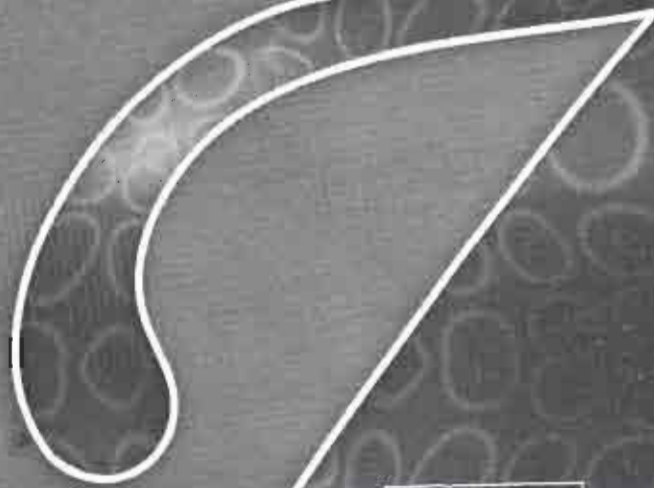


annual report & accounts 2006



*Aiico Insurance Plc*  
RC 7140

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of Alico Insurance Plc will be held at the METROPOLITAN HOTEL, CALABAR on Wednesday, 5<sup>th</sup> September 2007 at 11.00a.m to transact the following business:

### Ordinary Business:-

- (1) To receive the Report of the Directors, the Balance Sheet as at 31<sup>st</sup> December, 2006, together with the Profit and Loss Account for the period ended on that date and the Reports thereon of the Auditors.
- (2) To receive the report of the Audit Committee.
- (3) To re-elect Directors.
- (4) To approve Directors' Remuneration.
- (5) To re-appoint the Auditors and authorize the Directors to fix their Remuneration.

### Special Business:

To consider and if thought fit to pass the following resolutions as Special Resolutions:

- (6) "That a sum of N 222,137,592.00 out of the profit for the year to be capitalized and distributed as Scrip Issue amongst shareholders whose name appear on the Register of members on the closure date in the proportion of ONE new share for every SIX Shares held by them on that day and be applied in paying in full for the 444,255,184 Ordinary shares of 50k each to be allotted to and credited as fully paid up amongst such members. The shares so distributed shall rank pari passu with the existing shares in all respects and shall be treated for all purposes as capital and not income and the Directors shall effect to this resolution on receipt of necessary permission from the appropriate authorities."

# NOTICE OF ANNUAL GENERAL MEETING

## NOTES:

1. **Proxy:**
  - i) A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself or herself. A proxy need not be a member of the Company. A form of proxy is enclosed in this report.
  - ii) If the proxy form is to be valid for the purpose of this meeting, it must be completed, detached and deposited at the Office of the Registrar, United Securities Limited, 1-5 Odunlami Street, P. M. B. 12753, Lagos not later than 48 hours before the time for holding the meeting.

## 2. **Closure of Register of Members.**

The Register of Members and Transfer Books be closed from 15<sup>th</sup> to 17<sup>th</sup> August, 2007 both dates inclusive for the purpose of including same for Scrip Issue.

By Order of the Board

**O.S. OYEJODOKUN**

Executive Director-

Company Secretary/Legal Adviser

Auroa Plaza

Airbank Street

Victoria Island, Lagos

10<sup>th</sup> August, 2007

## DIRECTORY

- Abuja (B/A)**  
Recreation Plaza, Plot 784A,  
Herbert Macaulay Way, Central  
Business District, Abuja  
Tel: 09-6725760, 080561730978  
Fax No: 09-2342854
- Abia State (A)**  
7, Factory Road, Aba  
P.M.B. 7249, Aba  
Tel: 082-221134, 08036665695
- 2A, Liberty Avenue, Umuahia**  
Tel: 082-221134, 08036665695
- Akwa Ibom State (A)**  
234 Ikot Ekpene Road, Uyo
- Anambra State (A)**  
NIPPOST Building, Old  
Market Road, Onitsha  
Tel: 046-212836
- Cross River State (A)**  
22, Chimley Street, Calabar  
Tel: 087-238223
- Delta State (A)**  
60, Effurun Sapele Road, Warri  
Tel: 053-253987
- Edo State (B/A)**  
40, Ussler, Lagos Road  
P.O. Box 795  
Asop/Orua Street,  
Benin City  
Tel: 052-234019, 252680,  
08035027683  
Fax No: 052-252680
- Enugu State (A)**  
55-59, Chime Avenue,  
New Haven, Enugu  
Tel. No: 042-234443
- Imo State (A)**  
65/67, Douglas Road, Owerri,  
Tel.: 082-221134, 08036665695
- Kaduna State (A)**  
4, Constitution Road, Kaduna  
Tel. Nos: 062-875959, 0802375717,  
08036873044
- Kano State**  
8, Post Office Road, Kano  
Tel. No: 08028358804
- Lagos State**  
Auroa Plaza,  
Plot PC/12, Airbank Street,  
Victoria Island, P.O. Box 2577, Lagos  
Tel. Nos: 01-2792030559, 4753360-3,  
08022921804, 08022921805
- 14/14, Broad Street, Lagos**  
Tel. Nos: 01-2664232, 2661184
- Akron House (A)**  
86/38, Indulmi Avenue, Ibeju  
Tel. Nos: 01-4963890, 4976589,  
4960427, 4931993
- Aliba House (B/A)**  
Plot 2, Chs. Akron Avenue,  
Opposite Dolphin, Ikaja, Lagos  
Tel. Nos: 01-4970537-8, 08053099020  
Fax No: 01-4976589
- Osun State (A)**  
10, Charami Awolowo Road,  
Ileho, Osogbo
- Oyo State (A)**  
15, King Road,  
Ibadan  
Tel: 08033038527
- Plateau State (B/A)**  
4, Breach Road, Jos  
Tel. Nos: 073-450997, 450829-30,  
0803702238  
Fax: 073-459531
- Rivers State (B/A)**  
112A, Aba Road, Port Harcourt  
Tel. Nos: 084-2125152, 579572,  
0803644237  
Fax: 084-231252
- State (A) Agency Offices**  
**(B) Branch Offices**

**DIRECTORS, SECRETARY AND PROFESSIONAL ADVISERS, ETC**  
For the year ended December 31, 2006

**DIRECTORS:**

Chief (Dr.) O. Fajana  
S.D.A. Sobajo  
O.S. Oyedokun  
E.U. Eyojomo  
K.A. Borisade  
Prince (Dr.) O. Akerezin  
Chief Rasheed Chudunosi  
Awejolu A. Asolu  
Dr. Kiyomoto Okunribin

Chairman  
MD/CEO  
Executive Director  
Executive Director  
Executive Director

**SECRETARY/LEGAL ADVISER:**

O.S. Oyedokun  
Ernst & Young  
(Chartered Accountants)  
Ebunmi House,  
62, Marina,  
Lagos.

**REGISTERED OFFICE:**

Ahico Plaza  
Plot PC 12, Alhambra Street,  
Victoria Island,  
Lagos.

**REGISTRARS:**

United Securities Ltd  
Niger House, 15<sup>th</sup> Floor,  
1-5 Oduduwa Street,  
P.M.B. 12753,  
Lagos.

**RESULT AT A GLANCE**  
For the year ended 31 December 11, 2006

	2006 N7000	2005 N7000	% Change Inc. (Decr.)
<b>FOR THE YEAR</b>			
Premium	3,030,487	2,981,822	3
Investment and Other Income	385,366	210,872	83
Profit before Taxation	348,799	86,947	301
Profit after Taxation	483,702	84,810	491
<b>AS AT YEAR END</b>			
Investments	4,013,795	5,998,191	(33)
Fixed Assets	2,982,081	3,088,640	(3)
Share Capital	1,332,765	700,000	90
Contingency Reserve	368,619	299,654	23
Insurance Funds	1,500,358	1,354,269	11
Deposit Admin. & Pension Fund	(530,662)	3,765,427	(111)
Shareholders' Funds	5,869,964	4,270,071	37
Total Assets	8,704,155	10,729,688	(19)
<b>PER 50K SHARE DATA</b>			
Earnings per Share (Kobo)	13	6	117
Bonus Issue (Kobo)	8.33	12.50	(33)
Net Assets (Kobo)	215	505	(29)
Total Assets (Kobo)	320	766	(58)
Stock Exchange Quotation	420k	190k	121
Number of Shareholders	23,257	12,120	92
Number of Employees	281	298	(6)



## CHAIRMAN'S STATEMENT

Distinguished Shareholders, Chiefs, Ladies and Gentlemen, it is with great pleasure that I welcome you to the historic city of Calabar (Cross River State) for our 37<sup>th</sup> Annual General Meeting of our Great Company Aico Insurance Plc. and to present to you the Annual Report and Accounts for the Financial Year ended 31<sup>st</sup> December, 2006. I will like to briefly review the developments in the business environment during the year and its impact on our performance as a company and conclude with a brief comment on the future outlook of our Company.

