

Annual Report
& Accounts **06**

ANNUAL REPORT & ACCOUNTS
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NOTICE IS HEREBY GIVEN that the thirty-fifth 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 21st of June 2007 at 11 a.m for the following purposes:

Ordinary Business

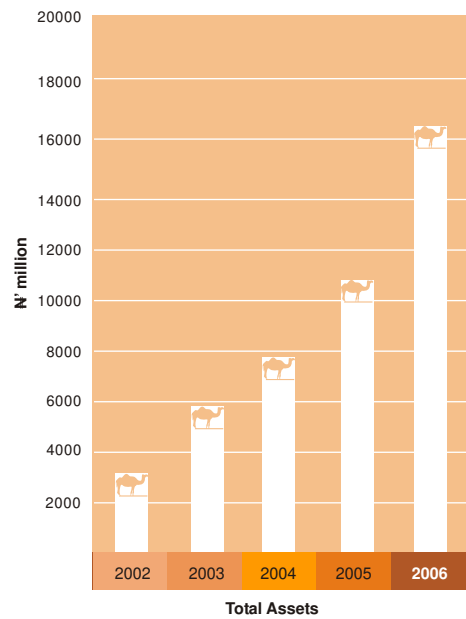
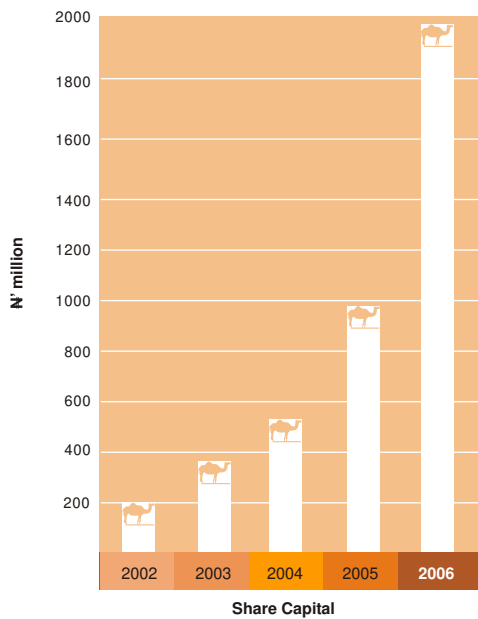
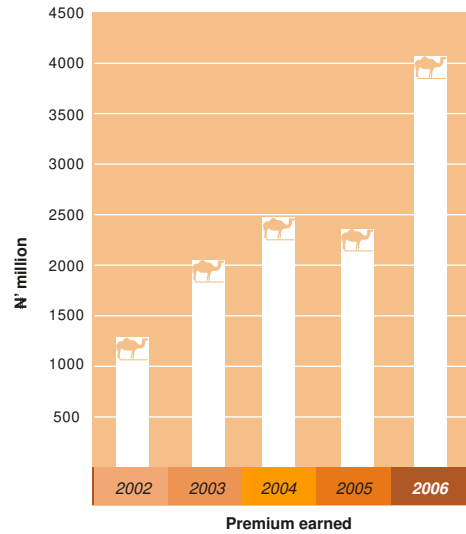
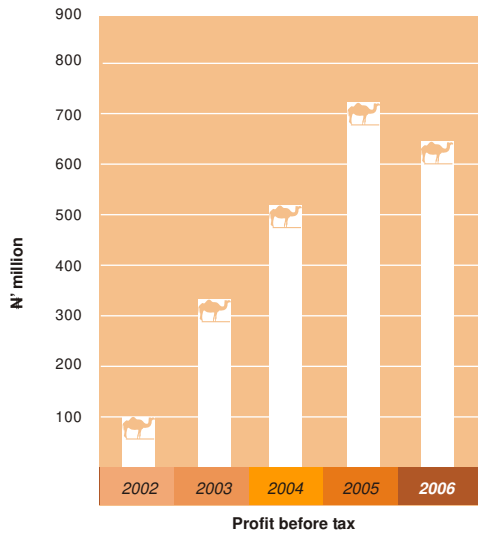
1. To adopt the reports of the Directors and Auditors, including the Statement of Accounts for the year ended 31st of December, 2006.
2. To declare a Dividend.
3. To re-elect the Directors of the Company.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To transact any other business that may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Adetola Adegbayi
COMPANY SECRETARY
16th May, 2007.

NOTES

1. 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 Funsho 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.
2. 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, the 20th of June 2007.



LETTER TO SHAREHOLDERS

Distinguished Shareholders, Ladies and Gentlemen, I welcome you all to our 35th Annual General Meeting at our Protea Hotel Leadway, which we are proud to showcase today as we present to you our Annual Report and Financial Statements for the year ended 31st December, 2006.

OPERATING ENVIRONMENT

The Year 2006 was an interesting one within the insurance industry, with a number of mergers & acquisitions and fund raising activities in the capital market by insurance companies in order to meet the statutory minimum capital requirement. The flurry of activities, which resulted in alliances and reconstitution of alliances under various Memoranda of Understanding, disturbed the market and brokers responded by placing insurance Policies on short term basis, subject to special contracts and warranties meant to edge the risk of failure of any insurer come the February 2007 deadline. Key December renewals period witnessed a lull in the market and an imbalance of risk exposures in the books of assumed "safe insurers", with resultant pressure on available reinsurance

While premium rates continued to respond to market competition despite the expected stability due to consolidation activities, events in the Niger Delta hardened reinsurance contract conditions, leaving the primary market open to higher incidence of claims payout.

FINANCIAL RESULTS

Against the background of the operating environment, the Company witnessed significant growth in performance as a perceived "safe" insurer. The Company enjoyed a 26% increase in its Gross Premium income from ₦4.5b in 2005 to ₦5.7b in 2006, but with a significant jump in claims incurred by an overwhelming 88% from ₦938.5m in 2005 to ₦1.8b in 2006. Overall however, it was a good underwriting year, with technical profit of ₦1.3b. With the cost of doing business being increasingly high due to self provision of basic infrastructure, particularly electricity and the competition for labour, management expenses went up by 50% from ₦962.8m in 2005 to ₦1.4b in 2006 and profit after tax dipped by 19% from ₦641.5m in 2005 to ₦520.5m in 2006. Despite these challenges, the sale of the Company's shares in erstwhile Vee Networks Limited (trading as V-Mobile) to Celtel resulted in an extraordinary

Against the background of the operating environment, the Company witnessed significant growth in performance as a perceived "safe insurer".

capacity especially as the insurance sub-sector of the economy witnessed the effect of the Nigerian Content Policy of the Federal Government and the managed deregulation/liberalisation of insurances of Government establishments under bureaucratic due process.

profit of ₦1.3b in 2006, being 351% increase in retained profit against ₦281m in 2005. As a result of this extraordinary item, a sum of ₦500m was distributed as interim dividend during the year.

The Company is expected to profit tremendously from the Nigerian Content directive of the Federal Government, which makes the insurances of specialized risks with local insurance companies compulsory.

On the balance sheet side, the Company's size improved by 60% with total assets increasing from ₦10.2b in 2005 to ₦16.4b in 2006; recording a healthy injection of shareholders' direct cash investment and increase in net investment portfolio by 185% from ₦1.8b in 2005 to ₦5.1b in 2006. Overall, the Company's net shareholders' equity increased by 100% from ₦4.8b in 2005 to ₦9.4b in 2006 which far exceeds the regulatory capital requirement.

DIVIDEND

All our shareholders have been tremendously supportive in ensuring that the Company is fully recapitalized to carry on General and Life insurance business. It is in appreciation of your efforts that your Board of Directors recommended an interim dividend of 12.66 kobo per ordinary share for the 2006 financial year which translated to ₦500,000,000 (five hundred million Naira) and has already been distributed. In addition, your Board of Directors is now recommending a final dividend of 2.53 kobo per 50 Kobo ordinary share which translates to ₦100,000,000 (one hundred million Naira), which brings the total dividend for year 2006 to ₦600,000,000 (six hundred million Naira); both subject to withholding tax at prevailing rate.

