------|
|  |                         |
| Leadway Cooperative Society                          | 500,000                 |
| Olabisi Onabanjo University Development Fund         | 500,000                 |
| Chinese Business Initiative                          | 500,000                 |
| Insurance Correspondence Association of Nigeria      | 434,360                 |
| Chartered Insurance Institute of Nigeria             | 366,000                 |
| Nigerian-South African Chamber of Commerce           | 250,000                 |
| Women in Management and Business                     | 250,000                 |
| Nigerian Employers' Consultative Association         | 200,000                 |
| Risk and Insurance Managers Society of Nigeria       | 200,000                 |
| The African Refuge Foundation                        | 200,000                 |
| Federal Road Safety Commission - Surulere Unit       | 187,700                 |
| Chartered Insurance Institute of Nigeria             | 165,000                 |
| The Nigerian Council of Registered Insurance Brokers | 115,000                 |
| Chartered Insurance Institute of Nigeria             | 100,000                 |
| Chartered Insurance Institute of Nigeria             | 100,000                 |
| Courage Education Foundation                         | 100,000                 |
| Dr. Emmanuel Charles Appeal Fund                     | 100,000                 |
| Fate Foundation                                      | 100,000                 |
| Jubril Martin Memorial School                        | 100,000                 |
| Kidney Watch Initiative                              | 100,000                 |
| Make Poverty History Initiative                      | 100,000                 |
| Medicare Clinic                                      | 100,000                 |
| National Union of Road Transport Workers             | 100,000                 |
| Nigerian Conservation Foundation                     | 100,000                 |
| Nigerian Conservative Foundation                     | 100,000                 |
| Special Olympics Nigeria                             | 100,000                 |
| Special Persons Association of Nigeria               | 100,000                 |
| Others   | 875,000                 |
| <b>Total</b>   | <b><u>6,143,060</u></b> |

### **Employment of Disabled Persons:**

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a

## DIRECTORS' REPORT CONTD.

position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Company has three persons on its staff list with a physical disability.

### **Health, Safety and Welfare of Employees:**

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

### **Employee Involvement and Training**

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities where employees deliberate on issues affecting the Company and employee interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both locally and overseas in the year under review.

### **Acquisition of own shares**

The Company did not purchase any of its own shares during the year (2006: Nil).

### **Auditors:**

Messrs KPMG Professional Services were appointed as Auditors to the company during the year. In accordance with Section 357(2) of the Companies and Allied matters Act of Nigeria, Messrs KPMG Professional Services have indicated their intention to continue in office as auditors.

### **BY ORDER OF THE BOARD**



Adebola Adegbiyi  
Company Secretary  
121/123 Funso Williams Avenue,  
Iponri,  
Lagos  
20 June, 2008

# INDEPENDENT AUDITORS' REPORT



**KPMG professional Services**  
22a, Gerrard Road, Ikoyi  
PMB 40014, Falomo  
Lagos, Nigeria

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## To the Members of **Leadway Assurance Company Limited:**

We have audited the accompanying financial statements of Leadway Assurance Company Limited ("the Company"), which comprise the balance sheet as at 31 December 2007, and the profit and loss account, statement of cash flows, value added statement for the year then ended, the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 11 to 52.

### *Directors' Responsibility for the Financial Statements*

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, and relevant National Insurance Commission (NAICOM) circulars. 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 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 auditor's judgment, 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 auditor considers 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 the directors, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the state of affairs of Leadway Assurance Company Limited as at 31 December, 2007, and of its profit and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, Insurance Act of Nigeria and relevant NAICOM circulars.

### **Report on Other Legal and Regulatory Requirements**

#### *Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria*

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's balance sheet and profit and loss account are in agreement with the books of accounts.

**KPMG**

20 June, 2008  
Lagos, Nigeria



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Adetola P. Adeyemi  
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Victor U. Onyekpa

Adebisi O. Lamikanra  
Adewale K. Ajayi  
Joseph O. Tegbe  
Olumide O. Olayinka

Adekunle A. Elebute  
Ayodele H. Othihiwa  
Oladapo R. Okubadejo  
Oluseyi T. Bickersteth

## STATEMENT OF ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Company in the preparation of its financial statements. These accounting policies have been consistently applied for all years presented.

### 1. Basis of accounting

**Life Business** : The financial statements for life business have been prepared using the fund method and under the historical cost convention as modified by the valuation of fixed assets and long term investments at valuation amount.

**General Business** : The financial statements for general insurance business have been prepared using the annual basis of accounting and under the historical cost convention as modified by the valuation of long term investments at valuation amount.

### 2. Cash and bank balances

Cash and bank balances represent balances held with local and foreign banks and cash in hand.

### 3. Fixed assets

Fixed assets are stated at cost or revalued amounts, less accumulated depreciation. Depreciation is provided on a straight-line basis at rates calculated to write-off the value of the assets over their estimated useful lives. In the case of revalued assets, depreciation is calculated by reference to the enhanced value of the assets concerned. The principal annual rates used, for this purpose, which are consistent with those for the previous years, are as follows:

|                      |        |
|----------------------|--------|
| Motor vehicles       | 25%    |
| Furniture & fittings | 20%    |
| Office equipment     | 20%    |
| Land & Buildings     | 2%     |
| Computer equipment   | 33.33% |

Gains or losses arising from the disposal of fixed assets are included in the profit and loss account.

### 4. Gross premium

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover.

### 5. Net premium

Net premium represents gross premium less reinsurance. It is recognized as income from the date of attachment of risk.

### 6. Claims expenses

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognized when the Company records the liability for the claims and netted off claims expense.

### 7. Underwriting expenses

Underwriting expenses for insurance contracts are recognized as expenses when incurred, with the exception of acquisition costs, which are recognized on a time apportionment basis in respect of risks.

### 8. Deferred acquisition costs

Acquisition costs comprises all direct and indirect costs arising from the writing of insurance contracts. Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during a financial period and are deferred to the extent that they are recoverable out of future revenue margins.

### 9. Management Expenses

Management expenses are expenses other than claims, and underwriting expenses. They include salaries and wages, depreciation expenses and other non-operating expenses. They are accounted for on an accrual basis.

### 10. Debtors

Debtors are stated at cost after deducting allowance made for specific debts considered doubtful of recovery. An allowance for specific debt is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. Bad debts are written-off to the profit and loss account when the extent of the loss has been determined.

## STATEMENT OF ACCOUNTING POLICIES CONTD.

### 11. Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into Naira at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into Naira at the rates of exchange prevailing at year end. Gains or losses arising from changes in the rates of exchange subsequent to the dates of the transactions are accounted for in the profit and loss account.

### 12. Technical reserves

These are computed in accordance with the provision of Section 20, 21, and 22 of the Insurance Act 2003 as follows:

(a) General Insurance business

#### *(i) Reserve for unexpired risks*

This is calculated on a time apportionment basis in respect of the risks accepted during the year .

#### *(ii) Reserves for outstanding claims*

This is maintained at the total amount of outstanding claims plus 10% thereof to cover claims incurred but not reported (IBNR) at the balance sheet date, except for oil and gas where the reserve is based on loss data of claims.

#### *(iii) Contingency reserve*

This is credited with the greater of 3% of total premiums, or 20% of the net profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

(b) Life business

#### *(i) General reserve fund*

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation and an additional 25% of net premium for every year between valuation dates.

#### *(ii) Contingency reserves*

This is credited with the higher of 1% of gross premiums and 10% of the net profit after taxation.

### 13. Long-term investments

#### **Quoted investments**

Quoted investments are stated at market value at the balance sheet date. The excess of market value over the cost at the balance sheet date is taken to an 'Equity Price Equalisation Reserve Account', while unrealised diminution due to a decrease in the carrying value is recognised in the 'Equities Price Equalisation Reserve' to the extent that a previous gain is offset otherwise it is recognised in the profit and loss account.

#### **Unquoted investments**

These are stated at cost. Where in the opinion of the Directors the value of any unquoted investment falls below its cost, an appropriate allowance for diminution in value thereof is charged against the profit and loss account.

Investments in subsidiary and associated companies are classified as long-term investments and are carried at cost. Provision are made for permanent demerit in the carrying costs of the investments.

### 14. Short-term investments

Short term investments are stated at lower of cost or net realizable value.

### 15. Investment income

Investment income comprises interest income earned on short term deposits, rental income and income earned on trading of securities. It is accounted for on an accrual basis.

### 16. Dividend income

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and are stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

### 17. Dividend distribution

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

## STATEMENT OF ACCOUNTING POLICIES CONTD.

### 18. Taxation

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected tax payable on the tax income for the year using the statutory tax rate at the time of reversal.

### 19. 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 taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer possible that the related tax benefit will be realized.

### 20. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 21. Retirement benefits

#### *Pension costs*

The Company operates a defined contributory pension scheme for eligible employees. Employees and the Company contribute 7.5% each of the qualifying staffs' salary and allowances in line with the provisions of Pension Reform Act 2004.

#### *Gratuity Benefits*

Prior to 31 December, 2004, the Company operated a gratuity scheme under which employees were entitled to one month basic salary, transport and housing allowance for each completed year of service.

Effective 31 December, 2004 the gratuity scheme was terminated. Under the terms of the termination, amounts payable to employees who were in the employment of the Company as at the termination date will be paid when such employees leave the service of the Company based on benefits determined as at 31 December 2004. The amounts payable are calculated on a pro - rata basis plus accrued interest at 5% per annum. The annual interest costs are recognized in the profit and loss account.

### 22. Segment reporting

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

### 23. Business combination

With effect from 1 January 2007, the Company acquired the entire business of Atlantic Insurance Company Limited, under an acquisition agreement effective 1 January 2007.

In accounting for the business combination, the Company adopted the purchase method. Goodwill arising from the combination was impaired through the profit and loss account during the year.

### 24. Goodwill

Goodwill is measured at cost less accumulated impairment losses. The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit exceeds the recoverable amount. The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell. An impairment loss recognised in prior periods in respect of goodwill is not reversed.

### 25. Deposit administration

Receipts for deposit administration and other business of savings nature are recognised as liabilities. Interest accruing to the life assurer from investment of the savings is recognised in the profit and loss account in the period it is earned while interest paid and due to depositors is recognised as an expense


### 26. Investment property

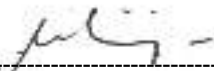
Investment property is property held either to earn rental income or for capital appreciation or both. Investment property is carried in the balance sheet at their market value and revalued periodically on a systematic basis not exceeding three years. A permanent decline in the value of the investment is charged to the income statement while a reduction in the carrying amount of the investment is reversed when there is an increase, other than temporary, in the value of the investment, or if the reasons for the reduction no longer exist. An increase in carrying amount of the investment arising from the revaluation is credited directly to owners' equity as revaluation surplus.

## COMPOSITE BALANCE SHEET AS AT 31 DECEMBER

|   | Notes | 2 0 0 7<br>N'000         | 2 0 0 6<br>N'000         |
|---|-------|--------------------------|--------------------------|
| <b>Assets:</b>                                    |       |                          |                          |
| Cash and bank balances                            | 1     | 838,878                  | 557,769                  |
| Short term investments                            | 2     | 3,671,944                | 3,102,231                |
| Loans and other assets                            | 3     | 1,865,741                | 1,590,585                |
| Deferred acquisition costs                        | 4     | 156,336                  | 99,917                   |
| Long term investments                             | 5     | 19,316,390               | 10,065,319               |
| Investment in subsidiary and associated companies | 6     | 621,200                  | 528,029                  |
| Statutory deposit                                 | 7     | 520,000                  | 35,000                   |
| Fixed assets                                      | 8     | 798,281                  | 507,716                  |
| Goodwill  | 9     | -                        | -                        |
| <b>Total assets</b>                               |       | <b><u>27,788,770</u></b> | <b><u>16,486,566</u></b> |
| <b>Liabilities:</b>                               |       |                          |                          |
| Creditors and accruals                            | 10    | 1,259,927                | 1,233,270                |
| Insurance funds                                   | 11    | 3,798,793                | 2,507,695                |
| Liability for administered deposits               | 12    | 4,213,302                | 3,160,041                |
| Taxation payable                                  | 13    | 159,614                  | 72,656                   |
| Deferred taxation                                 | 14    | 101,247                  | 88,800                   |
|   |       | <u>9,532,883</u>         | <u>7,062,462</u>         |
| <b>Shareholders' funds:</b>                       |       |                          |                          |
| Paid up share capital                             | 15    | 2,438,777                | 1,975,409                |
| Share premium account                             | 16    | 1,458,867                | 220,500                  |
| Statutory contingency reserve                     | 17    | 790,971                  | 562,473                  |
| Asset revaluation reserve                         |       | 3,277                    | 3,277                    |
| General reserve                                   |       | 1,662,745                | 1,530,154                |
| Equity price equalisation reserve                 | 18    | 11,901,250               | 5,132,291                |
|   |       | <u>18,255,887</u>        | <u>9,424,104</u>         |
| <b>Total liabilities and reserves</b>             |       | <b><u>27,788,770</u></b> | <b><u>16,486,566</u></b> |

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

  
 -----  
 Mr. Oye Hassan - Odukale (Managing Director)

  
 -----  
 Mallam Umar Yahaya (Director)  
 Approved by the Board of Directors on 20 June 2008