### 1. BUSINESS ENVIRONMENT

The Nigerian economy enjoyed the benefits of renewed and strengthened confidence of the international financial system in the year under review. The policy of the Government in 2006 focused on the attainment of macro-economic stability and sustainable economic growth devoid of exchange rate volatility and high inflation rate. The effort of the Federal government at re-empowering the economy through her economic policy showed some results.

Generally, the Macro-economy environment remained stable in 2006 and the national economy recorded impressive results on some macro-economy variables.

However, the present administration, during the year under review has shown greater interest in revitalizing the productive sector, emphasis on agriculture and rural development, vigorous pursuit of privatization policies and stability of the economy.

With various efforts on the part of the present administration to launder the image of the Country, foreign investors became favourably disposed towards Nigeria largely due to her democratic posture and the President's stance against corruption and mis-management.

### 2. THE INSURANCE INDUSTRY

The enactment of the Pension Reforms Act 2004 posed a great challenge to the industry. The promulgation of the new Act has led to Pension deposit drought and massive Pension withdrawal being experienced by the Company-united.

## CHAIRMAN'S STATEMENT

Considering the Insurance Industry's performance, the sub-sector was affected by industry related problems with stiff competition amongst operators. Moreover, rate cutting became the order of the day with insurers charging what is not commensurate with risk cover and also granting ridiculous discounts on policies and its such premiums can no longer meet the operating cost, not to mention claims and Re-insurance payments.

In spite of all these, the Insurance industry has a future considering various government policies geared towards the revitalization of the economy, and Aico Insurance Plc being a major player in the sub-sector is poised to take advantage of such government policies to propel it to greater heights and at the same time holding firmly to its unwavering attributes of trust, strength, stability, security and unimpeachable ethical standards.

### 3. OPERATING RESULTS

Our business is a service industry which is responsive to various government policies and highly dependent on the performance of the national economy. Amidst the turbulent economic climate and highly competitive market place, your Board and Management were able to wade through the stormy year with impressive growth in premium income and assets.

In 2006, the premium income of our Company increased by 3.37% from N 2.9 billion in the previous year to N 3.03 billion. We achieved a profit before tax of N 348,80 million, representing an increase of 301.16% over N=86.94 million recorded in 2005. The income from investments increased by 82.75% from N 210.87 million in the previous year to N 385.37 million.

That notwithstanding, the shareholders fund rose by 37.60% to N=5.87 billion when compared to the N=4.27 billion in 2005. The total assets of the Company decreased to N 8.70 billion from N 10.73 billion in 2005 due to transfer of assets to AICO Pension Managers Limited.

4. **SCRIPDISSE**

The Board has also recommended the capitalization of N 222 million out of the share premium which if approved at this meeting, will increase the Company's paid up capital to N 1.55 billion. The resulting Scrip Issue will be distributed to members in the proportion of **ONE** new share for every **SIX** shares held by members, after the approval and on receipt of the necessary permission from the appropriate authorities.

5. **CAPITALIZATION AND MARKET REPOSITIONING**

The new capital requirements for the insurance Companies in Nigeria announced by the Minister of Finance, requires Companies willing to operate Life Business to have a minimum of N 2 billion; Non-Life Business – N 1 billion and Composite Companies – N 5 billion. In meeting this benchmark, your Company continues to be the toast of discerning investors who appreciate that the AIC/O brand bears value. The last Public Offer, in which your Company raised N 1.8 billion, was a further confirmation of the strength of our brand. Our Company has made tremendous effort through a merger plan with NEI Insurance Company Plc and Landis Insurance Company Limited which will be completed within the stipulated time frame.

5. **BOARD OF DIRECTORS**

Since the last Annual General Meeting, there have been some changes on the Board of the Company, Asiwaju A. Asalu who joined the Board on 5<sup>th</sup> November, 1992 resigned from the Board with effect from 30<sup>th</sup> April, 2007. While Mr. K.A. Bortside – Executive Director Technical also resigned from the Board effective 14<sup>th</sup> May, 2007.

We have on your behalf expressed our appreciation to Asiwaju Asalu and Mr. Bortside for their contributions to the growth and development of the Company and wished them success in their future endeavours.

Mr. E.U. Egiejuru, the General Manager – Financial Services was elevated to the Board on November 29<sup>th</sup>, 2006. Furthermore, as a result of the successful completion of the merger between AIC/O, NFI and Landis, the Board appointed Senator Tokunbo Ogunbunjo and Mr. Imesh Aswari on 22<sup>nd</sup> March, 2007. Also in accordance with the provisions of the Articles of Association, Chief Eugene Okwor was appointed to the Board on the 29<sup>th</sup> of June, 2007. On behalf of my colleagues and all the shareholders, I wish them a successful tenure. The Director to retire by rotation at this Annual General Meeting in conformity with the Articles of Association is Prince O. Akenzua and is being eligible, he has offered himself for re-election at this Annual General Meeting.

7. **FUTURE OUTLOOK**

We are confident that we are on the right path in terms of our strategic posture and business focus as a new entity after the consolidation and merger of the three Companies (AIC/O, NFI and Landis Insurance). As things now stand, we are well positioned to enhance sustainable growth and improve shareholders return. The Company will place strong emphasis on strategic execution in order to efficiently and effectively realize the expected gains. Our projections indicate positive growth in all areas and we are committed to achieving them. Looking ahead, we see good opportunity for continued strong profitable growth.

In closing, I would like to express my gratitude to all our esteemed shareholders for your support and to my colleagues on the Board for their co-operation. I also thank all members of the Management and staff of the Company for their diligence and resourcefulness during the year under reference. I pray that Almighty God will continue to shower His infinite mercies/blessings on each and every one of us.

Thank you and God bless.

Chief (Dr.) O. Paemtrikolum  
**CHAIRMAN**



## REPORT OF DIRECTORS

For the year ended December 31, 2006

The Directors have pleasure in submitting to the members of the Company their report together with the audited financial statements of the Company for the year ended December 31, 2006.

### PRINCIPAL ACTIVITIES

The principal activities of the Company include: Life Insurance, General Insurance, Special Risks Insurance, Pensions and Financial Services.

### RESULTS FOR THE YEAR

The profit for the year after taxation was	N7000
Less: appropriations:	483,702
Transfer to contingency reserve	(68,965)
Transfer to general reserve	(414,771)

### FIXED ASSETS

Information relating to fixed assets is contained in note 5 to the financial statements.

### DONATIONS

Donations during the year ended December 31, 2006 amounted to N545,000.00 (2005 N820,805.00) as follows:

	2006	N
1. Donation on 21 <sup>st</sup> Omoiyole Annual management Lecture	25,000.00	
2. Donation to NIA on Motor Vehicle Third party Ins. Amendment Bill	75,000.00	
3. Donation to Risk and Managers Society of Nigeria	30,000.00	
4. Sponsorship to Cover National Insurance Conference	20,000.00	
5. Contribution towards fundraising concert of the Nigerian Red Cross Society	30,000.00	
6. Sponsorship of International Insurance summit 2006 to NAI (ONI)	100,000.00	
7. Co-sponsorship of the 2006 Miss Insurance Dinner	50,000.00	
8. Sponsorship for the Kadiffie Delegates Conference	80,000.00	
9. Contribution towards ASSIBH- National Delegates Conference	60,000.00	
10. Grant to the Senior Staff Union for Delegates Conference	75,000.00	
<b>Total</b>	<b>545,000.00</b>	

## REPORT OF DIRECTORS

For the year ended December 31, 2006

### BONUS ISSUE

The Directors recommended that bonus issue of N322,127,500.00 (Two hundred and twenty two million, One hundred and twenty seven thousand, Five hundred naira) out of the share premium be distributed amongst members in the proportion of one new share for every six share held as at 31<sup>st</sup> December, 2006.

