

Uncertainty is the only certainty there is. We live in times of enormous change and flux from the astronomical fall of stock market prices, to the crippling of investment portfolios. The effects of the global economic crisis have also raised unemployment to industry heights and threatened the survival of several industries.

By embracing insurance however, you can hedge your risks, regain hidden equilibrium and discover possibilities and opportunities.

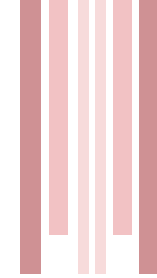
So, don't be uncertain. Be insured.

UNCERTAINTY

THE STATE OF BEING UNSURE OR NOT BEING INSURED

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CORPORATE INFORMATION

DIRECTORS

Chief M. Ade Ojo (Chairman)
Mr. O. B. Oshin (Managing)
Mr O. A. Odunsi (Deputy Managing)
Chief (Mrs) M. Giwa
Mr. A. O. Odunsi
Mr. Toni Ogunbor
Mr. Ravi Sharma (Rep. Aureos Nigeria Advisers Limited)

SECRETARY

Messrs Sofunde Osakwe Ogundipe & Belgore
(Legal Practitioners)
St. Nicholas House
Catholic Mission Street
Lagos.

REGISTRATION NO.

RC No. 171209

REGISTERED/BUSINESS OFFICE

14B, Keffi Street
South West Ikoyi
Lagos.

BANKERS

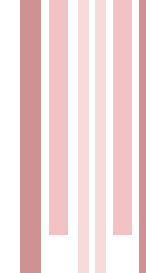
United Bank for Africa Plc
IBTC Chartered Bank Plc
Guaranty Trust Bank Plc
Skye Bank Plc
Sterling Bank Plc
Intercontinental Bank Plc
Standard Chartered Bank Limited
Wema Bank Plc
First Bank of Nigeria Plc
Unity Bank Plc
Fidelity Bank Plc

AUDITORS

Bababode Osunkoya & Co
(Chartered Accountants)

SUMMARY OF RESULTS AND BALANCES

For The Year Ended 31st December, 2008



	2008 N'000	2007 N'000	2006 N'000	2005 N'000	2004 N'000
Gross Premiums Written	4,102,053	2,714,770	1,608,719	1,057,564	749,470
Net Premiums Written	3,169,309	2,232,603	1,381,583	888,772	667,047
Commissions Earned	109,607	90,967	44,846	24,282	23,098
Investment And Other Income	1,269,304	662,320	279,414	44,106	65,293
Profit Before Taxation	1,850,289	1,056,222	621,406	331,081	206,997
Profit After Taxation	1,559,551	916,952	562,144	282,952	182,052
Insurance Funds	1,176,541	686,828	414,291	329,574	286,787
Contingency Reserves	634,765	534,614	324,032	173,276	105,528
Net Assets	10,116,661	4,564,901	3,020,938	1,078,119	511,226
Paid Up Share Capital	2,395,372	2,000,000	1,695,834	600,000	230,000
Shareholders' Funds	10,116,661	4,564,901	3,020,938	1,078,119	511,226
Data Per 50k Share					
Earnings Per Share (Actual)	33k	23k	14k	7k	5k
Earnings Per Share (Diluted)	9k	14k	9k	6k	4k
Dividends Per Share (Actual)	-	12k	10k	-	10k
Dividends Per Share (Diluted)	-	8k	5k	-	1k
Net Assets Per Share (Diluted)	62k	72k	47k	17k	8k



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of CUSTODIAN & ALLIED INSURANCE PLC. will be held at GOLDEN GATE RESTAURANT, 25B GLOVER ROAD IKOYI, LAGOS on 16th June 2009 at 11a.m. to transact the following business:

ORDINARY BUSINESS

- (1) Receive and consider the audited financial statements for the year ending December 31, 2008 and the Directors, Auditors, and the Audit Committee Reports thereon
- (2) Elect Directors in accordance with the Company's Articles of Association.
- (3) Declare a final dividend.
- (4) Authorize the Directors to fix the remuneration of the Auditors.
- (5) Elect/re-elect shareholder's representatives on the Audit Committee.

SPECIAL BUSINESS

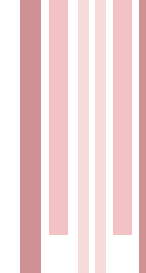
To consider, and if thought fit, pass the following as Special Resolutions:

- (6)
 - (a) That the Company embark on a Share-Buy-Back in accordance with relevant laws.
 - (b) That the Memorandum and Articles of Association be altered to give the Company powers to buy-back its shares in accordance with SEC Rules and the Companies and Allied Matters Act 1990.

NOTES:

A. PROXY

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.



NOTICE OF ANNUAL GENERAL MEETING CONTD.

All instruments of proxy duly stamped by the Commissioner of Stamp Duties in accordance with the Stamp Duties Act (Cap S8 Laws of the Federation of Nigeria 2004) should be deposited with the Registrars, Meristem Registrars Limited at 305, Herbert Macaulay Way Sabo Yaba Lagos, not less than 48 hours before the time for holding the meeting.

B. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act 1990, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 (twenty-one) days before the Annual General Meeting.

C. DIVIDEND WARRANTS AND CLOSURE OF REGISTER

If the dividend recommended by the Directors is approved dividend warrants will be posted on Tuesday, June 23, 2009, to the shareholders whose names appear in the Register of Members at the close of business on Tuesday, May 5 2009. Notice is hereby given that the Register of Members and Transfer books of the Company will be closed from Wednesday, May 6 2009 to Thursday, May 7, 2009 (both dates inclusive) to enable the preparation and payment of dividend by the Registrars.

Dated this 27th Day of April 2009.

BY ORDER OF THE BOARD

SOFUNDE OSAKWE OGUNDIPE & BELGORE

COMPANY SECRETARY

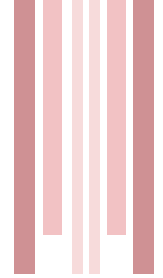
Registered Office

7th Floor, St. Nicholas Building

Catholic Mission Street

Lagos.

MANAGING DIRECTOR'S FOREWORD



MR. WOLE OSHIN Managing Director

The Board of Directors have been ever so supportive and their invaluable insight and wisdom has been of tremendous benefit to Management over the years.

The year 2008 has come and gone. A year with a lot of highs and lows. We were able to raise capital through a hybrid offer for ₦4.11BN. We also raised \$10Million through a Convertible Loan Stock arrangement with Aureos West Africa. In all, a total of ₦5.28BN was injected into the company. By year end our Shareholders' fund rose by 19.8% and assets grew by 111.8%

On the business front we maintained our service delivery culture by constantly working on our turnaround time and claims settlement ability. We introduced the first e-insurance platform in the insurance industry. You can now buy your motor insurance, Householders, Personal Accident and Health Insurance product through this channel.

During the year under review we maintained our rating grade of A+ with Agosto and Co. and improved on our GCR Rating from 'A' the previous year to 'A positive'. This is a testimony of our resolve to better our performances year on year.

Moving forward, we will continue to look at the best way to grow our business both organically and by acquisition. Our vision to become a Pan African insurance company is on track.

Management has remained stable during the year and my colleagues have been very supportive of the company goals and vision. We are mindful of the challenges ahead and therefore must remain focused in our business approach.