The accompanying notes form an integral part of these balance sheets

## COMPOSITE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

|  | Notes | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|-------|--------------------------------|--------------------------------|
| <b>Income</b>  |       |                                |                                |
| Gross premium  |       | <b>15,114,579</b>              | <b>4,886,756</b>               |
| Outward reinsurance premium                                  |       | (7,700,949)                    | (723,827)                      |
| <b>Net premium</b>   |       | <b>7,413,630</b>               | <b>4,162,929</b>               |
| Increase in provision for unexpired risks                    | 11.1  | (269,347)                      | (29,347)                       |
| Increase in life fund  | 11.2  | (11,499)                       | (8,741)                        |
| <b>Premium earned</b>  |       | <b>7,132,784</b>               | <b>4,124,841</b>               |
| Commission received  |       | 572,095                        | 199,293                        |
| <b>Total income</b>  |       | <b>7,704,879</b>               | <b>4,324,134</b>               |
| <b>Expenses</b>  |       |                                |                                |
| Claims incurred  |       | (3,137,645)                    | (1,768,747)                    |
| Underwriting expenses  |       | (1,806,881)                    | (1,296,163)                    |
| <b>Underwriting profit</b>                                   |       | <b>2,760,353</b>               | <b>1,259,224</b>               |
| Investment and other income                                  | 19    | 1,446,143                      | 814,477                        |
| Exceptional income   |       | -                              | 1,341,628                      |
|  |       | <b>4,206,496</b>               | <b>3,415,329</b>               |
| Management expenses  | 20    | (1,376,937)                    | (1,058,753)                    |
| Interest on deposit administration                           |       | (432,400)                      | (387,368)                      |
| Write offs and provisions for bad and doubtful accounts      | 21    | (1,167,852)                    | (2,402)                        |
| Transfer to liabilities for administered deposit             |       | (20,746)                       | -                              |
| <b>Profit before taxation</b>                                |       | <b>1,208,561</b>               | <b>1,966,806</b>               |
| Taxation   | 22    | (181,315)                      | (104,683)                      |
| <b>Profit after taxation</b>                                 |       | <b>1,027,246</b>               | <b>1,862,123</b>               |
| Transfer to statutory contingency reserve                    |       | (228,498)                      | (116,312)                      |
| Transfer to general reserve                                  |       | <b>798,748</b>                 | <b>1,745,811</b>               |
| General reserve beginning of the year as previously reported |       | 1,530,154                      | 1,386,555                      |
| Prior year adjustment to opening general reserve             |       | (565,935)                      | -                              |
| General reserve beginning of the year - adjusted             |       | 964,219                        | 1,386,555                      |
| Reserve for bonus issue capitalised                          |       | -                              | (975,409)                      |
| Transfer from profit and loss account                        |       | 798,748                        | 1,745,811                      |
| Dividends declared   |       | (100,222)                      | (626,803)                      |
| <b>General reserve, end of the year as restated</b>          |       | <b>1,662,745</b>               | <b>1,530,154</b>               |
| Earnings per share   | 23    | 22.72 k                        | 47.25                          |

*The accompanying notes form an integral part of these profit and loss accounts*



**COMPANY STATEMENT OF CASH FLOWS** FOR THE YEAR ENDED 31 DECEMBER

|   | Notes | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|-------|--------------------------------|--------------------------------|
| <b>Cashflow from operating activities</b>                   |       |                                |                                |
| Operating profit before changes in working capital          | 24    | 1,906,175                      | 827,518                        |
| Changes in working capital                                  |       |                                |                                |
| Short term investments                                      |       | ( 311,793)                     | (1,001,417)                    |
| Debtors and prepayments                                     |       | ( 465,579)                     | (763,418)                      |
| Deferred acquisition expenses                               |       | ( 56,419)                      | 8,948                          |
| Statutory deposit   |       | ( 465,000)                     | -                              |
| Amount falling due within one year                          |       | ( 125,062)                     | 646,654                        |
| Liability for administered deposits                         |       | 622,568                        | 556,757                        |
|   |       | <u>1,104,890</u>               | <u>275,042</u>                 |
| Tax paid  | 13    | ( 113,376)                     | (39,793)                       |
| <b>Net cash flow from operating activities</b>              |       | <u>991,514</u>                 | <u>235,249</u>                 |
| <b>Cashflow from investing activities</b>                   |       |                                |                                |
| Purchase of fixed assets                                    |       | ( 406,621)                     | (189,784)                      |
| Proceeds from sale of fixed assets                          |       | 5,804                          | 3,371                          |
| Purchase of long term investments                           |       | ( 2,726,861)                   | (2,174,446)                    |
| Purchase of investments in subsidiaries                     |       | ( 93,171)                      | -                              |
| Proceeds from disposal of investments                       |       | 903,455                        | 2,487,066                      |
| Dividend from investments                                   |       | 266,401                        | 164,328                        |
| Cash paid for business acquisition                          |       | ( 265,714)                     | -                              |
| Cash acquired from business acquisition                     |       | 4,789                          | -                              |
| <b>Net cashflow from investing activities</b>               |       | <u>( 2,311,918)</u>            | <u>290,535</u>                 |
| <b>Cashflow from financing activities</b>                   |       |                                |                                |
| Proceeds from share issue                                   |       | 1,701,735                      | 24,591                         |
| Share issue expense   |       | -                              | (15,608)                       |
| Dividend paid   |       | ( 100,222)                     | (626,803)                      |
| <b>Net cashflow from financing activities</b>               |       | <u>1,601,513</u>               | <u>(617,820)</u>               |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | 281,109                        | (92,036)                       |
| Cash and bank balances beginning of the year                |       | 557,769                        | 649,805                        |
| <b>Cash and bank balances end of the year</b>               |       | <u>838,878</u>                 | <u>557,769</u>                 |

*The accompanying notes form an integral part of these statement of cash flows*

## GENERAL BUSINESS BALANCE SHEET AS AT 31 DECEMBER

|   | Notes | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---|-------|--------------------------|--------------------------|
| <b>Assets</b>                                     |       |                          |                          |
| Cash and bank balances                            | 1.1   | 427,671                  | 357,145                  |
| Short term investments                            | 2.1   | 2,254,431                | 1,352,138                |
| Loans and other assets                            | 3.1   | 1,226,387                | 1,215,950                |
| Deferred acquisition costs                        | 4     | 156,336                  | 99,917                   |
| Long term investments                             | 5.1   | 11,268,388               | 6,386,966                |
| Investment in subsidiary and associated companies | 6.1   | 167,401                  | 155,387                  |
| Statutory deposit                                 | 7     | 320,000                  | 20,000                   |
| Fixed assets                                      | 8.1   | 631,586                  | 450,360                  |
| Goodwill  | 9     | -                        | -                        |
| <b>Total assets</b>                               |       | <b><u>16,452,200</u></b> | <b><u>10,037,863</u></b> |
| <b>Liabilities</b>                                |       |                          |                          |
| Creditors and accruals                            | 10.1  | 1,104,221                | 1,118,479                |
| Insurance funds                                   | 11.1  | 3,130,315                | 1,867,649                |
| Taxation payable                                  | 13.1  | 114,083                  | 72,656                   |
| Deferred taxation                                 | 14.1  | 88,791                   | 88,800                   |
|   |       | <u>4,437,410</u>         | <u>3,147,584</u>         |
| <b>Shareholders' funds:</b>                       |       |                          |                          |
| Paid up share capital                             | 15.1  | 1,794,395                | 1,331,027                |
| Share premium account                             | 16    | 1,458,867                | 220,500                  |
| Statutory contingency reserve                     | 17.1  | 728,469                  | 539,319                  |
| Asset revaluation reserve                         |       | 3,219                    | 3,219                    |
| General reserve                                   |       | 1,614,058                | 1,388,151                |
| Equity price equalisation reserve                 | 18    | 6,415,782                | 3,408,063                |
|   |       | <u>12,014,790</u>        | <u>6,890,279</u>         |
| <b>Total liabilities and reserves</b>             |       | <b><u>16,452,200</u></b> | <b><u>10,037,863</u></b> |

*The accompanying notes form an integral part of these balance sheets*

**GENERAL BUSINESS PROFIT AND LOSS ACCOUNT** FOR THE YEAR ENDED 31 DECEMBER

|  | Notes | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|-------|--------------------------------|--------------------------------|
| <b>Income</b>  |       |                                |                                |
| Gross premium  |       | 13,953,354                     | 4,184,278                      |
| Outward reinsurance premium                                  |       | (7,648,339)                    | (635,761)                      |
| <b>Net premium</b>   |       | <b>6,305,015</b>               | <b>3,548,517</b>               |
| Increase in provision for unexpired risks                    | 11.1  | (269,347)                      | (29,347)                       |
| <b>Premium earned</b>  |       | <b>6,035,668</b>               | <b>3,519,170</b>               |
| Commission received  |       | 555,366                        | 173,522                        |
| <b>Total income</b>  |       | <b>6,591,034</b>               | <b>3,692,692</b>               |
| <b>Expenses</b>  |       |                                |                                |
| Claims incurred  |       | (2,606,307)                    | (1,515,016)                    |
| Underwriting expenses  |       | (1,574,362)                    | (1,131,777)                    |
| Underwriting profit  |       | 2,410,365                      | 1,045,899                      |
| Investment and other income                                  | 19.1  | 709,670                        | 396,522                        |
| Exceptional income   |       | -                              | 1,341,628                      |
|  |       | <u>3,120,035</u>               | <u>2,784,049</u>               |
| Management expenses  | 20.1  | (1,228,916)                    | (913,400)                      |
| Write offs and provisions for bad and doubtful accounts      | 21.1  | (1,134,028)                    | (2,402)                        |
| <b>Profit before taxation</b>                                |       | <b>757,091</b>                 | <b>1,868,247</b>               |
| Taxation   | 22.1  | (123,328)                      | (104,683)                      |
| <b>Profit after taxation</b>                                 |       | <b>633,763</b>                 | <b>1,763,564</b>               |
| Transfer to statutory contingency reserve                    | 17.1  | (189,150)                      | (106,456)                      |
| <b>Transfer to general reserve</b>                           |       | <b>444,613</b>                 | <b>1,657,108</b>               |
| General reserve beginning of the year as previously reported |       | 1,388,151                      | 1,333,255                      |
| Prior year adjustment to opening general reserve             |       | (118,484)                      | -                              |
| General reserve beginning of the year adjusted               |       | <u>1,269,667</u>               | <u>1,333,355</u>               |
| Reserve for bonus issue capitalised                          |       | -                              | (975,409)                      |
| Transfer from profit and loss account                        |       | 444,613                        | 1,657,108                      |
| Dividends declared   |       | (100,222)                      | (626,803)                      |
| <b>General reserve, end of the year</b>                      |       | <b><u>1,614,058</u></b>        | <b><u>1,388,151</u></b>        |

