

Our Vision

To be a leading African Insurance Group.

Our Mission

To establish an insurance company that would be a reference point in excellent claim services. This would be achieved through motivated workforce, cutting edge office technology and good business ethics.

The logo for Equity Assurance Plc, consisting of the letters 'ea' in a bold, lowercase, sans-serif font. The 'e' and 'a' are connected at the bottom. A diagonal slash is positioned above the 'e'.

our core values

caring . learning . integrity . creativity . excellent customer service . promptness

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	2010 N'000	2009 N'000
Fixed assets	997,427	978,213
Investments	3,575,163	4,522,621
Statutory deposit	300,000	300,000
Contingency reserve	311,936	247,743
Paid-up capital	4,423,649	4,423,649
Earned premium	1,775,857	2,116,495
Profit/(loss) before taxation	62,026	(843,517)
Taxation	(33,230)	(52,318)
Profit/(loss) after taxation	28,796	(895,836)
	=====	=====
 PER 50K SHARE DATA:		
Earning/(loss) per share (kobo)	0.3	(10)
Net assets per share (kobo)	58	63
Stock Exchange Quotation as at 31 December (kobo)	50	50

BOARD OF DIRECTORS

Olufemi Somolu, Esq	-	Chairman
Ibidolapo Balogun, Esq	-	Managing
Pius I. Olarewaju, Esq	-	Deputy Managing (Retired wef 26 January, 2010)
Francis Olajide Ogunbanjo, Esq	-	Resigned wef 1st Nov. 2010
Michael Olayemi Cardoso, Esq	-	Resigned wef 9 th Dec. 2010
Adegboyega Isiaka, Esq	-	Resigned wef 19 July, 2010
Mrs. Ola Adeola		
Dr. Olufemi Oni		
Alhaji Bello Dan Bappa		

COMPANY SECRETARY

AELEX Secretaries Limited
Marble House (7th Floor)
1, Kingsway Road,
Ikoyi, Lagos.

REGISTERED OFFICE

Equity Place
Plot 1196, Bishop Oluwole Street
Victoria Island, Lagos

REGISTRARS AND TRANSFER OFFICE

Sterling Registrars Limited
Knight Frank House
24, Campbell Street
Lagos.

BANKERS

Ecobank Plc
Guaranty Trust Bank Plc
Skye Bank Plc
Sterling Bank Plc
Zenith Bank Plc

JOINT AUDITORS

Balogun Badejo & Co
(Chartered Accountants)
24, Ilupeju By-Pass
Ilupeju, Lagos.

Segun Oyegbola & Co.
(Chartered Accountants)
11th Floor, Unity House
37 Marina, Lagos.

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of **EQUITY ASSURANCE PLC** will be held at Equity Resort Hotel, (formerly known as Gateway Hotel) Ijebu-Ode, Ogun State on Friday, 2nd December 2011 at 11:00 a.m prompt to transact the following businesses:

ORDINARY BUSINESS:

1. To receive the Financial Statements for the year ended 31st December, 2010 together with the Reports of the Directors, Auditors and the Audit Committee thereon;
2. To elect / re-elect Directors;
3. To re-appoint the Auditors;
4. To authorise the Directors to fix the remuneration of the Auditors;
5. To elect the members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following resolution as a special resolution:

That the Directors be and are hereby authorized to raise additional capital via the issue of debt instruments, preference shares (convertible or non-convertible) or ordinary shares or a combination of any of these options whether by way of Private Placement, Rights to Existing Shareholders, offer for subscription or in any manner which the Directors deem appropriate, locally or internationally, upon such terms and conditions to be determined at the discretion of the Directors subject to any requisite regulatory approvals"

Notes

PROXY

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member. A Proxy form is enclosed and if such is to be valid for the purposes of the meeting, it must be completed, duly stamped at the Stamp Duties Office and deposited at the registered office of the Company's Registrars, Sterling Registrars Limited, 8th Floor, Knight Frank Building, 24 Campbell Street, Lagos not less than 48 hours before the time of holding the meeting.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members and the transfer books of the Company will be closed from Tuesday, November 15, 2011 to Friday, November 18, 2011 (both dates inclusive) to enable the Registrars to make necessary preparations for the Annual General Meeting.

AUDIT COMMITTEE

In accordance with Section 359 (5) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination shall be in writing and reach the Company Secretary at least 21 days before the Annual General Meeting.

Dated this9th..... day of ..November.....2011.

BY ORDER OF THE BOARD

AELEX Secretaries Limited

ALEX
SECRETARIES LIMITED
 7th Floor, 1 Kingsway Road,
 Falomo, Ikoyi, Lagos

 Company Secretaries
 7th floor Marble House
 1, Kingsway Road, Ikoyi, Lagos

Distinguished Shareholders,

It is my great pleasure once again to welcome you on behalf of the Board of Directors to the 24th Annual General Meeting of our Company. Before I present to you the detailed Annual Reports and Accounts for the financial year ended 31st December, 2010, please permit me to highlight the significant political and economic environment in which the Company operated during the year.

Business Environment

The first half of the year was characterized by political uncertainties arising from the Late President Yar'Adua's ill-health and attendant issues of power transfer to President Goodluck Jonathan. The situation was compounded by the Boko Haram insurgency in the North-East, the Jos crisis and the spate of kidnappings in the South-East and some parts of the South-South zone of the country. These developments raised security concerns in the investment community.

Capital market activities continued to be at low-key despite the Securities and Exchange Commission taking measures to sanitize the market and position the Stock Exchange for a sustained future performance. There is no doubt, that we now have a better regulatory framework than was the case before the global financial crisis. However, the much desired confidence to foster growth in the market has been eroded leading to stagnation in the market. In the midst of this, the banking sector which in previous years was the main driver of economic activity remained largely lethargic thereby starving the productive sector of credit. Consequently, the economy lacked the vibrancy that the country had experienced prior to the global financial crisis which began in 2008.

The Insurance Industry

It was in the midst of this economic malaise that every sector of the National economy strived to survive likewise your Company; Equity Assurance Plc. A major concern in the Insurance industry remains the challenge of unpaid premium. The issue of outstanding premium was greatly increased during this period while existing and potential Clients downgraded their Insurance covers or reduced the value of their Assets in a bid to reduce operating costs.

However, the ongoing reforms embarked on by the National Insurance Commission with respect to certification of Brokers by Insurers on their outstanding premiums as a prerequisite for renewal of brokers licenses should reduce the high incidence of outstanding premiums in the nearest future.

The Insurance Industry is not left out of the ongoing reform in the financial sector. The level of Industry regulation and its speed of change has never been greater.

During the period NAICOM accelerated the implementation of the Compulsory Insurance Scheme under the Market Development and Restructuring Initiatives (MDRI) which will largely increase new Insurance products available in the market. NAICOM also enforced the implementation of the prudential guidelines as it relates to premium debtors which will in the long term enhance the sustainability and profitability of the business. Although yet to be fully implemented, the Commission sensitised Insurance Companies on the proposed Accounting Standard i.e IFRS, this will significantly change the presentation and disclosure format of our Financial Statements when it is fully implemented.