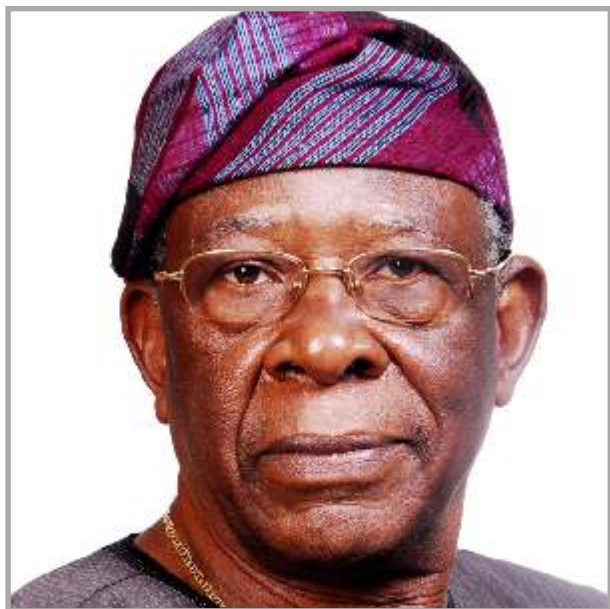
I cannot conclude without the mention of our various service providers, brokers, agents, loss adjusters and various clients. To them I say a BIG Thank You. The Board of Directors have been ever so supportive and their invaluable insight and wisdom has been of tremendous benefit to Management over the years.

Above all I thank God!

Thank you.

Wole Oshin
MD/CEO

CHAIRMAN'S STATEMENT



CHIEF M. ADE OJO Chairman

During the year under review, your company continued to maintain its leadership position in the industry. For the second year running it was rated "A+" by Agusto and Co. and "A Positive" by Global Credit Rating (GCR) of South Africa.

Distinguished Shareholders of our esteemed organization, it gives me great pleasure to welcome you all to the 14th Annual General Meeting of our company and present to you the performance and achievements of our company in the financial year ended December 31, 2008.

During the year under review, your company continued to maintain its leadership position in the industry. For the second year running it was rated "A+" by Agusto and Co. and "A Positive" by Global Credit Rating (GCR) of South Africa. These achievements no doubt represent public approval of our professionalism and dedication to best practices. Our company also pioneered the E-insurance platform in the industry during the year. For us stakeholders, these recognitions reassure us

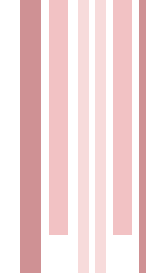
that we are well on our way to achieving our goal of becoming one of the top 3 insurance companies in Nigeria by the year 2010. The improved efficiencies and winning strategies have resulted in greater market share, much improved profitability and even greater capacity to reward your investment with impressive results.

Before going into the specifics of how we fared in the financial year under review, please permit me to briefly acquaint you with the issues and developments that shaped our operating environment during the period under review.

Operating Environment

The Socio-Political Environment

The world continued to experience signs of instability with heightened tensions in the Middle East, Pakistan and Afghanistan. There were persistent threats of nuclear tests in India, Pakistan and North Korea. These events were however overshadowed by the American election which saw the coming into office of the first black President of the United States of America, Barrack Obama. His



CHAIRMAN'S STATEMENT CONTD.

administration represents change and is bound to bring about a paradigm shift in world politics in the years to come.

On the home front, corruption, political uncertainty, insecurity and policy inconsistency continued to hold sway and undermine the country's image, investment profile and economic growth and development. However, there has been some effort in combating corruption and incidences of financial impropriety are being looked into.

The Economy

The world economy was plagued by multiple interrelated crises and challenges such as food scarcity, volatile energy and commodity prices, climatic change, financial crisis and the credit crunch. The global crisis resulted in the slowdown of economic activity around the world. International oil prices peaked to an all time high of \$147.27 per barrel in July and then went on a downward slide due to the global financial crisis which affected demand for petroleum products in major industrialized nations of the world.

Despite the late release of the budget, the aggregate Gross Domestic Product (GDP) which grew by 8.2% in 2008 was driven mainly by the non-oil sector which grew by 11.1%. Oil GDP fell by 5.1% during the period as a result of continued disturbances in the Niger Delta region and the sharp drop in oil prices. Industrial production during the period was also affected by the continuing impact of poor infrastructure especially in the areas of power supply and transportation; and declining demand for local manufactures given the influx of cheap imports.

Major monetary aggregates as well as lending and deposit rates recorded increases for most of the period. The period was mostly characterized by a liquidity squeeze right from the first quarter that eased in the second quarter following the release of the capital budget which led to the upward review of the monetary policy rate (MPR) in June from 10% to 10.25%. Liquidity however tightened again for the rest of the year as the effects of the global financial crisis started seeping into the economy resulting in a lull in activities of the money market. By September 2008, attempts by the Central Bank of Nigeria (CBN) to curtail the contagion effect of

Despite the late release of the budget, the aggregate Gross Domestic Product (GDP) which grew by 8.2% in 2008 was driven mainly by the non-oil sector which grew by 11.1%.



CHAIRMAN'S STATEMENT CONTD

the global credit crunch and ensure financial stability in the economy led to the reduction of the MPR by 50 basis points from 10.25% to 9.75%. Other policy measures employed were the reduction of bank's liquidity requirement from 40% to 30% and cash reserve ratio from 4% to 2%. Despite these measures inflation rate increased to 15.1% by Q4 of 2008 from 6.6% for the same period in 2007.

Another sector that experienced mixed fortunes during the year was the capital market. After starting out very bullish with major market indicators trending upwards in the first half of the year, it became bearish in the second half after suffering a major downturn which led to extreme market volatility, uncertainty and negative headlines. By the end of the period, the All Share index had crashed to 31,450.78 (1984=100) and market capitalization to ₦7 trillion. The downturn experienced in the capital market resulted in market players diverting to government securities which were perceived to be safe, attractive in rates and stable in yield. This resulted in significant and

sustained patronage of the FGN bonds which were offered during the period.

The plunge of the Naira in the final month of the year saw the end of the exchange rate stability experienced for most of the year 2008. As at end December 2008, the Naira exchanged at ₦120.65 to the dollar at the Wholesale Dutch Auction System (WDAS) and ₦125.25 at the Bureau De change market. Attempts by the CBN to curtail the plunge seriously depleted the external reserves which had risen to \$62.1billion by the third quarter of the year to about \$52.82 billion as at end of December 2008.

Insurance Industry

The year under review is the first full year post recapitalization of the industry. The consolidated industry is much bigger and stronger and better able to take on bigger and more sophisticated risks. In line with international best practice, the industry launched its Code of Corporate Governance, the first in the history of the industry. In

The downturn experienced in the capital market resulted in market players diverting to government securities which were perceived to be safe, attractive in rates and stable in yield.



CHAIRMAN'S STATEMENT CONTD.

addition, the Federal Government in its determination to reposition the industry set up a committee to look into the laws governing the industry. The committee will hopefully come up with its report by year end.

Important developments in Custodian and Allied Insurance Plc.

Competition within our industry intensified significantly following the consolidation. Given this development, it became imperative to put in place a number of measures designed to reposition your company and further enhance its competitive position.

During the period CAI Plc went to the market to undertake an initial public offering which was oversubscribed. As highlighted at the last AGM, the proceeds are being employed to further position the company financially and operationally to enhance its ability and capacity to compete favorably and deliver increasing value to our stakeholders.

This has been evident in our outstanding growth

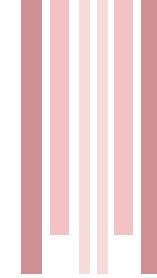
during the period under review and the expansion of our business platform of excellent customer service delivery, strategic brand positioning, product innovation and strict adherence to international best practices in corporate governance.

Operating Results

Despite the increasing competition in the Nigerian insurance industry, I am pleased to inform you that your company recorded significant growth in all its key performance indices. Gross Premium income increased to ₦4.102 billion (₦2.715 billion in 2007) representing an increase of 51%. Investment income grew by 100% to ₦1.255 billion from ₦627.4 million in 2007.

Profit before tax grew by 75% to ₦1.85 billion, higher than the ₦1.056 billion posted in 2007 while profit after tax grew by 70% to ₦1.559 billion, higher than the ₦917 million made the previous year. Our total assets more than doubled, growing by 111% from ₦5.66 billion to ₦11.941 billion.