*The accompanying notes form an integral part of these profit and loss accounts*

GENERAL BUSINESS REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

| Notes   | <b>Motor<br/>N'000</b> | <b>Fire<br/>N'000</b> | <b>Gen. Acc<br/>N'000</b> | <b>Marine<br/>N'000</b> | <b>W/M.<br/>Comp.<br/>N'000</b> | <b>Bond<br/>N'000</b> | <b>Engineering<br/>N'000</b> | <b>Oil &amp; Gas<br/>N'000</b> | <b>2007 Total<br/>N'000</b> | <b>2006<br/>Total<br/>N'000</b> |
|---|------------------------|-----------------------|---------------------------|-------------------------|---------------------------------|-----------------------|------------------------------|--------------------------------|-----------------------------|---------------------------------|
| <b>INCOME</b>   |                        |                       |                           |                         |                                 |                       |                              |                                |                             |                                 |
| Direct Premiums   | 2,375,360              | 1,046,268             | 1,333,783                 | 913,226                 | 76,310                          | 363,255               | 339,995                      | 7,504,563                      | 13,952,760                  | 4,183,390                       |
| Inward reinsurance premiums                                       | 509                    | 70                    | 15                        | -                       | -                               | -                     | -                            | -                              | 594                         | 888                             |
| <b>Gross written premiums</b>                                     | <b>2,375,869</b>       | <b>1,046,338</b>      | <b>1,333,798</b>          | <b>913,226</b>          | <b>76,310</b>                   | <b>363,255</b>        | <b>339,995</b>               | <b>7,504,563</b>               | <b>13,953,354</b>           | <b>4,184,278</b>                |
| Outward reinsurance premiums                                      | 39,173                 | 212,283               | 32,347                    | 221,813                 | 17,574                          | 25,382                | 51,155                       | 7,048,612                      | 7,648,339                   | 635,761                         |
| <b>Net written premiums</b>                                       | <b>2,336,696</b>       | <b>834,055</b>        | <b>1,301,451</b>          | <b>691,413</b>          | <b>58,736</b>                   | <b>337,873</b>        | <b>288,840</b>               | <b>455,951</b>                 | <b>6,305,015</b>            | <b>3,548,517</b>                |
| (increase)/decrease in unexpired risk provision                   | (13,512)               | 17,029                | (65,927)                  | (64,507)                | (15,146)                        | (8,079)               | (53,039)                     | (66,166)                       | (269,347)                   | (29,347)                        |
| <b>Premiums earned</b>  | <b>2,323,184</b>       | <b>851,084</b>        | <b>1,235,524</b>          | <b>626,906</b>          | <b>43,590</b>                   | <b>329,794</b>        | <b>235,801</b>               | <b>389,785</b>                 | <b>6,035,668</b>            | <b>3,519,170</b>                |
| Commissions received  | 34,598                 | 52,359                | 7,727                     | 21,490                  | 3,707                           | 7,681                 | 16,036                       | 411,768                        | 555,366                     | 173,522                         |
|   | <u>2,357,782</u>       | <u>903,443</u>        | <u>1,243,251</u>          | <u>648,396</u>          | <u>47,297</u>                   | <u>337,475</u>        | <u>251,837</u>               | <u>801,553</u>                 | <u>6,591,034</u>            | <u>3,692,692</u>                |
| <b>EXPENSES</b>   |                        |                       |                           |                         |                                 |                       |                              |                                |                             |                                 |
| Direct claims paid  | 942,246                | 250,198               | 471,443                   | 256,606                 | 20,303                          | 268                   | 182,444                      | 31,112                         | 2,154,620                   | 1,452,099                       |
| Inward reinsurance claims paid                                    | -                      | -                     | -                         | -                       | -                               | -                     | -                            | -                              | -                           | -                               |
| <b>Gross claims paid</b>  | <b>942,246</b>         | <b>250,198</b>        | <b>471,443</b>            | <b>256,606</b>          | <b>20,303</b>                   | <b>268</b>            | <b>182,444</b>               | <b>31,112</b>                  | <b>2,154,620</b>            | <b>1,452,099</b>                |
| Deduct reinsurance claims recoveries/recoverable                  | 35,033                 | 195,850               | 15,468                    | 142,536                 | 19,043                          | 23,793                | 66,199                       | -                              | 497,922                     | 209,880                         |
| <b>Net claims paid</b>  | <b>907,213</b>         | <b>54,348</b>         | <b>455,975</b>            | <b>114,070</b>          | <b>1,260</b>                    | <b>(23,525)</b>       | <b>116,245</b>               | <b>31,112</b>                  | <b>1,656,698</b>            | <b>1,242,219</b>                |
| Increase/(decrease in outstanding claims provision                | 135,965                | 279,082               | 59,614                    | 46,125                  | 29,727                          | 46,544                | (23,957)                     | 376,509                        | 949,609                     | 272,797                         |
| <b>Claims incurred</b>  | <b>1,043,178</b>       | <b>333,430</b>        | <b>515,589</b>            | <b>160,195</b>          | <b>30,987</b>                   | <b>23,019</b>         | <b>92,288</b>                | <b>407,621</b>                 | <b>2,606,307</b>            | <b>1,515,016</b>                |
| <b>Add underwriting expenses:</b>                                 |                        |                       |                           |                         |                                 |                       |                              |                                |                             |                                 |
| Acquisition expenses  | 453,886                | 247,812               | 290,082                   | 189,733                 | 10,287                          | 69,370                | 57,894                       | 46,144                         | 1,365,208                   | 1,072,771                       |
| Maintenance expenses  | 36,215                 | 19,367                | 24,562                    | 16,928                  | 1,357                           | 6,757                 | 5,874                        | 98,094                         | 209,154                     | 59,006                          |
|   | <u>490,101</u>         | <u>267,179</u>        | <u>314,644</u>            | <u>206,661</u>          | <u>11,644</u>                   | <u>76,127</u>         | <u>63,768</u>                | <u>144,238</u>                 | <u>1,574,362</u>            | <u>1,131,777</u>                |
| <b>Underwriting profit transferred to profit and loss account</b> | <b>824,503</b>         | <b>302,834</b>        | <b>413,018</b>            | <b>281,540</b>          | <b>4,666</b>                    | <b>238,329</b>        | <b>95,781</b>                | <b>249,694</b>                 | <b>2,410,365</b>            | <b>1,045,899</b>                |

## LIFE BUSINESS BALANCE SHEET AS AT 31 DECEMBER

|   | Notes | 2 0 0 7<br>N'000         | 2 0 0 6<br>N'000        |
|---|-------|--------------------------|-------------------------|
| <b>Asset</b>                                      |       |                          |                         |
| Cash and bank balance                             | 1.2   | 411,207                  | 200,624                 |
| Short term investment                             | 2.2   | 1,417,513                | 1,750,093               |
| Loans and other assets                            | 3.2   | 639,354                  | 374,635                 |
| Long term investment                              | 5.2   | 8,048,002                | 3,678,353               |
| Investment in subsidiary and associated Companies | 6.2   | 453,799                  | 372,642                 |
| Statutory deposit                                 | 7     | 200,000                  | 15,000                  |
| Fixed assets                                      | 8.2   | 166,695                  | 57,356                  |
| <b>Total assets</b>                               |       | <b><u>11,336,570</u></b> | <b><u>6,448,703</u></b> |
| <b>Liabilities:</b>                               |       |                          |                         |
| Creditors and accruals                            | 10.2  | 155,706                  | 114,791                 |
| Outstanding claims                                | 11.2  | 107,166                  | 90,233                  |
| Life Funds  | 11.2  | 561,312                  | 549,813                 |
| Liability for administered deposit                | 12    | 4,213,302                | 3,160,041               |
| Taxation payable                                  | 13    | 45,531                   | -                       |
| Deffered taxation                                 | 14.2  | 12,456                   | -                       |
|   |       | <b><u>5,095,473</u></b>  | <b><u>3,914,878</u></b> |
| <b>Shareholders' funds:</b>                       |       |                          |                         |
| Paid up share capital                             | 15    | 644,382                  | 644,382                 |
| Statutory contingency reserve                     | 17.2  | 62,502                   | 23,154                  |
| Asset revaluation reserve                         |       | 58                       | 58                      |
| General reserve                                   |       | 48,687                   | 142,003                 |
| Equity price equalisation reserve                 | 18    | 5,485,468                | 1,724,228               |
|   |       | <b><u>6,241,097</u></b>  | <b><u>2,533,825</u></b> |
| <b>Total liabilities and reserves</b>             |       | <b><u>11,336,570</u></b> | <b><u>6,448,703</u></b> |

*The accompanying notes form an integral part of these balance sheets*

## LIFE BUSINESS PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

|  | Notes | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|-------|--------------------------------|--------------------------------|
| <b>Income</b>  |       |                                |                                |
| Gross premium  |       | 1,161,225                      | 702,478                        |
| Outward reinsurance premium                                  |       | (52,610)                       | (88,066)                       |
| Increase in life funds                                       | 11.2  | <u>(11,499)</u>                | <u>(8,741)</u>                 |
| <b>Net premium</b>   |       | <b>1,097,116</b>               | <b>605,671</b>                 |
| Commission received  |       | 16,729                         | 25,771                         |
| <b>Total income</b>  |       | <b><u>1,113,845</u></b>        | <b><u>631,442</u></b>          |
| <b>Expenses</b>  |       |                                |                                |
| Claims incurred  |       | (531,338)                      | (253,731)                      |
| Underwriting expenses  |       | <u>(232,519)</u>               | <u>(164,386)</u>               |
|  |       | (763,857)                      | (418,117)                      |
| <b>Underwriting profit</b>                                   |       | <b>349,988</b>                 | <b>213,325</b>                 |
| Investment and other income                                  | 19.2  | 736,473                        | 417,955                        |
|  |       | 1,086,461                      | 631,280                        |
| Management expenses  | 20.2  | (148,021)                      | (145,353)                      |
| Interest on deposit administration                           |       | (432,400)                      | (387,368)                      |
| Write offs and provisions for bad and doubtful accounts      | 21    | (33,824)                       | -                              |
| Transfer to liabilities for administered deposit             |       | <u>(20,746)</u>                | <u>-</u>                       |
|  |       | (634,991)                      | (532,721)                      |
| <b>Profit before taxation</b>                                |       | <b><u>451,470</u></b>          | <b><u>98,559</u></b>           |
| Taxation   | 22.2  | (57,987)                       | -                              |
| <b>Profit after taxation</b>                                 |       | <b>393,483</b>                 | <b>98,559</b>                  |
| Transfer to statutory contingency reserve                    | 17.2  | <u>(39,348)</u>                | <u>(9,856)</u>                 |
| <b>Transfer to general reserve</b>                           |       | <b><u>(354,135)</u></b>        | <b><u>88,703</u></b>           |
| General reserve beginning of the year as previously reported |       | 142,003                        | 53,300                         |
| Prior year adjustment to opening general reserve             |       | (447,451)                      | -                              |
| General reserve beginning of the year- adjusted              |       | <u>(305,448)</u>               | <u>53,300</u>                  |
| Transfer from profit and loss account                        |       | <b>354,135</b>                 | <b>88,703</b>                  |
| <b>General reserve, end of the year</b>                      |       | <b><u>48,687</u></b>           | <b><u>142,003</u></b>          |

*The accompanying notes form an integral part of these profit and loss accounts*

LIFE BUSINESS REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

|   | Note | Individual<br>Life<br>N'000 | Group<br>Life<br>N'000 | 2007<br>Total<br>N'000 | 2006<br>Total<br>N'000 |
|---|------|-----------------------------|------------------------|------------------------|------------------------|
| <b>Income</b>   |      |                             |                        |                        |                        |
| Direct premiums   |      | 227,743                     | 933,482                | 1,161,225              | 702,478                |
| Inward reinsurance premiums                                       |      | -                           | -                      | -                      | -                      |
| <b>Gross written premiums</b>                                     |      | <b>227,743</b>              | <b>933,482</b>         | <b>1,161,225</b>       | <b>702,478</b>         |
| <b>Deduct:</b>  |      |                             |                        |                        |                        |
| Reinsurance outwards  |      | 13,081                      | 39,529                 | 52,610                 | 88,066                 |
| <b>Net Written Premiums</b>                                       |      | <b>214,662</b>              | <b>893,953</b>         | <b>1,108,615</b>       | <b>614,412</b>         |
| Commissions received  |      | 1,081                       | 15,648                 | 16,729                 | 25,771                 |
|   |      | <u>215,743</u>              | <u>909,601</u>         | <u>1,125,344</u>       | <u>640,183</u>         |
| Direct claims paid  |      | 27,000                      | 490,050                | 517,050                | 239,594                |
| Surrenders  |      | 27                          | -                      | 27                     | 36                     |
| Withdrawals   |      | 223                         | 11,571                 | 11,794                 | 1,656                  |
| <b>Gross claims paid</b>  |      | <b>27,250</b>               | <b>501,621</b>         | <b>528,871</b>         | <b>241,286</b>         |
| <b>Deduct:</b>  |      |                             |                        |                        |                        |
| Reinsurance claims recoveries                                     |      | -                           | 14,466                 | 14,466                 | 39,524                 |
| <b>Net claims paid</b>  |      | <b>27,250</b>               | <b>487,155</b>         | <b>514,405</b>         | <b>201,762</b>         |
| Provision for outstanding claims                                  |      | 2,102                       | 14,831                 | 16,933                 | 51,969                 |
| <b>Claims incurred</b>  |      | <b>29,352</b>               | <b>501,986</b>         | <b>531,338</b>         | <b>253,731</b>         |
| Acquisition expenses  | 25   | 29,450                      | 155,799                | 185,249                | 108,876                |
| Maintenance expenses  | 26   | 10,333                      | 36,937                 | 47,270                 | 55,510                 |
| <b>Underwriting expenses</b>                                      |      | <b>39,783</b>               | <b>192,736</b>         | <b>232,519</b>         | <b>164,386</b>         |
| Transfer to life funds  |      | 4,383                       | 7,116                  | 11,499                 | 8,741                  |
| <b>Total expenses and transfer to life fund</b>                   |      | <b>73,518</b>               | <b>701,838</b>         | <b>775,356</b>         | <b>426,858</b>         |
| <b>Underwriting profit transferred to profit and loss account</b> |      | <b>142,225</b>              | <b>207,763</b>         | <b>349,988</b>         | <b>213,325</b>         |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

**1 Cash and bank balances**

Cash and bank balances comprise:

|              | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--------------|--------------------------------|--------------------------------|
| Cash in hand | 73,868                         | 47,101                         |
| Cash at bank | 765,010                        | 510,668                        |
|              | <b>838,878</b>                 | <b>557,769</b>                 |

**1.1 General business**

|              | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--------------|--------------------------------|--------------------------------|
| Cash in hand | 52,329                         | 27,043                         |
| Cash at bank | 375,342                        | 330,102                        |
|              | <b>427,671</b>                 | <b>357,145</b>                 |

**1.2 Life business**

|              | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--------------|--------------------------------|--------------------------------|
| Cash in hand | 21,539                         | 20,058                         |
| Cash at bank | 389,668                        | 180,566                        |
| -            | <b>411,207</b>                 | <b>200,624</b>                 |

**2 Short term investments**

(a) Short term investments comprise:

|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|--------------------------------|--------------------------------|
| Short term placements                                     | 3,353,945                      | 2,744,298                      |
| Subscription for shares                                   | 376,929                        | 418,230                        |
|   | <b>3,730,874</b>               | <b>3,162,528</b>               |
| Allowance for doubtful placements<br>(See Note (b) below) | (58,930)                       | (60,297)                       |
|   | <b>3,671,944</b>               | <b>3,102,231</b>               |



NOTES TO THE FINANCIAL STATEMENTS CONTD.