Business Performance

Our Company generated a gross premium of ₦2.054billion as against ₦2.406billion in the previous year representing a 14.63% decrease over the previous year. Furthermore, our Company also recorded a decrease in the underwritten profit from ₦1.269billion to ₦1.084billion representing a decrease of 14.58% which is a function of gross production. While the decrease in production and underwritten profit is regrettable, it must be noted that this was as a result of the strict application of our credit policy and NAICOM prudential guidelines. As a result of our new marketing and credit policy, the quality of our business has improved significantly.

In view of the decrease in production, we introduced strict cost reduction measures which led to a decrease in our operating expenses by 4.85%. These controls were achieved without sacrificing the future growth potential of our business. The benefit of the cost control measures we embarked on will be significant in the forthcoming years.

However, it is worth mentioning that during the year under review, our Company returned to profitability with a nominal profit after tax of N28.796 million. This trend would be sustained in the forthcoming year. We also look forward to increasing our market share by launching new products into the market which will subsequently increase our gross premium.

Corporate Governance

We recognize the importance that stakeholders place on the quality of Corporate Governance and the way in which we implement the principles of Corporate Governance. The Board therefore takes its governance responsibilities very seriously. During the year, we carried out a detailed review of our governance framework, the way we define the roles of the Board, its committees, its Chairman and Chief Executive against best practices in Corporate Governance. Our Audit Committee oversaw a thorough review of financial controls and the Company's related risks. These efforts demonstrate our commitment to good governance and full compliance with the provisions of the codes of Corporate Governance.

Board Changes

During the period under review, the following directors Messrs Pius Olarewaju, (executive) Adegboyega Isiaka, Francis Ogunbanjo and Olayemi Cardoso (non-executive) resigned as directors of the Company. On behalf of the Board, I would like to thank them for their remarkable stewardship.

Future Prospects

The resilience of our business has become more apparent during these times of uncertainties as the shift in market conditions served to further validate our strategy. We have continued to invest in our future and have remained focused on driving our business forward.

We also believe that our investment in our subsidiaries i.e, Managed Healthcare Services Limited, Equity Resort Hotel Limited, EA Capital Management Limited, Equity Assurance Limited, Ghana and EA Properties Limited which forms part of our strategy aimed at improving profitability and delivering substantial value to Shareholders is gradually yielding desired results. The Company is also restructuring its operation along a group structure which will allow the different profit centres take advantage of the shared services within the group.

The Nigeria Content Development Act 2010 recently passed into law is bound to increase the vibrancy in the local Insurance Industry and improve local capacity as the industry gears up to take full advantage of the local content policy in the oil and gas sector. Your Company is equally focusing on these strategies to improve its strength.

Conclusion

We have made progress in delivering our strategies which leaves us well placed for the future. The Board remains confident in the future as we continue to enhance our proposition to significantly increase shareholders value and provide new and exciting opportunities for our employees. We have a great platform to achieve this objective and we are establishing a strong financial and operational trajectory.

Finally, I would like to express our appreciation to our Brokers, Customers, Shareholders and all Stakeholders for their continued support towards the growth of the Company. I am confident that we will be able to grow the business together over the coming years.

Let me also add that I will be retiring from the Board with effect from 28th June 2011. I thank you all for your support and best wishes during my tenure.

God bless you all.

Femi Somolu
Chairman

ANNUAL REPORT

The Directors are pleased to submit their annual report together with the audited financial statements of the Company for the year ended 31 December, 2010.

LEGAL FORM

The Company was incorporated in Nigeria as a Private Liability Company in 1984 and was converted to a Public Company in 1985. The Company's shares are quoted on the Nigerian Stock Exchange.

PRINCIPAL ACTIVITIES

The principal activities of the Company is non-life Insurance business.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

The review of the company's business and future prospects contained in the Chairman's statement is an integral part of the Directors Report and should be read in conjunction with the Directors Report.

RESULTS FOR THE YEAR

	2010
Profit for the year before taxation	62,025,511
Taxation	<u>(33,229,605)</u>
Profit after taxation	28,795,906

BENEFICIAL OWNERSHIP

1. **Shareholding:** The Registrars have advised that the called-up and fully paid up shares of the Company as at 31 December 2010, were beneficially held as follows.

Share Range Analysis:

	Range		No. of Holders	Units	%
1	-	1,000	6,542	4,449,161	0.05
1,001	-	5,000	11,168	33,133,259	0.37
5,001	-	10,000	6,547	55,920,825	0.63
10,001	-	50,000	11,608	307,573,288	3.47
50,001	-	100,000	3,346	273,237,622	3.09
100,001	-	1,000,000	2,870	824,890,570	9.32
1,000,001	-	5,000,000	242	524,055,584	5.92
5,000,001	-	10,000,000	26	187,209,241	2.12
10,000,001	-	1,000,000,000	<u>65</u>	<u>6,636,828,870</u>	<u>75.03</u>
TOTAL			42,414	8,847,298,420	100

2 The following Shareholders held more than 5% of the issued share capital of the Company as at 31 December, 2010.

Shareholders Names	2010 Ordinary shares of 50k each	2009	2010 %	2009 %
Gateway Holdings Limited	958,206,430	958,206,430	11	11
PSL Limited (LUR)	542,857,142	521,798,311	6	6
KYT Investments Limited	500,000,000	529,287,787	6	6
Skye Financial Services Limited	<u>542,857,142</u>	<u>542,857,142</u>	<u>6</u>	<u>6</u>
Total	2,543,920,714	2,552,149,670	29	29

DIRECTORS
Beneficial Interests

The interest of the Directors of Equity Assurance Plc in the issued share capital of the company as recorded in the Register of Members as at 31st May 2011 and as notified by them for the purpose of Section 275 (1) of the Companies and Allied Matters Act CAP C20 LFN 2004 are as follows

Ordinary shares of 50k each as at 31st May 2011

Directors	2010			2009
	Direct	Indirect	Total	
Olufemi Somolu Esq.(Rep. Gateway Holdings Ltd)	-	-	-	-
Ibidolapo Balogun Esq	416,480,656	-	416,480,656	416,480,656
Pius I. Olarewaju, Esq (Retired wef 26 Jan., 2010)	439,390	-	439,390	21,967,337
F. O. Ogunbanjo (Rep. Life Care Ventures Ltd) (Resigned wef 1st Nov. 2010)	-	348,551,016	348,551,016	349,551,016
Michael Olayemi Cardoso Esq. (Rep. KYT Invest. Ltd) (Resigned wef 9 th December, 2010)	1,663,409	527,624,378	529,287,787	529,287,787
Adegboyega Isiaka, Esq (Rep. Gateway Holdings Ltd) (Resigned 19 July, 2010)	-	-	-	-
Mrs Ola Adeola (Rep. Gateway Holdings Ltd)	-	958,206,430	958,206,430	958,206,430
Dr Olufemi Oni (Representing Polak Nigeria Ltd)	-	360,000,000	360,000,000	277,099,257
Alhaji Bello Dan Bappa (Rep. Baba Dan Bappa Ltd)	-	241,825,727	241,825,727	241,825,727
		=====	=====	=====

In accordance with section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004, none of the directors has notified the Company of any declarable interest in contracts with the Company.

Responsibilities

In accordance with the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit and loss for that period.

The responsibilities include ensuring that:

1. appropriate internal controls are established to safeguard the assets of the Company, to prevent and detect fraud and irregularities;
2. the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004;
3. the Company maintains suitable accounting policies consistently applied and supported by reasonable and prudent judgements and estimates and that all applicable accounting standards have been followed; and
4. financial statements are prepared on a going-concern basis.

