
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 consists of the letters 'é' and 'á' in a bold, sans-serif font. The 'é' is black, and the 'á' is a dark grey. The 'é' has a diagonal slash above it. The 'á' has a horizontal bar above it.

our core values

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

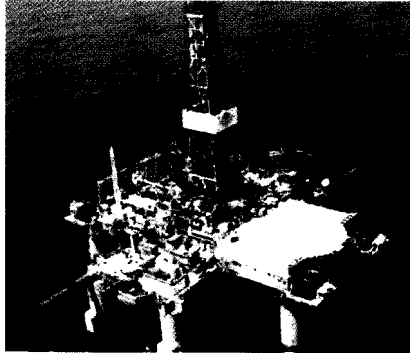
Our Products



Fire and Special Peril Insurance
 Consequential Loss Insurance
 Products Liability Insurance
 Householder's Insurance
 Goods in Transit Insurance
 Performance/bid Advance



Cash In Transit Insurance
 Public Liability Insurance
 Personal Accident (Grp. & Ind.) Insurance
 Medical Expenses/Evacuation Insurance
 Workman Compensation Insurance
 Medical Evacuation Insurance



Contractors all Risk Insurance
 Fidelity Guarantee Insurance
 Personal Liability Insurance
 Oil and Energy Insurance
 Plant All Risk Insurance
 Burglary Insurance



Aviation Insurance
 Marine Insurance
 Payment Bond
 Welfare Fund
 Pension



HEAD OFFICE:

Equity place

Plot 1196, Bishop Oluwole Street,

Off Akin Adesola Street,

Victoria Island, Lagos.

Tel: 01-2802012, 2770988, 2770990

email: info@equityassuranceplc.com

website: www.equityassuranceplc.com

Abuja Office:
No 12, Ukpo Close
Garki, Abuja.
P.O. Box 2163,
Abuja
Tel: 08079992611.

Ibadan Office:
No 69, Dikat Bus Stop
Ring Road, Ibadan.
Oyo State.
Tel: 08079992612

Ilorin Office:
188, Ibrahim Taiwo Road,
Ilorin,
Kwara State.
Tel: 08079992603

Port Harcourt Office:
19, Circular Road
Presidential Estate
P.O. Box 2709 & 2463
Port Harcourt.
Tel: 08079992613

Akure Office:
47 Oba Adesida Road
Akure.
Tel: 08079992610

Kaduna Office:
NIDB House, 18,
Waff Road,
P. O. Box 3134,
Kaduna.
Tel: 08079992609

Calabar Office:
Plot 38,
MCC (Anasa) Road,
Calabar.
Tel: 08079992604

Onitsha Office:
41, New Market Road,
Onitsha.
Tel: 08079992608

Warri Office:
Block 3,
Edewor Shopping Complex,
Effurun,
Warri.
Tel: 08079992614

Kano Office:
7, Bompai Road,
Kano.
Tel: 08079992606

Ijebu-Ode Office:
Chris Ogunbanjo Way,
P.M.B. 2029,
Ijebu-Ode.
Tel: 08079992605

Abeokuta Office:
46, Tinubu Street,
Ibara, Ita-Eko,
Abeokuta.
Tel: 08079992602

Equity Assurance Ghana Ltd.
48, Senchi Street, off Aviation Road,
Airport Residential Area,
Accra, Ghana.
Tel: +233-302770548.
Fax: +233-302769592

Equity Resort Hotel Ltd.
Chris Ogunbanjo way,
Erunwon, Ijebu-Ode,
Ogun State.
Tel: 01-7307811, 01-7307818

Managed Healthcare Services Ltd.
16, Obokun Street,
Ilupeju, Lagos
Nigeria
Tel: 01-7450251

EA Capital Management Ltd.
Plot 1196 Bishop Oluwole Street,
Victoria Island, Lagos
Nigeria
Tel: 01-6281549

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Notice of 25th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of the members of **EQUITY ASSURANCE PLC** will be held at Equity Resort Hotel, (formerly known as Gateway Hotel) Ijebu-Ode, Ogun State on Tuesday 18th December 2012 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, 2011 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.

Notes

PROXY

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. 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 by the commissioner of Stamp Duties 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

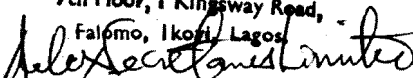
The Register of Members and the transfer books of the Company will be closed from Monday, 3rd December 2012 to Friday 7th December 2012 (both dates inclusive) to enable the Registrars to make necessary preparations for the Annual General Meeting.

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 this ..23rd... day of ..November...2012.

BY ORDER OF THE BOARD
AELX Secretaries Limited

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

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

	2 0 1 1	2 0 1 0	Variance
	N'000	N'000	%
Fixed assets	946,481	997,427	(5.1)
Investments	3,582,617	3,575,163	0.2
Statutory deposit	300,000	300,000	0.0
Contingency reserve	378,899	311,936	21.5
Paid-up capital	4,423,649	4,423,649	0.0
Earned premium	1,781,239	1,775,857	0.3
Profit /(loss) before taxation	(29,502)	62,026	(147.6)
	=====	=====	=====

	2011	2010
PER 50k SHARE DATA :		
Earnings/(Loss) per share (Kobo)	(1.03)	0.33
Net assets per share (Kobo)	57	58
Stock Exchange Quotation as at 31 December (Kobo)	50	50

BOARD OF DIRECTORS

Mr Femi Somolu	-	Chairman(Resigned wef 28 th June, 2011)
Mr. Ibidolapo Balogun	-	Group Managing Director (GMD)
Mrs Ola Adeola		
Mr. Godwin Alegieuno		
Mr. Olanrewaju Ogunbanjo		
Alhaji Bello Dan Bappa	-	Resigned wef 5th May, 2011
Dr. Olufemi Oni	-	Resigned wef 1st August, 2011

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
 Tel: 01-2802012
 E-mail: info@equityassuranceplc.com

REGISTRARS AND TRANSFER OFFICE

Sterling Registrars Limited
 Knight Frank House
 24, Campbell street
 Lagos

BANKERS

Ecobank Plc
 First Bank of Nigeria Plc
 Guaranty Trust Bank Plc
 Skye Bank Plc
 Sterling Bank Plc
 United Bank for Africa Plc
 Zenith Bank Plc

JOINT AUDITORS

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

Segun Oyegbola & Co
 (Chartered Accountants)
 11th Floor, Unity House

Chairman's Statement

On behalf of the Board of Directors of Equity Assurance Plc, it is my privilege and honour to welcome you all to the 25th Annual General Meeting of our Company

Before I present to you the Annual Report and Financial Statements for the financial year ended December 31, 2011, permit me to present a review of the business environment within which our Company operated during this period. This will enable you appreciate the factors that impinged significantly on our local businesses generally, and the Insurance sector particularly.