CHANGES IN SUPERVISORY BOARD

It is an auspicious future for the Company in the years ahead

as it has taken bold steps to strengthen its supervisory board with men of proven professional and business integrity. Today, you will be asked to return Mallam Umar Yahaya, Barrister Konyinsola Ajayi (Ph.d), Dr. A. B. C. Orjiako and Mrs. Abimbola Oyebanjo as directors of the Company. The International Finance Corporation also has a representative on the Board of Directors' of your Company in the person of Mr. Jeremy Rowse and it is with great expectations that we all intend to gain from their experiences and skills in their various fields of expertise. Therefore, please join me in welcoming them all to our Leadway.

FUTURE OUTLOOK

The Company is expected to profit tremendously from the Nigerian Content directive of the Federal Government, which makes the insurances of specialized risks with local insurance companies compulsory. The new injection of funds from the International Finance Corporation (IFC) is also expected to boost the Company's underwriting capacity, as well as enhance the Company's international business profile firstly across West Africa, and then to the international reinsurance community.

CONCLUSION

The success of our privileged Company, which has continued to withstand challenging times like the proverbial camel, can only be attributed to the endearing support and patronage of our customers who have placed the Company where it is today. For this, we are sincerely grateful. I should also like to commend our Management and staff for their loyalty and steadfastness in ensuring that we remain true to our customers, which in turn enabled us to achieve the results presented before you today.

I thank you all for your attention.

DIRECTORS	-	Alhaji Hassan Hadejia (Shettiman Hadejia) (Chairman) Mr. Oye Hassan-Odukale, MFR. (MD/CEO) Mr. Olawale Oyeniye Oyedele Mr. Babatunde Hassan-Odukale Alhaji Umar Yahaya Dr. Konyinsola Ajayi (appointed w.e.f. 03/10/06) Dr. A.B.C. Orjiako (appointed w.e.f. 03/10/06) Mrs. Abimbola Oyebanjo (appointed w.e.f. 03/10/06) Mr. Jeremy Rowse (appointed w.e.f. 15/05/07)
SECRETARY	-	Adetola Adegbayi
REGISTERED OFFICE	-	Leadway Assurance House NN 28/29 Constitution Road P.O. Box 458, Kaduna.
CORPORATE OFFICE	-	121\123 Funso Williams Avenue, Iponri, Lagos P.O. Box 6437, Marina, Lagos.
AUDITORS	-	Olaleye & Co. Chartered Accountants 14, Ahmadu Bello Way P.O. Box 2, Kaduna.
CONSULTING ACTUARIES	-	H.R. (Nigeria) Limited P.O. Box 75399 Victoria Island, Lagos.
REINSURERS:		
Local	-	Africa Reinsurance Corporation Nigeria Reinsurance Corporation Continental Reinsurance Plc
International	-	Swiss Re Africa Limited. Munich Mauritius Reinsurance Coy. Limited

The Directors are pleased to submit herewith their report together with the audited Accounts for the year ended 31st of December 2006.

1. PRINCIPAL ACTIVITIES

The Company engages in Life and General Insurance Business.

2. RESULTS

	2006	2005
	N'000	N'000
Gross Premium	5,703,544	4,528,802
Premium Earned	4,124,841	2,439,651
Investment Income	814,476	885,758
Profit Before Tax	625,178	727,478
Taxation	104,683	85,987
Profit after Tax	520,495	641,491

3. DIVIDEND

The Directors recommended an interim dividend of 12.66 Kobo per ordinary share amounting to ₦500,000,000 which has already been distributed. The Board of Directors is now recommending a final dividend of 2.53 Kobo per 50 Kobo share which amounts to ₦100,000,000 bringing the total dividend for year 2006 to ₦600,000,000. The gross dividend is subject to appropriate withholding tax deduction.

4. DIRECTORS

The names of the Directors who served during the year are as shown on page 6 of this report. Dr. Konyinsola Ajayi, Dr. A.B.C. Orjiako and Mrs. Abimbola Oyebanjo were appointed as Directors of the Company on 3rd of October, 2006. While Mr. Jeremy Rowse, the representative of the International Finance Corporation, was appointed as a Director of the Company on 15th of May 2007.

5. FIXED ASSETS

Movements in the fixed assets during the year are as shown in Note 5 to the Accounts. The Directors are of the opinion that the market value of the company's properties is not substantially less than the value shown in the Accounts.

6. DONATIONS

Donations to charitable organizations during the year amounted to ₦3,062,954.

7. EMPLOYMENT AND EMPLOYEES

(a) Average number of persons employed in the financial year was as follows:

GRADE	2006	2005
Management	27	30
Senior Staff	199	194
Junior Staff	90	106
Total	316	330

(b) The Company does not discriminate in considering applications for employment including those from disabled persons. As at 31st of December, 2006 the number of disabled persons employed was 3.

8. AUDITORS

The Auditors, KPMG Professional Services have indicated their willingness to assume office as Auditors. A resolution will be proposed authorizing the Directors to determine their remuneration.

BY ORDER OF THE BOARD

ADETOLA ADEGBAYI
COMPANY SECRETARY
16th MAY 2007

To the Members of Leadway Assurance Company Limited

We have examined the financial statements of Leadway Assurance Company Limited as at 31st December, 2006 set out on pages 11 to 34, which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

Respective Responsibilities of Directors and Auditors

In accordance with the Companies and Allied Matters Act, 1990, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit of those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements, and assessed whether the books of account have been properly kept. We have obtained all the information and explanations which we require for the purpose of the audit.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31st December 2006, and of the profit and cash flows for the year ended on that date, and have been properly prepared in accordance with the Insurance Act 2003, Companies and Allied Matters Act 1990, and relevant statements of accounting standards issued by the Nigerian Accounting Standards Board.




OLALEYE & CO
CHARTERED ACCOUNTANTS

KADUNA, NIGERIA
16 MAY, 2007.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of these financial statements, which are consistent with those of the previous years and modified as appropriate in compliance with the Insurance Act 2003:

1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified by the inclusion of certain properties at their professional valuation.

2 DEPRECIATION

Depreciation on fixed assets is on a straight-line basis at rates calculated to write off the value of the assets concerned 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:

	%
Buildings	2
Office Equipment	15
Generators	20
Computer Equipment & Software	33 $\frac{1}{3}$
Furniture and Fittings	15
Motor Vehicles	25

No depreciation is charged on fixed assets until they are brought into use.

3 PREMIUM INCOME

Premium income and commission are accounted for on cash basis. However, outstanding premiums in respect of which claims provisions have been made are considered in the Accounts.

4 DEBTORS

Debtors are stated after writing off bad debts and deducting provision made for other specific debts considered doubtful of recovery.

5 TECHNICAL RESERVES

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

(a) GENERAL INSURANCE BUSINESS

Reserve for Unexpired Risks

This is calculated on time apportionment basis in respect of the risks accepted during the year, except in the case of Marine and Aviation Business where 50% of Net Premium Income is set aside.

Reserve for Outstanding Claims

This is maintained at the total amount of estimated outstanding claims plus 10% thereof to cover claims incurred but not reported (IBNR) at the balance sheet date.

Contingency Reserve

This is credited with the higher of 3% of total premiums and 20% of the profits.

(b) LIFE BUSINESS**General Reserve Fund**

This is made up of the 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 date.

Contingency Reserve

This is credited with the higher of 1% of gross premiums and 10% of profits.

6. LONG TERM INVESTMENTS**Quoted Investments**

Quoted investments are stated at market value at the balance sheet date, as provided by Section 24(13)(b) of the Insurance Act 2003. The excess of the market value over the cost at the balance sheet date is taken to an 'Equities Price Equalization Reserve Account', while any material diminution in value is written off to operating expenses.

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 provision for the diminution in value thereof is charged against the profit and loss account of the relevant year.

7. INVESTMENT INCOME

Investment income is accounted for on cash basis.

8. RATE OF EXCHANGE

Transactions in foreign currencies are recorded in Naira at the rates ruling on the date of the transactions. Assets and liabilities in foreign currencies are translated to Naira at the rates ruling at the balance sheet date. Gains or losses arising there from are included in the profit and loss account.

9. DEFERRED TAXATION

Provision for deferred tax is made for all significant timing differences arising in the recognition of capital expenditure for accounting and taxation purposes. The provision is calculated at the ruling rate of tax at the balance sheet date.