(b) The movement in allowance for doubtful placements during the year was as follows:

|                               | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|-------------------------------|--------------------------------|--------------------------------|
| Balance beginning of the year | 60,297                         | -                              |
| Addition during the year      | 10,820                         | (60,297)                       |
| Allowance no longer required  | (12,187)                       | -                              |
| Balance end of the year       | <u>58,930</u>                  | <u>(60,297)</u>                |

**2.1 General business**

| (a)  | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|--------------------------------|--------------------------------|
| Short term placements                                  | 2,016,433                      | 1,318,199                      |
| Subscription for shares                                | 262,928                        | 56,236                         |
|  | <u>2,279,361</u>               | <u>1,374,435</u>               |
| Allowance for doubtful placements (See Note (b) below) | (24,930)                       | (22,297)                       |
|  | <u>2,254,431</u>               | <u>1,352,138</u>               |

(b) The movement in allowance for doubtful placements during the year was as follows:

|                               | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|-------------------------------|--------------------------------|--------------------------------|
| Balance beginning of the year | 22,297                         | -                              |
| Addition during the year      | 10,820                         | (22,297)                       |
| Allowance no longer required  | ( 8,187)                       | -                              |
| Balance end of the year       | <u>24,930</u>                  | <u>(22,297)</u>                |

**2.2 Life business**

| (a)  | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|--------------------------------|--------------------------------|
| Short term placements                                  | 1,337,512                      | 1,426,099                      |
| Subscription for shares                                | 114,001                        | 361,994                        |
|  | <u>1,451,513</u>               | <u>1,788,093</u>               |
| Allowance for doubtful placements (See Note (b) below) | (34,000)                       | (38,000)                       |
|  | <u>1,417,513</u>               | <u>1,750,093</u>               |

(b) The movement in allowance for doubtful placements During the year was as follows:

|                               | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|-------------------------------|--------------------------------|--------------------------------|
| Balance beginning of the year | 38,000                         | -                              |
| Addition during the year      | -                              | 38,000                         |
| Allowance no longer required  | ( 4,000)                       | -                              |
| Balance end of the year       | <u>34,000</u>                  | <u>38,000</u>                  |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**3 Loans and other assets**

(a) Loans and other receivables comprise:

|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---|--------------------------|--------------------------|
| Outstanding premiums  | 546,805                  | 403,755                  |
| Claims recoverable from re-insurers                           | 300,705                  | -                        |
| Prepayments   | 47,263                   | 18,573                   |
| Loans to policy holders                                       | 118,149                  | 67,843                   |
| Agency loans  | 13,817                   | 7,030                    |
| Staff loans   | 125,277                  | 66,892                   |
| Due from general business                                     | 437,572                  | 231,575                  |
| Other debtors   | 450,207                  | 73,622                   |
| Commercial loans  | 86,844                   | 733,164                  |
|   | 2,126,639                | 1,602,454                |
| Less: allowance for doubtful accounts<br>(See Note (b) below) | (260,898)                | (11,869)                 |
|   | 1,865,741                | 1,590,585                |

(b) The movement in allowance for doubtful accounts during the year was as follows:

|                               | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|-------------------------------|--------------------------|--------------------------|
| Balance beginning of the year | (11,868)                 | 9,466                    |
| Addition during the year      | 249,030                  | 2,402                    |
| Balance end of the year       | 260,898                  | 11,868                   |

**3.1 General business**

(a)

|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---|--------------------------|--------------------------|
| Outstanding premiums  | 546,805                  | 403,755                  |
| Claims recoverable from re-insurers                           | 300,705                  | -                        |
| Prepayments   | 47,263                   | 18,573                   |
| Staff loans   | 117,093                  | 57,762                   |
| Other debtors   | 350,751                  | 46,248                   |
| Commercial loans  | 86,844                   | 701,481                  |
|   | 1,449,461                | 1,227,819                |
| Less: allowance for doubtful accounts<br>(See Note (b) below) | (223,074)                | (11,869)                 |
|   | 1,226,387                | 1,215,950                |

## NOTES TO THE FINANCIAL STATEMENTS CONTD.

(b) The movement in allowance for doubtful accounts during the year was as follows:

|                               | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|-------------------------------|--------------------------|--------------------------|
| Balance beginning of the year | 11,868                   | 9,466                    |
| Addition during the year      | 211,206                  | 2,402                    |
| Balance end of the year       | 223,074                  | 11,868                   |

### 3.2 Life business

(a)

|  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--|--------------------------|--------------------------|
| Loans to policy holders                                    | 118,149                  | 67,843                   |
| Agency loans   | 13,817                   | 7,030                    |
| Staff loans  | 8,184                    | 9,130                    |
| Due from general business                                  | 437,572                  | 231,575                  |
| Other debtors  | 99,456                   | 27,374                   |
| Commercial loans   | -                        | 31,683                   |
|  | 677,178                  | 374,635                  |
| Less: allowance for doubtful accounts (See Note (b) below) | (37,824)                 | -                        |
|  | 639,354                  | 374,635                  |

(b) The movement in allowance for doubtful accounts during the year was as follows:

|                               | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|-------------------------------|--------------------------|--------------------------|
| Balance beginning of the year | -                        | -                        |
| Addition during the year      | (37,824)                 | -                        |
| Balance end of the year       | (37,824)                 | -                        |

### 4. Deferred acquisition expenses General business

Deferred acquisition expenses represent commissions on un-earned premiums relating to the unexpired period of risks and comprise:

|                        | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|------------------------|--------------------------|--------------------------|
| Motor                  | 46,349                   | 46,982                   |
| Fire                   | 30,526                   | 36,280                   |
| General accident       | 28,926                   | 8,726                    |
| Marine and aviation    | 9,661                    | 7,152                    |
| Workmen's compensation | 5,106                    | 2,248                    |
| Bond                   | 13,181                   | (11,383)                 |
| Engineering            | 22,037                   | 9,912                    |
| Oil and gas            | 550                      | -                        |
|                        | 156,336                  | 99,917                   |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**5 Long term investments**

Long term investments comprise:

|                                  | <b>Market value<br/>2 0 0 7<br/>N'000</b> | <b>Cost<br/>2 0 0 7<br/>N'000</b> | <b>Market value<br/>2 0 0 6<br/>N'000</b> | <b>Cost<br/>2 0 0 6<br/>N'000</b> |
|----------------------------------|---|-----------------------------------|---|-----------------------------------|
| <b>(a) Quoted investments</b>    |   |                                   |   |                                   |
| Government bonds                 | 260,000                                   | 260,000                           | 190,000                                   | 190,000                           |
| Ordinary shares                  | 17,117,335                                | 5,226,194                         | 8,316,185                                 | 3,220,508                         |
| Debenture stock                  | 1,310                                     | 1,310                             | 2,065                                     | 2,310                             |
| Mutual funds                     | 17,044                                    | 6,935                             | 11,311                                    | 6,935                             |
|                                  | 17,395,689                                | 5,494,439                         | 8,519,561                                 | 3,419,753                         |
| Excess of market value over cost |   | 11,901,250                        |   | 5,099,808                         |
|                                  |   | <u>17,395,689</u>                 |   | <u>8,519,561</u>                  |
| <b>(b) Unquoted investments</b>  |   |                                   |   |                                   |
| Ordinary shares                  |   | 884,092                           |   | 609,149                           |
| Investment in mutual funds       |   | 100,000                           |   | -                                 |
|                                  |   | <u>984,092</u>                    |   | <u>609,149</u>                    |
| <b>(c) Investment properties</b> |   | 936,609                           |   | 936,609                           |
| <b>Total</b>                     |   | <u>19,316,390</u>                 |   | <u>10,065,319</u>                 |
| <b>5.1 General Business</b>      |   |                                   |   |                                   |
|                                  | <b>Market value<br/>2 0 0 7<br/>N'000</b> | <b>Cost<br/>2 0 0 7<br/>N'000</b> | <b>Market value<br/>2 0 0 6<br/>N'000</b> | <b>Cost<br/>2 0 0 6<br/>N'000</b> |
| <b>(a) Quoted investments</b>    |   |                                   |   |                                   |
| Government bonds                 | 120,000                                   | 120,000                           | 120,000                                   | 120,000                           |
| Ordinary shares                  | 10,004,997                                | 3,588,906                         | 5,513,199                                 | 2,131,008                         |
| Debenture stock                  | 1,310                                     | 1,310                             | 1,310                                     |                                   |
| Mutual funds                     | 626                                       | 935                               | 759                                       | 935                               |
|                                  | <u>10,126,933</u>                         | <u>3,711,151</u>                  | <u>5,635,268</u>                          | <u>2,253,253</u>                  |
| Excess of market value over cost |   | 6,415,782                         |   | 3,382,015                         |
|                                  |   | <u>10,126,933</u>                 |   | <u>5,635,268</u>                  |
| <b>(b) Unquoted investments</b>  |   |                                   |   |                                   |
| Ordinary shares                  |   | 643,533                           |   | 353,776                           |
| Investment in mutual funds       |   | 100,000                           |   | -                                 |
|                                  |   | <u>743,533</u>                    |   | <u>353,776</u>                    |
| <b>(c) Investment properties</b> |   | 397,922                           |   | 397,922                           |
| <b>Total</b>                     |   | <u>11,268,388</u>                 |   | <u>6,386,966</u>                  |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**5.2 Life business**

|                                  | <b>Market value<br/>2 0 0 7<br/>N'000</b> | <b>Cost<br/>2 0 0 7<br/>N'000</b> | <b>Market value<br/>2 0 0 6<br/>N'000</b> | <b>Cost<br/>2 0 0 6<br/>N'000</b> |
|----------------------------------|---|-----------------------------------|---|-----------------------------------|
| <b>(a) Quoted investments</b>    |   |                                   |   |                                   |
| Government bonds                 | 140,000                                   | 140,000                           | 70,000                                    | 70,000                            |
| Ordinary shares                  | 7,112,338                                 | 1,637,288                         | 2,802,986                                 | 1,089,500                         |
| Debenture stock                  | -   | -                                 | 755                                       | 1,000                             |
| Mutual funds                     | 16,418                                    | 6,000                             | 10,552                                    | 6,000                             |
|                                  | <u>7,268,756</u>                          | <u>1,783,288</u>                  | <u>2,884,293</u>                          | <u>1,166,500</u>                  |
| Excess of market value over cost |   | 5,485,468                         |   | 1,717,793                         |
|                                  |   | <u><u>7,268,756</u></u>           |   | <u><u>2,884,293</u></u>           |
| <b>(b) Unquoted investments</b>  |   |                                   |   |                                   |
| Ordinary shares                  |   | <u>240,559</u>                    |   | <u>255,373</u>                    |
| <b>(c) Investment properties</b> |   | <u>538,687</u>                    |   | <u>538,687</u>                    |
|                                  |   | <u><u>8,048,002</u></u>           |   | <u><u>3,678,353</u></u>           |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**6. Investment in subsidiaries and associated companies**

Investment in subsidiaries and associated companies comprises:

|  | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|--------------------------------|--------------------------------|
| <b>Subsidiaries</b>  |                                |                                |
| Leadway Trustees Limited (See Note (a) below)                      | 47,696                         | 47,696                         |
| Leadway Hotels Limited (See Note (b) below)                        | 150,000                        | 150,000                        |
| Leadway Properties and Investments Limited<br>(See Note (c) below) | 2,000                          | 2,000                          |
| <b>Associated company</b>  |                                |                                |
| Leadway Pensure PFA Limited<br>(See Note (d) below)                | 421,504                        | 328,333                        |
|  | <b>621,200</b>                 | <b>528,029</b>                 |

- (a) This represents the cost of the Company's 53% equity investment in Leadway Trustees Limited's 90,000,000 ordinary share of ₦1 each.
- (b) This represents the cost of the Company's 51% equity investment in Leadway Hotels Limited's 100,000,000 ordinary share of 50k each.
- (c) This represents the cost of the Company's investment in Leadway Properties and Investments Limited.
- (d) This represents the cost of the Company's 42% equity investment in Leadway PFA Limited's 1,000,000,000 ordinary share of ₦1 each.
- (e) The financial statements of Leadway Trustees Limited and Leadway Hotels Limited have not been consolidated with those of the Company as, in the opinion of the directors, it would result in delays in the completion of the financial statement of the Company for the year ended 31 December 2007 out of proportion to its value to the members of the Company in accordance with section 336(3) of the Companies and Allied Matters Act of Nigeria.

The Company's share of the net assets of Leadway Trustees Limited, and Leadway Hotels Limited as at 31 December 2007 were ₦245,166,000, and ₦304,763,000 respectively.

The financial statements of Leadway Properties and Investment Limited have not been consolidated with that of the Company because in the opinion of the directors it will be of no real value to the shareholders considering the insignificant amount involved.

**6.1 General Business**

|  | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|--------------------------------|--------------------------------|
| <b>Subsidiaries</b>  |                                |                                |
| Leadway Trustees Limited (See Note (a) below)                      | 33,387                         | 33,387                         |
| Leadway Hotels Limited (See Note (b) below)                        | 50,000                         | 50,000                         |
| Leadway Properties and Investments Limited<br>(See Note (c) below) | 2,000                          | 2,000                          |
| <b>Associated company</b>  |                                |                                |
| Leadway PFA Limited (See note (d) below)                           | 82,014                         | 70,000                         |
|  | <b>167,401</b>                 | <b>155,387</b>                 |

## NOTES TO THE FINANCIAL STATEMENTS CONTD.

- (a) This represents the cost of the General business' 37% equity investment in Leadway Trustees Limited's 90,000,000 ordinary share of N1 each.
- (b) This represents the cost of General business' 17% equity investment in Leadway Hotels Limited's 100,000,000 ordinary shares of N1 each.
- (c) This represents the cost of the Company's investment in Leadway Properties and Investments Limited. Leadway Properties and Investments Limited had not commenced operations as at 31 December 2007.
- (d) This represents the cost of General business' 8% equity investment in Leadway PFA Limited's 1,000,000,000 ordinary share of N1 each.