OPERATING ENVIRONMENT

The global financial crisis though receding during this period still had its ripples widely spread across various economies.

The local economy was very volatile, and is likely to remain so for some time. However, our flexible cost base and significant cost benefit gave us confidence that amidst the challenges of the economic environment, there were also opportunities for us.

The year under review was challenging for investors in the Nigerian Capital Market. The year was plagued with a number of unpleasant situations such as the continuous decline in investment, companies opting out of the Nigerian Stock Exchange, nationalization of three banks with investors losing substantially on their investments in the banks, policy somersault, and crises at the Nigerian Stock Exchange.

The Nigerian equities market closed the year on a negative note. At the end of the 2011 financial year, equity market capitalization declined by N6.5trillion, and the Nigerian Stock Exchange All Share Index fell to 20,730.63 representing a 16.3 percent drop from the closing figures for 2010. With the bearish trend in the equities segment of the market persisting, investors diverted their funds to Bonds and other Money Market Instruments.

The Company's overall operating environment was stable during the year. The Company has remained focused and reorganised to provide a platform from which it can reclaim its rightful place in the Insurance Industry.

New initiatives embarked upon should begin to yield positive results in the current year, and measures have been put in place to ensure customer satisfaction, improved field force productivity and brand enhancement.

THE INSURANCE INDUSTRY

2011 financial year was an eventful year for the Insurance industry, with the issues that have historically limited the industry's performance still persisting. Premium collection remains poor, resulting in relatively high receivables and poor public perception. Inflation and the poor state of infrastructural facilities such as power and the road networks, amongst others, have combined to slow down the pace of national economic growth and impacted on the claim experience of insurance practitioners.

The Insurance industry was not insulated against the factors that destabilised the nation's economy and negatively affected the inflow of capital meant for economic development. In the same vein, the disposable income of the average Nigerian is being adversely eroded due to inflation and other socio-economic vices.

Chairman's Statement (cont'd)

The National Insurance Commission (NAICOM) and the Nigerian Insurance Association (NIA) amongst other things reinforced the need for a self regulated Insurance industry and took several steps to ensure that the industry contributes its quota to the nations GDP. NAICOM introduced a number of changes and guidelines which have positively impacted the sector, and products and processes are more transparent and customer friendly. These guidelines have defined the trend for the industry in terms of products, distribution and services.

As part of efforts to ensure the steady growth of the nation's Insurance industry, NAICOM intensified its campaign to increase Insurance penetration in the country, commencing with the enforcement of some of the insurances mandated by various laws in the country. The programme which is encapsulated in Market Development and Restructuring Initiative (MDRI) project is targeting four key areas namely: enforcement of compulsory insurance products; sanitisation and modernisation of the insurance agency system.

The passage of the Nigerian Content Act is bound to improve the industry's participation in businesses in the Aviation and Oil & Gas sector.

BUSINESS PERFORMANCE

The impact of the global recession has been felt across every sector of the nation's economy. Our Company generated a gross premium income of N2.324billion. This is an improvement of 13% over last year's N2.054billion. Also, our Company recorded an increase in its Underwriting profit for the year from N1.084billion to N1.115billion.

Our Company's operating expenses slightly went up by 1% from N1.063billion to N1.075billion due to high exchange loss recorded in our foreign currency denominated convertible loan. However, the company recorded a loss before tax of N29 million as against last year profit of N62.03million. This was as a result of diminution of N200million in its quoted share.

CORPORATE GOVERNANCE

The Board recognises that financial stability can be achieved only by the interaction of three basic necessities. These are: sound leadership; strong prudential regulation and supervision; and effective market discipline.

At Equity Assurance Plc, we believe in maintaining governance best practices, and complying with all applicable legislative and regulatory requirements that will enhance shareholder value and support the stability and growth of our businesses in the long term. We constantly engage with the regulators and other legislative bodies to participate in sharpening the regulatory environment in which we operate, as well as implement the system and processes necessary to meet our obligations and drive our business values.

THE BOARD

During the financial year ended 31st December, 2011, Mr. Olufemi Somolu- Chairman, Alhaji Bello Dan-Bappa and Dr Femi Oni resigned their appointments from the Board. On behalf of the Board and the Company, I wish to express our sincere gratitudes and appreciation for their contributions to the Company.

In accordance with the provisions of our Articles of Association, the following persons were appointed on the 28th March 2011 to fill the vacancies on the Board. Mr Godwin Alegieuno was appointed as an Independent Director inconsonance with the requirement of good corporate governance and Mr. Olanrewaju Ogunbanjo was appointed as a non-Executive representing Life Care Ventures Limited.

Chairman's Statement (cont'd)

Additionally at the meeting of the Board of Directors of the Company held on 1st December 2011, Mrs Idowu Markie representing Skye Financial Services Limited and Mr. Ibikunle Balogun representing KYT Investment Limited were appointed to the Board. Both appointments will take effect from January 1, 2012. I am pleased to inform you that the new directors are vastly experienced in the Finance, Insurance and Healthcare sectors and are expected to add significant value to the growth of the Company

FUTURE OUTLOOK

As part of its repositioning efforts, Equity Assurance Plc is implementing a Group structure that will enable the company optimises the resources and opportunity within the Group. The new structure will support the business growth and aspirations of the Company.

The Group office is headed by the Group Managing Director Mr. Ibidolapo Balogun who was appointed Vice-Chairman by the Board on December 1, 2011. Mr. Ekpe Ukpabio who is an experienced chartered insurer was appointed the Managing Director of Equity Assurance Plc on 27th June, 2012. The objectives of the Group Structure amongst others are to support synergies and efficient sharing of resources across the Group; Institutionalise appropriate structures for effective management reporting, monitoring and control of the Groups business; ensure more strategic focus on growth and other emerging opportunities; and establish a formal structure that reduces redundancies within the current system, and effectively maximises the talents of available staff within the business.

We also know that our customers, both current and future are the life line of our business. We shall continue to develop innovative and appropriate ways to meet their evolving needs.

We are committed to building and sustaining strategic relationships with diverse stakeholders, to manage social expectations, minimise reputational risk, and form strategic partnerships.

Distinguished shareholders, it is with every sense of modesty that I assure you that our Company shall continue to be innovative in the solutions we offer in our quest to reach our goal. We remain committed to this pursuit and shall continue to explore emerging opportunities that are of interest to the Company and of benefit to us all.