### DIRECTORS AND DIRECTOR'S INTEREST

#### Indirect

None of the directors has notified the company for the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN, 2004 of any disclosable interest in contracts in which the company was involved during the year ended December 31, 2006.

The names of the Directors at the date of this report and of those who have held office including their shareholdings during the year are as follows:

Directors	Number of Shares	
	December 31, 2006	December 31, 2005
Chief (Dr) O. Fatenmokin - Chairman	408,620,832	114,321,066
Mt S.D.A Sobajinjo - Managing Director	452,000	26,000
Mt O.S. Oyedokun - Executive Director - HR & Org/Sec Legal	232,000	126,000
Mt. K.A. Borisade - Executive Director - Technical - (Resigned 14 <sup>th</sup> 05 2007)	206,800	28,400
Mr. E.U. Igejumu - IED Financial Services - (Appointed 29 <sup>th</sup> 11 2006)	424,000	-
Prince O. Akenzua	2,002,132	4,004,262
Chief A. Asalu - Resigned 31 <sup>st</sup> 04 2007	16,000,000	15,448,568
Chief R.A. Gbadamosi OFR	1,169,000	584,500
Dr. R. Lukman KBE, CFR	6,664	6,664

### RESPONSIBILITIES OF DIRECTORS

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act (CAP C20 LFN 2004), the Company's Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit and cash flows for the year and comply with the provisions of the Act. These responsibilities include ensuring that:

## REPORT OF DIRECTORS

For the year ended December 31, 2006 (cont'd)

- i) Adequate internal control procedures are instituted to safeguard the assets and prevent and detect fraud and other irregularities;
- ii) Proper accounting records are maintained;
- iii) Applicable accounting standards are followed;
- iv) Suitable accounting policies are used and consistently applied;
- v) The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

### SHAREHOLDINGS

1. Substantial interest in shares

The shares of the company are beneficially held as follows:

	2006		2005	
	Number of Shares held	%	Number of shares held	%
Arioc Bahamas Limited	560,000,000	24	560,000,000	40
Others	1,755,531,103	76	840,000,000	60
	<b>2,315,531,103</b>	<b>100</b>	<b>1,400,000,000</b>	<b>100</b>

No individual, except as disclosed above, held more than 10% of the issued share capital of the Company as at December 31, 2006.

2. Range analysis of shareholdings at December 31, 2006

	Number of Holders	Number of shares	Percentages Shareholding
1,000	4,004	3,580,097	0.15
1,001	12,742	61,081,534	2.64
10,000	5,520	183,068,303	7.89
100,000	691	151,386,819	6.44
500,000	93	68,871,438	2.98
1,000,000	107	1,847,543,012	79.80
	<b>23,157</b>	<b>2,315,531,103</b>	<b>100.00</b>

## REPORT OF DIRECTORS

For the year ended December 31, 2006 (cont'd)

### TECHNICAL MANAGEMENT AGREEMENT

The company has technical service agreement with AICO Bahamas Limited. The terms of the technical agreement include retainer-ship to act as technical adviser in insurance matters and training.

### EMPLOYMENT OF DISABLED PERSONS

The Company had 4 (four) disabled persons in its employment as at December 31, 2006. It is the Company's policy to consider disabled persons for employment if academically and medically qualified. All employees are given equal opportunities to develop.

### HEALTH, SAFETY AT WORK AND WELFARE OF EMPLOYEES

Health and safety regulations are in force within the premises of the Company. The Company provides subsidy towards transportation, housing, lunch and medical expenses to all employees.

### EMPLOYEES' INVOLVEMENT AND TRAINING

The Company is committed to keeping employees fully informed as much as possible regarding its performance and progress and in seeking their view whenever practicable on matters which particularly affect them as employees.

The Company's skill-base has been expanded by a range of training courses provided to its employees, whose opportunities for career development within the company have thus been enhanced.

### AUDITORS

The auditors, Messrs. Ernst & Young, having expressed their willingness, will continue in office in accordance with section 357 (2) of the Companies and Allied Matters Act (CAMA) 2004.

### BY ORDER OF THE BOARD

COMPANY SECRETARY

LEGAL ADVISER

Lagos, Nigeria

June 27, 2007

**REPORT OF THE AUDIT COMMITTEE**

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In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, Cap. 59 Laws of the Federation of Nigeria, 1990, we the members of the Audit Committee of Alico Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:-

- (a) We confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- (b) That the scope and planning of both the External and Internal Audit Programmes for the year ended 31<sup>st</sup> December 2006, are satisfactory and adequate to reinforce the Company's internal control system.
- (c) That having reviewed the External Auditor's findings and recommendations on Management matters, we are satisfied with Management responses thereon.

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.



**Chief Simon Odubiyi**  
Chairman Audit Committee  
24<sup>th</sup> day of July, 2007

**MEMBERS OF THE COMMITTEE ARE:**

- Chief Simon A. Odubiyi Chairman
- Fyangelesi Soares Akmofo
- Mr. Amolemech Onodiade
- Prince O. Akenzua
- Chief Rasheed Okhadunsi
- The Company Secretary/Legal Adviser.
- Mr. O.S. Oyedokun, acted as the Secretary to the Committee.

**ERNST & YOUNG**  
REPORT OF THE AUDITORS

We have audited the accompanying financial statements of Alico Insurance Plc which comprise the balance sheet as at December 31, 2006, the profit and loss account, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Director's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 of material misstatement.

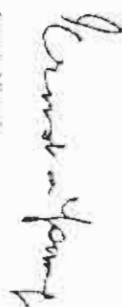
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these 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 management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, proper books of accounts have been kept and the financial statements which are in agreement therewith, give a true and fair view of the state of affairs of the Company at December 31, 2006 and of its financial performance and cash flows for the year in accordance with relevant statements of accounting standards issued by the Nigerian Accounting Standards Board, Inheritance Act 2003 and Companies and Allied Matters Act, CAP C20 LPN 2004.

Without qualifying our opinion, we draw attention to note 11c of the audited financial statements. The AICO Managed Investment Fund (AMIF), had a closing unit of 230,962,094 valued at N1,046,782,528 (N36,180,788.92 at cost) not yet provided for in these financial statements. On June 7, 2007, in compliance with the Pension Reform Act 2004, all pension related liabilities have been transferred by the company to its Pension Fund Administrators, AICO pension Managers Limited and the corresponding assets transferred to First Pension Custodians Limited.



Kenneth O. Ogun  
Lagos, Nigeria  
June 27, 2007



## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

For the period ended December 31, 2006.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of these financial statements.

- a) **Basis of accounting**  
The financial statements are prepared under the historical cost convention modified by the revaluation of land and buildings.
- b) **Depreciation**  
Depreciation of fixed assets is provided on a straight-line basis at such rates that will amortise cost over the period of the estimated useful lives as follows:
- |                                  | %                |
|----------------------------------|------------------|
| Leasehold land and building      | 2                |
| Furniture, fixture and equipment | 20               |
| Motor vehicles                   | 20               |
| Assets in progress               | Not depreciated. |
- c) **Fixed Assets**  
Fixed assets are stated at cost or valuation less accumulated depreciation.
- d) **Long term investments**
- Quoted investments – These are stated at market value. Differences between the cost and the market value are transferred to a quoted investment revaluation reserve account.
  - Unquoted investments – These are stated at cost less provisions for doubtful investment.
  - Investment in associated company – Investment in the associated company is stated at cost.
  - The accounts of the associated company are not consolidated in view of the insignificant amount involved.
- e) **Income from investments**  
Interest income is shown gross and is recognized on an accrual basis. Dividends are accounted for on the basis of the amounts actually received during the year.
- f) **Debtors**  
Debtors are stated after deduction of specific provisions for debts considered doubtful of collection.
- g) **Premium**  
Premium represents total amount invoiced to policy holders. The annual basis of accounting for non-life was adopted.