10. RETIREMENT BENEFIT AND GRATUITY SCHEME

The Company operates a non-contributory retirement benefit scheme for all its employees. The Company also operates a contributory pension scheme for all its employees, in line with the provisions of the Pension Reforms Act 2004.

11. RECOGNITION OF PROPOSED DIVIDENDS

Hitherto, dividends proposed by directors were recognized in the financial statements before the shareholders declared them in the following year. Following the coming into force of SAS23, dividends proposed by directors will henceforth be recognized in the year in which they are declared; but shall be disclosed as a note in the financial statements.

	NOTE	2 0 0 6 N'000	2 0 0 5 N'000
ASSETS			
Bank Balances and Cash		557,769	649,805
Short Term Investments		2,684,002	1,622,287
Debtors and Prepayments	1	815,761	707,450
Deferred Acquisition Expenses	1.3	99,917	108,865
Quoted Equities	2	8,519,561	4,593,668
Unquoted Investments	2	2,492,017	2,014,615
Other Investments	3	774,825	122,119
Statutory Deposit	4	35,000	35,000
Fixed Assets	5	<u>507,715</u>	<u>434,426</u>
TOTAL ASSETS		<u>16,486,566</u>	<u>10,288,236</u>
LIABILITIES			
Amount Falling Due Within One Year	6	1,394,725	683,182
Liability For Administered Deposits	7	3,160,041	2,603,285
Insurance Funds	8.1	1,867,650	1,565,506
Life Funds	8.2	<u>640,046</u>	<u>580,312</u>
		<u>7,062,462</u>	<u>5,432,285</u>
Shareholders' Funds:			
Authorized Share Capital		<u>4,000,000</u>	<u>2,000,000</u>
Paid Up Share Capital	9	1,975,409	975,409
Share Premium Account	10	220,500	236,108
Statutory Contingency Reserve	11	562,472	446,161
Other Reserves	12	1,533,432	1,389,832
Equities Price Equalisation Reserve	13	<u>5,132,290</u>	<u>1,808,441</u>
		<u>9,424,104</u>	<u>4,855,951</u>
TOTAL LIABILITIES		<u>16,486,566</u>	<u>10,288,236</u>

The financial statements on pages 11 to 34 were approved by the Board of Directors on 15th May, 2007 and authorised to be signed by:

Alhaji Hassan Hadejia
 Mr. Oye Hassan-Odukale } Directors

The accounting policies on pages 9 to 10 and the Notes on pages 20 to 32 form part of these Accounts.

	NOTE	2 0 0 6 N'000	2 0 0 5 N'000
GROSS PREMIUM INCOME	18	<u>5,703,544</u>	<u>4,528,803</u>
PREMIUM EARNED	14	4,124,841	2,439,651
Commissions Received		<u>199,293</u>	<u>153,470</u>
		<u>4,324,134</u>	<u>2,593,121</u>
LESS:			
Claims Incurred		1,768,748	938,478
Underwriting Expenses		<u>1,296,162</u>	<u>842,401</u>
		<u>3,064,910</u>	<u>1,780,879</u>
UNDERWRITING PROFITS	14	1,259,224	812,243
Investment Income - (Net)		814,476	885,758
Shareholders' Portion of Life Fund Surplus		-	-
		<u>2,073,700</u>	<u>1,698,000</u>
DEDUCT:			
Expenses of Management		1,446,120	962,830
Provision For Bad and Doubtful Debts		<u>2,402</u>	<u>7,692</u>
		<u>1,448,522</u>	<u>970,522</u>
PROFIT BEFORE TAX	15	625,178	727,478
Taxation	16	<u>104,683</u>	<u>85,987</u>
PROFIT AFTER TAX		520,495	641,491
Extraordinary Item	20	1,341,628	828,091
Statutory Contingency Reserve		(116,311)	(87,976)
Reserve For Bonus Issue	11	-	(975,409)
Dividends Declared	22	<u>(626,803)</u>	<u>(125,000)</u>
RETAINED PROFITS CARRIED FORWARD		<u>1,119,009</u>	<u>281,197</u>
Earnings Per Share (Actual)		<u>13.17k</u>	<u>32.88k</u>
Declared Dividend Per Share (Actual)		<u>15.86k</u>	<u>6.41k</u>
Earnings Per Share (2004 Adjusted)		<u>13.17k</u>	<u>16.24k</u>
Dividend Per Share (2004 Adjusted)		<u>15.56k</u>	<u>3.16k</u>

NOTE: Dividend declared has been restated for 2005 to account for the retrospective adoption of SAS23.

The accounting policies on pages 9 to 10 and the Notes on pages 20 to 32 form part of these Accounts.

	NOTE	2 0 0 6 N'000	2 0 0 5 N'000
ASSETS			
Bank Balances and Cash		357,145	604,056
Short Term Investments		1,295,902	472,751
Debtors and Prepayments	1.1	479,874	445,172
Deferred Acquisition Expenses	1.3	99,917	108,865
Quoted Equities	2.1	5,635,267	3,216,828
Unquoted Investments	2.1	963,321	962,064
Other Investments	3.1	736,077	58,124
Statutory Deposit	4	20,000	20,000
Fixed Assets	5.1	<u>450,360</u>	<u>394,396</u>
TOTAL ASSETS		<u>10,037,864</u>	<u>6,282,256</u>
LIABILITIES			
Amount Falling Due Within One Year	6.1	1,279,934	619,461
Insurance Funds	8.1	<u>1,867,650</u>	<u>1,565,506</u>
		<u>3,147,584</u>	<u>2,184,967</u>
Shareholders' Funds:			
Authorized Share Capital		<u>3,000,000</u>	<u>1,500,000</u>
Share Capital	9	1,331,027	825,409
Share Premium Account	10	220,500	236,108
Statutory Contingency Reserve	11.1	539,319	432,863
Other Reserves	12.1	1,391,371	1,336,474
Equities Price Equalisation Reserve	13.1	<u>3,408,063</u>	<u>1,266,436</u>
		<u>6,890,279</u>	<u>4,097,289</u>
TOTAL LIABILITIES		<u>10,037,864</u>	<u>6,282,256</u>

The accounting policies on pages 9 to 10 and the Notes on pages 20 to 32 form part of these Accounts.

General Business Profit and Loss Account

FOR THE YEAR ENDED
31st December, 2006

	NOTE	2 0 0 6 N'000	2 0 0 5 N'000
GROSS PREMIUM INCOME	18	<u>4,184,278</u>	<u>3,214,449</u>
PREMIUM EARNED	14	3,519,170	2,475,812
Commissions Received		<u>173,522</u>	<u>132,965</u>
		<u>3,692,693</u>	<u>2,608,776</u>
LESS:			
Claims Incurred		1,515,016	817,080
Underwriting Expenses		<u>1,131,777</u>	<u>760,031</u>
		<u>2,646,793</u>	<u>1,577,111</u>
UNDERWRITING PROFITS	14	1,045,899	1,031,665
Investment Income - (Net)		<u>396,520</u>	<u>290,740</u>
		<u>1,442,420</u>	<u>1,322,405</u>
DEDUCT:			
Expenses of Management		913,399	646,458
Provision For Bad and Doubtful Debts		<u>2,402</u>	<u>7,692</u>
		<u>915,800</u>	<u>654,150</u>
PROFIT BEFORE TAX	15	526,619	668,256
Taxation	16	<u>(104,683)</u>	<u>(85,987)</u>
PROFIT AFTER TAX		421,936	582,269
Extraordinary Item	20	1,341,628	828,091
Statutory Contingency Reserve		(106,456)	(82,054)
Reserve For Bonus Issue		-	(975,409)
Dividends Declared	22	<u>(626,803)</u>	<u>(125,000)</u>
RETAINED PROFITS CARRIED FORWARD		<u>1,030,305</u>	<u>227,897</u>

The accounting policies on pages 9 to 10 and the Notes on pages 20 to 32 form part of these Accounts.