CONCLUSION

Finally, I would like to express our sincere gratitude to all our shareholders for your continuous support. I thank our customers and business partners for their faith in the Company. I also thank the brokers, financial institutions and all our stakeholders who have and continue to partner with us for their unflinching support.

I would like to use this opportunity to express my appreciation and gratitude to my colleagues on the Board for their invaluable contribution, the quality of our deliberations and the various perspectives they have brought to the Board, which has contributed to the success of this Company

Finally, I want to express our gratitude to the Management and staff of the Company for their hard work, commitment to service and resilience.

On behalf of the Board, I want to assure you of our total dedication and tireless efforts towards achieving the objective of maximizing returns for all stakeholders.

Thank you for coming. God bless you all.



Mrs. Ola Adeola

Ag. Chairman

Dated this 24th November, 2012

Report of the Directors

for the year ended 31 December, 2011

25TH ANNUAL REPORT

The Directors are pleased to present to the members of the Company their 25th annual report together with the audited financial statements of the Company for the year ended 31 December, 2011.

LEGAL FORM

The Company was incorporated in Nigeria as a Private Limited 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 activity 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.

RESULT FOR THE YEAR

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Loss for the year before taxation	(29,501,743)
Taxation	(61,888,706)
Loss after taxation	(91,390,449)

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BENEFICIAL OWNERSHIP

1. **Shareholding:** The Registrars have advised that the called-up and fully paid up shares of the Company as at 31 December, 2011 were beneficially held as follows:

Share Range Analysis:

	Range	No. of Holders	Units	%
1	- 1,000	6,548	4,450,056	0.05
1,001	- 5,000	11,170	33,126,493	0.37
5,001	- 10,000	6,545	55,892,480	0.63
10,001	- 50,000	11,580	306,696,263	3.47
50,001	- 100,000	3,307	269,787,582	3.05
100,001	- 1,000,000	2,754	773,178,154	8.74
1,000,001	- 5,000,000	216	467,083,980	5.29
5,000,001	- 10,000,000	21	149,056,114	1.68
10,000,001	- 1,000,000,000	67	6,788,027,298	76.72
TOTAL		42,208	8,847,298,420	100.00

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2 The following Shareholders held more than 5% of the issued share capital of the Company as at 31 December, 2011.

Shareholders Names	2011	2010	2011	2010
	Ordinary shares of 50k each		%	%
Gateway Holdings Limited	958,206,430	958,206,430	10.83	11.00
PSL Limited (LUR)	-	542,857,142	-	6.00
KYT Investments Limited	500,000,000	500,000,000	5.65	6.00
Skye Financial Services Limited	<u>537,985,035</u>	<u>542,857,142</u>	<u>6.08</u>	<u>6.00</u>
Total	1,996,191,465	2,543,920,714	22.56	29.00

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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 30th April 2012 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 30th April, 2012

Directors	2012		Total
	Direct	Indirect	
Olufemi Somolu, Esq (Rep. Gateway Holdings Ltd) (Resigned wef 28th June 2011)	-	-	-
Ibidolapo Balogun, Esq	416,480,656	100,000,000	516,480,656
Olannrewaju Ogunbanjo, Esq (Rep. Life Care Ventures Ltd) (Appointed wef 28th March, 2011)	-	348,551,016	348,551,016
Ibikunle Balogun, Esq (Rep. KYT Invest. Ltd) (Appointed wef 1st January, 2012)	-	527,624,378	527,624,378
Mrs Ola Adeola (Rep. Gateway Holdings Ltd.)	-	958,206,430	958,206,430
Dr Olufemi Oni (Representing Polak Nigeria Ltd.) (Resigned wef 1st August 2011)	-	340,000,000	340,000,000
Alhaji Bello Dan Bappa (Rep. Baba Dan Bappa Ltd) (Resigned wef 5th May, 2011)	-	241,825,727	241,825,727
Idowu Markie (Rep. Skye Financial Services Ltd) (Appointed wef 1st January, 2012)	-	537,985,035	537,985,035
Godwin Alegieuno Esq (Independent Director Appointed wef 28th March, 2011)	=====	=====	=====

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 the 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 ensures 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. it is appropriate for the financial statements to be prepared on a going-concern basis.

ELECTION/RE-ELECTION OF DIRECTORS

In accordance with the article 73 of the Company's Article of Association, Messrs Godwin Alegieuno and Olanrewaju Ogunbanjo will retire by rotation, and being eligible, will be offering themselves for re-election. The appointment of Mrs. Idowu Markie, Mr. Ibikunle Balogun, Mr. Ekpe Ukpabio and Mr. Adetutu Buraimoh as Directors of the Company would also be presented for your approval.

CORPORATE GOVERNANCE

Equity Assurance Plc is committed to improving shareholder value through best business practices. The Company strives to ensure that corporate governance is entrenched in the Company, and that it complies with all applicable legislative and regulatory requirements that will enhance shareholder value and support the stability and growth of our businesses in the long term. We constantly engage with the regulators and other legislative bodies to participate in sharpening the regulatory environment in which we operate, as well as implement the system and processes necessary to meet our obligations and drive our business values.

Board of Directors

One of the primarily responsibilities of the board of directors is to ensure that the Company entrenches good corporate governance practices and provide strategic directions in a manner aimed at increasing shareholders confidence and value.

The Company was led by a Board of seven (7) directors during the 2011 financial year, composed of 6 (six) Non-executive directors and 1 (one) Executive director. The members of the Board are experienced in management, governance, law, finance and accounts. There is sufficient diversity amongst the directors, and this facilitates substantial and meaningful discussions.

The Board has the overall responsibility for the Company's system of internal control and risk management which is implemented by the Management through mandatory policies and procedures. The role of the Board includes the following;

1. Reviewing strategies and ensuring the implementation of good corporate governance;
2. Ensuring a high standard of financial and accounting reporting;
3. Ensuring that an effective risk management process is put in place and being maintained;
4. Determining the terms of reference for the various committees of the board;
5. Supervising the formulation of the strategic direction, plans and priorities of the Company and approving its strategic plan.

The board effectively ensures it discharges these responsibilities through its various committees as listed below;

Board Finance & Investment committee

The committee considers all capital projects of the organization and makes recommendations to the board for its approval. The committee also performs the following functions;

1. Review and recommend to the Board for approval, the Company's accounting and investment policies;
2. Investigate and monitor the Company's progress against major capital schemes;
3. Review and recommend for approval the Company's annual budget.
4. Considers and reviews the Company's annual capital expenditure and where necessary make recommendations to the Board for its approval.