ELECTION / RE-ELECTION OF DIRECTORS

"Mrs. Adeola is due to retire by rotation at the Annual General Meeting and being eligible, has offered herself for re-election. In addition, Messrs Godwin Agbudumeh Alegieuno and Olanrewaju Babatunde Ogunbanjo were appointed to fill casual vacancies this year. In line with Article 73 of the Articles of Association they shall retire at this Annual General Meeting and being eligible, they offer themselves for re-election."

CORPORATE GOVERNANCE

The Board is responsible for the corporate governance of the Company. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial status of the Company and ensures that the Financial Statements comply with provisions of the Companies and Allied Matters Act CAP C20 LFN 2004.

They are also responsible for safeguarding the assets of the Company by taking reasonable steps for the prevention and detection of fraud and irregularities.

During the year under review, the Company was managed by a Board of 9 Directors consisting of 7 non-Executive Directors, which includes the Chairman and 2 Executive Directors.

The Board of Directors ensured that the Company's objectives were implemented through the following constituted board committees;

Board Audit committee

The Committee is established in compliance with Section 359 (6) of the Company and Allied matters Act and it has the oversight responsibility for the Company's account.

Board Finance & Investment committee

The Committee considers all capital project of the organization and makes recommendations for the consideration of the board to enable it make a decision.

Board Technical Risk Management committee

The Committee has oversight function over the internal control, assessment of associated risk in the Company's business and compliance functions within the Organization.

Board Human resources and Remuneration committee

This Committee has oversight function in determining the terms of reference for the executive management. It recommends the remuneration of the Executive directors.

BOARD MEETINGS

The Company's Board meetings for the year in view and record of directors' attendance are presented in the table below;

	Name	28th April 2010	20th July 2010	30th November 2010
1.	Mr. Olufemi Somolu	P	P	P
2.	Mr. Ibidolapo Balogun	P	P	P
3.	Mr. P. I. Olarewaju	A	A	A
4.	Mrs. Ola Adeola	P	P	P
5.	Dr. Olufemi Oni	P	P	P
6.	Alhaji Bello Dan Bappa	P	P	P
7.	Mr. Yemi Cardoso	P	A	A
8.	Mr. Francis Ogunbanjo	A	A	A
9.	Mr. Adegboyega Isiaka	A	A	R

Key

P - Present

A - Absent

R - Resigned

AUDIT COMMITTEE

The Company has an Audit Committee in line with Section 359 (3) of the Companies and Allied Matters Act. The following persons were elected as members of the Audit Committee at the last Annual General Meeting.

Mr. Adetutu Buraimo (Chairman)	- Shareholder
Dr. Taiwo A. Oniwinde	- Shareholder
Prince Adebunmi Adebajo	- Shareholder
Dr. Olufemi Oni	- Non-Executive Director
Mr. Michael Olayemi Cardoso	- Non-Executive Director
Alhaji Bello Dan Bappa	- Non-Executive Director

The functions of the Audit Committee are laid down in Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004.

FIXED ASSETS

Movements in fixed assets during the year are shown in note 7 on page 21. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the financial statements.

REINSURANCE ARRANGEMENT

The company had treaty arrangements with the following companies during the year

- Munich Mauritius Reinsurance Co. Ltd.
- African Reinsurance Corporation
- Continental Reinsurance Plc.
- Nigerian Reinsurance Corporation

DONATIONS

The Company gave **N608,700** (2009 - N100,000) in donations during the year. The details are as follows:

	2010
	N
Anatomical Society of Nigeria	108,700
St Gregory's College	<u>500,000</u>
	608,700
	=====

POST BALANCE SHEET EVENTS

There are no significant developments since the end of the accounting year which could have a material effect that have not been adequately provided for in the financial statements.

EMPLOYMENT AND EMPLOYEES

1. Employment of disabled persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from disabled persons. During the year under review, there were no disabled persons in the Company's employment.

2. Health, safety at work and welfare of employees

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company provides subsidies to all levels of employees for medical, transportation, housing, lunch, etc.

3. Employees' involvement and training

The Company is committed to keeping employees fully informed as far as possible regarding the Company's performance and progress and in seeking their views wherever practicable on matters which particularly affect them as employees. Employees' development is carried out at various levels within the Company through both internal and external training.

Management, professional and technical expertise are the Company's major assets and investments in developing such skills continue.

Incentive schemes designed to meet the circumstance of each individual are implemented wherever appropriate and some of those schemes include bonus, etc.

AUDITORS

The Joint Auditors, Messrs Balogun Badejo & Co. and Segun Oyegbola & Co. (Chartered Accountants) have indicated their willingness to continue in office as the Company's Joint Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act CAP C20 LFN 2004. A resolution will be proposed authorizing the Directors to determine their remuneration.

BY ORDER OF THE BOARD
 AELEX Secretaries Limited

AELEX
SECRETARIES LIMITED
 7th Floor, 1 Kingsway Road
 Ikeja, Lagos
 Company Secretaries
 Lagos, Nigeria
 18th October, 2011

In compliance with the provision of Section 359(6) of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria, 2004, we have reviewed the audited financial statements of the Company for the year ended 31st December, 2010 and report as follows:

1. The Audit Committee met in exercise of its statutory responsibilities in accordance with Section 359(6) of the Companies and Allied Matters Act. (CAP C20), Laws of the Federation of Nigeria 2004.
2. We have examined the Auditors report and findings and recommendations on management matters, we are satisfied with management responses thereon.
3. The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
4. The Company maintained effective systems of accounting and internal controls during the year.
5. We are satisfied that Management is aggressively pursuing the goals and objectives of the Company.

Dated this 4th day of November, 2011



Mr. Adetutu Buraimo
CHAIRMAN, AUDIT COMMITTEE

Members of the Audit Committee:

1. Mr. Adetutu Buraimo *mni, FCA* - Shareholder/Chairman
2. Dr. Taiwo A. Oniwinde - Shareholder
3. Prince A. Adebajo - Shareholder
4. Dr. Femi Oni - Non-Executive Director
5. Mr. Yemi Cardoso - Non-Executive Director
6. Alhaji Bello Dan Bappa - Non-Executive Director

We have audited the accompanying financial statements of Equity Assurance Plc on pages 13 to 29 which comprise the balance sheet as at 31 December, 2010, the profit and loss account, statement of cash flows and value added statements for the year then ended, the summary of significant accounting policies, explanatory notes and five-year financial summary.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act CAP C20 LFN 2004 and Insurance Act CAP 117 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Independent Joint Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the joint auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessment, the joint auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respect and give, in a prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act CAP 117 C20 LFN 2004 and other relevant circulars issued by the National Insurance Commission (NAICOM). The financial statements give a true and fair view of the financial position of Equity Assurance Plc as at 31 December, 2010 and of its financial performance and cash flows for the year then ended in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

Balogun Badejo & Co
Balogun Badejo & Co
 (Chartered Accountants)
 Lagos, Nigeria.



Segun Oyegbola & Co
Segun Oyegbola & Co.
 (Chartered Accountants)
 Lagos, Nigeria.