### 6.2 Life business

|  | <b>2007</b><br><b>N'000</b> | <b>2006</b><br><b>N'000</b> |
|--|-----------------------------|-----------------------------|
| <b>Subsidiaries</b>                              |                             |                             |
| Leadway Trustees Limited (See Note (a) below)    | 14,309                      | 14,309                      |
| Leadway Hotels Limited (See Note (b) below)      | 100,000                     | 100,000                     |
| <b>Associated company</b>                        |                             |                             |
| Leadway Pensure PFA Limited (See note (c) below) | 339,490                     | 258,333                     |
|  | 453,799                     | 372,642                     |

- (a) This represents the cost of the Life business' 16% equity investment in Leadway Trustees Limited's 90,000,000 ordinary share of N1 each.
- (b) This represents the cost of Life business' 34% equity investment in Leadway Hotels Limited's 100,000,000 ordinary share of 50k each.
- (c) This represents the cost of Life business' 34% equity investment in Leadway PFA Limited's 1,000,000,000 ordinary share of 50k each.

### Statutory deposits

Statutory deposits comprises:

|                     | <b>2007</b><br><b>N'000</b> | <b>2006</b><br><b>N'000</b> |
|---------------------|-----------------------------|-----------------------------|
| Non - Life Business | 320,000                     | 20,000                      |
| Life Business       | 200,000                     | 15,000                      |
|                     | 520,000                     | 35,000                      |

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2007, in compliance with the Insurance Act, CAP 117 LFN 2004

NOTES TO THE FINANCIAL STATEMENTS CONTD.

8. Fixed Assets

|                            | Land and Buildings<br>N'000 | Office Equipment<br>N'000 | Computer Equipment<br>N'000 | Furniture & Fittings<br>N'000 | Motor Vehicles<br>N'000 | Capital work in progress<br>N'000 | Total<br>N'000   |
|----------------------------|-----------------------------|---------------------------|-----------------------------|-------------------------------|-------------------------|-----------------------------------|------------------|
| <b>Cost</b>                |                             |                           |                             |                               |                         |                                   |                  |
| Balance, beginning of year | 312,839                     | 146,109                   | 244,160                     | 119,717                       | 294,489                 | 16,770                            | 1,134,084        |
| Additions                  | 31,425                      | 11,070                    | 36,959                      | 16,462                        | 126,185                 | 184,520                           | 406,621          |
| Taken over on business     |                             |                           |                             |                               |                         |                                   |                  |
| Acquisition                | 1,628                       | 1,879                     | 1,404                       | 3,438                         | 12,630                  | -                                 | 20,979           |
| Disposal                   | -                           | -                         | -                           | -                             | (14,512)                | -                                 | (14,512)         |
| Balance, end of year       | <u>345,892</u>              | <u>159,058</u>            | <u>282,523</u>              | <u>139,617</u>                | <u>418,792</u>          | <u>201,290</u>                    | <u>1,547,172</u> |
| <b>Depreciation</b>        |                             |                           |                             |                               |                         |                                   |                  |
| Balance beginning of year  | 43,556                      | 94,584                    | 194,049                     | 76,060                        | 218,119                 | -                                 | 626,368          |
| Charge for he year         | 7,827                       | 16,308                    | 28,557                      | 6,839                         | 70,742                  | -                                 | 130,273          |
| Disposals                  | -                           | -                         | -                           | -                             | (7,750)                 | -                                 | (7,750)          |
| Balance, end of year       | <u>51,383</u>               | <u>110,892</u>            | <u>222,606</u>              | <u>82,899</u>                 | <u>281,111</u>          | <u>-</u>                          | <u>748,891</u>   |
| <b>Net book value</b>      |                             |                           |                             |                               |                         |                                   |                  |
| <b>End of year</b>         | <u>294,509</u>              | <u>48,166</u>             | <u>59,917</u>               | <u>56,718</u>                 | <u>137,681</u>          | <u>201,290</u>                    | <u>798,281</u>   |
| <b>Beginning of year</b>   | <u>269,283</u>              | <u>51,525</u>             | <u>50,111</u>               | <u>43,657</u>                 | <u>76,370</u>           | <u>16,770</u>                     | <u>507,716</u>   |

8.1 General Business

|                            | Land and Buildings<br>N'000 | Office Equipment<br>N'000 | Computer Equipment<br>N'000 | Furniture & Fittings<br>N'000 | Motor Vehicles<br>N'000 | Capital work in progress<br>N'000 | Total<br>N'000   |
|----------------------------|-----------------------------|---------------------------|-----------------------------|-------------------------------|-------------------------|-----------------------------------|------------------|
| <b>Cost</b>                |                             |                           |                             |                               |                         |                                   |                  |
| Balance, beginning of year | 288,273                     | 117,859                   | 216,810                     | 96,478                        | 258,223                 | 16,770                            | 994,413          |
| Additions                  | 31,425                      | 10,574                    | 35,643                      | 13,692                        | 114,595                 | 80,775                            | 286,704          |
| Taken over on business     |                             |                           |                             |                               |                         |                                   |                  |
| Acquisition                | 1,628                       | 1,879                     | 1,404                       | 3,438                         | 12,630                  | -                                 | 20,979           |
| Disposal                   | -                           | -                         | -                           | -                             | (13,312)                | -                                 | (13,312)         |
| Balance, end of year       | <u>321,326</u>              | <u>130,312</u>            | <u>253,857</u>              | <u>113,608</u>                | <u>372,136</u>          | <u>97,545</u>                     | <u>1,288,784</u> |
| <b>Depreciation</b>        |                             |                           |                             |                               |                         |                                   |                  |
| Balance beginning of year  | 39,328                      | 80,746                    | 171,129                     | 63,267                        | 189,583                 | -                                 | 544,053          |
| Charge for he year         | 6,425                       | 14,524                    | 25,826                      | 5,098                         | 67,822                  | -                                 | 119,695          |
| Disposals                  | -                           | -                         | -                           | -                             | (6,550)                 | -                                 | (6,550)          |
| Balance, end of year       | <u>45,753</u>               | <u>95,270</u>             | <u>196,955</u>              | <u>68,365</u>                 | <u>250,855</u>          | <u>-</u>                          | <u>657,198</u>   |



NOTES TO THE FINANCIAL STATEMENTS CONTD.

|                                       |                |               |               |               |                |               |                |
|---------------------------------------|----------------|---------------|---------------|---------------|----------------|---------------|----------------|
| <b>Net book value<br/>End of year</b> | <u>275,573</u> | <u>35,042</u> | <u>56,902</u> | <u>45,243</u> | <u>121,281</u> | <u>97,545</u> | <u>631,586</u> |
| Beginning of year                     | <u>248,945</u> | <u>37,113</u> | <u>45,681</u> | <u>33,211</u> | <u>68,640</u>  | <u>16,770</u> | <u>450,360</u> |

8.2 Life business

|                                       | <b>Land and<br/>Buildings<br/>N'000</b> | <b>Office<br/>Equipment<br/>N'000</b> | <b>Computer<br/>Equipment<br/>N'000</b> | <b>Furniture &amp;<br/>Fittings<br/>N'000</b> | <b>Motor<br/>Vehicles<br/>N'000</b> | <b>Capital work<br/>in progress<br/>N'000</b> | <b>Total<br/>N'000</b> |
|---------------------------------------|---|---------------------------------------|---|---|-------------------------------------|---|------------------------|
| <b>Cost</b>                           |   |                                       |   |   |                                     |   |                        |
| Balance, beginning of year            | 24,566                                  | 28,250                                | 27,350                                  | 23,239  | 36,266                              | -   | 139,671                |
| Additions                             | -                                       | 496                                   | 1,316                                   | 2,770   | 11,590                              | 103,745                                       | 119,917                |
| Taken over on business                | -                                       | -                                     | -                                       | -   | (1,200)                             | -   | (1,200)                |
| Acquisition                           | <u>24,566</u>                           | <u>28,746</u>                         | <u>28,666</u>                           | <u>26,009</u>                                 | <u>46,656</u>                       | <u>103,745</u>                                | <u>258,388</u>         |
| Disposal                              |   |                                       |   |   |                                     |   |                        |
| Balance, end of year                  |   |                                       |   |   |                                     |   |                        |
| <b>Depreciation</b>                   |   |                                       |   |   |                                     |   |                        |
| Balance beginning of year             | 4,228                                   | 13,838                                | 22,920                                  | 12,793  | 28,536                              | -   | 82,315                 |
| Charge for he year                    | 1,402                                   | 1,784                                 | 2,731                                   | 1,741   | 2,920                               | -   | 10,578                 |
| Disposals                             | -                                       | -                                     | -                                       | -   | (1,200)                             | -   | (1,200)                |
|                                       | <u>5,630</u>                            | <u>15,622</u>                         | <u>25,651</u>                           | <u>14,534</u>                                 | <u>30,256</u>                       | <u>-</u>                                      | <u>91,693</u>          |
| Balance, end of year                  |   |                                       |   |   |                                     |   |                        |
| <b>Net book value<br/>End of year</b> | <u>18,939</u>                           | <u>13,124</u>                         | <u>3,015</u>                            | <u>11,475</u>                                 | <u>16,400</u>                       | <u>103,745</u>                                | <u>166,695</u>         |
| Beginning of year                     | <u>20,338</u>                           | <u>14,412</u>                         | <u>4,430</u>                            | <u>10,446</u>                                 | <u>7,730</u>                        | <u>-</u>                                      | <u>57,356</u>          |

## 9 Goodwill

### General Business

- (a) The carrying value of goodwill analysed below:

|                               |      |          |
|-------------------------------|------|----------|
| Goodwill (See Note (b) below) |      | 13,207   |
| Impairment loss               | 20.1 | (13,207) |
|                               |      | <hr/>    |
| Balance, end of the year      |      | -        |
|                               |      | <hr/>    |

- (b) Effective 1 January 2007, The company acquired the entire business of Atlantic insurance Company Limited. As stipulated in the terms of the acquisition, which was settled by cash, Atlantic insurance was liquidated without winding up and its assets and liabilities transferred into the books of the Company.

The details of the recognised value of the assets and liabilities acquired and goodwill arising are as follows:

|                         | 2007<br>N'000 |
|-------------------------|---------------|
| <b>Assets</b>           |               |
| Cash and bank balances  | 4,789         |
| Short term investments  | 256,553       |
| Debtors and prepayments | 58,606        |
| Quoted equities         | 81,579        |
| Unquoted investments    | 11,570        |
| Statutory deposit       | 20,000        |
| Fixed assets            | 20,979        |
| <b>Total assets</b>     | 454,076       |
| <b>Liabilities</b>      |               |
| Creditors and accruals  | 16,476        |
| Taxation                | 26,697        |
| Deferred taxation       | 4,769         |
| Insurance funds         | 153,627       |
|                         | 201,569       |
| <b>Net assets</b>       | 252,507       |

Goodwill represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired and was determined as follows:

|                                    |           |
|------------------------------------|-----------|
|                                    |           |
| Cash paid                          | 265,714   |
| Net assets acquired (See Note (a)) | (252,507) |
| <b>Goodwill</b>                    | 13,207    |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**10 Creditors and accruals**

(a) Creditors and accruals comprise:

|                          | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--------------------------|--------------------------|--------------------------|
| Amount due to reinsurers | 284,755                  | 206,564                  |
| Premium deposits         | 65,137                   | 53,707                   |
| Due to life              | 437,572                  | 231,575                  |
| Gratuity provision       | 136,533                  | -                        |
| Other Creditors          | 335,930                  | 741,424                  |
|                          | <u>1,259,927</u>         | <u>1,233,270</u>         |

(b) The movement on gratuity provision account during the year was as follows:

|  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--|--------------------------|--------------------------|
| Balance beginning of the year                    | -                        | -                        |
| Prior year under-provision for gratuity benefits | 135,243                  | -                        |
| Current year provision                           | 1,290                    | -                        |
| Balance end of year                              | <u>136,533</u>           | <u>-</u>                 |

**10.1 General business**

|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---|--------------------------|--------------------------|
| Amount due to reinsurers                | 252,327                  | 179,723                  |
| Due to life                             | 437,572                  | 231,575                  |
| Gratuity provision (See note (b) below) | 119,088                  | -                        |
| Other creditors                         | 295,234                  | 707,181                  |
|   | <u>1,104,221</u>         | <u>1,118,479</u>         |

(b) The movement on gratuity provision account during the year was as follows:

|  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--|--------------------------|--------------------------|
| Balance beginning of the year                    | -                        | -                        |
| Prior year under-provision for gratuity benefits | 118,484                  | -                        |
| Current year provision                           | 604                      | -                        |
| Balance end of year                              | <u>119,088</u>           | <u>-</u>                 |

**10.2 Life business**

|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---|--------------------------|--------------------------|
| Amount due to reinsurers                | 32,428                   | 26,841                   |
| Premium deposits                        | 65,137                   | 53,707                   |
| Gratuity provision (See Note (b) below) | 17,445                   | -                        |
| Other creditors                         | 40,696                   | 34,243                   |
|   | <u>155,706</u>           | <u>114,791</u>           |