Revenue Accounts

FOR THE YEAR ENDED
31st December, 2006

15

	MOTOR N'000	FIRE N'000	GEN. ACC. N'000	MARINE N'000	W/M COMP N'000	BOND N'000	ENGIN'RNG N'000	OIL & GAS N'000	TOTAL N'000	2 0 0 5 N'000
INCOME										
Direct Premiums	1,409,684	812,645	856,815	423,445	58,668	145,143	238,573	238,416	4,183,390	3,213,457
Inward Reinsurance Premiums	<u>889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889</u>	<u>993</u>
Gross Written Premiums (Note 18)	1,410,573	812,645	856,815	423,445	58,668	145,143	238,573	238,416	4,184,278	3,214,449
Deduct:										
Outward Reinsurance Premiums	<u>50,506</u>	<u>263,966</u>	<u>109,780</u>	<u>56,542</u>	<u>22,083</u>	<u>29,318</u>	<u>53,535</u>	<u>50,030</u>	<u>635,761</u>	<u>503,315</u>
Net Written Premiums	1,360,067	548,679	747,034	366,903	36,584	115,825	185,038	188,386	3,548,517	2,711,134
Increase/(Decrease) in										
Unexpired Risks Provision	<u>49,897</u>	<u>(20,945)</u>	<u>(11,990)</u>	<u>5,356</u>	<u>(2,064)</u>	<u>11,137</u>	<u>(2,043)</u>	<u>-</u>	<u>29,347</u>	<u>235,322</u>
Premiums Earned	1,310,170	569,624	759,025	361,548	38,648	104,688	187,081	188,386	3,519,170	2,475,812
Commissions Received	<u>21,292</u>	<u>76,084</u>	<u>24,303</u>	<u>18,466</u>	<u>8,257</u>	<u>9,849</u>	<u>15,272</u>	<u>-</u>	<u>173,522</u>	<u>132,965</u>
	<u>1,331,463</u>	<u>645,708</u>	<u>783,327</u>	<u>380,013</u>	<u>46,905</u>	<u>114,537</u>	<u>202,353</u>	<u>188,386</u>	<u>3,692,693</u>	<u>2,608,776</u>
EXPENSES										
Direct Claims Paid	622,808	254,787	291,055	133,747	34,543	29,027	70,522	15,611	1,452,099	1,011,425
Inward Reinsurance Claims Paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross Claims Paid	622,808	254,787	291,055	133,747	34,543	29,027	70,522	15,611	1,452,099	1,011,425
Deduct Reinsurance Claims Recoveries	<u>35,635</u>	<u>72,056</u>	<u>6,050</u>	<u>34,637</u>	<u>12,018</u>	<u>7,072</u>	<u>42,412</u>	<u>-</u>	<u>209,880</u>	<u>183,374</u>
Net Claims Paid	587,173	182,732	285,005	99,110	22,525	21,955	28,109	15,611	1,242,220	828,051
Increase/(Decrease) in										
Outstanding Claims Provision	<u>32,906</u>	<u>117,324</u>	<u>41,146</u>	<u>16,697</u>	<u>(13,461)</u>	<u>3,774</u>	<u>74,411</u>	<u>-</u>	<u>272,797</u>	<u>(10,970)</u>
Claims Incurred	620,079	300,056	326,150	115,807	9,064	25,729	102,520	15,611	1,515,017	817,080
Add Underwriting Expenses:										
Acquisition Expenses	329,345	225,234	239,645	116,531	17,743	59,071	56,701	28,501	1,072,771	722,644
Maintenance Expenses	<u>19,912</u>	<u>11,443</u>	<u>12,082</u>	<u>5,972</u>	<u>826</u>	<u>2,046</u>	<u>3,363</u>	<u>3,363</u>	<u>59,006</u>	<u>37,387</u>
TOTAL EXPENSES	<u>969,336</u>	<u>536,733</u>	<u>577,878</u>	<u>238,309</u>	<u>27,633</u>	<u>86,847</u>	<u>162,583</u>	<u>47,475</u>	<u>2,646,793</u>	<u>1,577,111</u>
Underwriting Profit Transferred To Profit and Loss Account	<u>362,127</u>	<u>108,975</u>	<u>205,450</u>	<u>141,704</u>	<u>19,272</u>	<u>27,690</u>	<u>39,770</u>	<u>140,911</u>	<u>1,045,899</u>	<u>1,031,665</u>

The accounting policies on pages 9 to 10 and the Notes on pages 20 to 32 form part of these Accounts.

	NOTE	2006 N'000	2005 N'000
ASSETS			
Cash and Bank Balances		200,624	45,749
Short Term Investments		1,388,099	1,149,536
Debtors and Prepayments	1.2	335,887	262,278
Quoted Equities	2.2	2,884,293	1,376,840
Unquoted Investments	2.2	1,528,696	1,052,551
Other Investments	3.2	38,748	63,995
Statutory Deposit	4	15,000	15,000
Fixed Assets	5.2	57,355	40,030
TOTAL ASSETS		<u>6,448,702</u>	<u>4,005,980</u>
LIABILITIES			
Creditors and Accruals	6.2	114,791	63,721
Outstanding Claims	8.2	90,233	39,241
Liability For Administered Deposits	7	3,160,041	2,603,285
Life Business Funds	8.2	549,813	541,071
		<u>3,914,878</u>	<u>3,247,318</u>
SHAREHOLDERS' FUNDS			
Authorized Share Capital	9	<u>1,000,000</u>	<u>500,000</u>
Share Capital	9	644,382	150,000
Statutory Contingency Reserve	11.2	23,154	13,298
Other Reserves	12.2	142,061	53,358
Equities Price Equalisation Reserve	13.2	1,724,228	542,006
		<u>2,533,825</u>	<u>758,662</u>
TOTAL LIABILITIES		<u>6,448,702</u>	<u>4,005,980</u>

The accounting policies on pages 9 to 10 and the Notes on pages 20 to 32 form part of these Accounts.

INCOME	NOTE	2006 N'000	2005 N'000
Gross Premium Written	19	<u>702,478</u>	<u>348,030</u>
Premiums Written (Net)		614,412	278,711
Commissions Received		<u>25,771</u>	<u>20,505</u>
		<u>640,183</u>	<u>299,216</u>
OUTGO			
Claims incurred		253,695	121,291
Surrenders		36	106
Acquisition Expenses		108,876	57,555
Maintenance Expenses		55,510	24,815
Increase in Life Business Funds		<u>8,741</u>	<u>314,872</u>
		<u>426,858</u>	<u>518,639</u>
Underwriting Profits/Loss		213,325	(219,423)
Investment Income (Net)		<u>417,955</u>	<u>595,017</u>
		<u>631,280</u>	<u>375,595</u>
DEDUCT:			
Expenses of Management		145,353	10,286
Interest on Deposit		387,368	250,087
Provision for Bad and Doubtful Debts		<u>-</u>	<u>-</u>
		<u>532,721</u>	<u>316,372</u>
Profits Before Tax		98,559	59,223
Taxation		<u>-</u>	<u>-</u>
Profits After Tax		<u>98,559</u>	<u>59,223</u>
Transfer to Contingency Reserve		<u>9,856</u>	<u>5,922</u>
Balance Transferred to General Reserve Account		<u>88,703</u>	<u>53,301</u>

The accounting policies on pages 9 to 10 and Notes on pages 20 to 32 form part of these Accounts.

Life Revenue Account

FOR THE YEAR ENDED
31st December, 2006

	NOTE	2 0 0 6		2 0 0 5	
		INDIVIDUAL LIFE N	GROUP LIFE N	TOTAL N	N
INCOME					
Direct Premiums		136,776	565,702	702,478	348,030
Inward Reinsurance Premiums		-	-	-	-
Gross Written Premiums	18	136,776	565,702	702,478	348,030
Deduct:					
Reinsurance Outwards		11,512	76,554	88,066	69,319
Net Written Premiums		125,264	489,148	614,412	278,711
Commissions Received		743	25,028	25,771	20,505
		<u>126,007</u>	<u>514,176</u>	<u>640,183</u>	<u>299,216</u>
OUTGO:					
Direct Claims Paid		15,185	224,409	239,594	81,419
Reinsurance Claims Paid		-	-	-	-
Withdrawals		1,656	-	1,656	5,271
Gross Claims Paid		16,841	224,409	241,250	86,690
Deduct:					
Reinsurance Claims Recoveries		2,708	36,815	39,524	3,663
Net Claims Paid		14,132	187,594	201,726	83,027
Provision for Outstanding Claims		503	51,466	51,969	38,264
Claims Incurred		14,636	239,060	253,695	121,291
Surrenders		36	-	36	106
Acquisition Expenses		21,358	87,518	108,876	57,555
Maintenance Expenses		10,820	44,690	55,510	24,815
Transfer to Life Funds		37,622	28,881	8,741	314,872
		<u>84,472</u>	<u>342,386</u>	<u>426,858</u>	<u>518,639</u>
Underwriting Profits Transferred to Profit and Loss Account		<u>41,535</u>	<u>171,789</u>	<u>213,325</u>	<u>219,423</u>

The accounting policies on pages 9 to 10 and the Notes on pages 20 to 32 form part of these Accounts.