Despite the increasing competition in the Nigerian insurance industry, I am pleased to inform you that your company recorded significant growth in all its key performance indices.



CHAIRMAN'S STATEMENT CONTD.

Dividend

On account of this excellent performance and in keeping with our record of rewarding our shareholders with high returns on their investment, we are proposing a dividend of 17 kobo per share which is 42% higher than the 12 kobo paid in 2007.

The Board

We could not have achieved this laudable performance without the support of a very capable Board consisting of some of the finest individuals in their respective fields.

Following the approval at the last Annual General Meeting of Aureos Africa Interim Facility LLC as an investor in our company, I am glad to inform you that Mr. Ravi Sharma, nominated as a representative of Aureos joined the Board during the year.

I have no doubt whatsoever with the caliber of colleagues I have on the Board and the tested,

trusted and competent management and staff that your company can only continue to break new frontiers and increasingly deliver superior shareholder value.

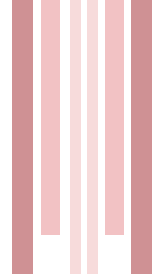
Conclusion

I will like to express our sincere appreciation to our esteemed clients and brokers for their continued loyalty, patronage and unflinching support. The results before you today affirm our strong position in the industry. The

acceptance of our company's brand and operational efficiency remains strong and we remain committed to our goal of delivering world class, cost effective, value adding services to our diverse and numerous clients.

Finally, distinguished Shareholders, let me note here that our achievements and successes could only be possible as a result of your continuous support and the confidence so graciously reposed in us by giving us the opportunity to represent your

We are however not oblivious of the fact that your overwhelming support also puts on us a more compelling responsibility to continue to do more.



CHAIRMAN'S STATEMENT CONTD.

interest on the Board of this institution. We are however not oblivious of the fact that your overwhelming support also puts on us a more compelling responsibility to continue to do more towards protecting your interests by delivering superior value to our various stakeholders and by the grace of God, we will not disappoint you.

Thank you and God bless you all.

Chief M. Ade Ojo
Chairman



The presence of uncertainty is not just an insurance proposition. Behind it is the guarantee that there is nothing permanent except change.

Sometimes it is not the strongest of species that survive nor the most intelligent but those most responsive to change.

Insurance transforms uncertainty into responsibility and planning which leads to peace of mind.

So don't be uncertain in today's times.

Be insured.

THE DIRECTORS



L-R Chief M. Ade Ojo Chairman | Mr. Wole Oshin Managing | Mr. Toye Odunsi Deputy Managing | Mr. Ravi Sharma Chief (Mrs.) M. Giwa | Mr. Akintunde O. Odunsi | Mr Toni Ogunbor

"I have no doubt whatsoever with the caliber of colleagues I have on the Board and the tested, trusted and competent management team that your company can only continue to break new frontiers and increasingly deliver superior shareholder value".

Chief M. Ade Ojo Chairman

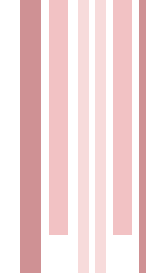
THE EXECUTIVE MANAGEMENT TEAM

"Let me note here that our achievements and successes could only be possible as a result of your continuous support and the confidence so graciously reposed in us by giving us the opportunity to represent your interest".

Chief M. Ade Ojo Chairman

L-R Mr. Wole Oshin Managing | Mr. Toye Odunsi Deputy Managing | Mr. Folusho Alliyu | Mr. Tope Owøeye
Mrs. Bunmi Aderemi | Mr. Edeki Isujeh | Mr. Charles Ohaka | Mrs. Toyin Ogunseye





REPORT OF THE DIRECTORS

For The Year Ended 31st December, 2008

1. ACCOUNTS

The directors submit their Report, together with the Audited Accounts of the Company for the year ended 31st December, 2008.

2. COMMENCEMENT OF BUSINESS

The Company commenced business on 1st July, 1995.

3. LEGAL FORM

The Company was incorporated on 22nd August, 1991 as a private, limited liability company under the name Accident and General Insurance Company Limited. Approval for the change of name of the Company to its present name was granted on 5th February, 1993 and approval for conversion to a public limited liability company on the 29th of September, 2006.

4. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company during the period were the provision and marketing of general and special risk services and products.

5. DIRECTORS AND THEIR SHAREHOLDINGS

The directors of the company and their interest in the share capital of the company during the year under review were:

	2008 Direct	2008 Indirect	2007 Direct	2007 Indirect	%
*Chief M. Ade Ojo	717,705,568	123,512,491	652,459,608	112,284,083	17.56
*Mr. Wole Oshin	225,360,502	422,783,473	200,000,000	403,500,000	13.53
Mr. Olatoye Odunsi	73,967,826	3,982,473	64,678,260	3,620,430	1.63
Chief (Mrs).M. Giwa	75,733,423	134,476,717	62,424,353	134,476,717	4.39
Mr. Toye Odunsi	-	47,804,222	-	44,118,869	0.1
*Mr. Toni Ogunbor	-	435,295,186	-	437,653,789	9.09
Mr. Ravi Sharma	-	-	-	-	
(Rep. Aureos Nigeria Advisers Limited)					

*No other individual shareholder held up to 5% of the issued share capital as at 31st December, 2008

REPORT OF THE DIRECTORS CONTD.

6. ANALYSIS OF SHAREHOLDINGS

The range of shareholdings as at 31st December, 2008 is as follows:

Range			No.of holders	Units	Units %
1	-	1,000	18,904	18,807,774	0.39%
1,001	-	10,000	21,428	124,872,456	2.61%
10,001	-	50,000	3,567	88,951,337	1.86%
50,001	-	100,000	778	62,216,381	1.30%
100,001	-	500,000	762	169,128,642	3.53%
500,001	-	1,000,000	125	95,385,586	1.99%
1,000,001	-	10,000,000	187	644,429,289	13.45%
10,000,001	-	50,000,000	32	672,438,917	14.04%
50,000,001	-	100,000,000	10	754,227,630	15.74%
100,000,001	&	ABOVE	7	2,160,286,316	45.09%
Grand total			45,800	4,790,744,328	100.00%

REPORT OF THE DIRECTORS CONTD.

7. RESULTS

	The Group		The Company	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
Net profit after tax	1,559,551	916,950	1,546,650	913,640
Transfer to Contingency Reserve	<u>(367,296)</u>	<u>(210,582)</u>	<u>(367,296)</u>	<u>(210,582)</u>
	1,192,255	706,368	1,179,354	703,058
Revenue Reserve brought forward	<u>839,686</u>	<u>133,318</u>	<u>850,380</u>	<u>147,322</u>
	2,031,941	839,686	2,029,734	850,380
Dividends paid	<u>(839,306)</u>	<u>-</u>	<u>(839,306)</u>	<u>-</u>
Revenue Reserve carried forward	<u><u>1,192,635</u></u>	<u><u>839,686</u></u>	<u><u>1,190,428</u></u>	<u><u>850,380</u></u>



REPORT OF THE DIRECTORS CONTD.

8. DIRECTORS

The names of the Directors as at the date of this report and of those who held office during the period are as follows:

Chief M Ade Ojo	(Chairman)
Mr. O B Oshin	(Managing)
Mr O A Odunsi	(Deputy Managing)
Chief (Mrs) M Giwa	
Mr. A O Odunsi	
Mr. Toni Ogunbor	
Mr. Ravi Sharma	(Rep. Aureos Nigeria Advisers Limited)

9. DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the financial statements which give a true and fair view of the state affairs of the Company at the end of each financial period, and of the profit or loss for that period, and comply with the Companies and Allied Matters Act, 1990 and the Insurance Act, 2003. In so doing, the directors ensure that:

- ✘ proper accounting records are maintained
- ✘ adequate internal control procedures are established which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities
- ✘ applicable accounting standards are followed
- ✘ suitable accounting policies are adopted and consistently applied
- ✘ judgements and estimates made are reasonable and prudent, and
- ✘ the going-concern basis is used, unless it is inappropriate to presume that the Company shall continue in business.



REPORT OF THE DIRECTORS CONTD.

10. CORPORATE GOVERNANCE

The Company maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of all our stakeholders.

11. ATTENDANCE AT BOARD MEETINGS DURING THE YEAR ENDED 31ST DECEMBER, 2008

The Board of Directors met 4 (Four) times within the year ended 31st December, 2008

Directors	(35th) 27/03/08	(36th) 24/06/08	(37th) 05/09/08	(38th) 16/12/08
Chief Michael Ade Ojo	✓	✓	✓	✓
Mr. Wole Oshin	✓	✓	✓	✓
Chief Mrs. Margaret Giwa	✓	✓	✓	X
Mr. Akintunde Odunsi	✓	✓	✓	✓
Mr. Anthony Ogunbor	✓	X	X	✓
Mr. Toye Odunsi	✓	✓	✓	✓

12. PERSONNEL

(a) Employment of disabled persons

No disabled person was employed by the Company during the period under review. It is however the Company's policy to consider disabled persons for employment if academically and mentally qualified.

REPORT OF THE DIRECTORS CONTD.

(b) Health, Safety and Welfare

The Company provides subsidies to all employees for medical care and treatment. Employees are made aware of the safety regulations in force within the premises.

(c) Employee involvement and training

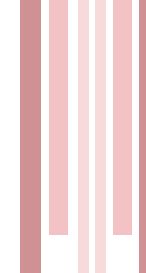
The Company is committed to keeping its employees fully informed as far as possible regarding the Company's performance and progress, and seeking their views, wherever practicable on matter which particularly affect them as employees. Professional, technical and management expertise are the company's major assets. Therefore, continuous development thereof is keenly pursued by the Company in the form of regular courses for employees.

13. AUDITORS

The auditors, Messrs Bababode Osunkoya & Co., having expressed their willingness, will continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, 1990.

BY ORDER OF THE BOARD
31ST MARCH, 2009

UNDE OSAKWE OGUNDIPE & BELGORE
Legal Practitioners
SENIOR LAWYERS
1st Floor
1, Abiodun Ademola Street,
Lagos, Nigeria.



REPORT OF THE AUDIT COMMITTEE

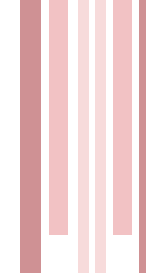
In accordance with provision of Section 359(6) of the Companies and Allied Matters Act, 1990 the members of the Audit Committee of Custodian and Allied Insurance Plc hereby report on the financial statements for the year ended 31st December, 2008 as follows:

- ✘ We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 1990 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- ✘ We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31st December, 2008 were satisfactory and reinforce the Company's Internal Control System.
- ✘ We have deliberated on the findings of the Independent auditors who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with Management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.

Mr. R G Asabia
Chairman Audit Committee
31st March, 2009

Members of the Audit Committee are:

Mr. R. G Asabia	Chairman
Mr 'Toni Ogunbor	Member
Architect Fred Coker	Member
Mr. O B Oshin	Member
Mr. Niyi Dada, FCA	Member



REPORT OF THE INDEPENDENT AUDITORS

To The Members of Custodian and Allied Insurance Plc

We have audited the accompanying financial statements of CUSTODIAN AND ALLIED INSURANCE PLC which comprise the balance sheet as at 31st December, 2008 the profit and loss account and statement of cash flows for the year then ended, statement of value added as well as a summary of significant accounting policies and notes to the financial statements, as set out on pages 25 to 43.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

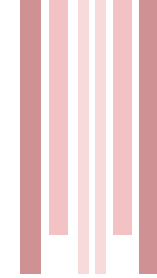
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards of the Nigerian Accounting Standards Board, and with the requirements of the Companies and Allied Matters Act, 1990. The responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements which are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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



REPORT OF THE INDEPENDENT AUDITORS CONTD.

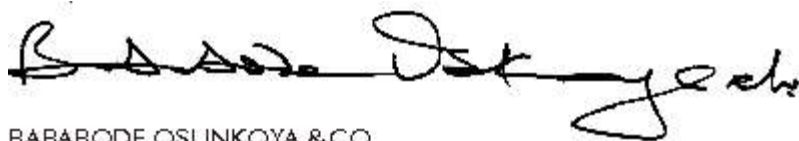
OPINION

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the company as at 31st December, 2008 and of the profit and cash flows for the year then ended in accordance with the Statements of Accounting Standards of the Nigerian Accounting Standards Board and the Companies and Allied Matters Act, 1990 and also comply with the applicable provisions of the Insurance Act, 2003.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- (iii) The company's balance sheet and profit and loss account are in agreement with the books of account.



BABABODE OSLINKOYA & CO.
(Chartered Accountants)

Lagos, Nigeria
31st March, 2009





ACCOUNTING POLICIES

The following are the accounting policies adopted by the Company in the preparation of these accounts:

(a) Basis of Accounting

The accounts are prepared under the historical cost convention, adopting the annual basis of accounting.

(b) Basis of Consolidation

The group financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary, CAI Trustees Limited, all made up to 31st December, 2008.

All inter-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Fixed Assets

Fixed assets are stated at cost less depreciation.

(d) Depreciation of Fixed Assets

Depreciation is provided on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. The depreciation rates applied per annum are:

Motor Vehicles	25%
Furniture & Fittings	20%
Office Equipment	20%
Computer Equipment & Software	20%
Plant and Machinery	20%
Leasehold Improvements	10%
Leasehold Premises	10%
Land and Building	3%

Depreciation is charged in full for the month in which an asset is purchased, irrespective of the day of acquisition.



ACCOUNTING POLICIES CONTD.

(e) Investments

Investments comprise of acquisitions of shares in quoted and unquoted companies and Federal Government securities. These investments are stated at the lower of cost and market value. Any permanent diminution in the book value of an investment is charged either to the Contingency Reserve (Section 21(1) of the Insurance Act, 2003) or to the profit and loss account in the year recorded.

(f) Provision for Unexpired Risks

Provision for unexpired risks is calculated in compliance with the requirements of Section 20(1)(a) of the Insurance Act, 2003.

(g) Deferred Acquisition Cost

The corresponding acquisition costs in respect of Unexpired Risks ((e) above) are transferred to the balance sheet.

(h) Outstanding Claims Reserve

In order to provide for claims incurred but not reported outstanding claims reserve is the total amount of estimated outstanding claims plus 10% thereof.

(i) Contingency Reserve

Amounts transferred to the contingency reserve are calculated on the basis of 3% of total premium or 20% of net profit, whichever is greater, for each class of insurance, in compliance with Section 21(2) of the Insurance Act, 2003.

(j) Deferred Taxation

Deferred Taxation on the timing differences between the treatment of certain items for accounting purposes, and their treatment for taxation purposes, is provided for in the accounts only in respect of liabilities which are expected to become payable in the foreseeable future. Where no provision is made, the amount of the timing difference are disclosed by way of notes to the financial statements.

ACCOUNTING POLICIES CONTD.

(k) Foreign Currency Transactions

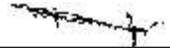

Transactions in foreign currencies are translated to Naira at exchange rates prevailing at the dates of the transactions.

Foreign currency balances are converted to Naira equivalents at the exchange rates prevailing as at balance sheet date. Differences arising on conversion are taken to the profit and loss account.

BALANCE SHEET

as at 31 December, 2008

	Notes	Group 2008 N	Group 2007 N	Company 2008 N	Company 2007 N
ASSETS					
Cash and Bank Balances	1	239,626,005	131,677,673	233,148,264	122,603,686
Short-term Deposit	2	7,363,156,701	1,671,040,660	7,363,156,701	1,671,040,660
Due from Insurance Companies, Agents and Brokers		1,185,557,742	869,720,289	1,185,557,742	869,720,289
Prepayments and Other Receivables	3	160,293,451	152,538,149	153,439,685	150,272,253
Advances under Finance Lease		90,096,315	70,304,679	-	-
Short Term Investments	4	1,146,254,939	1,461,892,940	1,146,254,939	1,461,892,940
Long Term Investments	4	736,428,672	482,143,466	756,428,672	502,143,466
Statutory Deposit	6	335,000,000	320,000,000	335,000,000	320,000,000
Deferred Acquisition Expenses	5	118,971,104	78,366,422	118,971,104	78,366,422
Fixed Assets	7	565,934,166	426,492,094	562,964,526	420,497,534
Total Assets		11,941,319,095	5,664,176,342	11,854,921,633	5,596,537,250
Less					
LIABILITIES					
Current Liabilities	8	565,694,756	348,882,223	482,253,891	270,549,311
Deferred Taxation	9.iii	82,422,801	63,564,842	81,672,901	63,564,842
Insurance Funds	10	1,176,540,650	686,827,810	1,176,540,650	686,827,810
		1,824,658,207	1,099,274,875	1,740,467,442	1,020,941,963
NET ASSETS		10,116,660,888	4,564,901,467	10,114,454,191	4,575,595,287
CAPITAL AND RESERVES					
Share Capital (Authorised: N3,500,000,000)	11	2,395,372,164	2,000,000,000	2,395,372,164	2,000,000,000
Redeemable Convertible Loan Stock	14	1,170,000,000	-	1,170,000,000	-
Contingency Reserve	12	654,764,538	534,614,028	654,764,538	534,614,028
Share Premium		4,604,698,506	1,091,410,806	4,604,698,506	1,091,410,806
Revaluation Reserve	13	87,187,500	87,187,500	87,187,500	87,187,500
Equity Price Equalisation Reserve		12,003,131	12,003,131	12,003,131	12,003,131
General Reserve		1,192,635,049	839,686,002	1,190,428,352	850,379,822
		10,116,660,888	4,564,901,467	10,114,454,191	4,575,595,287

 Directors


The Accounting Policies on pages 25 to 27 and the Notes on page 32 to page 42 form part of these financial statements.

PROFIT AND LOSS ACCOUNTS

for the year ended 31 December, 2008

	Notes	Group 2008 ₪	Group 2007 ₪	Company 2008 ₪	Company 2007 ₪
INCOME					
Premiums written		4,102,052,664	2,714,769,699	4,102,052,664	2,714,769,699
Less: Outward Reinsurance Premium		932,743,346	482,167,064	932,743,346	482,167,064
Net Premium Written		3,169,309,318	2,232,602,635	3,169,309,318	2,232,602,635
Less: Increase in Unexpired Risks Reserve		338,831,776	163,397,750	338,831,776	163,397,750
Premiums Earned		2,830,477,542	2,069,204,885	2,830,477,542	2,069,204,885
Commissions Earned		109,606,875	90,966,789	109,606,875	90,966,789
Lease Operating Income		32,824,155	30,178,366	-	-
Investment Income		1,255,405,214	627,424,084	1,255,405,214	627,424,084
Other Income		13,899,197	4,718,034	13,899,197	4,718,034
Total Income		4,242,212,983	2,822,492,158	4,209,388,828	2,792,313,792
Less: EXPENSES					
Underwriting Expenses		725,834,356	514,581,018	725,834,356	514,581,018
Claims Incurred		847,313,455	564,879,343	847,313,455	564,879,343
Management Expenses		650,217,212	534,912,738	643,028,728	522,848,077
Direct Lease Expenses		5,802,463	6,959,867	-	-
Finance Charges-Interest		6,357,568	8,920,176	332,731	1,075,874
Provision for doubtful debt		75,000,000	96,000,000	75,000,000	96,000,000
Bad debt written off		81,398,920	40,019,879	81,398,920	40,019,879
		2,391,923,974	1,766,273,021	2,372,908,190	1,739,404,191
Net Profit before Taxation		1,850,289,009	1,056,219,137	1,836,480,638	1,052,909,601
Less: Taxation	9i	290,738,009	139,269,596	289,830,155	139,269,596
Net Profit after Taxation		1,559,551,000	916,949,541	1,546,650,483	913,640,005
Less: APPROPRIATIONS					
Contingency Reserve		(367,296,128)	(210,581,920)	(367,296,128)	(210,581,920)
Balance brought forward-01/01/2008		1,192,254,872	706,367,621	1,179,354,355	703,058,085
		839,686,002	133,318,381	850,379,822	147,321,737
Less: Dividends Paid	17	2,031,940,874 (839,305,825)	839,686,002 -	2,029,734,177 (839,305,825)	850,379,822 -
		1,192,635,049	839,686,002	1,190,428,352	850,379,822
Earnings per Share(Basic)	18	33k	23k	32k	23k
Earnings per Share(Diluted)	18	9k	14k	9k	14k

The Accounting Policies on pages 25 to 27 and the Notes on page 32 to page 42 form part of these financial statements.

REVENUE ACCOUNTS

for the year ended 31 December, 2008

	Motor N	Accident N	Marine N	Fire N	Engineering N	Oil & Energy N	Total N	2007 N
INCOME								
Direct Premium	1,194,960,462	655,543,039	706,251,131	733,067,750	126,578,509	650,292,447	4,066,693,338	2,710,699,186
Add: Reinsurance Inwards	1,780,330	23,282,181	4,188,287	3,845,359	1,476,697	786,472	35,359,326	4,070,513
Gross Premium Written	1,196,740,792	678,825,220	710,439,418	736,913,109	128,055,206	651,078,919	4,102,052,664	2,714,769,699
Transfers from unexpired Risk Reserve	-	-	52,465,320	-	-	-	52,465,320	-
Commissions Earned	149,975	1,235,027	16,417,215	49,503,852	8,845,178	33,455,628	109,606,875	90,966,789
Total Income	1,196,890,767	680,060,247	779,321,953	786,416,961	136,900,384	684,534,547	4,264,124,859	2,805,736,488
Less: DEDUCTIONS FROM INCOME								
Outward Reinsurance	11,261,951	22,132,845	69,790,763	359,040,660	31,286,535	439,230,592	932,743,346	482,167,064
Transfers to Unexpired Risk Reserve	74,750,957	37,254,472	-	89,500,854	28,280,534	161,510,279	391,297,096	163,397,750
	86,012,908	59,387,317	69,790,763	448,541,514	59,567,069	600,740,871	1,324,040,442	645,564,814
Net Income (A)	1,110,877,859	620,672,930	709,531,190	337,875,447	77,333,315	83,793,676	2,940,084,417	2,160,171,674
CLAIMS INCURRED								
Direct Claims Paid	453,376,401	201,994,115	49,446,377	189,004,878	48,812,249	-	942,634,020	670,791,368
Transfers to Outstanding Claims Reserve	58,874,244	16,126,482	7,429,730	54,413,110	1,072,859	12,964,640	150,881,065	91,406,520
	512,250,645	218,120,597	56,876,107	243,417,988	49,885,108	12,964,640	1,093,515,085	762,197,888
Less: Outward Reinsurance Recoveries	31,898,429	18,305,123	51,227,642	126,692,965	18,077,471	-	246,201,630	197,318,545
Total Claims Incurred (B)	480,352,216	199,815,474	5,648,465	116,725,023	31,807,637	12,964,640	847,313,455	564,879,343
UNDERWRITING EXPENSES								
Acquisition	132,613,078	123,426,605	169,601,394	128,315,809	22,628,432	54,956,621	631,541,939	441,306,546
Maintenance	26,890,408	15,180,684	17,964,939	16,954,417	3,422,427	13,879,542	94,292,417	73,274,472
Total Underwriting Expenses (C)	159,503,486	138,607,289	187,566,333	145,270,226	26,050,859	68,836,163	725,834,356	514,581,018
Underwriting Profit (A-B-C)	471,022,157	282,250,167	516,316,392	75,880,198	19,474,819	1,992,873	1,366,936,606	1,080,711,313

The Accounting Policies on pages 25 to 27 and the Notes on page 32 to page 42 form part of these financial statements.

CASH FLOW STATEMENT

for the period ended 31 December, 2008

	Notes	Group 2008 ₪	Group 2007 ₪	Company 2008 ₪	Company 2007 ₪
CASH FLOWS FROM OPERATING ACTIVITIES					
Premiums		3,816,715,211	2,468,564,284	3,816,715,211	2,468,564,284
Reinsurance premiums paid		(932,743,346)	(482,167,064)	(932,743,346)	(482,167,064)
Reinsurance received		35,359,326	4,070,513	35,359,326	4,070,513
Cash received from customers		13,032,519	8,989,244	-	-
Commissions received		109,606,875	90,966,789	109,606,875	90,966,789
Commissions Paid		(631,541,939)	(441,306,546)	(631,541,939)	(441,306,546)
Cash Paid to Employees		(85,780,068)	(65,350,780)	(83,884,982)	(65,350,780)
Other operating cash payments		(522,929,924)	(442,486,569)	(503,394,237)	(418,045,663)
Claims paid		(942,634,020)	(670,791,368)	(942,634,020)	(670,791,368)
Companies Income Tax paid		(82,515,362)	(54,425,957)	(82,515,362)	(54,425,957)
Net Cash Provided by Operating Activities	22	776,569,272	416,062,546	784,967,526	431,514,208
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed Assets		(199,927,997)	(178,253,864)	(199,915,997)	(178,220,864)
Other Accruals		(312,435,958)	77,092,611	(344,209,012)	76,661,785
Purchase of liquid investments		68,492,383	(587,928,472)	68,492,383	(587,928,472)
Interest received		1,255,405,214	627,424,084	1,255,405,214	627,424,084
Sale of fixed assets		3,956,489	11,403,169	3,956,489	9,241,711
Statutory Deposit		(15,000,000)	(280,000,000)	(15,000,000)	(280,000,000)
Other Income		9,942,708	973,717	9,942,708	973,717
Net Cash Provided by Investing Activities		810,432,839	(329,288,755)	778,671,785	(331,848,039)
CASH FLOW FROM FINANCING ACTIVITIES					
Interest paid		(6,357,568)	(8,920,176)	(332,731)	(1,075,874)
Dividends paid		(839,305,825)	(329,483,701)	(839,305,825)	(329,483,701)
Share premium		3,513,287,700	322,848,848	3,513,287,700	322,848,848
Share Capital Issued		395,372,164	304,165,540	395,372,164	304,165,540
Redeemable Convertible loan Stock		1,170,000,000	-	1,170,000,000	-
Loan Granted		(19,934,179)	37,862,281	-	-
Net Cash Provided by Financing Activities		4,213,062,292	326,472,792	4,239,021,308	296,454,813
Net Cash Increase in Cash and Cash Equivalents		5,800,064,403	413,246,583	5,802,660,619	396,120,982
Cash and Cash Equivalents as at 01/01/08		1,802,718,303	1,389,471,720	1,793,644,346	1,397,523,364
Cash and Cash Equivalents as at 31/12/08		7,602,782,706	1,802,718,303	7,596,304,965	1,793,644,346

The Accounting Policies on pages 25 to 27 and the Notes on page 32 to page 42 form part of these financial statements

NOTES TO THE ACCOUNTS

for the period ended 31 December, 2008

	Group 2008 ₪	Group 2007 ₪	Company 2008 ₪	Company 2007 ₪
1. Cash and balances				
Cash in Hand	61,447	56,447	40,127	35,127
Bank Balances-Current Accounts	239,564,558	131,621,196	233,108,137	122,568,559
	239,626,005	131,677,643	233,148,264	122,603,686
2. Short-term deposits				
Call deposits	99,670,811	203,282,404	99,670,811	203,282,404
Term deposits	7,263,485,890	1,467,758,256	7,263,485,890	1,467,758,256
	7,363,156,701	1,671,040,060	7,363,156,701	1,671,040,660
3. Prepayments and other receivables				
Claims Receivable	23,729,344	40,823,030	23,729,344	40,823,030
Other Debtors and Prepayments	58,507,793	80,374,548	51,654,027	78,108,652
Interest Receivables on Statutory Deposit	-	12,764,932	-	12,764,932
Interest Receivables on Deposit	78,056,314	18,575,639	78,056,314	18,575,639
	160,293,451	152,538,149	153,439,685	150,272,253
4. Investments				
Short Term Investment (4.i.)	1,146,254,939	1,461,892,940	1,146,254,939	1,461,892,940
Long Term Investments (4.ii.)	736,428,672	482,143,466	756,428,672	502,143,466
	1,882,683,611	1,944,036,406	1,902,683,611	1,964,036,406

NOTES TO THE ACCOUNTS CONTD.

for the period ended 31 December, 2008

	Group 2008 ₦	Group 2007 ₦	Company 2008 ₦	Company 2007 ₦
4.i Short Term Investments				
Real Estate-Land				
Quoted Investments				
Government Securities	39,600,000	39,600,000	39,600,000	39,600,000
	907,053,363	1,402,292,940	907,053,363	1,402,292,940
	199,601,576	20,000,000	199,601,576	20,000,000
4.ii Long Term Investments	1,146,254,939	1,461,892,940	1,146,254,939	1,461,892,940
Investment in Unquoted Companies				
	736,428,672	482,143,466	756,428,672	502,143,466
	736,428,672	482,143,466	756,428,672	502,143,466
5. Deferred acquisition costs				
Class of Insurance				
Motor	34,567,182	21,055,389	34,567,182	21,055,389
Accident	18,331,912	19,796,057	18,331,912	19,796,057
Motor	6,139,425	7,158,136	6,139,425	7,158,136
Fire	22,347,003	22,042,822	22,347,003	22,042,822
Engineering	9,667,041	8,314,018	9,667,041	8,314,018
Oil & Energy	27,918,541	-	27,918,541	-
	118,971,104	78,366,422	118,971,104	78,366,422
6. Statutory deposit				
The statutory deposits, as indicated is held with the Central Bank of Nigeria in compliance with Section 10 of the Insurance Act, 2003.				
Non-Life	335,000,000	320,000,000	335,000,000	320,000,000
	335,000,000	320,000,000	335,000,000	320,000,000

FIXED ASSETS

for the year ended 31 December, 2008

7.i. THE GROUP	Motor Vehicles ₦	Furniture & Fittings ₦	Office Equipment ₦	Computer Equipment ₦	Leasehold Improvements ₦	Plants & Machinery ₦	Leasehold Premises ₦	Land & Building ₦	Total ₦
Cost									
As at 01/01/08	118,907,823	20,873,137	20,624,694	33,348,006	10,629,208	8,627,811	7,209,300	323,858,998	544,078,977
Additions during the period	61,158,125	3,051,295	1,815,785	7,422,340	-	-	-	126,480,452	199,927,997
Disposal	(26,956,827)	(6,316,778)	(7,513,412)	(7,476,580)	-	-	-	-	(48,263,597)
As at 31/12/08	153,109,121	17,607,654	14,927,067	33,293,766	10,629,208	8,627,811	7,209,300	450,339,450	695,743,377
Less:									
Depreciation									
As at 01/01/08	49,120,431	14,015,469	14,034,993	13,377,227	2,502,757	5,444,784	6,366,279	12,724,943	117,586,883
Provision for the period	33,477,757	3,046,355	2,188,165	5,812,587	1,024,771	1,699,609	720,920	9,724,598	57,694,762
Disposal	(24,167,864)	(6,315,988)	(7,512,522)	(7,476,060)	-	-	-	-	(45,472,434)
As at 31/12/08	58,430,324	10,745,836	8,710,636	11,713,754	3,527,528	7,144,393	7,087,199	22,449,541	129,809,211
Net Book Value									
As at 31/12/08	94,678,797	6,861,818	6,216,431	21,580,012	7,101,680	1,483,418	122,101	427,889,909	565,934,166
As at 31/12/07	69,787,392	6,857,668	6,589,701	19,970,779	8,126,451	3,183,027	843,021	311,134,055	426,492,094

FIXED ASSETS CONTD.
for the year ended 31 December, 2008

	Motor Vehicles ₹	Furniture & Fittings ₹	Office Equipment ₹	Computer Equipment ₹	Leasehold Improvements ₹	Plants & Machinery ₹	Leasehold Premises ₹	Land & Building ₹	Total ₹
7.ii. THE COMPANY									
Cost									
As at 01/01/08	113,667,823	19,611,495	19,601,419	30,829,156	10,629,208	8,627,811	7,209,300	323,858,998	534,035,210
Additions during the period	61,158,125	3,051,295	1,815,785	7,410,340	-	-	-	126,480,452	199,915,997
Disposal	(24,336,827)	(6,316,778)	(7,513,412)	(7,476,580)	-	-	-	-	(45,643,597)
As at 31/12/08	150,489,121	16,346,012	13,903,792	30,762,916	10,629,208	8,627,811	7,209,300	450,339,450	688,307,610
Less:									
Depreciation	46,718,764	13,538,613	13,678,489	12,563,047	2,502,757	5,444,784	6,366,279	12,724,943	113,537,676
As at 01/01/08	32,495,257	2,794,027	1,983,510	5,306,817	1,024,771	1,699,609	720,920	9,724,598	55,749,509
Provision for the period	(22,639,531)	(6,315,988)	(7,512,522)	(7,476,060)	-	-	-	-	(43,944,101)
Disposal									
As at 31/12/08	56,574,490	10,016,652	8,149,477	10,393,804	3,527,528	7,144,393	7,087,199	22,449,541	125,343,084
Net Book Value									
As at 31/12/08	93,914,631	6,329,360	5,754,315	20,369,112	7,101,680	1,483,418	122,101	427,889,909	562,964,526
As at 31/12/07	66,949,059	6,072,882	5,922,930	18,266,109	8,126,451	3,183,027	843,021	311,134,055	420,497,534

NOTES TO THE ACCOUNTS CONTD.
for the period ended 31 December, 2008

	Group 2008 ₦	Group 2007 ₦	Company 2008 ₦	Company 2007 ₦
8. Current Liabilities				
Insurance companies, brokers and agents	22,277,706	16,777,706	22,277,706	16,777,706
Obligation under Finance Lease	11,348,608	19,690,636	-	-
Reinsurance balances	5,495,297	-	5,495,297	-
Taxation (Note 9ii)	321,125,552	131,760,864	320,967,598	131,760,864
Lease rentals payable	-	2,826,630	-	2,826,630
Staff Pension Fund (Note16)	1,134,912	1,072,171	1,134,912	1,072,171
Other Creditors and Accruals	194,677,190	167,071,025	122,742,887	108,428,749
Dividends payable	9,635,491	9,683,191	9,635,491	9,683,191
	565,694,756	348,882,223	482,253,891	270,549,311
Lease Rentals payable as at 31st December, 2008				
Payable within 12 months	-	2,826,630	-	2,826,630
	-	2,826,630	-	2,826,630
9. Taxation				
i. Tax charge (per profit and Loss Account) on the profit for the year:				
Income Tax	254,897,419	101,003,227	254,739,465	101,003,227
Education	16,982,631	6,733,549	16,982,631	6,733,549
Deferred Tax	18,857,959	31,532,820	18,108,059	31,532,820
	290,730,009	139,269,596	289,830,155	139,269,596
ii. Tax Liability (Per Balance Sheet)				
Companies Income Tax	254,897,419	101,003,227	254,739,465	101,003,227
Education Tax	16,982,631	6,733,549	16,982,631	6,733,549
	271,880,050	107,736,776	271,722,096	107,736,776
Brought forward from previous period	131,760,864	78,450,045	131,760,864	78,450,045
	403,640,914	186,186,821	403,482,960	186,186,821
Less:				
Payments during the year	82,515,362	54,425,957	82,515,362	54,425,957
	321,125,552	131,760,864	320,967,598	131,760,864

The charge for Income Tax in these accounts is based on the provisions of the Companies Income Tax Act,1979 as amended to date.

The charge for Education Tax is based on the provision of Education Tax Act,1993.

NOTES TO THE ACCOUNTS CONTD.
for the period ended 31 December, 2008

	Group 2008 ₦	Group 2007 ₦	Company 2008 ₦	Company 2007 ₦
iii. Provision for Deferred Taxation				
Balance-01/01/08	63,564,842	32,032,022	63,564,842	32,032,022
Charge to Profit and Loss Account	18,857,959	31,532,820	18,108,059	31,532,820
	82,422,801	63,564,842	81,672,901	63,564,842
10. Insurance Funds				
Balance as at 01/01/08	534,904,022	371,506,272	534,904,022	371,506,272
Transfer (to)/from Reserve Accounts:				
Fire	89,500,854	29,980,635	89,500,854	29,980,635
Accident	37,254,472	31,515,000	37,254,472	31,515,000
Motor	74,750,957	74,165,707	74,750,957	74,165,707
Marine	(52,465,320)	3,192,786	(52,465,320)	3,192,786
Engineering	28,280,534	24,543,622	28,280,534	24,543,622
Oil & Energy	161,510,279		161,510,279	
	338,831,776	163,397,750	338,831,776	163,397,750
Add: Outstanding Claims Reserve	873,735,798	534,904,022	873,735,798	534,904,022
	302,804,852	151,923,788	302,804,852	151,923,788
	1,176,540,650	686,827,810	1,176,540,650	686,827,810
11. Share Capital				
Authorised: 7,000,000,000 ordinary shares of 50k each	3,500,000,000	2,800,000,000	3,500,000,000	2,800,000,000
Issued and Fully Paid:				
4,790,744,328 ordinary shares of 50k each	2,395,372,164	2,000,000,000	2,395,372,164	2,000,000,000
12. Contingency Reserve				
Balance as at 01/01/08	534,614,028	324,032,108	534,614,028	324,032,108
Transfer from Profit and Loss account	367,296,128	210,581,920	367,296,128	210,581,920
	901,910,156	534,614,028	901,910,156	534,614,028
Less: Diminution in value of quoted investments	(247,145,618)	-	(247,145,618)	-
	654,764,538	534,614,028	654,764,538	534,614,028

NOTES TO THE ACCOUNTS CONTD.

for the period ended 31 December, 2008

	Group 2008 N	Group 2007 N	Company 2008 N	Company 2007 N
13. Revaluation Reserve				
<p>At the end of June ,2006, the Company's Land and Buildings were valued by a firm of Estate Surveyors and Valuers at N207,187,500 using the current open market value of the property. The net book value of the property prior to the revaluation was N112,800,000. The surplus has been transferred to the Revaluation Reserve.</p>				
14. Redeemable convertible loan stock				
<p>On 7th August, 2008 US\$10,000,000 Unsecured Variable Coupon Redeemable Convertible Loan Stock was issued in registered units of N4.50 each at par to Aureos Africa Interim Facility LLC (managed by Aureos Africa Manager Limited). The loan stock is convertible to ordinary shares at the market price on the date of conversion, within twelve months from the date of issue of the stock.</p> <p>Interest thereof will be paid at a rate equal to or not more than the final dividends paid to ordinary share holders during the year.</p>				
15. Management Expenses				
Net profit before taxation is arrived at after charging:				
Depreciation	57,694,762	46,084,211	55,749,509	42,836,632
Directors' Fees	-	350,000	-	350,000
Audit Fees	1,500,000	1,500,000	1,200,000	1,200,000
Salaries & Allowances	85,149,017	69,772,680	83,884,982	65,246,410

NOTES TO THE ACCOUNTS CONTD.

for the period ended 31 December, 2008

	Group 2008 N	Group 2007 N	Company 2008 N	Company 2007 N
16. Pension And Retirement Gratuity				
Employer's Contribution	440,215	408,845	440,215	408,845
Employee's Contribution	440,215	408,844	440,215	408,844
NSITF	254,482	254,482	254,482	254,482
	1,134,912	1,072,171	1,134,912	1,072,171

The Company has a Contributory Staff Pension Scheme.

17. Dividends

Interim Dividends paid for 2008	359,305,825	-	359,305,825	-
Proposed and Approved-2007	480,000,000	-	480,000,000	-
	839,305,825	-	839,305,825	-

During the year under review. An interim dividend of 7.5kobo per share was approved by the Board of Directors and paid to members whose names are in the company's register as at 20th October, 2008.

18. Earnings Per Share

Basic

Profit after Taxation divided by issued and fully paid up ordinary share capital.

Diluted

Profit after Taxation divided by the sum of issued, fully paid share capital and balance outstanding in the share premium account, together with other convertible reserves at balance sheet date.

NOTES TO THE ACCOUNTS CONTD.

for the period ended 31 December, 2008

		Group 2008 Number	Group 2007 Number	Company 2008 Number	Company 2007 Number
19. Employees					
The number of employees including directors in receipt of emoluments excluding allowances and pension contributions within the following ranges were:					
	£				
50,001	- 100,000	-	4	-	2
100,001	- 200,000	5	16	5	14
200,001	- 300,000	12	12	12	12
300,001	- 400,000	3	5	2	4
400,001	- 500,000	2	4	2	4
500,001	- 600,000	2	11	1	11
600,001	- 700,000	6	6	6	6
700,001	- 800,000	10	7	10	7
800,001	- 900,000	1	7	1	7
900,001	- 1,000,000	12	3	12	3
1,000,001	- 2,000,000	23	14	20	14
2,000,001	- 3,000,000	5	2	5	2
3,000,001	- 4,000,000	2	1	2	1
4,000,001	- 5,000,000	2	1	2	1
Over	5,000,001	4	2	4	2
		89	95	84	90

20. Comparative Figures

Where necessary, the comparative figures have been adjusted to conform with changes in presentation in the current period. No adjustment made resulted in or from any changes in accounting policy during the period under review.

21. Contingent Liability

There was no contingent liability as at 31st December, 2008.

NOTES TO THE ACCOUNTS CONTD.
for the period ended 31 December, 2008

	Group 2008 ₪	Group 2007 ₪	Company 2008 ₪	Company 2007 ₪
22. Reconciliation Of Operating Profit To The Cash Provided By Operating Activities				
Operating Profit after tax	1,559,551,000	916,951,975	1,546,650,483	913,640,005
Adjustments to reconcile net profit to cash provided:				
Provision for Bad & Doubtful debt	156,398,920	136,019,879	156,398,920	136,019,879
Depreciation	57,694,762	46,084,211	55,749,509	42,836,632
Other Income	(1,269,304,411)	(632,142,118)	(1,269,304,411)	(632,142,118)
Interest Payments	6,357,568	8,920,176	332,731	1,075,874
Loss on Disposal	-	215,000	-	-
	(1,048,853,161)	(440,902,852)	(1,056,823,251)	(452,209,733)
Changes in Assets and Liabilities:				
Increase in Unexpired Risk Reserve	338,831,776	163,397,750	338,831,776	163,397,750
Increase in Outstanding Claims Reserve	150,881,064	107,997,282	150,881,064	107,997,282
Increase in Creditors	(43,034,858)	(41,123,172)	(42,277,772)	(38,594,635)
Increase in Companies tax payable	189,364,688	53,310,819	(189,206,734)	53,310,819
Decrease in Debtors	(320,290,850)	(330,824,588)	(319,004,885)	(329,808,523)
Increase in Deferred Expenses	(40,604,682)	(26,810,398)	(40,604,682)	(26,810,398)
Deferred Taxation	18,857,959	40,591,641	18,108,059	40,591,641
Increase in Advance under Finance Lease	(19,791,636)	(21,189,122)	-	-
Decrease in Obligation under Finance Lease	(8,342,028)	(5,336,789)	-	-
	265,871,433	(59,986,577)	270,140,294	(29,916,064)
	776,569,272	416,062,546	784,967,526	431,514,208

NOTES TO THE ACCOUNTS CONTD.

for the period ended 31 December, 2008

	Group Cash and Bank Balances	Group Other Liquid Investments	Group Total	Company Cash and Bank Balances	Company Other Liquid Investments	Company Total
b. Analysis of Changes in Cash, Cash Equivalents and Other Liquid Investments	₪	₪	₪	₪	₪	₪
Balances as at 01/01/08	1,802,718,303	1,461,892,940	3,264,611,243	1,793,644,346	1,461,892,940	3,255,537,286
Net Cash Inflow	5,800,064,403	-	5,800,064,403	5,802,660,619	-	5,802,660,619
Purchases of Quoted shares	-	(315,638,001)	(315,638,001)	-	(315,638,001)	(315,638,001)
Balance as at 31/12/08	7,602,782,706	1,146,254,939	8,749,037,645	7,596,304,965	1,146,254,939	8,742,559,904

c. Analysis of Changes in Cash, Cash Equivalents and Other Liquid Investments:	January 1 2008 ₪	December 31 2008 ₪	Changes during the period ₪	January 1 2008 ₪	December 31 2008 ₪	Changes during the period ₪
Cash and Bank Balances	1,802,718,303	7,602,782,706	5,800,064,403	1,793,644,346	7,596,304,965	5,802,660,619
Quoted Investments and Treasury Bills	1,461,892,940	1,146,254,939	(315,638,001)	1,461,892,940	1,146,254,939	(315,638,001)
	3,264,611,243	8,749,037,645	5,484,426,402	3,255,537,286	8,742,559,904	5,487,022,618

STATEMENT OF VALUE ADDED

for the period ended 31 December, 2008

	Group 2008 ₦	%	Group 2008 ₦	%	Bank 2007 ₦	%	Bank 2007 ₦	%
Net Premiums, Commissions, etc	3,278,916,193		2,323,569,424		3,278,916,193		2,323,569,424	
Add: Other Income	1,302,128,566		662,320,484		1,269,304,411		632,142,118	
	4,581,044,759		2,985,889,908		4,548,220,604		2,955,711,542	
Less:								
Claims, Commissions and other bought-in items and services	2,966,697,262		1,913,583,259		2,946,111,934		1,888,331,658	
Value Added	1,614,347,497	100	1,072,306,649	100	1,602,108,670	100	1,067,379,884	100
DISTRIBUTION:								
Employees								
- Salaries and Allowances	85,780,068	5	69,877,050	7	83,884,982	5	65,350,780	6
Government								
- Taxation	271,880,050	17	107,736,776	10	271,722,096	17	107,736,776	10
Credit Facility Providers								
- Interest and other finance charges	6,357,568	1	8,920,176	1	323,731	1	1,075,874	1
Maintenance of Assets								
- Depreciation	57,694,762	3	46,084,211	4	55,749,509	3	42,836,632	4
Reserves and Retained profit	1,192,635,049	74	839,688,436	78	1,190,428,352	74	850,379,822	79
	1,614,347,497	100	1,072,306,649	100	1,602,108,670	100	1,067,379,884	100

$$\left[\Delta x \Delta p \geq \frac{h}{2} \right]^+$$

The Uncertainty Principle Formula

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