18 October, 2011

- 1 **Accounting Convention**
The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings.
- 2 **Accounting Basis**
The accrual basis of accounting method has been adopted, in the preparation of the financial statements.
- 3 **Gross Premium Written**
This is made up of insurance premium on direct and indirect businesses due at the inception of the policy
- 4 **Gross Premium Earned**
Gross premium earned is stated at premium written on direct and indirect businesses after deducting premium relating to unexpired risks which is determined on time apportionment basis.
- 5 **Net Premium Earned**
This is gross premium earned less reinsurance premium.
- 6 **Reinsurance Premium**
This relates to premium on business ceded on treaty and facultative and is recognized on part time apportionment basis.
- 7 **Commission Earned**
This is recognized on ceding businesses and credited to profit and loss account.
- 8 **Commission Expenses**
Brokerage fees paid to brokers and agents.
- 9 **Maintenance Expenses**
These are expenses in servicing existing policies and other incidental cost.
- 10 **Operating Expenses**
These include salaries, depreciation and other administrative expenses. These expenses are apportioned to the various classes of Insurance in the proportion of gross premium written during the year.
- 11 **Debtors**
Debtors are stated after deduction of specific debts considered bad or doubtful of recovery. This is done to conform with NAICOM's directives on provisions for outstanding premium.
- 12 **Provisions for Bad Debts**
In line with National Insurance Commission's (NAICOM's) guidelines this is provided for as follows:

	% Allowance
Up to 3 months	Nil
3 - 6 months	50
Above 6 months	100
- 13 **Fixed Assets**
Fixed assets are stated at cost/valuation less accumulated depreciation.

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Depreciation

Depreciation of fixed assets is calculated to write off the cost or revalued amount on straight line basis over their estimated useful lives, based on the following annual rates consistent with the previous year.

	%
Leasehold Land and Buildings	2.50
Office Equipment	10
Furniture & Fitting	10
Motor Vehicles	25
Leasehold Improvement	20

No depreciation is provided on fixed assets until they are brought to use.

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Technical Reserves

These are computed in accordance with the provisions of section 20 (a) & 21 of the Insurance Act CAP 117 LFN 2004 as follows:

a.

Insurance Funds
(i) Reserve for unexpired risks

Provisions for unexpired risks are made on the basis of percentage of net premiums written on time apportionment in accordance with section 20(1) (a) of the Insurance Act CAP 117 LFN 2004.

(ii) Reserve for outstanding claims

This is maintained at the amount of estimated outstanding claims plus 10% thereof to cover claims incurred but not reported at the balance sheet date in accordance with Section 20(1)(b) of the Insurance Act CAP 117 LFN 2004.

b.

Contingency reserve

This is credited at the higher of 3% of total premium during the year or 20% of the net profit per year, until it reaches the higher of the minimum paid up capital or 50% of net premium in accordance with Section 21 (2) of the Insurance Act CAP 117 LFN 2004.

16.

Gross Claims Cost

This is accounted for, based on direct claims paid and amount of estimated outstanding claims plus 10% thereof to cover claims incurred but not reported at the balance sheet date.

17.

Acquisition Expenses

These are expenses incurred in processing and servicing new businesses

18.

Investments

This is classified as follows:

1.

Short-Term Investments

An investment is classified into this category at inception if acquired principally on temporary basis for a period not more than one year. Such investments can be converted into cash when current financing needs make it desirable. Short-term investments are valued at lower of cost or market value. The amount by which cost exceeds market value (unrealized loss) is charged to the profit and loss account for the period.

2.

Quoted Investments

Quoted investments are stated at revalued amount (market value) as at balance sheet date.

Diminution in value as at balance sheet is written off in the profit and loss account. Dividend and interest thereof are accounted for when received.

3.

Unquoted Investments

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

19. **Amortization of investment in Equity Resort Hotel Limited**
The Company's investment in Equity Resort Hotel Limited will be written off over the concession period of 25 years.
20. **Other Income**
These are incomes from other sources such as rent, interest on loan and salvaged value of insured assets. This is recognised on cash basis.
21. **Taxation**
Companies income tax: this is taxable income for the year at the statutory tax rate.
22. **Deferred Taxation**
Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liability and their carrying values. Deferred taxes resulting from ordinary activities are shown as part of assets and liabilities on the balance sheet.
23. **Employees Retirement Benefits**
The Company operates a contributory retirement benefit scheme, Contributions to the scheme are funded through payroll deductions at the rate of 7.5% monthly for both employees and employer in compliance with the provisions of the Pension Reform Act 2004.
24. **Foreign Currencies**
Transactions in foreign currencies are accounted for at the exchange rates ruling at the dates of the transactions, while assets and liabilities in foreign currencies are converted to Naira at the exchange rates ruling at the balance sheet date. The gains and losses on conversion are included in the profit and loss account.
25. **Earnings/(Loss) Per Share**
Earnings/(loss) per share is calculated on profit/(loss) after tax in relation to the number of shares in issue as at each year end while the diluted figures are based on the number of shares in issue as at the latest accounting date.
26. **Goodwill**
Goodwill arising from merger and acquisition is written off only in any period it suffers impairment.

Assets Employed:

ASSETS	NOTES	2010	2009
		N	N
Cash and bank balances		176,607,130	48,352,412
Short-term investments	2	1,027,133,149	2,223,421,508
Debtors and prepayments	3	2,082,645,408	1,658,475,673
Long-term investments	4	2,548,030,193	2,299,199,174
Statutory deposit	5	300,000,000	300,000,000
Goodwill	6	956,889,818	956,889,818
Fixed assets	7	997,426,695	978,213,233
Total Assets		8,088,732,393	8,464,551,818
Less: Liabilities			
Creditors and accruals	8	518,688,315	572,350,910
Insurance funds	9	995,963,713	907,993,539
Taxation	10.2	27,019,847	44,338,228
Deferred tax	10.3	44,727,490	32,046,305
Convertible redeemable loan	11	1,378,060,000	1,378,060,000
Total Liabilities		2,964,459,365	2,934,788,982
Net Assets		5,124,273,028	5,529,762,836
Financed By:			
Capital and Reserves			
Share capital	12	4,423,649,210	4,423,649,210
Share premium	13	1,105,192,646	1,539,478,360
Capital reserve	14	327,622,146	327,622,146
Revenue reserve(Negative)	15	(1,044,127,195)	(1,008,729,961)
Contingency reserve	16	311,936,221	247,743,081
		5,124,273,028	5,529,762,836

SHAREHOLDERS FUNDS

} **Directors**

Note: The accounting policies on pages 13 to 15 and the notes on pages 20 to 27 form an integral part of these financial statements.