Board Technical & Risk Management committee

The committee has oversight function over the Company's internal control, and assessment of associated risk in the company's business and compliance functions, including:

1. To monitor the effectiveness of the Company's Internal controls;
2. To monitor the effectiveness of the Company's risk management and organizational structure;
3. Requests for information on risk management sufficient to assure the committee that risks are being identified and issues relating to them are being addressed by the management;
4. Advise management on the adoption and implementation of an appropriate risk management policy.

Board Human resources & Remuneration committee

This committee has oversight function in determining the terms of reference for the executive management.

Its other functions include the following:

1. Review and recommend for approval to the Board, the Company's remuneration policy;
2. Ensures that all legal and regulatory provisions regarding disclosure of and remittance of remuneration, including pensions are observed;
3. Determine with the approval of the Board, the framework for the remuneration of the company's chief executive, and other non-executive directors;
4. Within the terms of agreed policy and in consultation with the chairman and/or chief executive as appropriate, determine the total remuneration package of executive directors and other senior executives;
5. Review and recommend for approval any major change in employee benefit structure.

Audit committee

This committee is established in compliance with Section 359 (6) of the Company and Allied matters Act. The scope of the activities of the Audit committee is as set out in the Company and Allied Matters Act.

The terms of references are broadly stated as follows;

1. Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed practices;
2. Review the scope and planning of audit requirements;
3. Review the findings on management matters and departmental responses in conjunction with the external auditor;
4. Review the effectiveness of the company's system of accounting and internal control;
5. Authorize the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the committee.

Financial Reporting and controls

The Company ensures compliance with the local reporting requirements and produced its financial report in conformity with the generally accepted accounting standard in Nigeria.

The Company also operated a transparent reporting system in its financial and non-financial reporting thereby ensuring that the public is adequately guided and informed in its assessment of the company's position.

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 March 2011	28th June 2011	1st December 2011
1.	Mr. Olufemi Somolu	P	P	R
2.	Mr. Ibidolapo Balogun	P	P	P
3.	Mrs. Ola Adeola	P	P	P
4.	Dr. Olufemi Oni	P	P	R
5.	Alhaji Bello Dan Bappa	P	R	R
6.	Mr. Godwin Alegieuno	N/A	P	P
7.	Mr. O. Ogunbanjo	N/A	P	P

AUDIT COMMITTEE

The members of the statutory Audit Committee appointed at the annual general meeting held on December 2, 2011 in accordance with section 359 (3) of the Companies and Allied Matters Act Cap C20 LFN 2004 were

Prince Adebunmi Adebajo (<i>Chairman</i>)	-	<i>Shareholder</i>
Dr. Taiwo A. Oniwinde	-	<i>Shareholder</i>
Mr. Adetutu Buraimo	-	<i>Shareholder</i>
Dr. Olufemi Oni	-	<i>Director</i>
Alhaji Bello Dan Bappa	-	<i>Director</i>
Ibidolapo Balogun	-	<i>Director</i>

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

AUDIT COMMITTEE MEMBERSHIP AND ATTENDANCE FOR YEAR 2011

Members	24th March 2011	27th June 2011	1st December 2011
1. Prince Adebunmi Adebajo	P	P	P
2. Dr. Taiwo A. Oniwinde	P	P	P
3. Mr. Adetutu Buraimo	P	P	P
4. Dr. Olufemi Oni	P	P	R
5. Alhaji Bello Dan-Bappa	P	R	R
6. Ibidolapo Balogun	P	P	P

Key: P - Present R - Resigned N/A - Not Applicable

FIXED ASSETS

Movements in fixed assets during the year are shown in note 7 on page 23. 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 N325,000 (2010 - N608,700) in donations during the year. The details are as follows:

	2011
	N
Ijebu Professional Foundation	200,000
Federal Polytechnic, Ado-Ekiti	<u>125,000</u>
	325,000
	=====

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.

DISCLOSURE OF CONTRAVENTION

In adhering to the corporate governance disclosure requirements Appendix III, 9(g) of the general undertaking of the exchange post listing requirements, we hereby state our contravention as follows; the Company was unable to meet the stipulated guidelines for the submission of its 2011 audited accounts. Consequently, a sum of three million naira was imposed as penalty for the said contravention.

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 circumstances 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.


ALEX
SECRETARIES LIMITED
7th Floor, 1 Kingsway Road,
Lagos, Nigeria
BY ORDER OF THE BOARD
ALEX Secretaries Limited
Company Secretary
Lagos, Nigeria

24th October, 2012

In accordance 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, 2011 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.....16th..... day of.....October....., 2012



Prince A. Adebajo
Chairman Audit Committee

Members of the Audit Committee:

1. Prince Adebunmi Adebajo - *Shareholder/Chairman*
2. Dr. Taiwo A. Oniwinde - *Shareholder*
3. Mr. Adetutu Buraimo Mni, FCA - *Shareholder*
4. Dr. Olufemi Oni - *Director*
5. Alhaji Bello Dan Bappa - *Director*
6. Ibidolapo Balogun - *Director*

Report of the Independent Joint Auditors

for the year ended 31 December, 2011

We have audited the accompanying financial statements of Equity Assurance Plc on pages 15 to 31 which comprise the balance sheet as at 31 December, 2011, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the joint auditors consider 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 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 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, 2011 and of its financial performance and cash flows for the year then ended in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.


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



24th October, 2012


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



Statement of Significant Accounting Policies

for the year ended 31 December, 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 business 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 recognised on part-time apportionment basis.
- 7 **Commission Earned**
This is recognised 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 costs
- 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 **Provision for Bad Debts**
In line with 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.

14 **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 & Buildings	2.50
Office Equipment	10
Furniture & Fittings	10
Motor Vehicles	25
Leasehold Improvements	20

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

15 **Technical Reserves**

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

.1 **Insurance Funds**

(a) **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.

(b) **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.

.2 **Contingency reserve**

This is credited at the higher of 3% of total premiums during the year or 20% of 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 year.