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

For the period ended December 31, 2006 (continued)

- h) **Provisions for unexpired risks**  
Provisions for unexpired risks are based on time apportionment in accordance with the new Insurance Act Section 20(1)(a) of 2003.
- i) **Claims incurred but not reported**  
Provisions are made for claims incurred but not reported to the Company at the balance sheet date in accordance with Section 20(1)(b) of the Insurance Act, 2003 on the basis of 14% of net outstanding claims.
- j) **Contingency reserve**  
Contingency reserve is calculated, in the case of Non-Life business, at the rate of the higher of 3% of total premium receivable during the year or 20% of net profits in accordance with Section 21(2) of Insurance Act, 2003 and, in respect of Life insurance business, at the rate of the higher of 1% of the gross premium and 10% of net profits, in accordance with Sections 22(1)(b) of the Insurance Act, 2003.
- k) **Retirement benefit scheme**  
The Company has a non-contributory pension scheme for the benefit of its employees. These benefits are based on the employees' years of service.  
A Pension Administrator manages the scheme.
- l) **Deferred taxation**  
Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purpose. Current tax rates are used to determine deferred tax.  
The principal temporary difference arises from depreciation of fixed assets.
- m) **Foreign currencies**  
Transactions in foreign currencies are recorded at the rates of exchange ruling at the respective dates of the transactions. Assets and liabilities in foreign currencies are translated to Naira at rates of exchange ruling at the balance sheet date. Profits or losses arising from the translation are included in the profit and loss account.
- n) **Management expenses**  
Except for the expenses directly related to life and general businesses all other management expenses are shared between life and non-life business in the proportion of their contribution to the overall retained premium.

## COMPANY BALANCE SHEET

For the year ended December 31, 2006

	Note	2006 N'000	2005 N'000
<b>ASSETS:</b>			
Cash and bank		474,922	316,427
Short-term investments	1	2,259,037	1,523,325
Debtors and prepayments	2	\$88,815	959,319
Loans to policy holders		425,651	332,111
Long-term investments	3	1,754,758	4,474,866
Statutory deposit	4	35,000	35,000
Fixed assets	5	2,982,081	3,088,640
Deferred tax	6	183,891	-
<b>Total assets</b>		<b>8,704,155</b>	<b>10,729,688</b>
<b>Less: Current Liabilities:</b>			
Creditors and accruals	7	1,637,344	1,157,347
Outstanding claims	8	165,944	172,533
Taxation	9	\$1,008	6,253
Dividend	10	10,199	3,788
Insurance Funds	11	1,500,358	1,354,269
Deposit Admin & Pension Fund	11	(530,662)	3,765,427
		<b>2,814,191</b>	<b>6,459,617</b>
		<b>5,869,964</b>	<b>4,270,071</b>
<b>CAPITAL AND RESERVES:</b>			
Called-up share capital	12	1,332,765	700,000
Contingency reserve	13	368,619	299,654
Fixed assets revaluation reserve	14	2,323,454	2,323,454
Quoted investment revaluation reserve	15	427,337	661,180
Bonus issue reserve	16	222,128	175,000
General reserve	17	\$21,484	106,747
Share premium	18	674,177	4,036
<b>Shareholders' fund</b>		<b>5,869,964</b>	<b>4,270,071</b>

Directors

## BALANCE SHEET FOR LIFE BUSINESS

For the year ended December 31, 2006

	Note	2006 N'000	2005 N'000
<b>ASSETS:</b>			
Cash And Bank		244,169	316,427
Short-Term Investments	1	2,204,424	1,403,613
Debtors And Prepayments	2	257,349	569,239
Loans To Policy Holders		425,652	332,111
Long-Term Investments	3	914,302	3,744,690
Statutory Deposit	4	13,000	13,000
Fixed Assets	5	2,458,149	2,551,042
Deferred tax	6	183,891	-
<b>Total Assets</b>		<b>6,700,936</b>	<b>8,930,122</b>
<b>Less: Current Liabilities:</b>			
Creditors And Accruals	7	2,157,808	669,677
Outstanding Claims	8	88,260	124,873
Taxation	9	17,575	1,116
Dividend	10	10,199	3,788
Insurance Funds	11	1,291,298	1,213,826
Deposit Admin & Pension Fund	11	(530,662)	3,765,427
		<b>3,034,478</b>	<b>5,778,707</b>
		<b>1,666,458</b>	<b>3,151,415</b>
<b>Capital And Reserves:</b>			
Called-Up Share Capital	12	508,106	150,000
Contingency Reserve	13	89,731	71,557
Fixed Assets Revaluation Reserve	14	1,909,947	1,909,947
Quoted Investment Revaluation Reserve	15	291,534	592,411
Bonus issue reserve	16	222,128	175,000
General Reserve	17	\$10,232	252,500
Share premium	18	134,780	-
<b>SHAREHOLDERS' FUND</b>		<b>3,666,458</b>	<b>3,151,415</b>

Directors

See notes to the financial statements.

## COMPANY PROFIT & LOSS ACCOUNT

For the year ended December 31, 2006

	2006	2005
	N'000	N'000
Premium	3,030,487	2,931,822
Investments and other income	385,366	210,872
Reinsurance	456,056	658,436
Maturities, surrenders and bonuses	545,816	410,291
Claims paid and admitted	3,20,859	202,472
Net commission	460,318	335,091
Other direct expenses	220,785	229,624
Overhead expenses	884,915	961,860
Increase in insurance funds	146,088	267,343
(Decrease)/increase in claims reserve	(7,009)	(27,760)
Bad debt provision	39,236	18,400
Profit before taxation	348,799	86,947
Taxation	184,903	(5,137)
Profit after taxation	483,702	81,810
Appropriation:		
Transfer to contingency reserve	(68,965)	(51,469)
Transfer to general reserve	(414,737)	(30,341)
Dividend per share	13k	6k

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## LIFE REVENUE ACCOUNT

For the year ended December 31, 2006

	2006	2005
	N'000	N'000
Premium	1,963,942	1,834,368
Life reinsurance ceded	(197,549)	(209,492)
Less Direct expenses:		
Claims paid	77,011	13,442
Maturities surrender and bonuses	545,818	410,291
Commissions	425,787	372,971
Other direct expenses	133,784	118,460
Increase in insurance fund	77,471	243,414
Increase in outstanding claims	(37,033)	37,916
Transfer to profit and loss	543,555	428,352
	(1,222,838)	(1,196,524)

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## NON-LIFE REVENUE ACCOUNT

For the year ended December 31, 2006

	Fire	Motor	Workmen	Energy &	Marine	Personal	2006	2005
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross Premium	203,292	199,608	31,132	594,112	249,569	92,631	1,066,545	1,407,451
Reinsurance	(77,620)	(418,869)	(18,434)	(111,618)	(12,903)	198	(258,503)	(448,923)
Net Premium	130,266	180,739	12,698	172,494	218,176	93,029	808,042	958,528
Commission Received	25,426	9,792	6,438	(4,098)	19,211	(138)	92,997	155,306
	<b>155,692</b>	<b>190,531</b>	<b>19,136</b>	<b>168,406</b>	<b>237,387</b>	<b>92,891</b>	<b>901,039</b>	<b>1,113,834</b>

### Direct Expenses

Claim paid/less Reinsurance	27,351	36,029	12,338	91,237	9,165	17,594	243,812	189,030
Increase (Decrease) in Unexpired Premium	14,513	(7,063)	(793)	9,036	59,023	(6,029)	65,612	23,899
(Decrease) Increase in Outstanding claims reserve	1,413	13,919	317	212	7,033	7,110	39,024	(65,676)
Commission paid	35,192	18,403	4,524	43,594	10,383	16,531	127,228	117,516
Other direct expenses	30,862	41,762	3,385	19,297	22,131	8,739	130,136	111,164
Transfer to Profit and loss	119,514	122,488	18,871	163,376	107,737	63,956	595,942	375,913
	<b>36,178</b>	<b>64,553</b>	<b>285</b>	<b>44,794</b>	<b>130,250</b>	<b>28,735</b>	<b>304,795</b>	<b>427,983</b>