Statement of Cash Flows

FOR THE YEAR ENDED
31st December, 2006

19

	2 0 0 6 N'000	N'000	2 0 0 5 N'000	N'000
Cash flow from operating activities				
Premium Received From Policy Holders	5,703,544		4,528,802	
Reinsurance Claims Recoveries	249,403		187,038	
Commissions Received	199,293		153,470	
Cash Paid To And On Behalf Of Employees	(500,086)		(375,692)	
Reinsurance Premiums Paid	(723,827)		(572,634)	
Claims Paid	(2,299,483)		(1,549,367)	
Commissions Paid	(845,230)		(636,829)	
Companies Income Tax Paid	(39,793)		(52,401)	
Other Operating Cash Payments	(725,323)		(719,401)	
Net Cash Provided By Operating Activities		1,018,498		962,986
Cash Flows From Investing Activities				
Purchase of Fixed Assets	(189,784)		(132,888)	
Sale of Fixed Assets	3,371		5,276	
Purchase of Liquid Investments	(960,351)		(1,967,965)	
Sale of Liquid Investments	2,487,066		2,346,121	
Sale of Other Investments	24,502		20,823	
Purchase of Other Investments	(1,858,578)		(481,345)	
Dividends Received	164,328		192,850	
Rent Received	40,140		19,337	
Interest Received	531,478		163,737	
Net Cash Provided By Investing Activities		242,174		165,946
Cash Flows From Financing Activities				
Interest Paid	-		(50,623)	
Issue of Ordinary Shares	8,983		450,817	
Dividends Paid	(191,152)		(125,000)	
Loans Received	4,710		20,700	
Repayment of Loans	(113,536)		(300,000)	
Net Cash Provided By Financing Activities		(290,994)		(4,106)
Net Increase In Cash And Cash Equivalents		969,678		1,124,826
Cash and cash equivalents at the beginning of the year (Note 19)		<u>2,307,093</u>		<u>1,182,266</u>
Cash and cash equivalents at the end of the year (Note 19)		<u>3,276,771</u>		<u>2,307,093</u>

The accounting policies on pages 9 to 10 and the Notes on pages 20 to 32 form part of these Accounts.

NOTE	2006 N'000	2005 N'000
1 DEBTORS AND PREPAYMENTS THE COMPANY		
Outstanding Premiums	403,755	384,605
Due From Policy Holders	67,843	40,812
Agency Loans	7,030	5,103
Staff Loans	23,455	17,910
Other Debtors	<u>305,198</u>	<u>239,575</u>
	807,282	688,005
Less Provision For Bad Debts	<u>10,094</u>	<u>7,692</u>
	797,188	680,313
Prepaid Rent	<u>18,573</u>	<u>27,136</u>
	<u>815,761</u>	<u>707,449</u>
1.1 GENERAL BUSINESS		
Outstanding Premiums	403,755	384,605
Staff Loans	21,391	16,031
Other Debtors	<u>46,249</u>	<u>25,092</u>
	471,395	425,728
Less Provision For Bad Debts	<u>10,094</u>	<u>7,692</u>
	461,301	418,036
Prepayment	<u>18,573</u>	<u>27,136</u>
	<u>479,874</u>	<u>445,172</u>
1.2 LIFE BUSINESS		
Outstanding Premiums	-	-
Due From Policy Holders	67,843	40,812
Agency Loans	7,030	5,103
Staff Loans	2,064	1,879
Other Debtors	<u>258,949</u>	<u>214,483</u>
	335,887	262,277
Less Provision For Bad Debts	<u>-</u>	<u>-</u>
	<u>335,887</u>	<u>262,277</u>
1.3 DEFERRED ACQUISITION EXPENSES		
Commissions on Unearned Premiums	99,917	108,865

2 LONG TERM INVESTMENTS

	2006 Market Value N'000	2006 Cost N'000	2005 Market Value N'000	2005 Cost N'000
THE COMPANY				
(a) QUOTED				
Government Bonds	190,000	190,000	60,000	60,000
Ordinary Shares	8,327,496	3,227,443	4,521,597	2,742,142
Debenture Stock	2,065	2,310	12,071	12,310
	<u>8,519,561</u>	<u>3,419,753</u>	<u>4,593,668</u>	<u>2,814,451</u>
Excess of Market Value on Cost	-	5,099,808	-	1,779,217
	<u>8,519,561</u>	<u>8,519,561</u>	<u>4,593,668</u>	<u>4,593,668</u>
(b) UNQUOTED				
Ordinary Shares		1,555,408		1,631,603
Real Estate		936,609		383,012
		<u>2,492,017</u>		<u>2,014,615</u>
TOTAL		<u>11,011,577</u>		<u>6,608,283</u>
2.1 GENERAL BUSINESS				
(a) QUOTED				
Government Bonds	120,000	120,000	30,000	30,000
Ordinary Shares	5,513,958	2,131,943	3,175,518	1,928,633
Debenture Stock	1,310	1,310	11,310	11,310
	<u>5,635,267</u>	<u>2,253,253</u>	<u>3,216,828</u>	<u>1,969,942</u>
Excess of Market Value on Cost	-	3,382,015	-	1,246,886
	<u>5,635,267</u>	<u>5,635,267</u>	<u>3,216,828</u>	<u>3,216,828</u>
(b) UNQUOTED				
Ordinary Shares		565,399		899,186
Real Estate		397,922		62,878
		<u>963,321</u>		<u>962,064</u>
		<u>6,598,589</u>		<u>4,178,892</u>

NOTE	2 0 0 6		2 0 0 5	
	Market Value N'000	Cost N'000	Market Value N'000	Cost N'000
2 LONG TERM INVESTMENTS				
2.2 LIFE FUNDS INVESTMENTS				
(a) QUOTED				
Government Bonds	70,000	70,000	30,000	30,000
Ordinary Shares	2,813,538	1,095,500	1,346,079	813,509
Debenture Stock	755	1,000	761	1,000
	<u>2,884,293</u>	<u>1,166,500</u>	<u>1,376,840</u>	<u>844,509</u>
Excess of Market Value on Cost	-	1,717,793	-	532,331
	<u>2,884,293</u>	<u>2,884,293</u>	<u>1,376,840</u>	<u>1,376,840</u>
(b) UNQUOTED				
Ordinary Shares		990,009		732,417
Real Estate		538,687		320,135
		<u>1,528,696</u>		<u>1,052,551</u>
TOTAL		<u>4,412,989</u>		<u>2,429,391</u>
NOTE	As stated in accounting policy 6, quoted investments are stated at market value at the balance sheet date. The excess of market value over cost has been taken to 'Equities Price Equalization Reserve'.			
3 OTHER INVESTMENTS THE COMPANY				
Mortgage Loans		39,219		41,493
Other Loans		735,606		80,627
		<u>774,825</u>		<u>122,119</u>
3.1 GENERAL BUSINESS				
Mortgage Loans		36,370		36,982
Other Loans		699,707		21,142
		<u>736,077</u>		<u>58,124</u>
3.2 LIFE BUSINESS				
Mortgage Loans		2,849		4,510
Other Loans		35,899		59,485
		<u>38,748</u>		<u>63,995</u>
4 STATUTORY DEPOSITS				
General Business		20,000		20,000
Life Business		15,000		15,000
		<u>35,000</u>		<u>35,000</u>

These represent amounts deposited with the Central Bank of Nigeria in accordance with the provisions of the Insurance Act 2003.