.2 **Quoted Investments**

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

Balance Sheet
 as at 31 December, 2011

ASSETS EMPLOYED :

	NOTES	2011 N	2010 N
ASSETS			
Cash and bank balances		236,167,120	176,607,130
Short -term investments	2	858,312,638	1,027,133,149
Debtors and prepayments	3	1,908,232,758	2,082,645,408
Long- term investments	4	2,724,304,599	2,548,030,193
Statutory deposit	5	300,000,000	300,000,000
Goodwill	6	956,889,818	956,889,818
Fixed assets	7	946,480,942	997,426,695
		7,930,387,875	8,088,732,393

Less:
LIABILITIES

Creditors and accruals	8	457,896,425	518,688,315
Insurance funds	9	798,488,828	995,963,713
Taxation	10b	82,493,332	27,019,847
Deferred tax	10c	28,974,314	44,727,490
Convertible redeemable loan	11	1,529,652,396	1,378,060,000
		2,897,505,295	2,964,459,365

NET ASSETS

	5,032,882,580	5,124,273,028
	=====	=====

FINANCED BY:
CAPITAL AND RESERVES

Share capital	12	4,423,649,210	4,423,649,210
Share premium	13	1,105,192,646	1,105,192,646
Capital reserve	14	327,622,146	327,622,146
Revenue reserve	15	(1,202,480,807)	(1,044,127,195)
Contingency reserve	16	<u>378,899,385</u>	<u>311,936,222</u>

SHAREHOLDERS FUNDS

	5,032,882,580	5,124,273,028
	=====	=====

The financial statements and notes on pages 22 to 29 were approved by the Board of Directors on October 24, 2012 and signed on its behalf by:

 Mrs Ola Adeola Ag. Chairman	} Directors
 Mr. Ibidolapo Balogun Vice- Chairman/GMD	

Note: The accounting policies on pages 15 to 17 and the notes on pages 22 to 29 form an integral part of these financial statements.

Profit & Loss Account
for the year ended 31 December, 2011



EQUITY assurance plc

	NOTES	2011 N	2010 N
Gross written premium	24	2,324,411,434	2,053,773,086
Outward reinsurance cost	25	(543,172,900)	(277,916,531)
Earned premium		1,781,238,534	1,775,856,555
Commission received		100,473,974	83,401,754
Total income		1,881,712,508	1,859,258,309
Expenses			
Commission expenses		(365,118,586)	(330,569,299)
Acquisition expenses		(51,666,704)	(52,031,314)
Maintenance expenses		(20,831,257)	(32,300,351)
Net Claims Incurred		(329,068,810)	(359,929,505)
Underwriting expenses		(766,685,357)	(774,830,469)
Underwriting profit		1,115,027,151	1,084,427,840
Net investment income		194,466,510	132,498,244
Other income		318,930,891	30,949,522
Net operating income		1,628,424,552	1,247,875,606
Operating expenses		(1,074,739,832)	(1,062,957,052)
Diminution in value of quoted investments		(200,282,092)	86,700,928
Provision for bad and doubtful debts		(382,904,371)	(209,593,971)
(Loss)/Profit before taxation	17	(29,501,743)	62,025,511
Taxation	10a	(61,888,706)	(33,229,605)
(Loss)/Profit after taxation		(91,390,449)	28,795,906
Appropriations:			
Accretion to contingency reserve		(66,963,163)	(64,193,140)
(Loss) transferred to revenue reserve		(158,353,612)	(35,397,234)
PER 50K SHARE DATA :			
Earnings/(Loss) per share (Kobo)		(1.03)	0.33
Stock Exchange Quotation as at 31 December		50	50

"Note: The accounting policies on pages 15 to 17 and the notes on pages 22 to 29 form an integral part of these financial statements."

Revenue Account
for the year ended 31 December, 2011

EQUITY ASSURANCE PLC



	Motor	Marine	Fire	General accident	2011 TOTAL	2010 TOTAL
Gross Direct Premium	628,581,294	422,775,511	392,262,497	766,548,954	2,210,168,256	2,104,047,821
Inward reinsurance premium	804,131	5,118,191	6,970,894	9,043,958	21,937,174	35,723,514
Gross written premium	629,385,425	427,893,702	399,233,391	775,592,912	2,232,105,430	2,139,771,335
(Increase)/decrease in unexpired risks provision	46,298,633	34,929,384	14,848,072	(3,770,085)	92,306,004	(85,998,249)
Gross premium earned	675,684,058	462,823,086	414,081,463	771,822,827	2,324,411,434	2,053,773,086
Outward reinsurance premium	(20,054,463)	(199,962,246)	(77,033,639)	(246,122,552)	(543,172,900)	(277,916,531)
Net premium earned	655,629,595	262,860,840	337,047,824	525,700,275	1,781,238,534	1,775,856,555
Commission received	1,035,806	22,191,288	34,682,760	42,564,120	100,473,974	83,401,754
Total Income	656,665,401	285,052,128	371,730,584	568,264,395	1,881,712,508	1,859,258,309
EXPENSES						
Direct claims paid	(170,006,765)	(19,242,121)	(191,960,830)	(185,380,407)	(566,590,123)	(536,475,858)
Inward reinsurance claims paid	(9,215,187)	(1,133,160)	-	(10,381,939)	(20,730,286)	(260,933)
Increase/(decrease) in outstanding claims	2,692,104	1,151,867	1,718,270	99,606,640	105,168,881	(1,971,925)
Gross claims incurred	(176,529,848)	(19,223,414)	(190,242,560)	(96,155,706)	(482,151,528)	(538,708,716)
Outward reinsurance recoveries	5,920,129	15,964,607	66,070,226	65,127,756	153,082,718	178,779,211
Net Claims Incurred	(170,609,719)	(3,258,807)	(124,172,334)	(31,027,950)	(329,068,810)	(359,929,505)
Commission expenses	(81,961,437)	(76,992,425)	(97,435,734)	(108,728,990)	(365,118,586)	(330,569,299)
Acquisition expenses	(15,617,975)	(10,618,030)	(9,906,834)	(15,523,865)	(51,666,704)	(52,031,314)
Maintenance expenses	(972,359)	(9,695,354)	(3,735,046)	(6,428,498)	(20,831,257)	(32,300,351)
Total Expenses	(269,161,490)	(100,564,616)	(235,249,948)	(161,709,303)	(766,685,357)	(774,830,469)
Underwriting profit	387,503,911	184,487,512	136,480,636	406,555,092	1,115,027,151	1,084,427,840

Note: The accounting policies on pages 15 to 17 and the notes on pages 22 to 29 form an integral part of these financial statements

Profit & Loss Account
for the year ended 31 December, 2011



EQUITY assurance plc

	NOTES	2011 N	2010 N
Gross written premium	24	2,324,411,434	2,053,773,086
Outward reinsurance cost	25	(543,172,900)	(277,916,531)
Earned premium		1,781,238,534	1,775,856,555
Commission received		100,473,974	83,401,754
Total income		1,881,712,508	1,859,258,309
Expenses			
Commission expenses		(365,118,586)	(330,569,299)
Acquisition expenses		(51,666,704)	(52,031,314)
Maintenance expenses		(20,831,257)	(32,300,351)
Net Claims Incurred		(329,068,810)	(359,929,505)
Underwriting expenses		(766,685,357)	(774,830,469)
Underwriting profit		1,115,027,151	1,084,427,840
Net investment income		194,466,510	132,498,244
Other income		318,930,891	30,949,522
Net operating income		1,628,424,552	1,247,875,606
Operating expenses		(1,074,739,832)	(1,062,957,052)
Diminution in value of quoted investments		(200,282,092)	86,700,928
Provision for bad and doubtful debts		(382,904,371)	(209,593,971)
(Loss)/Profit before taxation	17	(29,501,743)	62,025,511
Taxation	10a	(61,888,706)	(33,229,605)
(Loss)/Profit after taxation		(91,390,449)	28,795,906
Appropriations:			
Accretion to contingency reserve		(66,963,163)	(64,193,140)
(Loss) transferred to revenue reserve		(158,353,612)	(35,397,234)
PER 50K SHARE DATA :			
Earnings/(Loss) per share (Kobo)		(1.03)	0.33
Stock Exchange Quotation as at 31 December		50	50

"Note: The accounting policies on pages 15 to 17 and the notes on pages 22 to 29 form an integral part of these financial statements."