	NOTES	2010 N	2009 N
Gross written Premium	23	2,053,773,086	2,406,271,245
Outward reinsurance cost	24	<u>(277,916,531)</u>	<u>(289,776,446)</u>
Earned premium		1,775,856,555	2,116,494,799
Commission received		<u>83,401,754</u>	<u>111,123,692</u>
Total income		<u>1,859,258,309</u>	<u>2,227,618,491</u>
Expenses			
Commission expenses		(330,569,299)	(468,200,462)
Acquisition expenses		(52,031,314)	(19,797,233)
Maintenance expense		(32,300,351)	(59,968,148)
Net claims		(357,957,580)	(365,763,521)
Accretion to outstanding claims		<u>(1,971,925)</u>	<u>(44,879,691)</u>
Underwriting expenses		<u>(774,830,469)</u>	<u>(958,609,055)</u>
Underwriting profit		1,084,427,840	1,269,009,436
Net investment income		132,498,244	151,893,597
other income		<u>30,949,522</u>	<u>15,680,479</u>
Net operating income		<u>1,247,875,606</u>	<u>1,436,583,512</u>
Operating expenses		(1,062,957,052)	(1,072,586,147)
Diminution in value of quoted investment		86,700,928	(415,170,790)
Provision for bad and doubtful debit		<u>(209,593,971)</u>	<u>(792,343,793)</u>
Profit/(loss) before taxation	17	62,025,511	(843,517,218)
Taxation	10.1	<u>(33,229,605)</u>	<u>(52,318,381)</u>
Profit/(loss) after taxation		<u>28,795,906</u>	<u>(895,835,599)</u>
Appropriations:			
Accretion to contingency reserve		<u>(64,193,140)</u>	<u>(74,983,895)</u>
(Loss) transferred to revenue reserve		<u>(35,397,234)</u>	<u>(970,819,494)</u>
		=====	=====

Per 50k Share Data:

Earning/(loss) per share (kobo)	0.3	(10)
Stock Exchange Quotation as at 31st December	50	50

Notes: The accounting policies on pages 13 to 15 and the notes on pages 20 to 27 form an integral part of these financial statements.

	Motor N	Marine N	Fire N	General accident N	2010 TOTAL N	2009 TOTAL N
Gross Direct Premium	860,330,977	250,982,191	363,236,524	629,498,129	2,104,047,821	2,467,524,822
Inward reinsurance premium	16,770,296	326,741	7,463,175	11,163,302	35,723,514	31,938,367
Gross written premium	877,101,273	251,308,932	370,699,699	640,661,431	2,139,771,335	2,499,463,189
(Increase)/decrease in unexpired risks provision	24,950,614	(37,280,870)	(59,023,432)	(14,644,561)	(85,998,249)	(93,191,944)
Gross premium earned	902,051,887	214,028,062	311,676,267	626,016,870	2,053,773,086	2,406,271,245
Outward reinsurance premium	(4,810,739)	(70,354,006)	(113,270,670)	(89,481,116)	(277,916,531)	(289,776,446)
Net premium earned	897,241,148	143,674,056	198,405,597	536,535,754	1,775,856,555	2,116,494,799
Commission received	493,748	23,145,910	37,313,868	22,448,228	83,401,754	111,123,692
Total income	897,734,896	166,819,966	235,719,465	558,983,982	1,859,258,309	2,227,618,491
EXPENSES						
Direct claims paid	(221,460,659)	(11,375,535)	(96,512,578)	(207,127,086)	(536,475,858)	(515,855,907)
Inward reinsurance claims paid	(260,933)	—	—	—	(260,933)	—
Increase/(decrease) in outstanding claims	23,681,000	3,706,748	29,022,464	(58,382,137)	(1,971,925)	(44,879,690)
Gross claims incurred	(198,040,592)	(7,668,787)	(67,490,114)	(265,509,223)	(538,708,716)	(560,735,597)
Outward reinsurance recoveries	2,273,661	15,821,631	49,489,127	111,194,792	178,779,211	150,092,386
Net Claims Incurred	(195,766,931)	8,152,844	(18,000,987)	(154,314,431)	(359,929,505)	(410,643,211)
Commission expenses	(110,024,792)	(45,165,740)	(66,112,628)	(109,266,139)	(330,569,299)	(468,200,462)
Acquisition expenses	(21,532,839)	(6,056,476)	(8,875,824)	(15,566,175)	(52,031,314)	(19,797,233)
Maintenance expenses	(489,641)	(9,700,170)	(12,832,322)	(9,278,218)	(32,300,351)	(59,968,148)
Total Expenses	(327,814,203)	(52,769,542)	(105,821,761)	(288,424,963)	(774,830,469)	(958,609,054)
Underwriting profit	569,920,693	114,050,424	129,897,704	270,559,019	1,084,427,840	1,269,009,437

Note: The accounting policies on pages 13 to 15 and the notes on pages 20 to 27 form an integral part of these financial statements.

	NOTES	2010 N	2009 N
Cash Flows from Operating Activities			
Premium received from policy-holders	23	2,139,771,335	2,499,463,189
Re-insurance recoveries		178,779,211	150,092,386
Re-insurance receipts in respect of claims		83,401,754	111,123,692
Cash paid to and on behalf of employees		(518,999,536)	(365,043,211)
Outward re-insurance cost	24	(277,916,531)	(289,776,446)
Other operating cash receipts/payments		(1,387,435,791)	(984,869,719)
Direct claims paid		(536,736,791)	(515,855,907)
Company's income tax paid	10.2	<u>(37,866,801)</u>	<u>(73,204,967)</u>
Net cash (outflow)/inflow from operating activities	20	<u>(357,003,150)</u>	<u>531,929,017</u>
Cash Flows from investing activities			
Purchase of fixed assets	7	(171,761,128)	(79,589,569)
Proceeds from sale of fixed assets		24,920,944	20,395,634
Dividend and interest received		163,447,766	151,893,597
Purchase/(redemption) of investments		<u>992,668,638</u>	<u>(1,649,285,216)</u>
Cash inflow/(outflow) from investing activities		<u>1,009,276,220</u>	<u>(1,556,585,554)</u>
Cash Flows from financing activities			
Dividend paid to Shareholders			(19,695,201)
Interest paid on loan and bank overdraft		(76,571,366)	(221,893,648)
Loan repayment			(457,850,333)
Share premium			865,078,048
Issue of ordinary shares		(434,285,714)	569,707,910
Net cash (outflow)/inflow by financing activities		<u>(510,857,080)</u>	<u>735,346,776</u>
Net increase/(decrease) in cash and cash equivalents		141,415,990	(289,309,761)
Cash and cash equivalents at 1 January		<u>(72,785,614)</u>	<u>216,524,147</u>
Cash and cash equivalents at 31 December	21	<u>68,630,376</u>	<u>(72,785,614)</u>

Note: The accounting policies on pages 13 to 15 and notes on pages 20 to 27 form an integral part of these financial statements.

1. CORPORATE STRUCTURE AND BUSINESS

Equity Assurance Plc is wholly owned by Nigerian citizens. It is a Public Limited Liability Company which emerged as a result of the merger between Equity Indemnity Insurance Company Limited [EIIIC] and First Assurance Plc. In the scheme of merger arrangement, First Assurance Plc acquired the net assets of Equity Indemnity Insurance Company Limited and subsequently changed its name to Equity Assurance Plc. The Company was incorporated as a Private Limited Liability Company and was converted to a Public Company in 1985. The Company's shares are quoted on the Nigerian Stock Exchange. The Company has its head office in Lagos and branch offices in major cities in the country. Equity Assurance Plc is principally involved in the provision of non-life Insurance business.

2. SHORT - TERM INVESTMENTS

These represent time deposits and commercial papers

Of the N1.03 billion N453million was invested with Skye Group. This exceeded the single obligor allowed by NAICOM, which contravened section 6.2(a) of the NAICOM's operational guidelines. However, post balance sheet date, this investment has been regularised with the liquidation of N53.33million in accordance with NAICOM's operational guidelines.