5 FIXED ASSETS

	Land and Buildings	Office Equipment & Generators	Computer Equipment	Furniture & Fittings	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000
THE COMPANY COST/VALUATION						
Balance as at 01/01/2006	306,865	110,027	194,606	90,933	259,723	962,154
Additions	5,974	36,742	56,080	28,783	45,434	173,013
Work In Progress	16,771	-	-	-	-	16,771
Disposals	-	660	6,526	-	10,667	17,853
Balance as at 31/12/2006	329,610	146,109	244,159	119,716	294,490	1,134,085
DEPRECIATION						
Balance as at 01/01/2006	39,126	80,290	162,613	64,741	180,957	527,728
Charge For The Year	4,430	14,789	37,961	11,320	46,939	115,439
On Disposals	-	495	6,526	-	9,777	16,797
Balance as at 31/12/2006	43,556	94,584	194,049	76,060	218,120	626,370
NET BOOK VALUE						
31st December, 2006	286,054	51,525	50,111	43,656	76,370	507,715
31st December, 2005	267,739	29,736	31,993	26,192	78,766	434,426

NOTE

5 FIXED ASSETS

	Land and Buildings	Office Equipment & Generators	Computer Equipment	Furniture & Fittings	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000
5.1 GENERAL BUSINESS COST/ VALUATION						
Balance as at 01/01/2006	282,299	94,480	173,669	76,065	228,602	855,115
Additions	5,974	24,039	49,666	20,413	39,899	139,991
Work In Progress	16,771	-	-	-	-	16,771
Disposals	-	660	6,526	-	10,277	17,463
Balance as at 31/12/2006	305,044	117,859	216,809	96,477	258,224	994,414
DEPRECIATION						
Balance as at 01/01/2006	35,389	70,804	142,275	55,329	156,922	460,719
Charge For The Year	3,939	10,436	35,380	7,938	42,049	99,741
On Disposals	-	495	6,526	-	9,387	16,407
Balance as at 31/12/2006	39,328	80,746	171,129	63,267	189,584	544,053
NET BOOK VALUE						
31st December, 2006	265,715	37,113	45,681	33,211	68,640	450,360
31st December, 2005	246,909	23,676	31,395	20,736	71,680	394,396
5.2 LIFE BUSINESS COST/ VALUATION						
Balance as at 01/01/2006	24,566	15,547	20,937	14,868	31,121	107,039
Additions	0	12,704	6,413	8,371	5,535	33,022
Disposals	-	-	-	-	390	390
Balance as at 31/12/2006	24,566	28,250	27,350	23,239	36,266	139,671
DEPRECIATION						
Balance as at 01/01/2006	3,737	9,486	20,338	9,412	24,036	67,008
Charge For The Year	491	4,353	2,582	3,381	4,891	15,696
On Disposals	-	-	-	-	390	390
Balance as at 31/12/2006	4,227	13,838	22,920	12,793	28,536	82,316
NET BOOK VALUE						
31st December, 2006	20,339	14,412	4,430	10,445	7,730	57,355
31st December, 2005	20,830	6,061	598	5,456	7,086	40,030

The Company's fixed assets were revalued on 31st December, 1987 by Messrs Jde Taiwo & Co. The surplus arising from the revaluation has been credited to a fixed assets revaluation account as capital reserve. Subsequent additions are stated at cost. The balance of revaluation surplus account in respect of items disposed are being transferred to income as provided by SAS3.

	2006 N	2005 N
6 CREDITORS AND ACCRUALS		
THE COMPANY		
Amount Falling Due Within One Year:		
Creditors	1,233,270	586,617
Taxation (Note 16)	161,455	96,565
Proposed Dividends (Note 22)	-	-
	<u>1,394,725</u>	<u>683,182</u>
6.1 GENERAL BUSINESS		
Amount Falling Due Within One Year:		
Creditors	1,118,480	522,896
Taxation (Note 16a)	161,455	96,565
Proposed Dividends (Note 22)	-	-
	<u>1,279,934</u>	<u>619,461</u>
6.2 LIFE BUSINESS		
Amount Due To Reinsurers	26,841	7,298
Premium Deposits	53,707	34,748
Taxation (Note 16b)	-	-
Other Creditors	34,243	21,675
	<u>114,791</u>	<u>63,721</u>

	2 0 0 6	2 0 0 5
	N'000	N'000
NOTE LIABILITY FOR ADMINISTERED DEPOSITS		
7 Balance at 1st January	2,603,285	1,886,647
Outstanding Claims	977	-
Deposits Received	823,737	966,324
Guaranteed Interest	<u>387,368</u>	<u>250,087</u>
	3,815,366	3,103,057
Less Withdrawals	<u>655,325</u>	<u>499,772</u>
Balance at 31st December	<u>3,160,041</u>	<u>2,603,285</u>
 MANAGED FUNDS		
7.1 Following the enactment of the Pension Reforms Act 2004 by the National Assembly, the private funds under third party custodial arrangements hitherto managed by the Company were withdrawn in December 2006.		
 INSURANCE FUNDS		
8 GENERAL BUSINESS		
8.1 Reserve For Unexpired Risks		
(a) Motor	332,105	282,208
Fire	150,828	171,773
General Accident	70,204	82,194
Marine and Aviation	183,452	178,096
Workmen's Compensation	11,830	13,894
Bond	51,037	39,901
Engineering	42,900	44,943
Oil & Gas	<u>-</u>	<u>-</u>
	<u>842,356</u>	<u>813,009</u>
 Provision For Outstanding Claims		
(b) Motor	240,759	207,854
Fire	274,645	157,321
General Accident	247,907	206,761
Marine and Aviation	139,186	122,489
Workmen's Compensation	9,073	22,534
Bond	7,669	3,895
Engineering	<u>106,054</u>	<u>31,644</u>
Oil & Gas	<u>-</u>	<u>-</u>
	<u>1,025,294</u>	<u>752,497</u>
 Total Insurance Funds	<u>1,867,650</u>	<u>1,565,506</u>

8.2	LIFE BUSINESS	2 0 0 6	2 0 0 6
(A)	Life Funds	N'000	N'000
	Ordinary Life Funds	284,609	246,987
	Group Life Funds	<u>265,204</u>	<u>294,085</u>
		<u>549,813</u>	<u>541,071</u>
(b)	Provision For Outstanding Claims		
	Ordinary Life	625	122
	Group Life	89,608	38,142
	Deposit Administration Scheme	-	977
		<u>90,233</u>	<u>39,241</u>
	Total Life Funds	<u>640,046</u>	<u>580,312</u>
(9)	SHARE CAPITAL		
	Authorised		
	Ordinary Shares of 50k each:		
	General Business	3,000,000	1,500,000
	Life Business	<u>1,000,000</u>	<u>500,000</u>
		<u>4,000,000</u>	<u>2,000,000</u>
	Issued		
	General Business	1,500,000	850,000
	Life Business	<u>750,000</u>	<u>150,000</u>
		<u>2,250,000</u>	<u>1,000,000</u>
	Issued and Fully Paid:		
	General Business	1,331,027	825,409
	Life Business	<u>644,382</u>	<u>150,000</u>
		<u>1,975,409</u>	<u>975,409</u>

The authorized share capital was increased from N2,000,000,000 to N4,000,000,000 by an ordinary resolution of the Board at its meeting of 19th June, 2006. The increase was registered by the Corporate Affairs Commission on 18th July, 2006. The capitalization of the reserve for bonus issue at the beginning of the year together with the proceeds of the rights issue during the year increased the paid up capital from N975,408,552 to N1,975,408,785 at the end of the year.