	NOTES	2011 N	2010 N
Cash Flows from Operating Activities			
Premium received from policy-holders		1,905,447,185	2,139,771,335
Re-insurance recoveries		153,082,718	178,779,211
Re-insurance receipts in respect of claims		100,473,974	83,401,754
Cash paid to and on behalf of employees		(359,171,000)	(518,999,536)
Outward re-insurance cost	25	(543,172,900)	(277,916,531)
Other operating cash payments		(952,204,078)	(1,387,435,791)
Direct claims paid		(587,320,409)	(536,736,791)
Company's income tax paid	10b	(22,168,397)	(37,866,801)
Net cash (outflows)/inflows from operating activities	21	(305,032,907)	(357,003,150)
Cash Flows from investing activities			
Purchase of fixed assets	7	(78,558,695)	(171,761,128)
Proceeds from sale of fixed assets		210,305,000	24,920,944
Dividend and interest received		513,397,401	163,447,766
Purchase/(redemption) of investments		(97,894,540)	992,668,638
Cash inflows/(outflows) from investing activities		547,249,166	1,009,276,220
Cash flows from financing activities			
Dividend paid to Shareholders		(8,855,749)	-
Interest paid on loan and bank overdraft		(83,754,046)	(76,571,366)
Issue of Ordinary shares		-	-
Loan repayment		-	-
Share premium		-	(434,285,714)
Net cash (outflows) by financing activities		(92,609,795)	(510,857,080)
Net increase in cash and cash equivalents		149,606,464	141,415,990
Cash and cash equivalents at 1 January		68,630,376	(72,785,614)
Cash and cash equivalents at 31 December	22	218,236,840	68,630,376

Note: The accounting policies on pages 15 to 17 and notes on pages 22 to 29 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December, 2011

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 plc. (EIIIC) and First Assurance Plc. In the scheme of merger arrangement, First Assurance Plc. acquired the net assets of Equity Indemnity Insurance Plc. 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.

	2011 N	2010 N
2 SHORT - TERM INVESTMENTS		
These represent time deposits and commercial papers	894,880,397	1,027,133,149
Less: Provision for Investments doubtful of recovery	<u>(36,567,759)</u>	-
	<u>858,312,638</u>	<u>1,027,133,149</u>
	=====	=====
3 DEBTORS AND PREPAYMENTS		
Premium receivables	1,030,746,687	1,086,992,813
Prepayments	24,352,304	38,871,893
Due from subsidiary companies	-	77,152,073
Deferred acquisition cost	130,152,478	140,642,059
Deferred reinsurance cost	148,247,085	113,537,718
Claims Receivables	270,067,457	225,880,803
Other debtors	<u>304,666,747</u>	<u>399,568,049</u>
	<u>1,908,232,758</u>	<u>2,082,645,408</u>
	=====	=====
4 LONG-TERM INVESTMENTS		
Federal Government Securities	201,977	201,977
Quoted shares	963,299,283	1,159,966,992
Unquoted shares	2,371,026,877	1,991,163,991
	<u>3,334,528,137</u>	<u>3,151,332,960</u>
Diminution in value of quoted investments	<u>(610,223,538)</u>	<u>(603,302,767)</u>
	<u>2,724,304,599</u>	<u>2,548,030,193</u>
	=====	=====
.a Movement in Provision for Diminution in value of quoted stock		
At 1 January	603,302,767	690,003,695
Reversal for diminution that has crystallised	<u>(193,361,321)</u>	-
	409,941,446	690,003,695
Provision for diminution in the year	200,282,092	-
Provision no longer required	-	<u>(86,700,928)</u>
	<u>610,223,538</u>	<u>603,302,767</u>
	=====	=====
.b The market value of the quoted shares as at 31 December, 2011 was N353,075,745 (2010 - N556,664,225)		
.c The Directors are of the opinion that the market values of unquoted investments are not lower than the cost as at the accounting date.		

	2011 N	2010 N
5 STATUTORY DEPOSIT		
At 31 December	300,000,000 =====	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 =====
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This arose as a result of the share exchange carried out during the merger of First Assurance Plc and Equity Indemnity Insurance Plc in February, 2007.

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

7a. FIXED ASSETS SCHEDULE

	Leasehold Land & Buildings N	Office Equipment N	Motor Vehicles N	Furniture & Fittings N	Total N
COST/ VALUATION					
At 1 January, 2011	941,592,005	135,990,435	278,337,490	47,350,013	1,403,269,943
Additions	2,333,350	39,797,345	28,174,000	8,254,000	78,558,695
Disposals	(52,724,010)	-	(23,935,000)	-	(76,659,010)
At 31 December, 2011	891,201,345	175,787,780	282,576,490	55,604,013	1,405,169,628
DEPRECIATION					
To 1 January, 2011	101,251,871	63,674,540	215,695,419	25,221,418	405,843,248
Charge for the year	22,546,274	13,513,198	34,072,198	3,638,770	73,770,439
Disposals	(8,346,772)	-	(12,578,229)	-	(20,925,001)
To 31 December, 2011	115,451,373	77,187,738	237,189,388	28,860,188	458,688,686
NET BOOK VALUE					
At 31 December, 2011	775,749,972 =====	98,600,042 =====	45,387,102 =====	26,743,825 =====	946,480,942 =====
At 31 December, 2010	840,340,134 =====	72,315,895 =====	62,642,071 =====	22,128,595 =====	997,426,695 =====

The Company's property situated at Plot 1196 Bishop Oluwole Street, Victoria Island was 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 credited to capital reserve.