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2006

	2006	2005
	N'000	N'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received from policy holders	3,030,487	2,931,822
Reinsurance receipts in respect of claims	178,406	134,850
Cash paid to and on behalf of employees	(232,715)	(237,223)
Reinsurance premium paid	(456,055)	(658,426)
Other operating cash payments	(5,388,128)	(2,066,335)
Claims paid	(320,859)	(202,472)
Company income tax paid	(4,233)	(2,815)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	22	(102,598)

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(65,529)	(109,976)
Purchase of liquid investments	(115,268)	(687,869)
Sale of liquid investments	3,045,143	621,955
Proceeds from sale of fixed assets	12,124	812
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES	2,576,470	(175,078)

### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from right & public issue (net)	1,525,034	-
Dividend paid	(2,590)	(6,561)
Bonus issue	(175,000)	-
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES	1,347,444	(6,561)

NET INCREASE (DECREASE) IN CASH AND BANK EQUIVALENT	730,817	(284,244)
CASH AND BANK EQUIVALENTS AT JAN 1	1,813,702	2,097,936
CASH AND BANK EQUIVALENTS AT DEC 31	2,544,519	1,813,702

See notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2006

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2005 (continued)

### 1. SHORT-TERM INVESTMENTS

	Life N'000	Non-Life N'000	2006 N'000	2005 N'000
Term deposits	1,886,268	12,041	1,898,309	61,601
Commercial paper and bankers acceptances	336,393	42,572	378,965	1,479,961
Less provision	2,222,661	54,613	2,277,274	1,541,562
	(18,237)	-	(18,237)	(18,237)
	2,304,424	54,613	2,259,037	1,523,325

### 2. DEFERRALS AND PREPAYMENTS

Outstanding premiums	161,067	201,487	362,554	288,045
Other deferrals	79,983	121,540	201,523	630,609
Prepayments	16,299	8,439	24,738	40,665
	257,349	331,466	588,815	959,319

Outstanding Premium represents Net Premium Due as advised by Hyman Robertson (HR) Limited (Actuary and Consultants) during an evaluation of the company's life policies as at December 31, 2006.

### 3. LONG-TERM INVESTMENTS

	2006 N'000	2005 N'000
A. Life		
i) Quoted investments at market value		
Debture stocks (cost N188,969,000)	677,478	190,064
Ordinary shares (cost N346,568,092)	677,478	1,615,611
	1,354,956	1,805,675
ii) Unquoted investments, at cost		
Government bonds	-	40,760
Ordinary shares	286,479	345,313
Preference shares	179,100	63,450
Mortgage loans	140,472	269,527
Lease or guarantee stock	-	1,575,692
Balance c/f	606,051	2,294,742
iii) Investment in associated company, at cost		
Nigerian French Insurance Company Limited 36% holding of 75,187,226 ordinary shares of N1 each	44,773	44,773
Less: Provision for diminution in value	650,824	2,339,515
	(414,000)	(400,500)
	236,824	1,939,015
Total	914,302	3,744,690

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2006 (continued)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2006 (continued)

		2006 N'000	2005 N'000
B. Non-Life			
i) Quoted investments at market value			
Debt/Equity stocks (cost: 1,250,094,000)		213,527	1,350
Ordinary shares (cost: 77,724,647.67)		131,679	
		<u>213,527</u>	<u>132,929</u>
ii) Unquoted investments, at cost			
Ordinary shares		470,178	420,225
Preference shares		88,512	113,865
Mortgage loans		67,736	53,673
Lease or guarantee stock		503	9,482
		<u>626,929</u>	<u>597,247</u>
		840,456	730,176
Life		914,302	3,744,690
Non-Life		840,456	730,176
		<u>1,754,758</u>	<u>4,474,866</u>
4. STATUTORY DEPOSITS			
	Life	2006	2005
		N'000	N'000
At December 31,		<u>13,000</u>	<u>22,000</u>
	Non-Life	2006	2005
		N'000	N'000
		<u>22,000</u>	<u>35,000</u>

This represents deposit with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act 2003.

	As at Dec. 31, 2006	As at Dec. 31, 2005
DEPRECIATION		
As at Jan. 1, 2006	218,055	386,004
Charge for the year	58,778	77,798
Disposal	-	(23,295)
As at Dec. 31, 2006	<u>276,833</u>	<u>440,507</u>
NET BOOK VALUE		
As at Dec. 31, 2006	<u>2,769,301</u>	<u>157,309</u>
As at Dec. 31, 2005	<u>2,823,498</u>	<u>212,765</u>
		<u>52,377</u>
		<u>3,088,640</u>

5. FIXED ASSETS  
SUMMARY OF MOVEMENT SCHEDULE

	Building N'000	Furniture & Equipment N'000	Motor Vehicles N'000	Total N'000
COST EVALUATION				
As at Jan. 1, 2006	3,041,553	598,769	147,842	3,788,154
Additions	3,347	29,899	32,293	65,529
Reclassification	1,234	(2,816)	1,587	-
Disposal	-	(28,026)	(25,843)	(53,869)
As at Dec. 31, 2006	<u>3,046,134</u>	<u>597,816</u>	<u>155,864</u>	<u>3,799,814</u>
DEPRECIATION				
As at Jan. 1, 2006	218,055	386,004	95,455	699,514
Charge for the year	58,778	77,798	22,687	159,263
Disposal	-	(23,295)	(17,749)	(41,044)
As at Dec. 31, 2006	<u>276,833</u>	<u>440,507</u>	<u>100,393</u>	<u>817,733</u>
NET BOOK VALUE				
As at Dec. 31, 2006	<u>2,769,301</u>	<u>157,309</u>	<u>55,471</u>	<u>2,982,081</u>
As at Dec. 31, 2005	<u>2,823,498</u>	<u>212,765</u>	<u>52,377</u>	<u>3,088,640</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2006 (cont'd)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2006 (cont'd)

5a. MOVEMENT SCHEDULE (NON-FIFB)

	Leasehold & Building N7000	Furniture and Equipment N7000	Motor Vehicles N7000	Total N7000
<b>COST VALUATION</b>				
As at Jan. 1, 2006	555,469	59,071	28,209	642,749
Additions	-	4,282	3,100	7,382
Reclassification	1,234	(2,816)	1,582	-
Disposals	-	(812)	(2,759)	(3,571)
As at Dec. 31, 2006	556,703	59,725	30,132	646,560
<b>DEPRECIATION</b>				
As at Jan. 1, 2006	39,768	40,047	25,336	105,151
Charge for the year	11,642	6,418	2,988	21,048
Disposals	-	(812)	(2,759)	(3,571)
As at Dec. 31, 2006	51,410	45,653	25,565	122,628
<b>NET BOOK VALUE</b>				
As at Dec. 31, 2006	\$05,293	14,072	4,567	\$23,932
As at Dec. 31, 2005	\$15,701	19,024	2,873	\$37,598

5b. MOVEMENT SCHEDULE (FIFB)

	Leasehold & Building N9000	Furniture and Equipment N9000	Motor Vehicles N9000	Total N9000
<b>COST VALUATION</b>				
As at Jan. 1, 2006	2,486,084	539,608	119,623	3,145,315
Additions	3,347	25,607	29,193	58,147
Disposals	-	(27,214)	(23,084)	(50,298)
As at Dec. 31, 2006	2,489,431	538,001	125,732	3,153,164
<b>DEPRECIATION</b>				
As at Jan. 1, 2006	178,287	345,957	70,119	594,363
Charge for the year	47,136	71,380	19,699	138,215
Disposals	-	(22,483)	(14,900)	(37,383)
As at Dec. 31, 2006	225,423	394,854	74,838	695,115
<b>NET BOOK VALUE</b>				
As at Dec. 31, 2006	2,264,008	143,237	50,904	2,458,149
As at Dec. 31, 2005	2,307,797	193,741	49,504	2,551,042

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006 (cont'd)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006 (cont'd)

	2006 N'000	2005 N'000
Net book value		
Life	2,458,149	2,551,042
Non-life	523,932	537,598
	2,982,081	3,088,640

The depreciation charge for the year included in overhead expenses is derived as follows:

	2006	2005
Historical cost	152,321	145,844
Revaluation	6,942	6,942
	159,263	152,786

	2006	2005
6. DEFERRED TAX		
Balance at Jan. 1.	-	-
Provision for the year Note 9(1)	183,891	-
Balance at Dec. 31.	183,891	-

Income tax deferred as at December 31, 2006 as a result of reversible timing difference between the net book value of asset qualifying for capital allowances and their corresponding income tax written down value amounting to N183,890,973,000 (2005: Nil).