NOTE				2 0 0 6	2 0 0 5	
				N'000	N'000	
10	SHARE PREMIUM ACCOUNT					
	Balance as at 01.01.2006			236,108	10,699	
	Additions during the year			<u>24,592</u>	<u>225,409</u>	
				260,700	236,108	
	Less Share Capital Increase Expenses			<u>40,200</u>	<u>-</u>	
	Balance as at 31.12.2006			220,500	236,108	
11	STATUTORY CONTINGENCY RESERVE					
11.1	GENERAL BUSINESS					
	Balance as at 1st January			432,863	350,809	
	Transfer from General Reserve			<u>106,456</u>	<u>82,054</u>	
	Balance as at 31st December			539,319	432,863	
11.2	LIFE BUSINESS					
	Balance as at 1st January			13,298	7,375	
	Transfer from Revenue Account			<u>9,856</u>	<u>5,922</u>	
	Balance as at 31st December			23,154	13,298	
	Total Statutory Contingency Reserve			562,472	446,161	
12	OTHER RESERVES - (COMPANY)					
		Assets	Bonus	Revenue	2 0 0 6	2 0 0 5
		Revaluation	Issue		Total	Total
		N'000	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	3,278	975,409	411,146	1,389,832	383,227
	Transfer from Profit and Loss Account	-	-	1,119,009	1,119,009	1,256,606
	Reserve for Bonus Issue Capitalized	<u>-</u>	<u>(975,409)</u>	<u>-</u>	<u>(975,409)</u>	<u>(250,000)</u>
	Balance at the end of the year	3,278	-	1,530,155	1,533,432	1,389,832
12.1	OTHER RESERVES - (GEN. BUSINESS)					
	Balance at the beginning of the year	3,219	975,409	357,846	1,336,474	383,168
	Transfer from Profit and Loss Account	-	-	1,030,306	1,030,306	1,203,305
	Reserve for Bonus Issue Capitalized	<u>-</u>	<u>(975,409)</u>	<u>-</u>	<u>(975,409)</u>	<u>(250,000)</u>
	Balance at the end of the year	3,219	-	1,388,015	1,391,371	1,336,474
12.2	OTHER RESERVES - (LIFE)					
	Balance at the beginning of the year	58	-	53,300	53,358	58
	Transfer from Profit and Loss Account	-	-	88,703	88,703	53,300
	Reserve for Bonus Issue Capitalized	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Balance at the end of the year	58	-	142,003	142,061	53,358
12.3	Revenue Reserve as at 31 December 2005 has been restated to reflect the retrospective adoption of the requirements of SAS 23.					

	2 0 0 6 N'000	2 0 0 5 N'000
13 EQUITIES PRICE EQUALISATION RESERVE		
Excess of Market Value on Cost	5,099,808	1,779,217
Provision For Diminution in Market Value	<u>32,483</u>	<u>29,225</u>
	<u>5,132,291</u>	<u>1,808,441</u>
13.1 GENERAL BUSINESS		
Excess of Market Value on Cost	3,382,015	1,246,886
Provision For Diminution in Market Value	<u>26,048</u>	<u>19,550</u>
	<u>3,408,063</u>	<u>1,266,436</u>
13.2 LIFE BUSINESS		
Excess of Market Value on Cost	1,717,793	532,331
Provision For Diminution in Market Value	<u>6,435</u>	<u>9,675</u>
	<u>1,724,228</u>	<u>542,006</u>

NOTE
14 PREMIUM EARNED AND UNDERWRITING PROFITS

	2 0 0 6		2 0 0 5	
	PREMIUM EARNED N'000	UNDER- WRITING PROFITS N'000	PREMIUM EARNED N'000	UNDER- WRITING PROFITS N'000
General Business				
Motor	1,310,170	362,127	1,060,724	347,817
Fire	569,624	108,975	336,178	81,962
General Accident	759,025	205,450	497,361	260,701
Marine and Aviation	361,548	141,704	308,785	86,279
Workmen's Compensation	38,648	19,272	23,871	6,106
Bond	104,688	27,690	123,744	150,793
Engineering	187,081	39,770	125,149	98,007
Oil and Gas	<u>188,386</u>	<u>140,911</u>	-	-
	<u>3,519,170</u>	<u>1,045,899</u>	<u>2,475,812</u>	<u>1,031,665</u>
Life Business				
Individual Life	125,264	41,535	(33,795)	(80,296)
Group Business	<u>489,148</u>	<u>171,789</u>	<u>(2,365)</u>	<u>(139,127)</u>
	<u>614,412</u>	<u>213,325</u>	<u>(36,161)</u>	<u>(219,422)</u>
	<u>4,133,582</u>	<u>1,259,224</u>	<u>2,439,651</u>	<u>812,243</u>

NOTE	2 0 0 6 N'000	2 0 0 5 N'000
15 PROFIT BEFORE TAX		
Profit Before Tax is stated After Charging:		
Depreciation	99,742	81,536
Auditors' Remuneration	5,000	3,000
Directors' Remuneration And Crediting:	<u>48,142</u>	<u>35,460</u>
Investment Income	<u>814,476</u>	<u>635,671</u>
16 TAXATION		
Income Tax based on profits for the year	48,387	44,510
Education Tax based on profits for the year	<u>3,772</u>	<u>5,203</u>
	<u>52,159</u>	<u>49,712</u>
Deferred Taxation (Note 17)	<u>52,525</u>	<u>36,275</u>
Balance Per Profit and Loss Account	<u>104,683</u>	<u>85,987</u>
Balance as at 1st January	96,565	62,979
Payments during the year	<u>(39,793)</u>	<u>(52,401)</u>
Balance Per Balance Sheet	<u>161,455</u>	<u>96,565</u>
17 DEFERRED TAXATION		
Charge For The Year	<u>52,525</u>	<u>36,275</u>
Provision for Deferred Taxation is based on the difference between the Net Book Value of the qualifying fixed assets and their Tax Written Down Values.		
18 GROSS PREMIUM WRITTEN		
General Business		
Motor	1,410,573	1,180,309
Fire	812,645	684,110
General Accident	856,815	563,287
Marine and Aviation	423,445	402,519
Workmen's Compensation	58,668	33,438
Bond	145,143	161,207
Engineering	238,573	189,580
Oil and Gas	<u>238,416</u>	<u>-</u>
	<u>4,184,278</u>	<u>3,214,449</u>
Life Business		
Ordinary Life	136,776	133,278
Group Life	565,702	214,752
Deposit Administration	<u>816,788</u>	<u>966,324</u>
	<u>1,519,266</u>	<u>1,314,353</u>
Total	<u>5,703,544</u>	<u>4,528,803</u>

NOTE	2 0 0 6	2 0 0 5
	N'000	N'000
19 CASH AND CASH EQUIVALENTS		
The Cash and Cash Equivalents included in the Cash Flow Statement are made up of:		
Cash at bank and in hand	557,769	649,805
Cash on deposit	<u>2,719,002</u>	<u>1,657,287</u>
	<u>3,276,771</u>	<u>2,307,092</u>
20 EXTRA-ORDINARY ITEM		
Profit on Sale of Unquoted Equities	<u>1,341,628</u>	<u>828,091</u>
21 ACTUARIAL VALUATION		
The latest available actuarial valuation of the life funds was at 31st December, 2006. The book value of the life funds as at that date exceeded its net actuarial liabilities by 132,465		
22 DIVIDEND DECLARED		
Dividend declare during the year	<u>626,803</u>	<u>125,000</u>
a Proposed Dividends as at 31 December 2005 has been restated to reflect the retrospective adoption of the requirements of SAS23.		
b Dividend declared during the year represents the interim dividend declared and paid during the year plus the dividend proposed for the preceding year but declared and paid during the current year.		
c A final dividend of 2.53k per share as at 31st December, 2006, amounting to ₦100,000,000 was recommended by the directors at its meeting of 15th May, 2007. In compliance with SAS23, the proposed dividend will be reflected in the 2007 financial statements after the shareholders might have ratified it at the 2007 Annual General Meeting.		
23 CHAIRMAN'S AND OTHER DIRECTORS' EMOLUMENTS		
a) Emoluments		
Chairman	1,777	1,242
Other Directors	<u>47,235</u>	<u>34,218</u>
	<u>49,012</u>	<u>35,460</u>
As Directors' Fees	870	870
Other Emoluments	<u>48,142</u>	<u>34,590</u>
	<u>49,012</u>	<u>35,460</u>
(b) The number of Directors whose emoluments were within the following ranges were:		
Up to 1,000,000	3	2
1,000,001 - 1,100,000	-	-
1,100,001 - 1,200,000	-	-
1,200,001 - 1,300,000	1	1
1,300,001 - 1,400,000	-	-
1,400,001 - 1,500,000	-	-
Above 1,500,000	4	4

24 GUARANTEE AND OTHER FINANCIAL COMMITMENTS

- (a) The Company did not charge any of its assets to secure liabilities of third parties.
- (b) Capital expenditure contracted but not provided in the Accounts was NIL.
- (c) The company maintains a contributory pension for the benefit of its employees subject to the provisions of the Pension Reform Act 2004.
- (d) The Company's contribution to the scheme is charged to the profit and loss account each year.
- (e) The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of the Accounts under review.