7(b) SCHEDULE OF LEASED ASSETS

COST	Motor	Total
	Vehicles	
	N	N
At 1 January, 2011	27,045,000	27,045,000
Additions	28,174,000	28,174,000
Fully paid	<u>(7,845,000)</u>	<u>(7,845,000)</u>
At 31 December, 2011	47,374,000	47,374,000
=====		
DEPRECIATION		
To 1 January, 2011	(12,280,576)	(12,280,576)
Charge for the year	3,196,292	3,196,292
Fully paid	<u>(1,961,250)</u>	<u>(1,961,250)</u>
To 31 December, 2011	(11,045,534)	(11,045,534)
=====		
NET BOOK VALUE		
At 31 December, 2011	58,419,534	58,419,534
=====		
At 31 December, 2010	39,325,576	39,325,576
=====		

8 CREDITORS AND ACCRUALS	2011	2010
	N	N
Re-insurance premium payable	75,184,418	47,331,316
Commission payable	20,684,816	15,928,941
Obligations under finance lease	20,288,377	11,821,039
Bank overdraft	17,930,280	107,976,754
Dividend payable	38,798,268	47,654,017
Accruals	18,289,175	58,509,271
Pensions and gratuity	24,286,387	41,580,390
Other creditors	<u>242,434,704</u>	<u>187,886,587</u>
	457,896,425	518,688,315
	=====	=====

9 INSURANCE FUNDS

	Reserve for	Reserve for	2011	2010
	Unexpired	Outstanding		
	Risks	Claims		
	N	N	N	N
			TOTAL	TOTAL
At 1 January	618,754,211	377,209,502	995,963,713	907,993,539
Motor	(46,298,633)	(2,692,104)	(48,990,737)	(48,631,614)
Marine	(34,929,384)	(1,151,867)	(36,081,251)	33,574,122
Fire	(14,848,072)	(1,718,270)	(16,566,342)	30,000,968
General Accident	3,770,085	(99,606,640)	(95,836,555)	73,026,698
At 31 December	526,448,207	272,040,621	798,488,828	995,963,713
	=====	=====	=====	=====

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

	2011 N	2010 N
10 TAXATION		
.a Per Profit and Loss Account		
Income tax	32,069,076	35,000,000
Education tax	13,040,151	-
Tax Under/(Over) provision in prior-year	32,532,655	(14,451,580)
Deferred tax	<u>(15,753,176)</u>	<u>12,681,185</u>
	61,888,706	33,229,605
	=====	=====
.b Per Balance Sheet		
At 1 January	27,019,847	44,338,228
Charge for the year	45,109,227	20,548,420
Tax Under- provision in prior year	32,532,655	-
Payment during the year	<u>(22,168,397)</u>	<u>(37,866,801)</u>
At 31 December	82,493,332	27,019,847
	=====	=====
.c Deferred tax		
At 1 January	44,727,490	32,046,305
Charge for the year	<u>(15,753,176)</u>	<u>12,681,185</u>
At 31 December	28,974,314	44,727,490
	=====	=====
.d 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.		
11 CONVERTIBLE REDEEMABLE LOAN		
At 1 January	1,378,060,000	1,378,060,000
Exchange rate fluctuation	<u>151,592,396</u>	-
At 31 December	1,529,652,396	1,378,060,000
	=====	=====
This represents convertible redeemable loan maturing in 2012		
12 SHARE CAPITAL		
Authorised		
14,000,000,000 ordinary shares of 50k each	7,000,000,000	7,000,000,000
	=====	=====
Issued and fully paid		
8,847,298,420 ordinary shares of 50k each	4,423,649,210	4,423,649,210
	=====	=====
13 SHARE PREMIUM		
At 1 January	1,105,192,646	1,539,478,360
Premium on allotment of shares	-	<u>(434,285,714)</u>
At 31 December	1,105,192,646	1,105,192,646
	=====	=====

Notes to the Financial Statements (cont'd)
 for the year ended 31 December, 2011

	2011	2010
	N	N
14 CAPITAL RESERVE		
At 1 January	327,622,146	327,622,146
	=====	=====
15 REVENUE RESERVE		
At 1 January	(1,044,127,195)	(1,008,729,961)
Loss after taxation	(158,353,612)	(35,397,234)
At 31 December	(1,202,480,807)	(1,044,127,195)
	=====	=====
16 CONTINGENCY RESERVE		
At 1 January	311,936,222	247,743,082
Add: Transfer from profit and loss account		
Motor	20,430,461	26,313,038
Marine	13,740,841	7,539,268
Fire	12,749,786	11,120,991
General Accident	20,042,075	19,219,843
At 31 December	378,899,385	311,936,222
	=====	=====
17 PROFIT BEFORE TAXATION		
Profit before taxation is stated after charging/(crediting):		
Directors' emoluments:		
Fees	900,000	2,750,000
Others	8,781,259	10,892,000
Auditors' remuneration	5,500,000	5,000,000
Depreciation	73,770,439	109,608,935
Fines and Penalties	710,000	-
Net investment income	(194,466,510)	(132,498,244)
	=====	=====

The Operating expenses include the sum of N710,000 paid as fine for late submission and reinstatement of the financial statements for the year ended December 31, 2010

 18 **Hypothetication of Investments**

	Insurance funds	Shareholders' funds	2011	2010
	N	N	N	N
Cash and Bank balances	-	226,167,120	226,167,120	176,607,130
Quoted Investments	322,562,933	30,512,813	353,075,746	434,280,781
Short -term Investments	475,925,895	428,954,502	904,880,397	1,027,133,149
Unquoted Investments	-	2,371,026,877	2,371,026,877	1,991,163,991
FGN Securities	-	201,977	201,977	201,977
Statutory Deposits	-	300,000,000	300,000,000	300,000,000
	798,488,828	3,356,863,289	4,155,352,117	3,929,387,028
Insurance funds (Note 9)	798,488,828			

19	CHAIRMAN'S AND OTHER DIRECTORS' EMOLUMENTS	2011	2010
		N	N
	.1 Fees		
	Chairman	300,000	500,000
	Other directors	600,000	<u>2,250,000</u>
		900,000	2,750,000
		=====	=====
	.2 Emoluments		
	Chairman	500,000	2,959,000
	Other directors	8,291,259	<u>10,683,000</u>
		8,791,259	13,642,000
		=====	=====
	Highest paid director per annum	6,016,259	3,186,000
		=====	=====
	.3 The number of directors who had no emoluments is	NIL	NIL
		=====	=====

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

N	N	2011	2010
		Number	Number
300,001 -	400,000	5	5
400,001 -	700,000	43	43
700,001 -	900,000	35	35
900,001 -	1,000,000	1	1
1,000,001 -	2,000,000	32	32
2,000,001 -	3,000,000	18	18
3,000,001 -	4,000,000	7	7
4,000,001 -	5,000,000	11	11
Over 5,000,000		<u>7</u>	<u>7</u>
		159	159
		=====	=====