	Life N'000	Non-Life N'000	2006 N'000	2005 N'000
7. CREDITORS AND ACCRUALS				
Due to reinsurers abroad	-	69,744	69,744	82,816
Life-to-policy holders	333,496	-	333,496	275,041
Steady creditors and accruals	895,050	149,614	1,044,664	773,440
Current account	771,126	(771,126)	-	-
Bank overdraft	158,136	31,304	189,440	26,050
	2,157,808	(520,464)	1,637,344	1,157,347

8. OUTSTANDING CLAIMS

(a) Life	2006 N'000	2005 N'000
Whole life and endowment	77,673	114,286
Group life	10,587	10,587
	88,260	124,873

(b) Non-life

	2006	2005
Fire	4,169	2,737
Motor	19,320	5,401
Workmen compensation	1,486	1,169
Marine	12,715	5,680
Personal accident	11,070	3,961
Casualty accident	28,924	28,712
	77,684	47,660
	165,944	172,533

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2006 (continued)

9. TAXATION

	Life N'000	Non-Life N'000	2006 N'000	2005 N'000
<b>1. Per profit and loss account</b>				
Company Income tax	(13,580)	(30,124)	(43,704)	(3,932)
Education tax	(2,879)	(2,405)	(5,284)	(1,205)
	(16,459)	(32,529)	(48,988)	(5,137)
Deferred tax	183,891	-	183,891	-
	167,432	(32,529)	134,903	(5,137)
<b>2. Per balance sheet</b>				
Balance as at January 1	1,116	5,137	6,253	3,931
Income tax for the year	16,459	32,529	48,988	5,137
Tax Paid	-	(4,233)	(4,233)	(2,815)
	17,575	33,433	51,008	6,253
<b>3. The change for taxation has been computed in accordance with the provision of the Companies Income Tax Act as amended to date.</b>				

10. DIVIDEND

	Life N'000	Non-Life N'000	2006 N'000	2005 N'000
Unclaimed in respect of previous years	3,788	-	3,788	3,788
Reclassification from creditors	9,001	-	9,001	-
Payments	(2,590)	-	(2,590)	-
	10,199	-	10,199	3,788

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2006 (continued)

11. INSURANCE FUNDS

	2006 N'000	2005 N'000
<b>a. Non-Life</b>		
Fire	24,740	10,196
Motor	50,524	57,690
Workmen compensation	3,134	3,926
Marine	89,812	27,790
Personal accident	12,167	18,195
Casualty/accident	28,683	22,646
Total	209,060	140,443
<b>b. Life</b>		
Whole life and endowment and group life	1,291,298	1,213,826
	1,291,298	1,213,826
	1,500,358	1,354,269
<b>c. Deposit Admin &amp; Pension Funds</b>		
AICCO Managed Investment Fund (AMIF) Reserve	586,181	572,653
Deposit Administration (DA) Reserve	828,515	3,132,591
Total Pension Reserve	1,414,696	3,705,244
Group Pension Division Net Operations	(1,945,358)	60,183
	(530,662)	3,765,427

At the end of the financial year, the AICCO Managed Investment Fund (AMIF) had a closing units of 230,062,094 valued at N1,046,782,528 (N858,180,788.92 at cost) and yet provided for in these financial statements. On June 7, 2007, in compliance with the Pension Reform Act 2004, all pension related liabilities have been transferred by the company to its Pension Fund Administrators, AICCO Pension Managers Limited and the corresponding assets transferred to First Pension Custodians Limited.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2005 (cont'd)

	Life	Non-Life	2006	2005
	N'000	N'000	N'000	N'000
12. SHARE CAPITAL				
Authorized:				
10,000,000 ordinary shares of 50 Kobo each (2005: 5,000,000,000)	2,500,000	2,500,000	5,000,000	2,500,000
Issued and Fully Paid:				
2,665,530,000 ordinary shares of 50 Kobo each (2005: 1,400,000,000)	150,000	550,000	700,000	700,000
At January 1,	358,106	274,659	632,765	-
Increase during the year	508,106	824,659	1,332,765	700,000
At December 31,	866,212	1,399,268	1,965,530	700,000
13. CONTINGENCY RESERVE				
At January 1,	71,557	228,097	299,654	248,185
Transfer from profit & loss account	18,174	50,791	68,965	51,469
Balance at Dec. 31,	89,731	278,888	368,619	299,654
14. FIXED ASSETS REVALUATION RESERVE				
At January 1,	1,909,947	413,507	2,323,454	731,912
Revaluation surplus for the year	-	-	1,591,542	1,591,542
At December 31,	1,909,947	413,507	3,914,996	2,323,454
15. QUOTED INVESTMENTS/REVALUATION RESERVE				
At January 1,	592,411	68,769	661,180	1,011,974
(Decrease)/Increase during the year	(300,877)	67,034	(233,843)	(350,774)
At December 31,	291,534	135,803	427,337	661,180
16. BONUS ISSUE RESERVE				
At January 1	175,000	-	175,000	-
Transfer to Share Capital Premium Account	(175,000)	-	(175,000)	154,467
Transfer from general reserve	222,128	-	222,128	120,533
At December 31,	222,128	-	222,128	175,000

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2005 (cont'd)

	Life	Non-Life	2006	2005
	N'000	N'000	N'000	N'000
17. GENERAL RESERVE				
At January 1,	252,500	(145,753)	106,747	212,286
Transfer from Profit & Loss Account	257,732	157,005	414,737	30,341
Prior year adjustment	-	-	-	(15,347)
Transfer to Bonus Issue Reserve	-	-	-	(120,533)
At December 31,	510,232	11,252	521,484	106,747
18. SHARE PREMIUM				
At January 1,	-	4,036	4,036	58,503
Transfer to Bonus Issue Reserve	(222,128)	-	(222,128)	(54,467)
Transfer from Profit & Loss	356,908	535,361	892,269	-
At December 31,	134,780	539,397	674,177	4,036
19. ANALYSIS OF INCOME				
a. The analysis of premium and profit by business class are as follows:-				
Classes of business are:				
	Premium		Profit/(loss)	
	2006	2005	2006	2005
Life	1,963,942	1,834,368	108,474	(96,613)
Non-life	1,066,545	1,097,454	240,325	179,560
	3,030,487	2,931,822	348,799	86,947

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006 (cont'd)

**20. INVESTMENTS AND OTHER INCOME**

	2006	2005
Investments	N/000	N/000
Profit/(Loss) on sale of investments	230,809	178,453
Others	148,110	(256)
	<u>6,447</u>	<u>32,675</u>
	<u>385,366</u>	<u>210,872</u>

**21. PROFITS BEFORE TAXATION**

This is stated after charging/(crediting):

Depreciation of fixed assets	159,263	152,786
Auditors' remuneration	8,500	8,000
Directors' emoluments	15,792	7,770
(Profit)/Loss on sale of investments	(148,110)	256
Loss on sale of Fixed Assets	701	725
Income from quoted investment	(27,145)	(6,290)
Pension contribution	38,773	36,910

**22. RECONCILIATION OF OPERATING PROFIT TO CASH PROVIDED BY OPERATING ACTIVITIES**

Operating profit before tax	348,799	86,947
Less on sales of fixed assets	701	725
Depreciation	159,263	152,786
Increase in loan to policyholders	(93,540)	(90,489)
Increase in credits	316,607	74,304
(Decrease)/increase in outstanding claim	(6,589)	(27,680)
Decrease/(increase) in debtors	370,504	(273,057)
Investments provision	13,500	200,000
(Decrease)/increase in insurance fund	(4,119,999)	(223,575)
Tax Paid	(4,233)	(2,815)
Profit/(Loss) on disposal of investment	(148,110)	256
CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,193,097</u>	<u>(102,598)</u>