## NOTES TO THE FINANCIAL STATEMENTS CONTD.

- (B) The movement on gratuity provision account during the year was as follows:

|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---|--------------------------|--------------------------|
| Balance beginning of the year                         | -                        | -                        |
| Prior year under-provision for gratuity benefits      | 16,759                   | -                        |
| Current year provision                                | 686                      | -                        |
| Balance end of year                                   | <u>17,445</u>            | <u>-</u>                 |
| <b>11 Insurance funds</b>                             |                          |                          |
| Insurance funds comprise:                             |                          |                          |
|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
| Provision for unexpired risk                          | 1,111,703                | 842,356                  |
| Outstanding claims                                    | 2,125,778                | 1,115,526                |
| Life funds  | 561,312                  | 549,813                  |
|   | <u>3,798,793</u>         | <u>2,507,695</u>         |
| <b>11.1 General business Insurance funds</b>          |                          |                          |
| Insurance funds comprise:                             |                          |                          |
|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
| Provision for unexpired risk                          | 1,111,703                | 842,356                  |
| Outstanding claims                                    | 2,018,612                | 1,025,293                |
|   | <u>3,130,315</u>         | <u>1,867,649</u>         |
| <b>(a)(i) Provision for unexpired risk comprises:</b> |                          |                          |
|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
| Motor   | 345,617                  | 332,105                  |
| Fire  | 133,799                  | 150,828                  |
| General accident                                      | 136,131                  | 70,204                   |
| Marine and aviation                                   | 247,959                  | 183,452                  |
| Workmen's compensation                                | 26,976                   | 11,830                   |
| Bond  | 59,116                   | 51,037                   |
| Engineering   | 95,939                   | 42,900                   |
| Oil and gas   | 66,166                   | -                        |
|   | <u>1,111,703</u>         | <u>842,356</u>           |

## NOTES TO THE FINANCIAL STATEMENTS CONTD.

- (ii) The movement on the reserve for unexpired risk during the year was as follows:

|                               | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|-------------------------------|--------------------------|--------------------------|
| Balance beginning of the year | 842,356                  | 813,009                  |
| Addition during the year      | 269,347                  | 29,347                   |
| Balance end of the year       | 1,111,703                | 842,356                  |

- (b)(i) Provision for outstanding claims comprises:

|                        | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|------------------------|--------------------------|--------------------------|
| Motor                  | 389,061                  | 240,759                  |
| Fire                   | 557,497                  | 274,645                  |
| General accident       | 319,631                  | 247,907                  |
| Marine and Aviation    | 191,531                  | 139,186                  |
| Workmen's compensation | 42,425                   | 9,073                    |
| Bond                   | 54,356                   | 7,669                    |
| Engineering            | 87,602                   | 106,054                  |
| Oil and gas            | 376,509                  | -                        |
|                        | 2,018,612                | 1,025,293                |

- (ii) The movement on the reserve for outstanding claims during the year was as follows

|  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--|--------------------------|--------------------------|
| Balance beginning of the year          | 1,025,293                | 752,496                  |
| Addition during the year               | 949,609                  | 272,797                  |
| Taken over during business acquisition | 43,710                   | -                        |
| Balance end of the year                | 2,018,612                | 1,025,293                |

### 11.2 Life business Life fund

Life fund comprises:

|                                  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|----------------------------------|--------------------------|--------------------------|
| Life funds                       | 561,312                  | 549,813                  |
| Provision for outstanding claims | 107,166                  | 90,233                   |
|                                  | 668,478                  | 640,046                  |

- (a)(i) Life funds comprises:

|                 | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|-----------------|--------------------------|--------------------------|
| Group life      | 272,319                  | 265,204                  |
| Individual life | 288,993                  | 284,609                  |
|                 | 561,312                  | 549,813                  |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

(ii) The movement on the life funds account during the year was as follows:

|                               | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|-------------------------------|--------------------------------|--------------------------------|
| Balance beginning of the year | 549,813                        | 541,072                        |
| Addition during the year      | 11,499                         | 8,741                          |
| Balance, end of the year      | 561,312                        | 549,813                        |

(iii) **Actuarial valuation**

The actuarial liabilities of the life fund and liabilities for administered deposit as at 31 December 2007 were professionally valued by HR Nigeria Limited. The book value of the life fund as at that date equals the net actuarial liabilities (2006: exceeded by 132,465)

(b) Provision for outstanding claims comprises:

|                 | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|-----------------|--------------------------------|--------------------------------|
| Group life      | 104,439                        | 89,608                         |
| Individual life | 2,727                          | 625                            |
|                 | 107,166                        | 90,233                         |

(ii) The movement on the reserve for outstanding claims during the year was as follows:

|                               | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|-------------------------------|--------------------------------|--------------------------------|
| Balance beginning of the year | 90,233                         | 38,264                         |
| Addition during the year      | 16,933                         | 51,969                         |
| Balance end of the year       | 107,166                        | 90,233                         |

**12 Liability for administered deposits**  
**Life business**

The movement on liability for administered deposit during the year was as follows:

|  | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|--------------------------------|--------------------------------|
| Balance beginning of the year as previously reported               | 3,160,041                      | 2,603,285                      |
| Prior year under-provision for liability for administered deposits | 430,693                        | -                              |
| Adjusted balance beginning of the year                             | 3,590,734                      |                                |
| Outstanding claims   | 899                            | 977                            |
| Deposits received  | 921,552                        | 823,736                        |
| Guaranteed interest  | 432,400                        | 387,368                        |
|  | 4,945,585                      | 3,815,366                      |
| Less withdrawals   | (753,029)                      | (655,325)                      |
| Transfer from profit and loss account                              | 20,746                         |                                |
| Balance end of the year as previously reported                     | 4,213,302                      | 3,160,041                      |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**13 Taxation payable**

The movement on taxation payable account  
During the year was as follows:

|                                      | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--------------------------------------|--------------------------|--------------------------|
| Balance beginning of the year        | 72,656                   | 60,290                   |
| Payment during the year              | (113,376)                | (39,793)                 |
| Charge for the year (See Note 22)    | 173,637                  | 52,159                   |
| Taken over from business acquisition | 26,697                   | -                        |
|                                      | <u>159,614</u>           | <u>72,656</u>            |

**13.1 General business**

|                                      | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--------------------------------------|--------------------------|--------------------------|
| Balance beginning of the year        | 72,656                   | 60,290                   |
| Payment during the year              | (113,376)                | (39,793)                 |
| Charge for the year (See Note 22.1)  | 128,106                  | 52,159                   |
| Taken over from business acquisition | 26,697                   | -                        |
|                                      | <u>114,083</u>           | <u>72,656</u>            |

**13.2 Life business**

|                                     | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|-------------------------------------|--------------------------|--------------------------|
| Balance beginning of the year       | -                        | -                        |
| Payment during the year             | -                        | -                        |
| Charge for the year (See Note 22.2) | 45,531                   | -                        |
|                                     | <u>45,531</u>            | <u>-</u>                 |

**14 Deferred taxation**

The movement on deferred taxation account during  
the year was as follows:

|   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---|--------------------------|--------------------------|
| Balance beginning of the year                       | 88,800                   | 36,275                   |
| Charge/(reversal) during the the year (See Note 22) | 7,678                    | 52,525                   |
| Taken over from business acquisition                | 4,769                    | -                        |
|   | <u>101,247</u>           | <u>88,800</u>            |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**14.1 General business**

|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|--------------------------------|--------------------------------|
| Balance beginning of the year                     | 88,800                         | 36,275                         |
| Charge/(reversal) during the year (See Note 22.1) | (4,778)                        | 52,525                         |
| Taken over from business acquisition              | 4,769                          | -                              |
|   | <u>88,791</u>                  | <u>88,800</u>                  |

**14.2 Life business**

|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|--------------------------------|--------------------------------|
| Balance beginning of the year                     | -                              | -                              |
| Charge/(reversal) during the year (See Note 22.2) | 12,456                         | -                              |
|   | <u>12,456</u>                  | <u>-</u>                       |

**15 Share capital**

Share capital comprises:

|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|--------------------------------|--------------------------------|
| <b>(a) Authorised</b>   |                                |                                |
| Ordinary shares of 50k each                                   |                                |                                |
| General business (6,000,000,000 units)                        | 3,000,000                      | 3,000,000                      |
| Life business (2,000,000,000 units)                           | 1,000,000                      | 1,000,000                      |
|   | <u>4,000,000</u>               | <u>4,000,000</u>               |
|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
| <b>(b) Issued and fully paid</b>                              |                                |                                |
| Ordinary shares of 50k each                                   |                                |                                |
| General business 3,588,790,000 units<br>(2006; 2,662,054,000) | 1,794,395                      | 1,331,027                      |
| Life business 1,288,764,000 units<br>(2006; 1,288,764,000)    | 644,382                        | 644,382                        |
|   | <u>2,438,777</u>               | <u>1,975,409</u>               |



NOTES TO THE FINANCIAL STATEMENTS CONTD.

(c) The movement on the share capital account during the year was as follows:

|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|--------------------------------|--------------------------------|
| Balance beginning of the year                 | 1,975,409                      | 975,409                        |
| Addition during the year (See Note (c) below) | 4 63,368                       | 1,000,000                      |
| Balance, end of the year                      | <u>2,438,777</u>               | <u>1,975,409</u>               |
| <b>15.1 General business</b>                  |                                |                                |
|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
| Balance beginning of the year                 | 1,331,027                      | 825,409                        |
| Addition during the year (See Note (c) below) | 4 63,368                       | 505,618                        |
| Balance, end of the year                      | <u>1,794,395</u>               | <u>1,331,027</u>               |
| <b>15.2 Life business</b>                     |                                |                                |
|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
| Balance beginning of the year                 | 644,382                        | 150,000                        |
| Addition during the year                      | -                              | 494,382                        |
| Balance, end of the year                      | <u>644,382</u>                 | <u>644,382</u>                 |

(c) The Company offered 926,734,862 ordinary shares of 50k each to International Finance Corporation (IFC) for ₦ 1,701,735,104 based on the resolution of the shareholders at an extraordinary meeting held on 16 February 2007. The proceeds from the offer were accounted for as follows:

|                                   | <b>N'000</b>       |
|-----------------------------------|--------------------|
| Gross proceeds from the offer     | 1,701,735          |
| Transfer to share capital account | (463,368)          |
| Transfer to share premium account | <u>(1,238,367)</u> |
|                                   | <u>-</u>           |

**16 Share premium**

|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|--------------------------------|--------------------------------|
| Balance, beginning of year                | 220,500                        | 236,108                        |
| Addition during the year (See Note 15(c)) | <u>1,238,367</u>               | <u>24,592</u>                  |
|   | 1,458,867                      | 260,700                        |
| Less: Share issue expenses                | -                              | 40,200                         |
| Balance, end of the year                  | <u>1,458,867</u>               | <u>220,500</u>                 |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

- 17 Statutory contingency reserve**  
The movement on statutory contingency reserve account during the year was as follows:

|                            | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|----------------------------|--------------------------|--------------------------|
| Balance, beginning of year | 562,473                  | 446,161                  |
| Transfer during the year   | 228,498                  | 116,312                  |
| Balance, end of the year   | 790,971                  | 562,473                  |

**17.1 General business**

|                            | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|----------------------------|--------------------------|--------------------------|
| Balance, beginning of year | 539,319                  | 432,863                  |
| Transfer during the year   | 189,150                  | 106,456                  |
| Balance, end of the year   | 728,469                  | 539,319                  |

**17.2 Life business**

|                            | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|----------------------------|--------------------------|--------------------------|
| Balance, beginning of year | 23,154                   | 13,298                   |
| Transfer during the year   | 39,348                   | 9,856                    |
| Balance, end of the year   | 62,502                   | 23,154                   |

**18 Equity price equalisation reserve**

Equity price equalisation reserve represent the excess of market value over the cost of quoted investments and comprises:

|                  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|------------------|--------------------------|--------------------------|
| General business | 6,415,782                | 3,408,063                |
| Life business    | 5,485,468                | 1,724,228                |
|                  | 11,901,250               | 132,291                  |

The movement in equities price revaluation reserve during the year was as follows:

|                               | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|-------------------------------|--------------------------|--------------------------|
| Balance beginning of the year | 5,132,291                | 1,808,442                |
| Addition during the year      | 6,768,959                | 3,323,849                |
| Balance end of the year       | 11,901,250               | 5,132,291                |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**18.1 General business**

|                               | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|-------------------------------|--------------------------------|--------------------------------|
| Balance beginning of the year | 3,408,063                      | 1,266,436                      |
| Addition during the year      | 3,007,719                      | 2,141,627                      |
|                               | <u>6,415,782</u>               | <u>3,408,063</u>               |

**18.2 Life business**

|                               | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|-------------------------------|--------------------------------|--------------------------------|
| Balance beginning of the year | 1,724,228                      | 542,006                        |
| Addition during the year      | 3,761,240                      | 1,182,222                      |
|                               | <u>5,485,468</u>               | <u>1,724,228</u>               |

**19 Investment and other income**

Investment and other income comprises:

|                                      | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--------------------------------------|--------------------------------|--------------------------------|
| Gain from sale of investment         | 540,843                        | 5 0,437                        |
| Dividends                            | 266,401                        | 164,328                        |
| Interest income                      | 532,664                        | 531,476                        |
| Other income                         | 81,521                         | 68,236                         |
| Reversal of dimunition in investment | 24,714                         | -                              |
|                                      | <u>1,446,143</u>               | <u>8 14,477</u>                |

**19.1 General business**

|                                      | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--------------------------------------|--------------------------------|--------------------------------|
| Gain from sale of investment         | 241,803                        | 3 3,343                        |
| Dividends                            | 164,949                        | 113,376                        |
| Interest income                      | 234,630                        | 257,750                        |
| Other income                         | 43,574                         | 22,053                         |
| Reversal of dimunition in investment | 24,714                         | -                              |
|                                      | <u>709,670</u>                 | <u>396,522</u>                 |

**19.2 Life business**

|                              | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|------------------------------|--------------------------------|--------------------------------|
| Gain from sale of investment | 299,040                        | 47,094                         |
| Dividends                    | 101,452                        | 50,952                         |
| Interest income              | 298,034                        | 273,726                        |
| Other income                 | 37,947                         | 46,183                         |
|                              | <u>736,473</u>                 | <u>417,955</u>                 |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**20 Expenses of management**