3. DEBTORS AND PREPAYMENTS

	2010 N	2009 N
Premium receivables (Net of doubtful debt provision)	1,086,992,813	905,735,734
Staff loans and advances	38,871,893	71,793,946
Advances to subsidiary companies	77,152,073	8,521,936
Claims receivable	225,880,803	124,161,586
Deferred reinsurance cost	113,537,718	81,473,582
Deferred acquisition cost	140,642,059	92,819,093
Other debtors	<u>399,568,049</u>	<u>373,969,796</u>
	2,082,645,408	1,658,475,673

During the year, additional provision for bad and doubtful debt was made to the extent of N209,595,605 in line with NAICOM's operational guidelines.

4. LONG - TERM INVESTMENTS

Federal Government Securities	201,977	201,977
Quoted shares	1,159,966,992	1,124,284,477
Unquoted shares	<u>1,991,163,991</u>	<u>1,864,716,415</u>
	3,151,332,960	2,989,202,869
Diminution in value of quoted investments	<u>(603,302,767)</u>	<u>(690,003,695)</u>
	2,548,030,193	2,299,199,174

i. The market value of the quoted shares as at 31 December, 2010 was **N556,664,225** (2009-N434,280,781)

ii. The Directors are of the opinion that the market values of unquoted investments are not lower than the cost as at the accounting date.

5. **STATUTORY DEPOSIT**
At 31 December

2010
N
300,000,000
=====

2009
N
300,000,000
=====

This represents deposit with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act CAP 117 LFN 2004.

6. **GOODWILL**
At 31 December

956,889,818
=====

956,889,818
=====

This arose as a result of the share exchange carried out during the merger of First Assurance Plc and Equity Indemnity Insurance Company Limited in February, 2007.

However, with the directives of the Nigerian Accounting Standards Board (NASB) as approved by the Federal Government of Nigeria, goodwill arising from mergers and acquisition is now an allowable asset in the financial statements. Goodwill will now be written off only in any period when it suffers impairment.

7. **FIXED ASSETS SCHEDULE**

	Leasehold Land & Buildings N	Office Equipment N	Motor Vehicles N	Furniture & Fittings N	Total N
COST/ VALUATION					
At 1 January, 2010	838,169,783	126,837,057	293,996,062	46,518,213	1,305,521,115
Additions	127,660,199	19,579,129	23,690,000	831,800	171,761,128
Disposals	<u>(24,237,976)</u>	<u>(10,425,752)</u>	<u>(39,348,572)</u>	<u>-</u>	<u>(74,012,300)</u>
At 31 December, 2010	<u>941,592,006</u>	<u>135,990,434</u>	<u>278,337,490</u>	<u>47,350,013</u>	<u>1,403,269,943</u>
DEPRECIATION					
To 1 January, 2010	77,712,071	58,921,059	170,164,989	20,509,763	327,307,882
Charge for the year	23,539,800	14,220,399	67,137,081	4,711,655	109,608,935
Disposals	<u>-</u>	<u>(9,466,918)</u>	<u>(21,606,651)</u>	<u>-</u>	<u>(31,073,569)</u>
To 31 December, 2010	<u>101,251,871</u>	<u>63,674,540</u>	<u>215,695,419</u>	<u>25,221,418</u>	<u>405,843,248</u>
NET BOOK VALUE					
At 31 December, 2010	<u>840,340,135</u>	<u>72,315,894</u>	<u>62,642,071</u>	<u>22,128,595</u>	<u>997,426,695</u>
At 31 December, 2009	<u>760,457,712</u>	<u>67,915,998</u>	<u>123,831,073</u>	<u>26,008,450</u>	<u>978,213,233</u>

The Company's land and buildings were revalued on November 19, 2007 by Joe Idudu and Associates (Estate Surveyors and Valuers) on an open market value basis for existing use at **N644,275,000**. The revaluation surplus arising from the exercise was **N190,861,861** which has been passed on to capital reserve.

7(a)

SCHEDULE OF LEASED ASSETS

COST	Motor Vehicles	Total
	N	N
At 1 January, 2010	64,990,000	64,990,000
Additions	15,750,000	15,750,000
Fully paid	<u>(53,695,000)</u>	<u>(53,695,000)</u>
At 31 December, 2010	<u>27,045,000</u>	<u>27,045,000</u>
DEPRECIATION		
To 1 January, 2010	(2,794,326)	(2,794,326)
Charge for the year	3,937,500	3,937,500
Fully paid	<u>(13,423,750)</u>	<u>(13,423,750)</u>
To 31 December, 2010	<u>(12,280,576)</u>	<u>(12,280,576)</u>
NET BOOK VALUE		
At 31 December, 2010	<u>39,325,576</u>	<u>39,325,576</u>
At 31 December, 2009	<u>67,784,326</u>	<u>67,784,326</u>

8 CREDITORS AND ACCRUALS

	2010	2009
	N	N
Re-insurance premium payable	47,331,316	61,584,397
Commission payable	15,928,941	15,971,400
Obligations under finance lease	11,821,039	16,671,399
Bank overdraft	107,976,754	121,138,026
Dividend payable	47,654,017	47,654,017
Accruals	58,509,271	80,811,160
Pensions and Gratuity	41,580,390	46,144,559
Other Creditors	<u>187,886,587</u>	<u>182,375,952</u>
	<u>518,688,315</u>	<u>572,350,910</u>

9 INSURANCE FUNDS

	Reserve for Unexpired Risks N	Reserve for Outstanding Claims N	2010 Total N	2009 Total N
At 1 January	532,755,962	375,237,577	907,993,539	769,921,905
Motor	(24,950,614)	(23,681,000)	(48,631,614)	79,321,204
Marine	37,280,870	(3,706,748)	33,574,122	4,395,553
Fire	59,023,432	(29,022,464)	30,000,968	2,622,215
General Accident	14,644,561	58,382,137	73,026,698	51,732,662
	<u>618,754,211</u>	<u>377,209,502</u>	<u>995,963,713</u>	<u>907,993,539</u>
At 31 December	=====	=====	=====	=====

The reserves are computed in accordance with section 20(a) and (b) of the Insurance Act CAP 117 LFN 2004

10 TAXATION
.1 Per Profit and Loss Account

	2010 N	2009 N
Income tax	35,000,000	36,586,648
Education Tax	-	731,733
Tax Over-provision in prior-year	(14,451,580)	-
Deferred tax	<u>12,681,185</u>	<u>15,000,000</u>
	<u>33,229,605</u>	<u>52,318,381</u>
	=====	=====

.2 Per Balance sheet

At 1 January	44,338,228	80,224,814
Charge for the year	20,548,420	37,318,381
Payment during the year	<u>(37,866,801)</u>	<u>(73,204,228)</u>
At 31 December	<u>27,019,847</u>	<u>44,338,228</u>
	=====	=====

.3 DEFERRED TAX

At 1 January	32,046,305	17,046,305
Charge for the year	<u>12,681,185</u>	<u>15,000,000</u>
At 31 December	<u>44,727,490</u>	<u>32,046,305</u>
	=====	=====

The charge for Income and Education taxes in these financial statements has been based on the provisions of the Companies Income Tax Act CAP LFN 2004 as amended to date and Education Tax Act CAP E4 LFN 2004 respectively.