24 POST BALANCE SHEET EVENT

The Company successfully complied with the recapitalization guidelines of the National Insurance Commission. A Certificate to this effect was issued by the Commission on 22nd February, 2007.

25 APPROVAL OF THE ACCOUNTS

The Accounts were approved by the Board of Directors on 15th May, 2007.

Value Added Statement

	2 0 0 6		2 0 0 5	
	N'000	%	N'000	%
INCOME				
Gross premium written	5,703,544		4,528,802	
Commissions received	199,293		153,471	
Investment and other income	<u>2,163,053</u>		<u>2,058,779</u>	
	<u>8,065,891</u>		<u>6,741,052</u>	
LESS:				
Reinsurances, Claims and Commissions:				
Local	3,394,812		1,750,240	
Overseas	276,294		259,852	
Other expenses and services	<u>771,600</u>		<u>1,654,856</u>	
	<u>4,442,706</u>		<u>3,664,948</u>	
VALUE ADDED	<u>3,623,185</u>	<u>100.00</u>	<u>3,076,104</u>	<u>100.00</u>
APPLIED AS FOLLOWS:				
To pay employees' salaries, wages and other benefits	666,708	18.40	436,486	14.19
To pay taxation and insurance levy	112,250	3.10	122,044	3.97
Transfer to Reserve for Bonus Issue	-	0.00	975,409	31.71
To pay dividends	600,000	16.56	126,803	4.12
Transfer to contingency reserve	116,311	3.21	85,535	2.78
Transfer to insurance funds	866,665	23.92	951,960	30.95
Depreciation	115,439	3.19	98,473	3.20
Retained Profits	<u>1,145,812</u>	<u>31.62</u>	<u>279,394</u>	<u>9.08</u>
	<u>3,623,185</u>	<u>100.00</u>	<u>3,076,104</u>	<u>100.00</u>

NOTE

Value added represents the additional wealth created by the Company's efforts and those of its employees. This statement shows the allocation of that wealth among employees, government, capital providers and that retained by the business for future creation of wealth.

Five - Year Financial Summary

	2006 N'000	2005 N'000	2004 N'000	2003 N'000	2002 N'000
RESULTS					
Gross premium written	5,703,544	4,528,802	3,875,974	2,904,193	2,292,354
Net Premium written	4,979,717	3,956,391	3,335,479	2,425,106	1,877,608
Premium earned	4,133,582	2,439,651	2,476,906	2,065,949	1,331,342
Profit before tax	625,178	727,478	510,674	347,573	100,785
Profit after tax	520,495	641,491	446,232	306,427	87,241
Dividends	626,000	125,000	105,000	50,000	39,531
Earnings per share (Actual)	13.17k	32.88k	44.62k	43.78k	21.81k
Dividends per share (Actual)	15.86k	6.41k	10.50k	7.14k	9.88k
Earnings per share (Adjusted)	13.17k	16.24k	11.29k	7.76k	2.21k
Dividends per share (Adjusted)	15.86k	3.16k	2.66k	1.27k	1.00k
BALANCE SHEETS					
Assets					
Current Assets	4,157,448	3,088,407	1,622,250	1,301,868	1,083,097
Long Term Investments	11,786,403	6,730,402	5,716,869	4,203,709	1,638,037
Statutory Deposits	35,000	35,000	35,000	35,000	13,500
Fixed Assets	507,715	434,426	402,820	411,693	309,969
Total Assets	<u>16,486,566</u>	<u>10,288,236</u>	<u>7,776,939</u>	<u>5,952,270</u>	<u>3,044,603</u>
Liabilities					
Current Liabilities	4,554,766	3,286,467	2,748,209	1,777,042	1,478,645
Insurance Funds	2,507,696	2,145,818	1,567,354	1,444,007	1,063,085
Share Capital	1,975,409	975,409	500,000	350,000	200,000
Share Premium	220,500	236,108	10,699	10,699	10,699
Reserves	7,228,195	3,644,434	2,950,677	2,370,522	292,174
Total Liabilities	<u>16,486,566</u>	<u>10,288,236</u>	<u>7,776,939</u>	<u>5,952,270</u>	<u>3,044,603</u>

NOTE: Dividend declared and Reserves have been restated to account for the retrospective adoption of SAS23.

YEAR OF INCORPORATION	-	1970
COMMENCEMENT OF OPERATIONS	-	1971
FINANCIAL YEAR END	-	31st December
SHAREHOLDERS' FUNDS	-	N 9.4 Billion (as at 31 December 2006)
TOTAL ASSET BASE	-	N 16.4 Billion (as at 31 December 2006)
CLASSIFICATION	-	All classes of Insurance, Managed Funds & Trusteeship
NUMBER OF BRANCHES	-	16 (excluding Registered office & Corporate office)
SUBSIDIARIES	-	Leadway Trustees Limited Leadway Properties & Investments Ltd. Leadway Hotels Limited.
ASSOCIATE	-	Leadway Pensure PFA Limited
NUMBER OF EMPLOYEES	-	316 (as at December 31, 2006)
FOUNDER	-	Sir Hassan O. Odukale (1926-1999)
MANAGEMENT	-	Mr. O. Hassan-Odukale, mfr (MD/CEO) Mr. Olawale O. Oyedele (ED) Mr. B. Hassan-Odukale (ED) Mr. Muftau O. Oyegunle (GM) Mr. Adebayo O. Okuwobi (DGM) Mr. Abiodun Foluso (DGM) Miss. Adetola Adegbayi (DGM) Mr. Olasoji Tehingbola (AGM) Mr. Adetayo Adekunle (AGM) Mr. David Onilado (AGM) Deacon Clement O. Atere (AGM) Mr. Okegbemi Owoseje (AGM)

S/N	BRANCH	ADDRESS	TELEPHONE	FAX NUMBER
Leadway has a branch network spread all over the country to efficiently cater for client's needs. Apart from our Registered and Corporate Offices in Kaduna and Lagos respectively, other offices include:				
1	Abuja	Plot 2940 Aguiyi Ironsi Street, (After British High Commission), Maitama, Abuja. P.M.B. 275	09-4130646-7	09-4130642
2	Abeokuta	13 Lalubu Street, Oke-Ilewo Abeokuta.	039-242693 039-241275	039-242693
3	Akure	NACB Building Bishop Fagun Road, Ado-Owo Road, Alagbaka. P.O. Box 790	034-240534 034-217082	034-240534
4	Calabar	141 Ndidem Usang Iso Road/ Marian Road Calabar	087-239295-6	087-239295-6
5	Enugu	Akalaka House (2 nd floor) 127/129 Chime Avenue New Haven, Enugu	042-250458 042-303478	042-250458
6	Ilorin	5A Abdul-Wahab Folawiyo (Unity) Road. P.M.B. 1538	031-223598 031-222208	031 - 223598
7	Ibadan	Marbella House 96 Ring Road P.O. Box 872	02-2316631 02-2318903	02-2318903
8	Jos	55 Murtala Mohammed Way P.O. Box 766	073-463648 073-462685	073-463648
9	Kano	Fustan House 25 Zaria Road Gyadi-Gyadi Round About P.O. Box 1005	064-667609 064-667953	064-667953
10	Makurdi	NUJ House Ankpa Qtrs. Road. P.O. Box 828	044-533180	044-533180
11	Port Harcourt	8 Igbodo Street Old GRA. P.O. Box 1969	084-239964-5 084-234355	084-234352
12	Sagamu	136 Akarigbo Street Opposite Mobil Filling Station Ijokun, Sagamu	037-640063	037-640063
13	Sokoto	7 Kano Road, Opposite Central Bank of Nigeria. P.O. Box 140	060-232595	060-232595
14	Warri	60 Efurun/Sapele Road Ecobank Buildin.g P.O. Box 4188	053 252009 053 - 253390 053 -321172	053-252009
15	Yenagoa	209 Yenagoa - Mbiama Rd. Opp. State House of Assembly Amarata, Yenagoa,	089-490597	089-490597
16	Zaria	6 Park Road P.O. Box 400	069-332397	069-332397
AGENCY OFFICES		BIDA • GBOKO • GOMBE • KAFANCHAN • YOLA • KATSINA • MAIDUGURI • MINNA • OKENNE • IKARE		