Expenses of management comprise:

|                                      | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--------------------------------------|--------------------------|--------------------------|
| Staff costs (See Note 27 (c))        | 366,577                  | 270,994                  |
| Depreciation                         | 130,273                  | 115,439                  |
| Allowance for doubtful placements    | 10,820                   | 6 0,297                  |
| Other management expenses            | 777,797                  | 732,617                  |
| Goodwill impairment                  | 13,207                   | -                        |
| Commission on deposit administration | 78,263                   | -                        |
|                                      | <b>1,376,937</b>         | <b>1 ,058,753</b>        |

**20.1 General business**

|                                   | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|-----------------------------------|--------------------------|--------------------------|
| Staff costs                       | 344,548.00               | 250,239                  |
| Depreciation                      | 119,695.00               | 99,742                   |
| Allowance for doubtful placements | 10,820.00                | (22,297)                 |
| Other management expenses         | 740,646.00               | 585,716                  |
| Goodwill impairment               | 13,207.00                | -                        |
|                                   | <b>1,228,916.00</b>      | <b>913,400</b>           |

**20.2 Life business**

|                                       | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---------------------------------------|--------------------------|--------------------------|
| Staff costs                           | 22,029.00                | 20,755                   |
| Depreciation                          | 10,578.00                | 15,697                   |
| Allowance for doubtful placements     | -                        | (38,000)                 |
| Other management expenses             | 37,151.00                | 146,901                  |
| Commissions on deposit administration | 78,263.00                | -                        |
|                                       | <b>148,021.00</b>        | <b>1 45,353</b>          |

**21 Write offs and provisions for bad and doubtful accounts**

Write offs and allowances for bad and doubtful accounts comprise:

|  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--|--------------------------|--------------------------|
| Bad debt written off                     | 9 31,009                 | -                        |
| Allowances for doubtful for other assets | 2 49,030                 | 2,402                    |
| Allowance no longer required             | (12,187)                 | -                        |
|  | <b>1 ,167,852</b>        | <b>2,402</b>             |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**21.1 General business**

|  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--|--------------------------|--------------------------|
| Bad debt written off                     | 931,009                  | -                        |
| Allowances for doubtful for other assets | 211,206                  | 2,402                    |
| Allowance no longer required             | (8,187)                  | -                        |
|  | <u>1,134,028</u>         | <u>2,402</u>             |

**21.2 Life business**

|  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--|--------------------------|--------------------------|
| Allowances for doubtful for other assets | 37,824                   | -                        |
| Allowance no longer required             | (4,000)                  | -                        |
|  | <u>33,824</u>            | <u>-</u>                 |

**22 Taxation charge**

Taxation charge comprises:

|                              | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|------------------------------|--------------------------|--------------------------|
| Company income tax           | 162,646                  | 48,386                   |
| Education tax                | 10,991                   | 3,772                    |
|                              | <u>173,637</u>           | <u>52,158</u>            |
| Deferred tax credit/(charge) | 7,678                    | 52,525                   |
|                              | <u>181,315</u>           | <u>104,683</u>           |

**22.1 General business**

|                              | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|------------------------------|--------------------------|--------------------------|
| Company income tax           | 118,724                  | 48,386                   |
| Education tax                | 9,382                    | 3,772                    |
|                              | <u>128,106</u>           | <u>52,158</u>            |
| Deferred tax credit/(charge) | (4,778)                  | 52,525                   |
|                              | <u>123,328</u>           | <u>104,683</u>           |

**22.2 Life business**

|                              | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|------------------------------|--------------------------|--------------------------|
| Company income tax           | 43,922                   | -                        |
| Education tax                | 1,609                    | -                        |
|                              | <u>45,531</u>            | <u>-</u>                 |
| Deferred tax credit/(charge) | 12,456                   | -                        |
|                              | <u>57,987</u>            | <u>-</u>                 |

## NOTES TO THE FINANCIAL STATEMENTS CONTD.

### 23 Earnings per share

Earnings per share are based on the profit after taxation and the weighted average number of ordinary shares outstanding during the year of 4,521,309,000 (2006; 3,940,965,000)

### 24 Net cash flow from operating activities before changes in operating assets.

This comprises:

|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|--------------------------------|--------------------------------|
| Profit after taxation   | 1,027,246                      | 1,862,122                      |
| Add: Taxation   | 181,315                        | 104,683                        |
| Profit before taxation  | 1,208,561                      | 1,966,805                      |
| Depreciation on fixed assets                                    | 130,273                        | 115,439                        |
| Increase in provision for unexpired risks                       | 269,347                        | 29,347                         |
| Increase in life fund   | 11,499                         | 8,741                          |
| Provision for outstanding claims                                | 966,542                        | 323,789                        |
| Allowances for bad and doubtful accounts                        | 249,030                        | 2,402                          |
| Allowances for doubtful investments                             | 10,820                         | ( 60,297)                      |
| Allowances no longer required                                   | (12,187)                       | -                              |
| Decrease in unexpired risk taken over from business combination | (109,917)                      | -                              |
| Goodwill impairment   | 13,207                         | -                              |
| Reversal of provision for diminution in investment              | (24,714)                       | -                              |
| Loss/(Profit) on sale of fixed assets                           | 958                            | (2,315)                        |
| Gain on disposal of investments                                 | (540,843)                      | (1,392,065)                    |
| Dividend  | (266,401)                      | (164,328)                      |
|   | <b>1,906,175</b>               | <b>827,518</b>                 |
| <b>25 Acquisition expenses</b>                                  |                                |                                |
| Acquisition expenses comprise:                                  |                                |                                |
|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
| Commissions   | 984,231                        | 640,177                        |
| Staff costs   | 290,269                        | 229,092                        |
| Other acquisition expenses                                      | 275,957                        | 312,378                        |
|   | <b>1,550,457</b>               | <b>1,181,647</b>               |
| <b>25.1 General business</b>                                    |                                |                                |
|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
| Commissions   | 886,643                        | 593,567                        |
| Staff costs   | 226,239                        | 166,826                        |
| Other acquisition expenses                                      | 252,326                        | 312,378                        |
|   | <b>1,365,208</b>               | <b>1,072,771</b>               |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

**25.2 Life business**

|                            | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|----------------------------|--------------------------------|--------------------------------|
| Commissions                | 97,588                         | 46,610                         |
| Staff costs                | 64,030                         | 62,266                         |
| Other acquisition expenses | 23,631                         | -                              |
|                            | <u>185,249</u>                 | <u>108,876</u>                 |

**26 Maintenance expenses**

Maintenance expenses comprise:

|                            | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|----------------------------|--------------------------------|--------------------------------|
| Insurance supervision levy | 161,886                        | 35,945                         |
| Other maintenance expenses | 94,538                         | 78,571                         |
|                            | <u>256,424</u>                 | <u>114,516</u>                 |

**26.1 General business**

|                            | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|----------------------------|--------------------------------|--------------------------------|
| Insurance supervision levy | 150,373                        | 30,010                         |
| Other maintenance expenses | 58,781                         | 28,996                         |
|                            | <u>209,154</u>                 | <u>59,006</u>                  |

**26.2 Life business**

|                            | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|----------------------------|--------------------------------|--------------------------------|
| Insurance supervision levy | 11,513                         | 5,935                          |
| Other maintenance expenses | 35,757                         | 49,575                         |
|                            | <u>47,270</u>                  | <u>55,510</u>                  |

**27 Supplementary profit and loss information**

(a) **General Information:**

The Company's profit before taxation for the year is stated after charging/(crediting)the following:

|   | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|---|--------------------------------|--------------------------------|
| Depreciation                              | 130,273                        | 115,439                        |
| (Profit)/Loss on disposal of fixed assets | 958                            | (2,315)                        |
| Auditor's remuneration                    | <u>10,000</u>                  | <u>5,000</u>                   |

NOTES TO THE FINANCIAL STATEMENTS CONTD.

(b) **Staff and directors' information**

The average number of full time employees employed by the Company during the year as followed:

|                      | <b>2 0 0 7<br/>Number</b> | <b>2 0 0 6<br/>Number</b> |
|----------------------|---------------------------|---------------------------|
| Management staff     | 29                        | 27                        |
| Non-management staff | 346                       | 290                       |
|                      | <u>375</u>                | <u>317</u>                |

(c) **Staff and directors' costs:**

i. Employee costs, including executive directors during the year comprises:

|                    | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|--------------------|--------------------------|--------------------------|
| Wages and salaries | 635,710                  | 475,879                  |
| Pension costs      | 19,846                   | 24,207                   |
| Other benefits     | 1,290                    | -                        |
|                    | <u>656,846</u>           | <u>500,086</u>           |

Employees earning more than N100,000 per annum received salaries in the following range:

|                     | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|---------------------|--------------------------|--------------------------|
| N101,001 - N500,000 | -                        | -                        |
| N500,001 - N750,000 | 92                       | 90                       |
| N750,000 and above  | 283                      | 227                      |
|                     | <u>375</u>               | <u>317</u>               |

ii **Staff cost**

Staff cost comprises

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Charged to management expenses   | 366,577        | 270,994        |
| Charged to underwriting expenses | 290,269        | 229,092        |
|                                  | <u>656,846</u> | <u>500,086</u> |

ii Directors' remuneration was as follows:

|                  | <b>2 0 0 7<br/>N'000</b> | <b>2 0 0 6<br/>N'000</b> |
|------------------|--------------------------|--------------------------|
| Directors' fees  | 6,050                    | 870                      |
| Other emoluments | 64,692                   | 48,142                   |
|                  | <u>70,742</u>            | <u>49,012</u>            |



## NOTES TO THE FINANCIAL STATEMENTS CONTD.

iii The directors' remuneration shown above includes

|  | <b>2 0 0 7</b><br><b>N'000</b> | <b>2 0 0 6</b><br><b>N'000</b> |
|--|--------------------------------|--------------------------------|
| Chairman   | 4,210                          | 1,777                          |
| Highest paid director  | 21,585                         | 20,513                         |
|  | 25,795                         | 22,290                         |
| The emoluments of all other directors fell within the following range: |                                |                                |
| N1,750,000 - N2,750,000  | 4                              | -                              |
| N1,000,000 - N1,750,000  | 3                              | 1                              |
| N800,000 - N1,000,000  | -                              | 3                              |
| N600,000 - N800,000  | -                              | 2                              |
| N400,000 - N600,000  | -                              | 1                              |
|  | 7                              | 7                              |

### 28 Related party transactions

Related parties to the Company are as follows:

*Subsidiaries*

Leadway Trustees Limited  
Leadway Hotels Limited  
Leadway Properties and Investments Limited

*Associated companies*

Leadway Pensure PFA

Business transactions with these related parties are done at arm's length.

### 29 Contravention of laws and regulations

The Company did not contravene any law or regulation during the year and no penalty was paid.

### 30 Litigations and Claims

There are litigation claims against the Company as at 31 December 2007 amounting to N 4.5 billion (2006: N3.4 billion). These litigation claims arose in the normal course of business and are being contested by the Company. The directors, having sought advice of professional counsel, are of the opinion that no significant liability will crystallise from these claims. No provisions have been made in these financial statements.

### 31 Subsequent events

There were no events that occurred subsequent to the balance sheet date that require adjustments to, or disclosure in the financial statements.

### 32 Prior year comparative figures

Certain prior year corresponding balances have been reclassified to conform with the current year presentation format.

## NOTES TO THE FINANCIAL STATEMENTS CONTD.

### 33 Prior year adjustments

- (a) During the year ended 31 December 2007, the balance of liabilities for administered deposits, gratuity provision, profit before taxation and retained earnings as at 31 December 2006 were found to be misstated. These misstatements relate mainly to commissions incurred in respect of the liabilities for administered deposits which were debited to the liabilities for administered deposits' account on the balance sheet as against being charged to the Life profit and loss account and non accrual of benefits to staff in respect of gratuity benefits.

These misstatements were corrected in the General reserve account as follows:

|   | <b>2 0 0 7</b><br><b>N'000</b> |
|---|--------------------------------|
| General reserve beginning of the year as previously reported            | 1,530,154                      |
| Under-statement of liability for administered deposits<br>(See Note 12) | (447,451)                      |
| Under-provision for gratuity benefits (See Note 10b)                    | (118,484)                      |
| General reserve beginning of the year - adjusted                        | 964,219                        |
| <br><b>General business</b>   |                                |
|   | <b>2 0 0 7</b><br><b>N'000</b> |
| General reserve beginning of the year as previously reported            | 1,388,151                      |
| Under-provision for gratuity benefits (See Note 10.1b)                  | (118,484)                      |
| General reserve beginning of the year -adjusted                         | 1,269,667                      |
| <br><b>Life business</b>  |                                |
|   | <b>2 0 0 7</b><br><b>N'000</b> |
| General reserve beginning of the year as previously reported            | 142,003                        |
| Under-statement of liability for administered deposits<br>(See Note 12) | (430,692)                      |
| Under-provision for gratuity benefits (See Note 10.2b)                  | (16,759)                       |
| General reserve beginning of the year -adjusted                         | (305,448)                      |

## NOTES TO THE FINANCIAL STATEMENTS CONTD.

### 34. Segment Information

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

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

#### Business Segments

The Company operates the following main business segments:

|                            |   |
|----------------------------|---|
| General Insurance Business | Includes general insurance transactions with individual and corporate customers |
| Life Insurance Business    | Includes life insurance policies with individual and corporate customers        |

| Business reporting                                   | General<br>Business<br>N'000 | Life<br>Business<br>N'000 | Total<br>N'000    |
|--|------------------------------|---------------------------|-------------------|
| <b>(a) Revenue from external customers</b>           |                              |                           |                   |
| Gross premium  | 13,953,354                   | 1,161,225                 | 15,114,579        |
| Net premium  | <u>6,305,015</u>             | <u>1,213,835</u>          | <u>7,518,850</u>  |
| Premium earned                                       | 6,035,668                    | 1,097,116                 | 7,132,784         |
| Investment and other income                          | 709,670                      | 736,473                   | 1,446,143         |
| Commission received                                  | 555,366                      | 16,729                    | 572,095           |
| Total segment revenue                                | <u>7,300,704</u>             | <u>1,850,318</u>          | <u>9,151,022</u>  |
| <b>Profit on ordinary activities before taxation</b> | <u>757,091</u>               | <u>451,470</u>            | <u>1,208,561</u>  |
| <b>Asset and liabilities</b>                         |                              |                           |                   |
| Segment assets                                       | 16,452,200                   | 10,898,998                | 27,351,198        |
| Inter-segment assets                                 | -                            | 437,572                   | 437,572           |
|  | <u>16,452,200</u>            | <u>11,336,570</u>         | <u>27,788,770</u> |
| Segment liabilities                                  | 3,999,838                    | 5,095,473                 | 9,095,311         |
| Inter-segment liabilities                            | <u>437,572</u>               | <u>-</u>                  | <u>437,572</u>    |
| Total liabilities                                    | <u>4,437,410</u>             | <u>5,095,473</u>          | <u>9,532,883</u>  |
| Net assets   | <u>12,014,790</u>            | <u>6,241,097</u>          | <u>18,255,887</u> |
| Depreciation   | <u>119,695</u>               | <u>10,578</u>             | <u>130,273</u>    |

## STATEMENT OF VALUE ADDED TAX

**Statement of Value Added  
For the year ended 31 December**

|   | <b>2007</b><br><b>N</b> | <b>%</b>    | <b>2006</b><br><b>N</b> | <b>%</b>    |
|---|-------------------------|-------------|-------------------------|-------------|
| Gross premium (Local)                           | 15,114,579              |             | 4,886,756               |             |
| Other income                                    |                         |             |                         |             |
| - Local   | 1,959,791               |             | 2,268,361               |             |
| - Foreign                                       | 58,447                  |             | 87,037                  |             |
|   | 17,132,817              |             | 7,242,154               |             |
| Reinsurance, claims,<br>commission and services |                         |             |                         |             |
| - Local   | (8,014,262)             |             | (3,747,985)             |             |
| - Foreign                                       | (7,011,154)             |             | (276,294)               |             |
| Value added                                     | <u>2,107,401</u>        | <u>100%</u> | <u>3,217,875</u>        | <u>100%</u> |
| <b>Applied to pay:</b>                          |                         |             |                         |             |
| Employee cost                                   | 656,846                 | 31%         | 500,086                 | 16%         |
| Government as taxes                             | 181,315                 | 8%          | 104,683                 | 3%          |
| Dividend  | 100,222                 | 5%          | 626,803                 | 19%         |
| <b>Retained in the business as:</b>             |                         |             |                         |             |
| Life fund                                       | 11,499                  | 1%          | 8,741                   | 0%          |
| Contingency reserve                             | 228,498                 | 11%         | 116,312                 | 4%          |
| Depreciation                                    | 130,273                 | 6%          | 115,439                 | 4%          |
| Profit for the year                             | 798,748                 | 38%         | 1,745,811               | 54%         |
| Value added                                     | <u>2,107,401</u>        | <u>100%</u> | <u>3,217,875</u>        | <u>100%</u> |

## FIVE YEARS FINANCIAL SUMMARY

|                                       | <b>2007</b><br><b>N'000</b> | <b>2006</b><br><b>N'000</b> | <b>2005</b><br><b>N'000</b> | <b>2004</b><br><b>N'000</b> | <b>2003</b><br><b>N'000</b> |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Results</b>                        |                             |                             |                             |                             |                             |
| Gross premium written                 | 15,114,579                  | 4,886,756                   | 4,528,803                   | 3,875,974                   | 2,904,193                   |
| Net Premium written                   | 7,413,630                   | 4,162,929                   | 3,956,169                   | 3,335,479                   | 2,425,106                   |
| Premium earned                        | 7,132,784                   | 4,124,841                   | 2,439,651                   | 2,476,906                   | 2,065,949                   |
| Profit before taxation                | 1,208,561                   | 1,966,806                   | 727,478                     | 510,674                     | 347,573                     |
| Profit after taxation                 | 1,027,246                   | 1,862,123                   | 641,491                     | 446,232                     | 306,427                     |
| Dividends                             | 100,222                     | 626,803                     | 126,803                     | 125,000                     | 105,000                     |
| <b>Earnings per share (k)</b>         | <b>22.72</b>                | <b>47.25</b>                | <b>32.88</b>                | <b>44.62</b>                | <b>43.78</b>                |
| <b>Balance sheet</b>                  |                             |                             |                             |                             |                             |
| <b>Assets</b>                         |                             |                             |                             |                             |                             |
| Current assets                        | 7,154,099                   | 5,878,531                   | 3,088,407                   | 1,622,250                   | 1,301,868                   |
| Long term investments                 | 19,316,390                  | 10,065,319                  | 6,730,402                   | 5,716,869                   | 4,203,709                   |
| Statutory deposits                    | 520,000                     | 35,000                      | 35,000                      | 35,000                      | 35,000                      |
| Fixed assets                          | 798,281                     | 507,716                     | 434,426                     | 402,820                     | 411,693                     |
| <b>Total assets</b>                   | <b>27,788,770</b>           | <b>16,486,566</b>           | <b>10,288,236</b>           | <b>7,776,939</b>            | <b>5,952,270</b>            |
| <b>Liabilities and capital</b>        |                             |                             |                             |                             |                             |
| Insurance funds                       | 3,798,793                   | 2,507,695                   | 2,145,818                   | 1,567,354                   | 1,444,007                   |
| Other liabilities                     | 5,734,090                   | 4,554,767                   | 3,413,270                   | 2,873,209                   | 1,777,042                   |
| Share capital                         | 2,438,777                   | 1,975,409                   | 975,409                     | 500,000                     | 350,000                     |
| Share premium                         | 1,458,867                   | 220,500                     | 236,108                     | 10,699                      | 10,699                      |
| Reserves                              | 14,358,243                  | 7,228,195                   | 3,517,631                   | 2,825,677                   | 2,370,522                   |
| <b>Total liabilities and reserves</b> | <b>27,788,770</b>           | <b>16,486,566</b>           | <b>10,288,236</b>           | <b>7,776,939</b>            | <b>5,952,270</b>            |

## LEADWAY AT A GLANCE

|                            |   |   |
|----------------------------|---|---|
| YEAR OF INCORPORATION      | - | 1970  |
| COMMENCEMENT OF OPERATIONS | - | 1971  |
| FINANCIAL YEAR END         | - | 31st December   |
| SHAREHOLDERS' FUND         | - | ₦18.2 Billion (as at 31 December 2007)  |
| TOTAL ASSET BASE           | - | ₦27.7 Billion (as at 31 December 2007)  |
| CLASSIFICATION             | - | All classes of Insurance, Managed Funds & Trusteeship   |
| NUMBER OF BRANCHES         | - | 19 (excluding Registered office & Corporate office)   |
| SUBSIDIARIES               | - | Leadway Trustees Limited<br><br>Leadway Properties & Investments Limited<br><br>Leadway Hotels Limited  |
| ASSOCIATE                  | - | Leadway Pensure PFA Limited   |
| NUMBER OF EMPLOYEES        | - | 375 (as at December 31, 2007)   |
| FOUNDER                    | - | Sir Hassan O. Odukale (1926-1999)   |
| MANAGEMENT                 | - | Mr. O. Hassan-Odukale, mfr (MD/CEO)<br>Mr. Olawale O. Oyedele (ED) - Operations<br>Mr. T. Hassan-Odukale (ED) - Financial Services<br>Mr. Muftau O. Oyegunle (GM) - Operations<br>Mr. Adebayo O. Okuwobi (DGM) - Technical - (Life Insurance)<br>Mr. Abiodun Foluso (DGM) - Technical - (General Insurance)<br>Miss. Adetola Adegbayi (DGM) - Business Services & Special Risks<br>Mr. Olasoji Tehingbola (DGM) - Information Technology<br>Mr. Adetayo Adekunle (AGM) - Northern Operations<br>Mr. David Onilado (AGM) - Accounts & Finance<br>Deacon Clement O. Atere (AGM) - Client Services<br>Mr. Okegbemi Owoseje (AGM) - Claims Management<br>Mrs. Moji Odusoga (AGM) - Underwriting Management<br>Mr. Temilolu Aduloju (AGM) - Internal Audit |

## BRANCH NETWORK

Leadway has a branch network spread all over the country to efficiently cater for clients' needs. Apart from our Registered and Corporate offices in Kaduna and Lagos respectively, other offices are included below.

| S/N | BRANCH    | ADDRESS  | TELEPHONE                                    | FAX NUMBER   |
|-----|-----------|--|--|--------------|
| 1.  | Abuja     | Plot 2940, Aguiyi Ironsi Street,<br>(After British High Commission)<br>Maitama P.M.B 275 Abuja | 0802 223 5873<br>09-4130646-7                | 09-4130642   |
| 2.  | Abeokuta  | 13, Lalubu Street, Oke-Ilewo.<br>Oke-Ilewo<br>P.M.B 2176, Abeokuta                             | 0803 322 8120<br>039 241275<br>039-774207    | 039-242693   |
| 3.  | Akure     | NACRDB Building, Ado-Owo Rd.,<br>Alagbaka. P.O.Box 790, Akure.                                 | 0803 391 5245<br>034-217082                  | 034-240534   |
| 4.  | Benin     | 84, Akpakpava Street,<br>Benin-City.   | 0805 551 7422<br>0802 340 4114<br>052 254407 |              |
| 5.  | Calabar   | 141, Ndidem Usang Iso Road/<br>Marian Road, Calabar  | 0802 324 6228<br>087 239295-6                | 087-239295-6 |
| 6.  | Enugu     | Akalaka House (2nd Floor)<br>127/129 Chime Avenue,<br>New Haven, Enugu                         | 0802 304 3667<br>042-303478                  | 042-250458   |
| 7.  | Ilorin    | 5A, Abdul-Wahab Folawiyo<br>(Unity) Road. P.M.B 1538, Ilorin                                   | 0803 474 2969<br>031-222208<br>031-741495    | 031-223598   |
| 8.  | Ibadan    | Marbella House<br>96, Ring Road. P.O.Box 872,<br>Ibadan  | 0802 332 4284<br>02-23166319                 | 02-2316631   |
| 9.  | Jos       | 55, Murtala Mohammed<br>Way. P.O.Box 766, Jos  | 0802 223 5815<br>073 462685                  | 073-463648   |
| 10. | Kano      | Fustan House, Ankpa Quaters,<br>Zaria Road, Gyadi-Gyadi Round-<br>About. P.O.Box 1005, Kano    | 0802 223 8654<br>064-667609                  | 064-533180   |
| 11. | Makurdi   | NUJ House, Ankpa Qtrs. Road,<br>P.O.Box 828, Makurdi   | 0802 552 3737<br>044-533180                  | 044-533180   |
| 12. | Osogbo    | Lagbaja House, Old Coca-Cola<br>Depot Km 2, Gbogan-Osogbo<br>Road, Osogbo.                     | 0802 223 8018<br>0905 541 5302<br>035-207975 |              |
| 13. | P-Hacourt | 8, Igbodo Street, Old GRA<br>P.O.Box 1969, Port Harcourt                                       | 0802 223 5872<br>084-239964-5<br>084-234355  | 084-239964-5 |
| 14. | Sagamu    | 136, Akarigbo Street, Opposite<br>Mobile Filling Station, Ijokun,<br>Sagamu                    | 0805 611 1398<br>037-781651                  | 037-781651   |

## BRANCH NETWORK CONTD.

| S/N | BRANCH  | ADDRESS  | TELEPHONE                                 | FAX NUMBER   |
|-----|---------|--|---|--------------|
| 15. | Sokoto  | 7, Kano Road opposite Central Bank of Nigeria. P.O.Box 140, Sokoto   | 0802 345 4008<br>060-232595               | 060-232595   |
| 16. | Uyo     | 164, Ikot Ekpene Road. (3rd Floor), Uyo.                             | 0805 505 4266<br>085-200761               | 0806-4087599 |
| 17. | Warri   | 60, Effurun/Sapele Road, Ecobank Building.                           | 0802 223 8655<br>053-253390<br>053-321172 | 053-252009   |
| 18. | Yenagoa | 209, Yenagoa Mbiama Road. Opposite State House of Assembly, Amarata. | 0803 723 9334<br>089-490597               | 089-490597   |
| 19. | Zaria   | 6, Park Rd. P.M.Box 400, Zaria.                                      | 0802 900 3787<br>069-332397               | 069-332397   |

**Agency Offices:**

1. Bida
2. Gboko
3. Yola
4. Katsina
5. Maiduguri
6. Minna
7. Okene
8. Gombe
9. Kafanchan
10. Ikare
11. Ado-Ekiti

E-mail: [insure@leadway.com](mailto:insure@leadway.com)  
 Website: [www.leadway.com](http://www.leadway.com)