	2010 N	2009 N
11 CONVERTIBLE REDEEMABLE LOAN		
Convertible redeemable loan	<u>1,378,060,000</u>	<u>1,378,060,000</u>
This represents convertible redeemable loan maturing in 2012		
12 SHARE CAPITAL		
Authorised 14,000,000,000 ordinary shares of 50k each	<u>7,000,000,000</u>	<u>7,000,000,000</u>
Issued and fully paid 8,847,298,420 ordinary shares of 50k each	<u>4,423,649,210</u>	<u>4,423,649,210</u>
13 SHARE PREMIUM		
At 1 January	1,539,478,360	674,400,312
Premium on allotment of shares	<u>(434,285,714)</u>	<u>865,078,048</u>
At 31 December	<u>1,105,192,646</u>	<u>1,539,478,360</u>
14 CAPITAL RESERVE	2010	2009
	N	N
At 1 January	<u>327,622,146</u>	327,622,146
At 31 December	<u>327,622,146</u>	<u>327,622,146</u>
15 REVENUE RESERVE		
At 1 January	(1,008,729,961)	(38,519,248)
Transfer from reserve for bonus issue	-	608,781
(Loss) after taxation	<u>(35,397,234)</u>	<u>(970,819,494)</u>
At 31 December	<u>(1,044,127,195)</u>	<u>(1,008,729,961)</u>
16 CONTINGENCY RESERVE		
At 1 January	247,743,081	172,759,186
Add: Transfer from profit and loss account		
Motor	26,313,038	33,827,827
Marine	7,539,268	6,928,528
Fire	11,120,991	10,454,122
General Accident	<u>19,719,843</u>	<u>23,773,418</u>
At 31 December	<u>311,936,221</u>	<u>247,743,081</u>

17	PROFIT/(LOSS) BEFORE TAXATION	2010 N	2009 N
	Profit/(Loss) before taxation is stated after charging/(crediting)		
	Directors' emoluments:		
	Fees	2,750,000	1,350,000
	Others	10,892,000	59,248,000
	Auditors' remuneration	5,000,000	4,000,000
	Depreciation	109,608,935	97,961,900
	Net investment income	(132,498,244)	(151,893,500)
		=====	=====

18	CHAIRMAN'S AND OTHER DIRECTORS' EMOLUMENTS	2010 N	2009 N
	.1 Emoluments		
	Chairman	2,959,000	1,500,000
	Other directors	<u>10,683,000</u>	<u>59,098,000</u>
		13,642,000	60,598,000
		=====	=====
	.2 As Directors		
	Fees	2,750,000	1,350,000
	Other emoluments	<u>10,892,000</u>	<u>59,248,000</u>
		13,642,000	60,598,000
		=====	=====
	Highest paid director per annum	<u>3,186,000</u>	<u>18,000,000</u>
		=====	=====
	.3 The number of directors who had no emoluments is	NIL	NIL
		=====	=====

19
 .1 **EMPLOYEES REMUNERATED AT HIGHER RATES**
 The number of employees in receipt of emoluments within the following ranges and related staff costs are:

N	N	2010 Number	2009 Number
300,001	- 400,000	5	12
400,001	- 700,000	43	54
700,001	- 900,000	35	40
900,001	- and above	<u>76</u>	<u>88</u>
		159	194
		===	===

2 Staff costs

The average number of persons employed (excluding directors) in the financial year and the staff costs were as follows:

	2010 Number	2009 Number
Managerial	28	15
Senior	45	119
Junior	<u>86</u>	<u>60</u>
	159	194
	===	===
	N'000	N'000
Staff costs	350,861	398,475
	=====	=====

20 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO THE CASH PROVIDED BY OPERATING ACTIVITIES

	2010 N	2009 N
Operating profit/(loss) after taxation	28,795,906	(895,835,599)
Depreciation	109,608,935	97,961,986
(Increase)/ decrease in unearned premiums	(181,257,079)	302,987,234
(Decrease)/ increase in creditors	(40,981,411)	25,544,284
Loss on disposal of fixed assets	15,454,026	8,000,000
Amortisation of investment	42,259,303	-
(Increase)/decrease in unexpired risks and outstanding claims	(87,970,174)	138,071,634
(Increase)/ decrease in debtors	<u>(242,912,656)</u>	<u>855,199,478</u>
	(357,003,150)	531,929,017
	=====	=====

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

Cash at bank and in hand

Bank overdraft

176,607,130	48,352,412
<u>(107,976,754)</u>	<u>(121,138,026)</u>
68,630,376	(72,785,614)
=====	=====

22 EMPLOYEES' RETIREMENT BENEFITS

The Company operates a contributory retirement benefit scheme. Contributions to the scheme are funded through payroll deductions at the rate of 7.5% monthly for employees and 7.5% employer's contribution in compliance with the provisions of the Pension Reform Act, 2004.

	2010 N	2009 N
23 GROSS WRITTEN PREMIUM		
Gross direct premium written	2,104,047,821	2,467,524,822
Inward reinsurance premium	<u>35,723,514</u>	<u>31,938,367</u>
Gross written premium	2,139,771,335	2,499,463,189
Increase in unexpired risks	<u>(85,998,249)</u>	<u>(93,191,944)</u>
	2,053,773,086	2,406,271,245

24 OUTWARD REINSURANCE COST		
Outward reinsurance premium	309,980,667	371,250,028
Increase in prepaid reinsurance	<u>(32,064,136)</u>	<u>(81,473,582)</u>
Transfer to deferred reinsurance cost	277,916,531	289,776,446

25. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

- .1 The Company did not charge any of its assets to secure the liability of any third party.
- .2 There were no commitments to capital expenditure at the year-end both in respect of either contracted or authorized but not contracted.
- .3 The company had no known contingent liabilities as at the year-end

26. EARNINGS/(LOSS) AND NET ASSETS PER SHARE

Earnings/ (loss) and Net assets per share are based on ordinary shares in issue at each year end while the diluted figures are based on the number of shares as at 31 December, 2010

27. POST BALANCE SHEET EVENTS

There were no known post balance sheet events as at 31 December, 2010.

28. COMPARATIVE FIGURES

Certain comparative figures were re-classified where necessary to reflect a more meaningful comparison with 2010 financial statements.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors of the Company on 18 October 2011.

SOURCE	2010		2009	
	N'000	%	N'000	%
Net premium earned	1,775,857		2,116,495	
Investment income /Interest	163,448		167,574	
Claims incurred, commission paid and other operational expenses	(1,374,549)		(2,631,149)	
Value added	564,755	100	(347,080)	(100)
	=====	===	=====	===
APPLIED AS FOLLOWS:				
To pay employees				
Salaries, wages and fringe benefits	350,861	62	398,475	115
To pay government				
Income tax	20,549	4	37,318	11
To provide for maintenance and expansion of assets				
Depreciation and Amortisation	151,868	27	97,962	28
Contingency reserve	64,193	11	74,984	22
Deferred tax	12,681	2	15,000	4
(Loss) for the year	(35,397)	1	(970,819)	(280)
Value added	564,755	100	(347,080)	(100)
	=====	===	=====	===

Note: Value added represents the additional wealth generated in the year by the Company to the National Economy through the efforts of the Directors and the Employees and how this wealth was distributed between Employees, the Providers of capital, Government and the portion retained in the business for future expansion.