.2 Staff costs

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

	2011	2010
	Number	Number
Managerial	28	28
Senior	45	45
Junior	<u>86</u>	<u>86</u>
	159	159
	=====	=====
	N'000	N'000
Staff costs	359,171	350,861

21. **RECONCILIATION OF OPERATING PROFIT/(LOSS)
TO THE CASH PROVIDED BY OPERATING ACTIVITIES**

	2011	2010
	N	N
Operating (loss)/profit after taxation	(91,390,449)	28,795,906
Depreciation	73,770,439	109,608,935
(Increase) in unearned premiums	(326,658,245)	(181,257,079)
(Decrease) in creditors	(257,499,979)	(40,981,411)
Profit on disposal of fixed assets	(166,227,764)	15,454,026
Amortisation of investments	46,952,116	42,259,303
(Increase)/decrease in unexpired risks and outstanding claims	197,474,885	(87,970,174)
(Increase)/decrease in debtors	218,546,090	(242,912,656)
	<u>(305,032,907)</u>	<u>(357,003,150)</u>
	=====	=====

22. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise:

Cash at bank and in hand	236,167,120	176,607,130
Bank overdraft	(17,930,280)	(107,976,754)
	<u>218,236,840</u>	<u>68,630,376</u>
	=====	=====

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 employees and 7.5% employer's contribution in compliance with the provisions of the Pension Reform Act, 2004.

	2011	2010
	N	N
24. GROSS WRITTEN PREMIUM		
Gross direct premium written	2,210,168,256	2,104,047,821
Inward reinsurance premium	21,937,174	35,723,514
	<u>2,232,105,430</u>	<u>2,139,771,335</u>
Gross written premium	2,232,105,430	2,139,771,335
Increase in unexpired risks	92,306,004	(85,998,249)
	<u>2,324,411,434</u>	<u>2,053,773,086</u>
	=====	=====

25. **OUTWARD REINSURANCE COST**

Outward reinsurance premium	508,463,533	309,980,667
Increase/(decrease) in prepaid reinsurance	34,709,367	(32,064,136)
	<u>543,172,900</u>	<u>277,916,531</u>
Outward reinsurance cost	543,172,900	277,916,531
	=====	=====

26 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.

27 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 in issue as at 31 December, 2011.

28 POST BALANCE SHEET EVENTS

There were no known post balance sheet events as at 31 December, 2011.

29 COMPARATIVE FIGURES

Certain comparative figures were re-classified where necessary to reflect a more meaningful comparison with 2011 financial statements.

30 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors of the company on October 24, 2012.

SOURCE	2011		2010	
	N'000	%	N'000	%
Net premium earned	1,781,239		1,775,857	
Investment income/other income	513,397		163,448	
Claims incurred, commissions paid and other operational expenses	(1,844,244)		(1,374,549)	
Value added	450,392	100	564,756	(100)
APPLIED AS FOLLOWS:				
To pay employees				
Salaries, wages and fringe benefits	359,171	80	350,861	62
To pay government				
Income tax	77,642	17	20,549	4
To provide for maintenance and expansion of assets				
Depreciation and amortisation	120,723	27	151,868	27
Contingency reserve	66,963	15	64,193	11
Deferred tax	(15,753)	(3)	1 2,681	2
Loss for the year	(158,354)	(35)	(35,397)	(6)
Value added	450,392	100	564,755	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 employees and how this wealth was distributed between employees, the providers of capital, government and the portion retained in the business for future expansion.

Five-Year Financial Summary
for the year ended 31 December, 2011



EQUITY assurance plc

BALANCE SHEET	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
Assets Employed:					
Fixed assets	946,481	997,427	978,213	1,024,981	966,538
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Investments	3,575,163	3,575,163	4,522,621	2,803,335	2,929,977
Current assets	2,144,400	2,259,253	1,706,828	2,960,074	1,064,786
Goodwill	956,890	956,890	956,890	956,890	956,890
	<u>7,922,934</u>	<u>8,088,733</u>	<u>8,464,553</u>	<u>8,045,280</u>	<u>6,218,191</u>
Liabilities	<u>(2,099,017)</u>	<u>(1,968,496)</u>	<u>(2,026,795)</u>	<u>(2,422,784)</u>	<u>(442,330)</u>
	<u>5,823,917</u>	<u>6,120,237</u>	<u>6,437,758</u>	<u>5,622,496</u>	<u>5,775,861</u>
	=====	=====	=====	=====	=====
Financed By:					
Capital And Reserves					
Share Capital	4,423,649	4,423,649	4,423,649	3,853,941	3,853,941
Reserves	(874,859)	(716,505)	(681,108)	289,712	610,682
Contingency reserve	378,899	311,936	247,743	172,759	117,379
Share premium	1,105,193	1,105,193	1,539,479	674,400	674,400
Insurance funds	798,489	995,964	907,994	631,684	519,459
	<u>5,831,371</u>	<u>6,120,237</u>	<u>6,437,758</u>	<u>5,622,496</u>	<u>5,775,861</u>
	=====	=====	=====	=====	=====
Profit And Loss Account					
Gross written premium	2,324,411	2,053,773	2,406,271	2,128,380	1,293,016
	=====	=====	=====	=====	=====
Profit/(loss) before taxation	(29,502)	62,026	(843,517)	53,495	498,705
Taxation	<u>(61,889)</u>	<u>(33,230)</u>	<u>(52,318)</u>	<u>(49,308)</u>	<u>(53,664)</u>
Profit/(loss) after taxation	(91,391)	28,796	(895,835)	4,187	445,041
Contingency reserve	<u>(66,963)</u>	<u>(64,193)</u>	<u>(74,984)</u>	<u>(55,381)</u>	<u>(97,571)</u>
Profit/(loss) transferred to revenue reserve	(158,354)	(35,397)	(970,819)	(51,194)	347,470
	=====	=====	=====	=====	=====
Per 50k Share Data:					
Earnings/(loss) per share (kobo)					
Basic	(1.03)	0.3	(10)	0.1	6
Diluted	(1.03)	0.3	(10)	0.1	5.0
Dividend per share (kobo)					
Basic	-	-	-	-	3.5
Diluted	-	-	-	-	3.1
Net Assets per Share (kobo)					
Basic	57	58	63	73	75
Diluted	57	58	63	64	65
Stock Exchange Quotation (kobo)	50	50	50	506	235

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 31 December, 2011

Share Capital History

Equity Assurance Plc

Year	Authorized (N)		Ordinary Shares Issued and Fully Paid up		Consideration
	Increase	Cumulative	(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	-
2011	-	7,000,000,000	-	4,423,649,210	-