**23. CASH AND CASH EQUIVALENT**

Cash and bank balances	474,972	316,427
Short-term investments	2,359,037	1,523,325
Bank overdraft	(189,440)	(76,050)
	<u>2,544,519</u>	<u>1,813,702</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006 (cont'd)

**24. CHAIRMAN'S AND DIRECTORS' EMOLUMENTS**

	2006	2005
1. Emolument	N/000	N/000
Fees	15,192	6,995
	600	775
As executive	<u>15,792</u>	<u>7,770</u>
Chairman	290	190
The highest paid director	15,792	6,995
The least paid director	155	155

2. The number of directors (including the Chairman) emoluments in the following ranges was:

STAFF	2006	2005
Number	Number	Number
50,001 - 155,000	4	5
1,000,001 - 2,000,000	1	-
4,790,001 - 4,800,000	-	-
5,370,001 - 9,700,000	1	1

25. STAFF

The average number of persons employed by the Company during the year was:

Managerial	24	30
Senior staff	197	203
Junior staff	60	65
	<u>281</u>	<u>298</u>

The staff costs for the above persons were:

Wages and salaries	N/000	N/000
Other staff costs	199,908	191,702
	32,807	45,520
	<u>232,715</u>	<u>237,222</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2006 (cont'd)

The number of employees of the company in receipt of emoluments (excluding pensions and allowances) above N60,000 in the year were:

	N <sup>o</sup>	N <sup>o</sup>	2006 Number	2005 Number
80,001 - 90,000	90,001	90,000	1	-
90,001 - 100,000	90,001	100,000	6	11
100,001 - 110,000	100,001	110,000	22	19
110,001 - 120,000	110,001	120,000	29	34
120,001 - 130,000	120,001	130,000	28	34
130,001 - 140,000	130,001	140,000	19	25
140,001 - 150,000	140,001	150,000	47	39
150,001 - 160,000	150,001	160,000	8	15
160,001 - 170,000	160,001	170,000	16	13
170,001 - 180,000	170,001	180,000	14	17
180,001 - 190,000	180,001	190,000	10	14
190,001 - 200,000	190,001	200,000	15	5
200,001 - 210,000	200,001	210,000	7	9
210,001 - 220,000	210,001	220,000	6	4
220,001 - 230,000	220,001	230,000	5	4
230,001 - 240,000	230,001	240,000	5	9
240,001 - 250,000	240,001	240,000	5	5
250,001 - 260,000	240,001	250,000	7	3
260,001 - 270,000	250,001	260,000	2	2
270,001 - 280,000	260,001	270,000	2	4
280,001 - 290,000	270,001	280,000	1	2
290,001 - 300,000	280,001	290,000	1	2
300,001 - 310,000	290,001	300,000	5	5
310,001 - 320,000	300,001	310,000	-	-
320,001 - 330,000	300,152	319,900	-	-
330,001 - 340,000	320,001	330,000	-	-
340,001 - 350,000	330,001	350,000	-	-
350,001 - 360,000	350,001	360,000	-	-
360,001 - 370,000	360,001	370,000	-	-
370,001 - 380,000	360,001	380,000	-	-
380,001 - 400,000	370,001	380,000	-	-
400,001 - 410,000	380,001	400,000	1	2
410,001 - above	400,001	410,000	20	-
			20	20

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2006 (cont'd)

### 26. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

#### 1. Contingent Liabilities

Contingent liabilities in respect of pending litigations involving the company amounted to N128,212,240.00 (2005 - N215,712,240). The Directors have been advised by counsel that the liability arising therefrom will not exceed N43,532,965.54. (2005 - N34,350,000). This has not been provided for in these financial statements. The actions are being defended and the directors are of the opinion that no material liability would arise therefrom.

#### 2. Financial commitments

The directors are of the opinion that all known liabilities and commitments relevant in assessing the company's state of affairs have been taken into account in the preparation of these financial statements.

### 27. CAPITAL COMMITMENTS

There were no capital commitments at December 31, 2006 (2005 - Nil)

### 28. RELATED PARTY TRANSACTION

AICO Insurance Plc has a Technical Service Agreement with AICO Bahamas who owns 24% of the Company's equity.

### 29. APPROVAL OF FINANCIAL STATEMENTS

The board of directors of the Company approved these financial statements on June 27, 2007

### 30. POST-BALANCE SHEET EVENTS

Aico Insurance Plc was inherited a composite company, but in line with National Insurance Commission (NAICOM) directives, incorporated a new company Aico General Insurance Company Limited, which has now taken over the general insurance business. A foreign multinational company has expressed interest in acquiring 60% of Aico General Insurance business.

**STATEMENT OF VALUE ADDED**

For the year ended December 31, 2006

	2006	%	2005	%
	N'000		N'000	
Premium earned	3,030,487		2,931,822	
Investment and other income	885,366		210,872	
	3,415,853		3,142,694	
Re-insurances, claims, maturities, Surrenders, commission and services	(2,675,076)		(2,665,739)	
Value added	<b>740,777</b>	<b>100</b>	<b>476,955</b>	<b>100</b>

**VALUE ADDED IS APPLIED AS FOLLOWS:**

	2006	%	2005	%
	N'000		N'000	
In payment of employees:				
Salaries, wages and other benefits	232,715	31	237,222	50
Taxation	(134,903)	(18)	5,137	1
Retained for replacement of assets and Expansion for replacement of assets and				
Depreciation	159,263	22	152,786	32
Contingency reserve	68,965	9	51,469	11
Retained profit	414,737	56	30,341	6
	<b>740,777</b>	<b>100</b>	<b>476,955</b>	<b>100</b>

Value added represents the additional wealth, which the company has been able to create by its own, and its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, government, and that retained for the future creation of more wealth.

**FIVE-YEAR FINANCIAL SUMMARY**

For the year ended December 31, 2006 (N'000)

	2006	2005	2004	2003	2002
	N'000	N'000	N'000	N'000	N'000
<b>ASSETS</b>					
Cash and bank balances	474,922	316,427	150,111	275,703	552,480
Short-term investments	2,259,037	1,523,325	2,037,130	2,266,223	1,560,227
Debtors and prepayments	588,815	959,319	686,262	1,309,112	544,208
Loan to policy holders	425,651	332,111	241,622	206,704	211,696
Long-term investments	1,754,758	4,474,866	4,975,351	2,996,257	2,342,460
Statutory deposit	35,000	35,000	35,000	13,500	13,500
Fixed assets	2,982,081	3,088,640	1,541,446	1,468,990	1,507,374
Deferred tax	183,891	10,729,688	9,660,922	8,536,489	6,231,945
<b>TOTAL ASSETS</b>	<b>8,704,155</b>	<b>10,729,688</b>	<b>9,660,922</b>	<b>8,536,489</b>	<b>6,231,945</b>
<b>LIABILITIES</b>					
Creditors and accruals	1,637,344	1,157,347	1,146,298	838,854	689,231
Outstanding claims	165,944	172,533	200,213	167,223	117,240
Taxation	51,008	6,253	3,931	22,451	11,048
Dividend	10,199	3,788	10,349	73,986	30,846
Insurance fund	1,500,358	1,354,269	1,086,927	926,084	850,826
Deposit Admin/Pension Fund	(530,662)	3,765,427	4,256,344	3,856,416	3,008,570
	2,834,191	6,459,617	6,704,062	5,885,024	4,707,761
<b>SHAREHOLDERS' FUNDS</b>	<b>5,869,964</b>	<b>4,270,071</b>	<b>2,962,860</b>	<b>2,651,465</b>	<b>1,524,184</b>
<b>CAPITAL AND RESERVES:</b>					
Called-up share capital	1,332,765	700,000	350,000	350,000	150,000
Contingency reserve	308,619	299,654	248,185	206,457	175,136
Fixed assets revaluation reserve	2,323,454	2,323,454	731,912	731,912	731,912
Quoted investment revaluation reserve	427,337	661,180	1,011,974	773,098	317,541
Bonus issue reserve	222,128	175,000	350,000	-	50,000
General reserve	521,484	106,747	212,286	181,495	99,595
Share premium	674,177	4,036	58,503	408,503	-
<b>SHAREHOLDER'S FUNDS</b>	<b>5,869,964</b>	<b>4,270,071</b>	<b>2,962,860</b>	<b>2,651,465</b>	<b>1,524,184</b>
<b>PREMIUM AND PROFITS</b>					
Premium	3,030,487	2,931,822	2,356,794	1,723,200	1,454,036
Deposits	348,799	86,947	1,301,025	1,216,641	1,084,179
Profit after taxation	483,702	81,810	74,789	204,221	150,210
Dividend per 508 share	-	-	72,519	183,221	153,689
	-	-	-	70,000	30,000

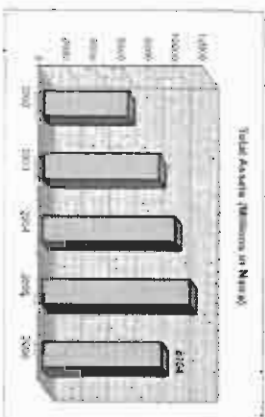
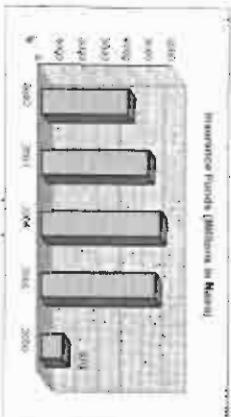
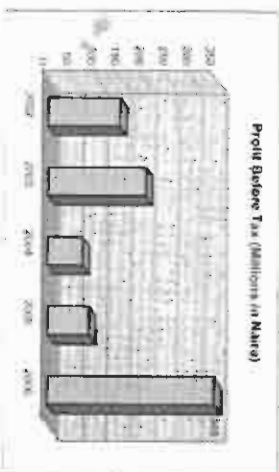
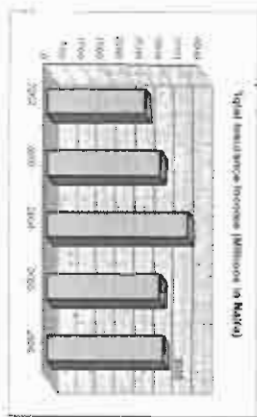
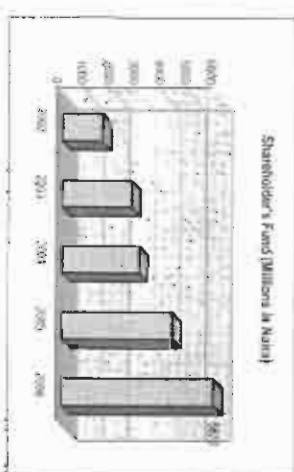
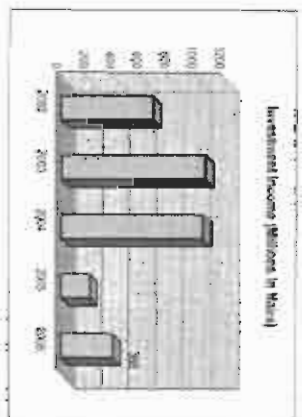
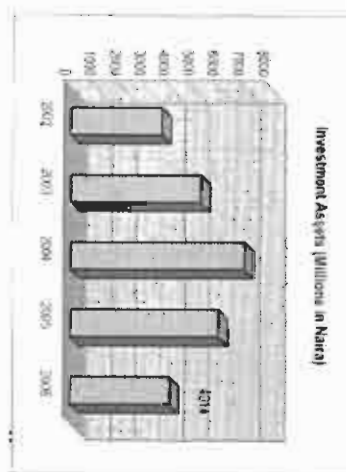
# FIVE-YEAR FINANCIAL SUMMARY

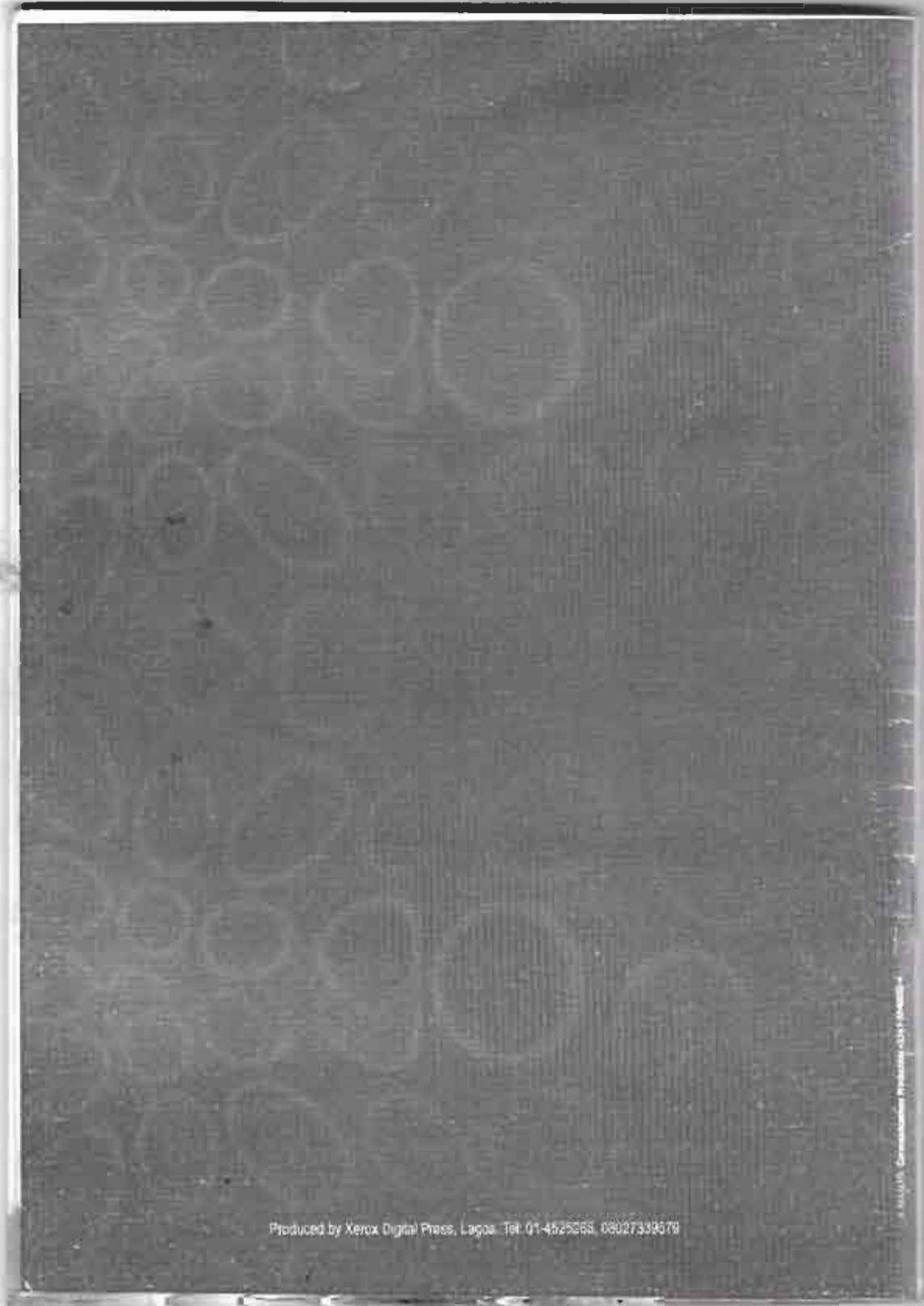
For the year ended December 31, 2006 (cont'd)

	2006	2005	2004	2003	2002
Earnings	N7000	N9000	N6000	N7000	N7000
Dividend cover (times)	1.3x	6x	1.1x	2.6x	4.4x
Dividend cover (times)	-	-	-	1.0x	1.0x
Bonus issue per share	8.33x	12.50x	50x	3.79x	1.7x
Net assets per share	215K	305K	42.7K	379K	505K
Total assets per Share	320K	766K	1381K	1220K	2077K

NOTE: Earnings, total assets per share of N0.50 respectively are calculated based on the number of shares issued.

# GRAPHIC ILLUSTRATIONS





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