BALANCE SHEET	2010	2009	2008	2007	2006
	N'000	N'000	N'000	N'000	N'000
Assets Employed:					
Fixed assets	997,427	978,213	1,024,981	966,538	170,840
statutory deposit	300,000	300,000	300,000	300,000	20,000
Investments	3,575,163	4,522,621	2,803,335	2,929,977	48,412
Current assets	2,259,253	1,706,828	2,960,074	1,064,786	246,128
Goodwill	<u>956,890</u>	<u>956,890</u>	<u>956,890</u>	<u>956,890</u>	-
	8,088,733	8,464,553	8,045,280	6,218,191	485,380
Liabilities	<u>(1,968,496)</u>	<u>(2,026,795)</u>	<u>(2,422,784)</u>	<u>(442,330)</u>	<u>72,285)</u>
	<u>6,120,237</u>	<u>6,437,758</u>	<u>5,622,496</u>	<u>5,775,861</u>	<u>413,095</u>
	=====	=====	=====	=====	=====
FINANCED BY:					
Capital and Reserves					
Share Capital	4,423,649	4,423,649	3,853,941	3,853,941	240,127
Reserves	(716,505)	(681,108)	289,712	610,682	35,449
Contingency reserve	311,936	247,743	172,759	117,379	19,808
Share premium	1,105,193	1,539,479	674,400	674,400	-
Insurance funds	<u>995,964</u>	<u>907,994</u>	<u>631,684</u>	<u>519,459</u>	<u>117,711</u>
	<u>6,120,237</u>	<u>6,437,758</u>	<u>5,622,496</u>	<u>5,775,861</u>	<u>413,095</u>
	=====	=====	=====	=====	=====
Profit And Loss Account					
Gross written premium	<u>2,053,773</u>	<u>2,406,271</u>	<u>2,128,380</u>	<u>1,293,016</u>	<u>223,604</u>
	=====	=====	=====	=====	=====
Profit/(loss) before taxation	62,026	(843,517)	53,495	498,705	55,872
Taxation	<u>(33,230)</u>	<u>(52,318)</u>	<u>(49,308)</u>	<u>(53,664)</u>	<u>(1,741)</u>
Profit/(loss) after taxation	28,796	(895,835)	4,187	445,041	54,131
Contingency reserve	<u>(64,193)</u>	<u>(74,984)</u>	<u>(55,381)</u>	<u>(97,571)</u>	<u>(8,756)</u>
Profit/(loss) transferred to revenue reserve	<u>(35,397)</u>	<u>(970,819)</u>	<u>(51,194)</u>	<u>347,470</u>	<u>45,375</u>
	=====	=====	=====	=====	=====
Per 50k Share Data:					
Earnings/(loss) per share (kobo)					
Basic	0.3	(10)	0.1	6	11
Diluted	0.3	(10)	0.1	5	0.6
Dividend per share (kobo)					
Basic	-	-	-	3.5	-
Diluted	-	-	-	3.1	-
Net Assets per share(kobo)					
Basic	58	63	73	75	86
Diluted	58	63	64	65	0.05
Stock Exchange Quotation (kobo)	50	50	506	235	84

Note: Earnings/(loss) per share, dividend per share and net assets per share are based on the issued ordinary shares of 50k each at each year end while the diluted figures are based on 8,847,298,420 ordinary shares of 50k each in issue as at December, 2010

First Assurance Plc Now Equity Assurance Plc

Year	Authorized (N)		Ordinary Shares	Fully Paid up		Consideration
	Increase	Cumulative	Issued and (N)	Increase	Cumulative	
1999	100,000,000	100,000,000	20,000,000		20,000,000	CASH
2000	-	100,000,000	12,869,376		32,869,376	CASH
2001	-	100,000,000	10,000,000		42,869,376	CASH
2002	-	100,000,000	57,131,624		100,000,000	CASH
2003	125,000,000	225,000,000	-		100,000,000	-
2004	125,000,000	350,000,000	124,118,085		224,118,085	CASH
2005	150,000,000	500,000,000	-		224,118,085	-
2006	500,000,000	1,000,000,000	16,008,435		240,126,520	BONUS
2006	-	1,000,000,000	1,672,257,462		1,912,383,982	MERGER
2006	-	1,000,000,000	1,587,616,018		3,500,000,000	PRIVATE PLACEMENT / RIGHT ISSUE
2007	3,000,000,000	4,000,000,000	353,941,300		3,853,941,300	SUPPLEMENTARY
2008	3,000,000,000	7,000,000,000	-		3,853,941,300	-
2009	-	7,000,000,000	569,707,910		4,423,649,210	PUBLIC OFFER
2010	-	7,000,000,000	-		4,423,649,210	-

PROXY FORM

24th ANNUAL GENERAL MEETING of EQUITY ASSURANCE PLC to be held at Equity Resort Hotel, (formerly known as Gateway Hotel) Ijebu-Ode, Ogun State on Friday, 2nd December 2011 at 11:00 am prompt.

I/We.....being a member/members of Equity Assurance Plc (the Company) hereby appoint

..**.....
(Capital Letters Please)

Or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company which will be held on Friday 2nd December 2011 at 11.00am at Equity Resort Hotel, (formerly known as Gateway Hotel) Ijebu-Ode, Ogun State or at any adjournment thereof.

Dated this.....day of.....2011

Shareholder's Signature.....

NOTE:

1. A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy and the above Proxy form has been prepared to enable the member to exercise his right to vote in case he/she cannot personally attend the meeting.
2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy, but if you wish, you may insert in the blank space (marked**) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.
3. Please sign and post the proxy form so as to reach the registered office of Company's Registrars, Sterling Registrars Limited, 8th Floor, Knight Frank Building, 24 Campbell Street, Lagos not later than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.
4. If executed by a corporate body, the Common Seal should be appended to the proxy form under the hand of the officers or Attorney duly authorized in that behalf.

NO. OF SHARES HELD:			
ORDINARY BUSINESS		For	Against
1.	"To receive the financial statements for the year ended 31st December, 2010 together with the report of the Directors, Auditors and the Audit Committee thereon"		
ii.	To elect/re-elect directors a. Mrs. Ola Adeola b. Mr. Olanrewaju Babatunde Ogunbanjo c. Mr. Godwin Agbudumeh Alegieuno		
iii.	"To re-appoint the Auditors"		
iv.	"To authorize the Directors to fix the remuneration of the Auditors"		
v.	"To elect members of the Audit committee"		
SPECIAL BUSINESS			
To consider and if thought fit, pass the following resolution as a special resolution "That the Directors be and are hereby authorized to raise additional capital via issue of debt instruments, preference shares (convertible or non-convertible) or ordinary shares or a combination of any of these options whether by way of Private Placement, Rights to existing Shareholders, Offer to subscription or in any manner which the Directors deem appropriate locally or internationally, upon such terms and conditions to be determined at the discretion of the Directors subject to any requisite regulatory approvals."			
Please indicate how you wish your votes to be cast on the resolutions set out above by including "X" in the appropriate space. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion			

Before posting the above card, tear off this part and retain it.

ADMISSION CARD

EQUITY ASSURANCE PLC
24th ANNUAL GENERAL MEETING - FRIDAY 2ND DECEMBER 2011

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE 24TH ANNUAL GENERAL MEETING BEING HELD AT EQUITY RESORT HOTEL, (FORMERLY KNOWN AS GATEWAY HOTEL) IJEBU-ODE, OGUN STATE ON FRIDAY 2ND DECEMBER, 2011

NAME OF SHAREHOLDER/PROXY.....

SIGNATURE.....

ADDRESS.....

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR