

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or any action to be taken, you should consult your Stockbroker, Banker, Solicitor, Accountant or any other professional adviser duly registered under the Investments and Securities Act No. 29, 2007 immediately.

If you have sold or otherwise transferred all your shares in Custodian and Allied Insurance Plc or Crusader Nigeria Plc please give this document and the accompanying proxy forms to the purchaser or transferee or to the Stockbroker, Bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The distribution of this document in jurisdictions other than Nigeria may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdiction.

SCHEME OF MERGER

(Under Part XII of the Investments and Securities Act No. 29, 2007)

BETWEEN



AND



CUSTODIAN AND ALLIED INSURANCE PLC
RC 171209

CRUSADER NIGERIA PLC
RC 7073

Incorporating an Explanatory Statement on the Proposed Scheme of Merger

Chapel Hill Advisory Partners Limited is acting as Financial Adviser to Custodian and Allied Insurance Plc and Meristem Securities Limited is acting as Financial Adviser to Crusader Nigeria Plc.

Chapel Hill Advisory Partners Limited and Meristem Securities Limited will not be responsible to any person, individual or corporate body other than Custodian and Allied Insurance Plc and Crusader Nigeria Plc, respectively, in relation to the transactions and arrangements referred to herein.

Notices convening the respective Court-Ordered Meetings of Custodian and Allied Insurance Plc and Crusader Nigeria Plc are set out on pages 103 to 108. To be valid, proxy forms must be completed, signed and stamped (together with the Power of Attorney or other authority- if any - under which they are signed and in accordance with the instructions printed thereon), and must be returned to the respective Registrars of Custodian and Allied Insurance Plc or Crusader Nigeria Plc (as applicable) not later than 24 hours before the time scheduled for the respective Court-Ordered Meetings.

THE PROPOSALS, WHICH ARE THE SUBJECT OF THE SCHEME FOR THE PROPOSED MERGER SET OUT IN THIS DOCUMENT, HAVE BEEN CLEARED WITH THE SECURITIES & EXCHANGE COMMISSION. THE ACTIONS THAT YOU ARE REQUESTED TO TAKE ARE SET OUT ON PAGES 20 OF THIS SCHEME DOCUMENT. NOTICES OF THE COURT-ORDERED MEETINGS TO BE HELD ARE SET OUT ON PAGES 103 TO 108.

**FINANCIAL ADVISER TO CUSTODIAN AND ALLIED
INSURANCE PLC**



RC 622258

FINANCIAL ADVISER TO CRUSADER NIGERIA PLC



RC 442255

THIS SCHEME OF MERGER DOCUMENT IS DATED [.] 2012

TABLE OF CONTENTS

1. DEFINITIONS	3
2. PROPOSED TIMETABLE.....	5
3. DIRECTORS AND PARTIES TO THE SCHEME.....	6
4. CHAIRMEN'S LETTERS	10
5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS	16
5.1 INTRODUCTION	16
5.2 THE PROPOSAL	16
5.3 ELEMENTS OF THE SCHEME.....	19
5.4 FINANCIAL EFFECTS OF THE SCHEME	21
5.5 INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC	21
5.6 INFORMATION REGARDING CRUSADER (NIGERIA) PLC	21
5.7 FURTHER INFORMATION	22
5.8 CONCLUSION AND RECOMMENDATION	22
6. BASIS OF VALUATION	23
6.1 BACKGROUND	23
6.2 VALUATION METHODOLOGY	23
7. SCHEME OF MERGER BETWEEN CUSTODIAN AND CRUSADER	26
8. APPENDIX I - FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC	30
8.1 BACKGROUND INFORMATION	30
8.2 REPORTING ACCOUNTANTS' REPORT ON CUSTODIAN AND ALLIED INSURANCE PLC	37
8.3 REPORT OF THE PROFIT FORECAST OF CUSTODIAN AND ALLIED INSURANCE PLC	54
8.4 LETTER FROM THE FINANCIAL ADVISERS ON THE PROFIT FORECAST	57
8.5 DOCUMENTS AVAILABLE FOR INSPECTION	59
9. APPENDIX II - FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC	60
9.1 BACKGROUND INFORMATION	60
9.2 REPORTING ACCOUNTANTS' REPORT ON CRUSADER NIGERIA PLC	67
9.3 REPORT OF THE PROFIT FORECAST OF CRUSADER (NIGERIA) PLC	93
9.4 LETTER FROM THE FINANCIAL ADVISERS ON THE PROFIT FORECAST	97
9.5 DOCUMENTS AVAILABLE FOR INSPECTION	97
10. APPENDIX III - PRO FORMA FINANCIAL INFORMATION	98
10.1 PRO FORMA STATEMENT OF SHAREHOLDING	98
10.2 UNAUDITED PRO FORMA BALANCE SHEET	98
11. APPENDIX IV - STATUTORY AND GENERAL INFORMATION	101
11.1 RESPONSIBILITY STATEMENT	101
11.2 CLAIMS AND LITIGATIONS	101
11.3 MATERIAL CONTRACTS	101
11.4 CONSENTS	102
11.5 GENERAL INFORMATION.....	103
12. APPENDIX V - NOTICE OF COURT- ORDERED MEETING OF CUSTODIAN AND ALLIED INSURANCE PLC	104
13. APPENDIX VI - NOTICE OF COURT- ORDERED MEETING OF CRUSADER NIGERIA PLC	107

1. DEFINITIONS

The following definitions apply throughout this document except where otherwise stated:

<u>TERM</u>	<u>DEFINITION</u>
"Act" or "ISA"	means the Investments and Securities Act No. 29 of 2007.
"Board"	means the Board of Directors of Custodian or Crusader in the relevant context.
"Business Day"	means any day other than a Saturday, Sunday or public holiday declared by the Federal Government of Nigeria, on which banks are open for business in Lagos, Nigeria.
"CAC"	means the Corporate Affairs Commission.
"CAMA"	means the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004.
"Chapel Hill"	means Chapel Hill Advisory Partners Limited.
"Court" or "FHC"	means the Federal High Court of Nigeria.
"Court-Ordered Meeting"	means any of the separate meetings of the existing shareholders of Custodian and Crusader convened by order of the Court, notices of which are set out on pages 103 to 108 of this Scheme Document.
"Court Sanction"	means an order made by the Court approving and giving effect to the Scheme.
"Crusader"	means Crusader (Nigeria) Plc.
"Crusader Existing Shareholders"	means the shareholders of Crusader whose names appear on the register of members of Crusader as at the Qualification Date, and who are eligible to attend and vote at Crusaders' Court-Ordered Meeting.
"Crusader General"	means Crusader General Insurance Limited
"CTC"	means Certified True Copy.
"Custodian"	means Custodian and Allied Insurance Plc.
"Custodian Existing Shareholders"	means the shareholders of Custodian whose names appear on the register of members of Custodian as at the Qualification Date, and who are eligible to attend and vote at Custodians' Court-Ordered Meeting.
"Custodian General Insurance"	means Custodian General Insurance Limited
"CUK"	means CUK Holdings Limited.
"Effective Date"	means the date on which the Court sanctions the Scheme.
"Explanatory Statement"	means the Statement dated [.] issued by the Financial Advisers to Custodian and Crusader for the purpose of explaining the terms, conditions and effects of the Scheme and set out on pages 10 to 15 of this Scheme Document.
"Financial Advisers"	means in respect of (a) Custodian, Chapel Hill; and (b) Crusader, Meristem Securities.
"FIRS"	means the Federal Inland Revenue Service of the Federal Republic of Nigeria.
"M&A"	means Mergers and Acquisitions.
"Merger Agreement"	means the Merger Agreement dated [.] 2012 between Custodian and Crusader setting out <i>inter alia</i> the terms of the Merger and the rights that may accrue to Custodian in its capacity as a pre-merger shareholder of Crusader.
"Meristem"	means Meristem Securities.
" N " or "Naira"	means the currency of the Federal Republic of Nigeria.
"NAICOM"	means the National Insurance Commission of Nigeria.

DEFINITIONS

"Net Asset Value or NAV"	means the net asset value of a company calculated in accordance with applicable Nigerian accounting standards.
"New Shares"	means 781,766,940 ordinary shares in the share capital of Custodian to be issued to the Minority Shareholders credited as fully paid, as consideration for the cancellation of the Scheme Shares
"Post-Conversion Crusader"	means Crusader (Nigeria) Plc post conversion of the Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock.
"Post Merger Custodian"	means the resultant entity, following the merger of Custodian and Crusader.
"The NSE"	means The Nigerian Stock Exchange.
"Qualification Date"	means the date hereof, or any other date agreed by the Parties, on which the register of the Parties shall be closed for the purposes of determining the Shareholders who will be eligible to attend and vote at the Court-Ordered Meetings.
"Pari Passu"	means equally.
"Parties"	means, collectively, Custodian and Crusader.
"Scheme " or "Scheme of Merger"	means the proposed Scheme of Merger between Custodian and Crusader pursuant to Part XII of the ISA, and set out on pages 26 to 29 of this Scheme Document.
"Scheme Document"	means this document setting out the Scheme, the Explanatory Statement, the Notices of Court-Ordered Meetings and the various Appendices herein.
"Scheme Shares"	means the 3,319,288,593 ordinary shares of 50 kobo each in the share capital of Crusader held by the Minority Shareholders.
"SEC"	means the Securities & Exchange Commission of Nigeria
"Subsidiary"	means the same as defined in Section 338 of CAMA.
"Terminal Date"	means the business day immediately preceding the Effective Date.
"The Transfer"	means the transfer of Custodian's General Insurance business to Crusader General.

2. PROPOSED TIMETABLE

<u>EVENT</u>	<u>DATE</u>
Obtain NAICOM Approval	[.], 2012
Last date for lodging proxy forms for Court-Ordered Meetings	[.], 2012
Custodian's Court-Ordered Meeting	[.], 2012
Crusader's Court-Ordered Meeting	[.], 2012
File returns of Court-Ordered Meetings with CAC	[.], 2012
Obtain clearance from FIRS on tax liability	[.], 2012
Apply for SEC final approval of the Scheme	[.], 2012
Obtain SEC final approval for the Scheme	[.], 2012
File petition for the Court Sanction	[.], 2012
Obtain Court Sanction of the Scheme (Effective Date)	[.], 2012
Obtain CTC of Court Sanction of the Scheme	[.], 2012
Deliver CTC of Court Sanction for registration to the CAC	[.], 2012
File CTC of Court Sanction with SEC and NAICOM	[.], 2012
Publish copy of Court Sanction in at least two national newspapers	[.], 2012
Submit copy of Court Sanction for publication in the <i>Gazette</i>	[.], 2012
Obtain SEC approval for the Registration of New Shares	[.], 2012
List New Shares on the NSE	[.], 2012
Commence despatch of Certificates of New Shares to [.]	[.], 2012
File post-merger documentation with SEC	[.], 2012

Important Notice: The dates given above are indicative only, and are subject to possible changes.

3. DIRECTORS AND PARTIES TO THE SCHEME

CUSTODIAN AND ALLIED INSURANCE PLC

<u>DIRECTORS:</u>	
Chief Michael Ade Ojo, OON Stillwater House 14B Keffi Street South West Ikoyi Lagos	Chairman
Mr. Oluwole Oshin Stillwater House 14B Keffi Street South West Ikoyi Lagos	Managing Director/Chief Executive Officer
Chief (Mrs) M. Giwa Stillwater House 14B Keffi Street South West Ikoyi Lagos	Director
Mr. Toni Ogunbor Stillwater House 14B Keffi Street South West Ikoyi Lagos	Director
Mr. Ravi Sharma (Representing Aureos Africa Fund LLC) Stillwater House 14B Keffi Street South West Ikoyi Lagos	Director
Mr. Richard. G Asabia Stillwater House 14B Keffi Street South West Ikoyi Lagos	Director
Mr. Ibrahim Dikko Stillwater House 14B Keffi Street South West Ikoyi Lagos	Director
Mrs. Adenike Obisan Stillwater House 14B Keffi Street South West Ikoyi, Lagos	Company Secretary

DIRECTORS AND PARTIES TO THE SCHEME

Chapel Hill Advisory Partners Limited 1st Floor, 45 Saka Tinubu Street Victoria Island Lagos	Financial Advisers
Banwo & Ighodalo 98, Awolowo Road South West Ikoyi Lagos	Solicitors
Meristem Registrars Limited 213 Herbert Macaulay Way Yaba Lagos	Registrars
Interstate Securities Limited 14B Keffi Street South West Ikoyi Lagos	Stockbrokers
Akintola Williams Deloitte 233 Ikorodu Road Ilupeju Lagos	Auditors
Abax – OOSA Professionals 18 Akanbi Danmola Street South West Ikoyi Lagos	Reporting Accountants

DIRECTORS AND PARTIES TO THE SCHEME

CRUSADER (NIGERIA) PLC

<u>DIRECTORS:</u>	
Mr. Gboyega Asabia Crusader House 16A Commercial Avenue Sabo, Yaba Lagos	Chairman
Mr. Toye Odunsi Crusader House 16A Commercial Avenue Sabo, Yaba Lagos	Acting Managing Director
Mr. Johnnie Wilcox Crusader House 16A Commercial Avenue Sabo, Yaba Lagos	Director
Dr. Olusegun Oso Crusader House 16A Commercial Avenue Sabo, Yaba Lagos	Director
Sir Godwin Nkwazema Crusader House 16A Commercial Avenue Sabo, Yaba Lagos	Director
Crusader Trustees Limited Crusader House 16a Commercial Avenue Sabo, Yaba Lagos	Company Secretary

DIRECTORS AND PARTIES TO THE SCHEME

Meristem Securities Limited 124 Norman Williams Street South West, Ikoyi, Lagos	<i>Financial Advisers</i>
Austen Peters & Co. Foreshore Towers (Penthouse Floor) 2A Osborne Road Ikoyi Lagos	Solicitors
City Securities Registrars Limited Primrose Towers 17A Tinubu Street Lagos.	Registrars
Ernst & Young 2A Bayo Kuku Road Ikoyi Lagos	Auditors
Capital Bancorp Limited 9/11 Macarthy Street (3rd & 4th ^h Floor) Onikan Lagos	Lead Stockbrokers
Primera Africa Securities Trading 11A, Sapara Williams Close Victoria Island Lagos	Joint Stockbrokers
Kedari Securities Limited 8a Ojora Close Victoria Island Lagos.	Joint Stockbrokers
Sola Oyetayo & Co 35 Ogunlowo Street Off Obafemi Awolowo Way, Ikeja Lagos	Reporting Accountants

4. CHAIRMEN'S LETTERS

A. LETTER FROM THE CHAIRMAN OF CUSTODIAN AND ALLIED INSURANCE PLC



Custodian and Allied Insurance Plc
RC 171209

Stillwater House
14B Keffi Street
South West Ikoyi
Lagos

[.], 2012

To the Shareholders of Custodian and Allied Insurance Plc

Dear Sir/Madam,

PROPOSED SCHEME OF MERGER BETWEEN CUSTODIAN AND ALLIED INSURANCE PLC AND CRUSADER NIGERIA PLC

Introduction

I am pleased to inform you that the Boards of Custodian and Allied Insurance Plc ("Custodian") and Crusader (Nigeria) Plc ("Crusader") have been in discussions and negotiations with regards to merging their respective businesses, a transaction pursuant to Part XII of the ISA ("the Scheme"). The transaction will culminate in the business of Custodian being merged with Crusader's, with Custodian being the surviving entity. The merger will enable the Post Merger Custodian to benefit from cost savings derived through operational efficiencies especially in the areas of information technology and procurement. In addition, customer acquisition and retention from the expansion of the Company's premium generating base will maximise value for our customers, shareholders and other stakeholders.

As you may be aware, Custodian through CUK Holdings Limited ("CUK") owns 27.22% of Crusader. Additionally, Custodian is the holder of ₦1,821,235,150 Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock issued by Crusader and has notified Crusader of its intention to convert on December 3, 2012. Upon conversion Custodian through CUK will own a total 56.24% equity shareholding in Crusader. The proposed merger has therefore been conceived with the goal of consolidating the insurance businesses of both Custodian and Crusader. The Directors of both Companies are of the opinion that significant cost synergies will accrue from the proposed merger and create additional value for the shareholders of the Post Merger Custodian.

The Scheme will be achieved by the transfer of all of the assets, liabilities and undertakings of Crusader to Custodian, in exchange for which ordinary shares of Custodian will be issued to the minority shareholders of Crusader. The board is of the opinion that the Scheme will yield significant benefits, greatest among which is providing Custodian shareholders exposure to several lines of financial services business, thereby providing further diversified income streams and growth opportunities. Currently, the shareholders of Custodian are invested in a General Insurance business. Through this combination with Crusader, the shareholders of Custodian will become shareholders of a new non-operating holding company; Custodian and Allied Plc, which will hold the shares of the general, life, trustees, property, pension and other subsidiaries of the post-merger entity.

As part of the merger process, your Board engaged the services of Chapel Hill Advisory Partners Limited as Financial Advisers and Banwo & Ighodalo as Solicitors, to guide its decision-making and manage the process. An

independent actuary, HR Nigeria Limited, has been appointed by Custodian and Crusader to prepare a report about the Transfer and its effect. This report would be delivered to the Post-merger Custodian board. Subject to the Scheme becoming effective the Transfer will automatically move all rights, benefits, obligations, liabilities and any pending or current claims to Crusader General, to be renamed Custodian General after the Scheme. The Board will then ensure that whatever actions are required to be taken are implemented.

The Scheme has received the requisite preliminary approvals from the appropriate authorities and will be presented for your consideration and approval at the Court-Ordered Meeting to be held on [.]. You will find on pages 16 to 21 of the Scheme Document, an Explanatory Statement from the Financial Advisers containing details of the terms and effects of the Scheme.

Industry Overview

The Nigerian insurance industry has huge potential which remains untapped. The industry has recorded sub-optimal performance, with insurance penetration of 0.70% and contribution to GDP of circa 1%. However, the on-going reforms by the NAICOM, in line with other major financial sector reforms, are aimed at repositioning the sector and attracting new investments.

In 2009, NAICOM initiated the Market Development and Restructuring Initiatives ("MDRI") for purposes of instituting reforms in the areas of industry capacity, market efficiency and consumer protection in the Nigerian insurance market. A major thrust of the initiative is the enforcement of compliance with the Insurance Act 2003 and the Pension Reform Act 2004.

Also, in April 2010, the Federal Government passed the Nigerian Oil and Gas Industry Content Development Act ("Local Content Act") which prescribes minimum thresholds of Nigerian content for various activities in the Oil & Gas sector and provides for preferential treatment to Nigerian companies with a minimum of 51% equity participation by Nigerians; in the award of licenses, permits and blocks. In particular, the Local Content Act mandates all insurable risks related to operators' oil & gas businesses to be insured through a registered insurance company unless the approval of NAICOM is obtained in relation to procuring insurance offshore.

The current reforms in the Nigerian insurance industry are expected to create significant opportunities; possible market-induced consolidation of players in the industry for greater risk retention capability, commensurate to the increasing opportunities in the sector; underwriting opportunities in the Oil & Gas sector; and compulsory participation and compliance by the private sector in specific insurance requirements.

The Nigerian insurance industry is a key component of the financial services sector and has a highly attractive market with a bright outlook. It is expected that the on-going reforms will significantly boost revenues derived from the insurance industry, transform the industry and strategically position it to attract new investors willing to explore the market's opportunities.

Background Information on Crusader (Nigeria) Plc

Crusader (Nigeria) Plc ("Crusader") - formerly known as Crusader Insurance (Nigeria) Plc - was established as the Agency office of Crusader Insurance Company, Reigate, United Kingdom in 1956. It was incorporated in 1970 as a Nigerian insurance company, and began operation as a life insurance company offering life and pension products and services. It converted to a public limited liability company in 1989 and was listed on The Nigerian Stock Exchange in 1990.

Crusader became a composite insurance company in 1995 and merged with other insurance companies during the last industry-wide consolidations that were undertaken in 2007. Subsequently, Crusader (Nigeria) Plc relinquished its insurance licence and two newly incorporated companies, Crusader General Insurance Limited and Crusader Life Insurance Limited were licensed to carry on General and Life businesses respectively in line with regulatory policies on insurance companies.

Following the consolidation exercise in 2007, Crusader Insurance (Nigeria) Plc transformed into a group of Companies now known as Crusader (Nigeria) Plc with respective interests in financial services. The Companies under the Group include:

- Crusader General Insurance Limited
- Crusader Life Insurance Limited
- Crusader Trustees Limited
- Crusader Sterling Pensions Limited (Associate)
- Crusade Properties Limited
- Crusader Hotels and Apartments Limited

Benefits/Effects of the Merger

The Board is of the belief that through this merger, the Post Merger Custodian will provide significant opportunities and benefits to staff, customers, shareholders and other stakeholders. Specifically, we see opportunities in the following areas:

- 1) **Enhanced Revenue Opportunities** - The Post Merger Custodian will target the existing customer bases of Custodian and Crusader and will utilise the expertise of each business to drive new products and brand extensions across all its market, thereby generating attractive revenues.
- 2) **Strong Financial Capacity** - The Post Merger Custodian will have the balance sheet size, increased scale and financial strength to drive organic growth and compete effectively in the post-consolidation insurance industry. In addition to exploiting other opportunities, the Post Merger Custodian will also be able to take up big ticket transactions and larger volumes of business; thereby increasing market share.
- 3) **Improved Operating Efficiencies** - The Post Merger Custodian will benefit from a significant reduction in its costs and the utilisation of synergies between the two companies will streamline the operations of the Post Merger Custodian resulting in operational efficiencies.
- 4) **Expanded Product Portfolio** - The Post Merger Custodian will expand its business portfolio base by including the Life, Pension and Property business of Crusader.

Recommendation

The Board considers the terms of the Scheme to be fair and reasonable and therefore recommends that you vote in favour of the resolutions which are to be proposed at the Court-Ordered Meeting of Custodian on [.]. The Directors of Custodian who are shareholders have indicated that they intend to vote all of their shares in favour of the Scheme.

It is important that as many votes as possible are cast at the Court Ordered Meeting to satisfy the Court that there was fair representation of shareholders at the meeting. If you are unable to attend the meeting in person, please complete and return the enclosed proxy form in accordance with the instructions thereon. Please note that the lodging of a proxy form does not prevent you from attending the meeting and voting in person, should you subsequently decide to do so. However, in such instances, your proxy will not be entitled to attend or vote.

We look forward to welcoming you or your proxy to the meeting.

Yours faithfully,

Chief Michael Ade Ojo, OON
Chairman

B. LETTER FROM THE CHAIRMAN OF CRUSADER (NIGERIA) PLC



Crusader (Nigeria) Plc
RC 7073

Crusader House
16A Commercial Avenue
Sabo, Yaba
Lagos

To the Shareholders of Crusader (Nigeria) Plc

[.], 2012

Dear Sir/Madam,

PROPOSED SCHEME OF MERGER BETWEEN CRUSADER (NIGERIA) PLC AND CUSTOFIAN AND ALLIED INSURANCE PLC

Introduction

As you may be aware the Board of Directors of your Company, Crusader (Nigeria) Plc has been in discussions and negotiations with Custodian and Allied Insurance Plc on a proposal to merge the two companies. The merger will be effected through a Scheme of Merger ("the Scheme") under Part XII of the Investments and Securities Act No. 29, 2007.

The primary objective of the merger is to achieve our goal of becoming a larger insurance firm with technical capabilities to take advantage of economies of scale and becoming the preferred choice for our clients as we take advantage of inter-company synergies. The Post Merger Custodian will provide greater strength in mutual product offerings as well as greater market share while adding the opportunity for growth in the overall scale of the product offerings. Furthermore, the merger provides an increase in the merged entity's capacity to raise funds for expansion and future acquisitions.

This is an attractive combination for all Crusader and Custodian stakeholders: customers will benefit from our wider and better-integrated array of insurance services; employees will enjoy the advantages and opportunities of being a part of a larger, stronger company; and shareholders will have the opportunity to continue to participate in the success of a bigger business.

As part of the Merger, the Boards of Director engaged the services of Meristem Securities Limited as Financial Adviser and Austen Peters & Co as Solicitors to your company. An independent actuary, HR Nigeria Limited, has been appointed by Custodian and Crusader to prepare a report about the Transfer and its effect. This report would be delivered to the Post-merger Custodian board. Subject to the Scheme becoming effective the Transfer will automatically move all rights, benefits, obligations, liabilities and any pending or current claims to Crusader General, to be renamed Custodian General after the Scheme. The Board will then ensure that whatever actions are required to be taken are implemented.

We are pleased to inform you that preliminary approvals for the Scheme have been received from the appropriate authorities. The Scheme will be presented for your consideration and approval at the Court-Ordered Meeting to be held on [.], 2012. You will find on pages 16 to 22 of the Scheme Document, an Explanatory Statement containing details of the terms and effects of the Scheme.

Background Information on Custodian and Allied Insurance Plc

Custodian and Allied Insurance Plc was incorporated on the 22nd of August 1991, under the name Accident and General Insurance Company. The company commenced operations in July 1995 undertaking General insurance business and obtained a license to operate a Life insurance business in 2001. The Life Business was subsequently transferred to Leadway Life Assurance Company Limited after a strategic decision to focus on general insurance post recapitalisation.

Custodian is considered to rank amongst the top 5 insurance companies and top 3 general insurance companies in Nigeria with total assets and shareholders' funds in excess of ₦18 billion and ₦12 billion, respectively; significantly surpassing the minimum capital requirement of ₦3 billion for the operation of a General Insurance business. The Company plans to continuously grow its market share both organically and through strategic mergers and acquisitions, while also improving on its positive influence and leadership position in the sector.

The Company's long-term growth objectives are demonstrated in its strategy and performance. Custodian is a registered member of the Nigerian Insurers Association (NIA) and is approved by other regulatory bodies in Nigeria to offer Insurance Services.

Industry Overview

The Nigerian insurance industry almost tripled in size (as measured by gross premiums) between 2005 and 2010. The industry witnessed a regulatory driven consolidation in 2007 when NAICOM increased the minimum required capital for all the business classes i.e. life, non-life and reinsurance. This led to a contraction in the number of industry players in each of the business classes. The number of insurers reduced to 49 from 103 while reinsurers dropped to 2 from 5.

As of January 2012, the number of licensed insurers was 23 non-life insurance companies, 7 life insurance companies, 19 composite companies and 2 reinsurers. The intermediaries included about 598 brokers, 48 loss adjusters and 5000 agents. Historical trends reveal that the Nigerian insurance industry has outperformed the economy with respect to growth except in 2005 and 2006 when inflation adjusted growth for the industry was -8% and -1% respectively.

Despite the appreciable expansion in premiums, especially in the post consolidation era, Nigeria's insurance industry remains primarily underdeveloped due to a largely fragmented industry. Recent regulatory changes and enhanced supervision have shaped concentration levels and raised the sector capital requirements thereby unlocking investment opportunities and enhancing the underwriting strength of players.

Benefits/Effects of the Merger

The Board of Directors is of the belief that the merger will provide considerable benefits and opportunities to the shareholders, customers, staff and stakeholders of Crusader. The Merger will create opportunities for higher revenue growth from the combination of customers, insurance products, skills, information technology and back office processing.

The Post Merger Custodian will have greater scale and ability to develop additional value through opportunities in Nigeria and the wider Sub-Saharan African region. The combination of both companies will create substantial value through both revenue uplifts and cost reduction. It will also unlock the benefits of Custodian's cash and liquidity position.

The combination will create opportunities for the Post Merger Custodian to strategically position itself in view of the ongoing reforms in the insurance industry and to profit from the Local Content Act.

Recommendation

The Board of Directors of Crusader having considered the terms and conditions of the Scheme, as well as the benefits thereof, recommend that you vote in favour of the resolutions which will be proposed at the Court Ordered Meeting to hold on [..], 2012.

If you are unable to attend the meeting in person, please complete and return the enclosed proxy form in accordance with the instructions thereon. Please note that the lodging of a proxy form does not prevent you from attending and voting in person, should you subsequently decide to do so. However, in such instances, your proxy will not be entitled to attend or vote.

Yours faithfully,

Mr. Gboyega Asabia
Chairman

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS



RC 622258



RC 442255

Chapel Hill Advisory Partners Limited
45 Saka Tinubu Street (1st Floor)
Victoria Island
Lagos

Meristem Securities Limited
124 Norman Williams Street,
South West Ikoyi
Lagos

[.], 2012

To the Shareholders of Custodian and Allied Insurance and Crusader (Nigeria) Plc

Dear Sir/Madam,

PROPOSED SCHEME OF MERGER BETWEEN CUSTODIAN AND ALLIED INSURANCE PLC AND CRUSADER (NIGERIA) PLC

5.1 INTRODUCTION

You will have been informed by the letters from your respective Chairmen, presented on pages 10 and 15 of this Scheme Document, of the discussions held by the Directors of Custodian and Crusader regarding the intention to combine all the assets, liabilities, operations and undertakings of Custodian and Crusader.

Custodian is an efficient and fully automated Company with a sharp focus on general insurance. Crusader on the other hand is known for both its life insurance business and pension business. From inception to date, both companies have recorded tremendous growth in all areas of their business.

The proposed merger will be effected through a Scheme of Merger pursuant to Part XII of the Investments and Securities Act (No. 29) of 2007 which, when concluded, will result in Crusader's operations being merged with Custodian's; Custodian being the surviving entity.

The letters from your Chairmen convey the recommendation of your respective Boards that you vote in favour of the Scheme at the Court-Ordered Meetings that will be convened to approve the Scheme. Your Directors have authorised us to write to you, to explain, on their behalf, the mechanics and effects of the Scheme, which we now summarise as follows:

5.2 THE PROPOSAL

Custodian through CUK had invested ₦1,821,235,150 representing 99.05% of a Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock issued by Crusader in the first quarter of 2012.

Custodian through CUK and all other Stockholders' will exercise their convertible rights under the outstanding Crusader Convertible Loan Stock into 3,064,686,917 ordinary shares of Crusader. CUK, the beneficial holder of 99.05% of the Convertible will convert into 3,035,391,917 ordinary shares of Crusader, giving it a total 56.24% shareholding in the Post-Conversion Crusader.

i. Consideration

Under the terms of the Scheme of Merger, it is proposed that:

- all assets, liabilities and undertakings, including real property and intellectual property rights of the Post-Conversion Crusader be transferred to Custodian;
- the entire share capital of the Post-Conversion Crusader comprising of 7,585,463,073 ordinary shares of 50 kobo each be cancelled;
- the Post-Conversion Crusader will then be dissolved without winding up;
- the entire share capital of CUK be cancelled and CUK will then be dissolved without winding up;
- all insurance liabilities, undertakings, and certain matching assets of Custodian's general insurance business be transferred to Crusader General, to be renamed Custodian and Allied Insurance Limited;
- the general insurance licence of Custodian be transferred to a newly registered company called Custodian License Company Limited;
- Custodian, upon the Scheme becoming effective, shall be renamed Custodian and Allied Plc;
- Crusader Life Insurance Limited to be renamed Custodian Assurance Insurance Limited;
- all assets, liabilities and undertakings, including real property and intellectual property rights of CAI Trustees Limited be transferred to Crusader Trustees Limited;
- CAI Trustees Limited's share capital shall be cancelled and will then be dissolved without winding up; and
- Crusader Trustees Limited shall be renamed Custodian Trustees Limited.

An independent actuary, HR Nigeria Limited, has been appointed by Custodian and Crusader to prepare a report about the Transfer and its effect. This report would be delivered to the Post-merger Custodian board. Subject to the Scheme becoming effective the Transfer will automatically move all rights, benefits, obligations, liabilities and any pending or current claims to Crusader General, to be renamed Custodian General after the Scheme. The Board will then ensure that whatever actions are required to be taken are implemented.

Crusader (Nigeria) Plc

In consideration for the transfer of all assets, liabilities and undertakings, including real property and intellectual property rights of Crusader to Custodian, all minority shareholders shall:

RECEIVE: [8] ordinary shares of 50 kobo each in Custodian credited as fully paid

IN EXCHANGE FOR: Every [34] Crusader ordinary shares of 50 kobo each held by them on the Terminal Date

ii. Provision for Dissenting Shareholders

The Post Merger Custodian will be a listed company on The Nigerian Stock Exchange. Dissenting shareholders would be able to sell any shares in Custodian that they do not wish to hold, through any duly licensed stockbroker(s) on a best effort basis.

iii. Post-Merger Dividend and Other Rights

The New Shares to be issued to the minority shareholders of Crusader shall, upon the Scheme becoming effective, rank *pari-passu* in all respects and form a single class of shares with the existing issued ordinary shares of Custodian. Any dividend, bonus issue or other distributions made by the Post-merger Custodian after the Effective Date shall be paid and applied to the New Shares.

iv. Post-Merger Share Adjustment

There shall be no post-merger adjustments other than as provided.

v. Conditions Precedent

The Scheme will become effective and binding on the Shareholders of Custodian and Crusader if:

- a) It receives the No-Objection by a majority stockholders, representing not less than three-fourths (3/4) in value of the Crusader 12% Unsecured Convertible Debenture Stock;
- b) The conversion of Crusader's Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock by all Stockholders;
- c) It is approved by a majority of Shareholders, representing not less than three-fourths (3/4) in value of each Company's Shareholders present and voting either in person or by proxy, at the respective Court-Ordered Meetings of the shareholders of Custodian and Crusader;
- d) SEC and NAICOM approve, with or without modification or amendment, the terms and conditions of the Scheme as approved at the aforesaid Court-Ordered Meetings;
- e) The Court sanctions the Scheme with orders substantially in the following terms:
 - i. all assets, liabilities and undertakings, including real property and intellectual property rights of the Post-Conversion Crusader be transferred to Custodian;
 - ii. the entire share capital of the Post-Conversion Crusader comprising of 7,585,296,407 ordinary shares of 50 kobo each be cancelled;
 - iii. the Post-Conversion Crusader will then be dissolved without winding up;
 - iv. the entire share capital of CUK be cancelled and CUK will then be dissolved without winding up;
 - v. all insurance liabilities, undertakings, and certain assets of Custodian's general insurance business be transferred to Crusader General, to be renamed Custodian and Allied Insurance Limited;
 - vi. the general insurance licence of Custodian be transferred to a newly registered company called Custodian License Company Limited;
 - vii. Custodian, upon the Scheme becoming effective, shall be renamed Custodian and Allied Plc;
 - viii. Crusader Life Insurance Limited to be renamed Custodian Life Assurance Limited;
 - ix. all assets, liabilities and undertakings, including real property and intellectual property rights of CAI Trustees Limited be transferred to Crusader Trustees Limited;
 - x. CAI Trustees Limited's share capital shall be cancelled and will then be dissolved without winding up; and
 - xi. Crusader Trustees Limited shall be renamed Custodian Trustees Limited.

vi. Effectiveness of the Scheme

Once sanctioned by the Court, the Scheme will become effective and binding on all shareholders of Crusader and Custodian on the Effective Date, irrespective of whether or not they attended or voted at the respective Court-Ordered Meetings.

5.3 ELEMENTS OF THE SCHEME

a) **Rationale for the Merger**

Custodian is considered to rank amongst the top 5 insurance companies in Nigeria with plans to continuously grow its market share organically and inorganically through strategic mergers and acquisitions while also improving on its leadership position in the sector.

The merger of Custodian and Crusader will be beneficial for both Companies' shareholders as it would provide a platform for the Post Merger Custodian to emerge as one of the leading insurance companies in Nigeria. The merger will provide a wider branch network and enhanced distribution capability for Custodian and will allow Custodian to leverage on the existing businesses of Crusader to develop and grow existing products.

The merger will also strategically position the Post Merger Custodian to compete effectively with other local insurers, thereby increasing market penetration and consequently increasing gross revenue.

The advantages of the merger remain compelling from a profitability standpoint. The merger will enhance the balance sheet of the Post Merger Custodian whilst leveraging synergies of both companies to drive profitability and shareholder value.

b) **Benefits and Effects of the Scheme**

The Board of Directors and management teams of Custodian and Crusader believe that the merger will provide the following strategic opportunities and benefits to shareholders, employees and customers, as well as the Nigerian insurance sector, amongst others:

- i. The merger will provide exposure to several lines of financial services business, thereby creating further diversified income streams and growth opportunities.
- ii. The merger will provide a platform for Custodian's inorganic growth within the Nigerian insurance industry.
- iii. The merger will strengthen the insurance business of the Post Merger Custodian by leveraging on Custodian's liquidity, brand, expertise and combined products and market capabilities of both companies.
- iv. The Post Merger Custodian will be able to compete better with other local insurers, thereby increasing market share, market penetration and consequently surpassing competition and consequently increasing gross revenue.
- v. Furthermore, customers will enjoy benefits relating to greater accessibility, product diversification and improved service delivery.
- vi. Expected financial synergies.

c) **Expected Synergies**

The merger of Custodian and Crusader will facilitate reduced overheads and enhance shareholder value through the efficient use of operational synergies resulting from the merger.

It is estimated that the merger will lead to increased profitability and accordingly increased dividend payout to shareholders of the Post Merger Custodian

d) Plans for Employees

The Enlarged Custodian will carry on the businesses of Crusader. Thus, as from the Effective Date, all existing contracts of employment of all employees of Crusader shall be transferred to Custodian and such employees shall become employees of the Enlarged Entity.. Custodian attaches great importance to the skills and experience of the employees of Crusader and expects them to play a significant role in implementing the business plan. In event of voluntary resignation, employees will be entitled to their full terminal benefit as stated in their contract of employment. Custodian has given assurances to the Board of Directors that the existing employment rights, including pension rights of all Crusader employees will be fully safeguarded on completion of the Merger.

e) Capital Gains Tax

No Capital Gains Tax is payable on a disposal of shares by virtue of section 30(1) of the Capital Gains Tax Act Chapter C1 LFN 2004 ("CGT Act"). Furthermore, section 32 of the CGT Act specifically exempts from Capital Gains Tax, any gains made as a result of a merger in which one of the merging entities loses its identity.

f) Taxation

The taxation consequences of the Scheme will depend upon the jurisdiction in which Shareholders of Crusader are resident for tax purposes. However, under current Nigerian tax legislation, the implementation of the Scheme in the present form should not give rise to any chargeable capital gains tax or stamp duty. However, this statement is not intended to be, and should not be construed to be legal or tax advice to any particular shareholder.

Shareholders who are in any doubt about their taxation position, or who are subject to taxation in a jurisdiction outside Nigeria, are strongly advised to consult his/her own professional advisers without delay as to the consequences of the Scheme in view of his/her own circumstances.

g) Meeting to Approve the Scheme and Voting Rights

Separate Court-Ordered Meetings will be convened by order of the Court for the purpose of considering and, if thought fit, approving the Scheme by the shareholders of Custodian and Crusader. At the Court-Ordered Meetings, voting will be by poll. Each shareholder present in person or by proxy will be entitled to one vote for every share held. The statutory majority required to pass the resolutions proposed at the Court-Ordered Meetings is a majority representing not less than three fourths (3/4) in value of the shares of members present and voting either in person or by proxy.

Notices of the Court-Ordered Meetings are set out on pages 103 to 108 of this Scheme Document.

h) Actions to be Taken

The appropriate proxy form for the Court-Ordered Meetings scheduled to be held by each of your companies is enclosed. If you are unable to attend the respective meeting in person, you are requested to complete the proxy form in accordance with the instructions thereon and return it as soon as possible to the relevant company secretary, to arrive no later than twenty-four (24) hours before the time appointed for the meeting. The lodging of a proxy form, which to be valid, must be appropriately stamped, does not prevent you from attending the relevant meeting and voting in person should you so wish. However, in such instance, your proxy will not be entitled to attend or vote.

i) Delivery and Settlement

EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

Upon the Scheme becoming effective, Crusader's share certificates will be cancelled and voided. Share certificates covering the New Shares will be despatched by Custodian's Registrars to Crusader's Shareholders who elect to receive share certificates (rather than hold their New Shares in dematerialised form), not later than 21 days after obtaining the SEC registration of the New Shares.

Where some or all of Crusader's Shareholders elect to hold their New Shares in dematerialised form, the same will be settled by delivery, through the Central Securities Clearing Systems ("CSCS"), to the relevant CSCS accounts of such Crusader Shareholder. Such CSCS accounts must bear the same participant identification and membership account details as those of the respective Crusader Shareholder who elect to hold their New Shares in dematerialised form.

5.4 FINANCIAL EFFECTS OF THE SCHEME

Capital Value

The merger of Custodian and Crusader will facilitate reduced overheads and enhance shareholder value through the efficient use of operational synergies resulting from the merger.

It is envisaged that the merger will lead to enhanced revenues and accordingly increase profitability of the Post Merger Custodian.

Implications of the Scheme to Minority Shareholders

The prices of Custodian and Crusader shares as recommended by the Financial Advisers and approved by the Directors of both companies in arriving at the share exchange ratio for this Scheme are ₦3.07 and ₦0.72 respectively. Therefore, in terms of monetary value of the proposed exchange ratio, Crusader's minority shareholders will:

₦		
Receive	[8] ordinary shares of Custodian at ₦[3.07] per share	24.56
and in exchange		
Give up	[34] current Crusader Ordinary Shares at ₦[0.72] per share	24.48
Change in capital value		0.05

5.5 INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

Custodian and Allied Insurance Plc is a wholly owned Nigerian Company whose vision is to be Africa's insurer of choice with a mission to develop, package and deliver innovative insurance products that best satisfy customer needs whilst operating a highly profitable, efficient, resourceful and ethical organisation that will survive well into the future and be a valuable asset to its shareholders.

Custodian and Allied Insurance Plc was incorporated on the 22nd of August 1991, under the name Accident and General Insurance Company. The company commenced operations in July 1995 undertaking General insurance business and obtained a license to operate a Life insurance business in 2001. The Life Business was subsequently transferred to Leadway Life Assurance Company Limited after a strategic decision to focus on General insurance post recapitalisation.

5.6 INFORMATION REGARDING CRUSADER (NIGERIA) PLC

Crusader (Nigeria) Plc ("Crusader") - formerly known as Crusader Insurance (Nigeria) Plc - was established as the Agency office of Crusader Insurance Company, Reigate, United Kingdom in 1956. It was incorporated in 1970 as a Nigerian insurance company, and began operation as a life insurance company

EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

offering life and pension products and services. It converted to a public limited liability company in 1989 and was listed on The Nigerian Stock Exchange in 1990.

Following consolidation in the Insurance Industry in 2007, Crusader Insurance (Nigeria) Plc transformed into a group of Companies now known as Crusader Nigeria Plc with respective interests in financial services including Crusader Life Insurance Limited, Crusader General Insurance Limited, Crusader Trustees Limited, Crusader Properties Limited and Crusader Sterling Pensions Limited (Associate).

5.7 FURTHER INFORMATION

Your attention is drawn to the following information contained in the appendices to the Scheme Document. Shareholders are encouraged to read the whole of the Scheme Document including documents contained within the Scheme Document and not just rely on the summarised information included in this Explanatory Statement and in other parts of the Scheme Document:

Appendix I: Further information on Custodian on pages 30 to 60.

Appendix II: Further information on Crusader on pages 61 to 97.

Appendix III: Proforma Statement of Shareholding and Balance Sheet of the Post Merger Custodian on pages 98 to 99.

Appendix IV: Statutory and General Information on pages 100 to 102.

The following documents are contained within this Scheme Document:

Basis of Valuation and Exchange Ratio on pages 23 to 25.

The Scheme of Merger on pages 26 to 29.

Notices of Court-Ordered Meetings on pages 103 to 108.

5.8 CONCLUSION AND RECOMMENDATION

The Boards of Directors of Custodian and Crusader having considered the terms and conditions of the Scheme of Merger as well as the benefits thereof, recommend that you vote in favour of the sub-joined resolutions which will be proposed at the respective Court-Ordered Meetings.

Yours faithfully,



Bolaji Balogun
Managing Partner/CEO
Chapel Hill Advisory Partners Limited



Oluwole Abegunde
Managing Director
Meristem Securities Limited

6. BASIS OF VALUATION

6.1 BACKGROUND

- Custodian and Crusader are leading operators in the Nigerian Insurance industry.
- Both companies develop, package and deliver innovative insurance products that best satisfy customer needs, whilst operating a highly profitable, efficient, resourceful and ethical organisation that will survive well into the future and be a valuable asset to their shareholders.
- As part of their strategic growth and expansion objectives, Custodian and Crusader are looking to explore inorganic growth opportunities in the Nigerian Insurance industry.
- A merger of both companies will enable customers to enjoy benefits relating to greater accessibility, product diversification and improved service delivery.

It is intended that the assets, liabilities and undertakings of Crusader shall be transferred to Custodian under the terms of the Scheme in consideration for which, new Custodian shares will be issued to holders of the minority shareholders in Crusader. The name of the surviving entity will be Custodian and Allied Plc

6.2 VALUATION METHODOLOGY

METHODOLOGIES CONSIDERED

In determining the appropriate valuation to be adopted for the Scheme, a number of valuation approaches were considered:

- Discounted Cash Flow Valuation Method;
- Comparable Companies Trading Multiples;
- Transaction Multiples; and
- Net Asset Valuation Method

Dividend Cash Flow Valuation Method ("DCF")

This approach uses future free cash flow projections and discounts them (using the weighted average cost of capital) to arrive at a present value, which is used to evaluate the potential for investment.

On the basis of the financial projections produced by the two companies, the Profit after Tax ("PAT") was discounted taking into consideration a contingency reserve in accordance with the Insurance Act 2003. The Insurance Act states that an amount not less than 3% of the total premium or 20% of the PAT, whichever is greater must be credited. Accordingly the Contingency Reserve provisions were deducted from the PAT before discounting.

The Terminal Value of the profit projections was estimated beyond the explicit three year forecast by applying a growth rate to the third year profit and discounting it using the perpetuity discounting formula. The DCF resulted in the following share price ranges:

Custodian ~~₦~~2.98 – ~~₦~~3.82
Crusader ~~₦~~0.97 – ~~₦~~1.33

Trading Multiples

This approach values a company based on multiples at which comparable companies' trade on the Nigerian Stock Market. Given that the approach was to be used for financial services companies, the multiples considered was the Price-to-Book multiple

The average trading multiples for the insurance companies trading at a price above par on the Nigerian Stock Market was used and resulted in the following price ranges:

BASIS OF VALUATION

Custodian ~~£~~1.42 – ~~£~~1.75

Crusader ~~£~~0.34 – ~~£~~0.83

Transaction multiples

This approach values a company based on multiples at which recent comparable transactions have taken place. Accordingly, the methodology, like the Trading Multiples approach is relatively simple and highly intuitive. In addition, it indicates a range of likely prices as well as potential demand for the subject company being valued.

Custodian ~~£~~2.60 – ~~£~~3.65

Crusader ~~£~~0.41 – ~~£~~1.52

Net Asset Value (“NAV”)

NAV is a method used to determine the value of an entity's assets less the value of its liabilities. Since the current value of a company's assets are likely to differ from the historical cost on the financial statements used in the NAV calculation (financial statement values and related principles of accounting may vary) a comprehensive analysis of the company's assets and liabilities for the purposes of calculating net asset value is conducted to determine the intrinsic value of the company. The NAV per share of the entities as at December 31, 2011 are as follows:

Custodian ~~£~~2.41

Crusader ~~£~~0.81

Given the fact that Crusader has been recording losses since 2008, the Financial Advisers in conjunction with the management of both Custodian and Crusader jointly agree to adopt the NAV methodology amongst other considerations. The NAV of the Combined Entity is adjusted for the inter-company holdings and the conversion of the Debenture Stock to equity in Crusader. The resultant NAV per share post-adjustments is as follows:

Custodian ~~£~~2.76

Crusader ~~£~~0.86

Valuation Summary

Arising from the due diligence negotiations, the financial advisers have recommended a weighted average share price of ~~£~~3.07 for Custodian and ~~£~~0.72 for Crusader. Consequently the implied exchange ratio is 8 to 34.

On the basis of the foregoing, the financial Advisers have recommended upon the Scheme coming into effect, an exchange ratio such that a holder of 34 ordinary shares of Crusader will be entitled to 8 ordinary shares of the post-merger Custodian.

Based on the above, the following should be considered

1. Issuance of New Shares to the Crusader Existing Shareholders

- Prior to the Scheme being effective, Custodian through CUK and all other Stockholders' will exercise their convertible rights under the outstanding Crusader Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock into 3,035,391,917 ordinary shares of Crusader. CUK, the beneficial holder of 99.05% of the Convertible will convert into 3,035,391,917 ordinary shares of Crusader.

BASIS OF VALUATION

- Upon conversion, all the stockholders of the Crusader Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock will be allotted and issued 3,064,686,917 ordinary shares of Crusader.
- Pursuant to the Scheme, Crusader will be dissolved without being wound up the entire share capital of Crusader will be cancelled and the Crusader Minority Shareholders, shall on the Effective Date own 781,766,940 (Seven Hundred and Eighty-One Million Seven Hundred and Sixty-Six Thousand Nine Hundred and Forty) of the issued and fully paid up ordinary shares in the share capital of the Post Merger Custodian. The Custodian Existing Shareholders will retain the existing 5,100,846,808 (Five Billion One Hundred Million Eight Hundred and Forty-Six Thousand Eight Hundred and Eight) ordinary shares in the issued share capital of the Post Merger Custodian.
- As at the date of this Scheme Document, Custodian has an Authorised Share Capital of ~~₦~~3,500,000,000 (Three Billion Five Hundred Million Naira) comprising 7,000,000,000 (Seven Billion Naira) ordinary shares of 50 kobo each, of which ~~₦~~2,550,423,404 (Two Billion Five hundred and Fifty Million Four Hundred and Twenty Three Thousand Four Hundred and Four) comprising 5,100,846,808 (Five Billion One Hundred Million Eight Hundred and Forty-Six Thousand Eight Hundred and Eight) have been issued and fully paid up.
- As part of the Scheme, Custodian would issue 781,766,940 ordinary shares at 50 kobo each from its authorised share capital to Crusader's Minority Shareholders.
- Following the Court Sanction, the issued and fully paid up share capital of the Post Merger Custodian will be ~~₦~~2,941,296,988 representing 5,882,593,975 ordinary shares of 50 kobo each.

2. *Share Exchange Ratio:*

- The Crusader Minority Shareholders will receive 781,766,940 ordinary shares of 50 kobo each in the Post Merger Custodian in exchange for the cancellation of **the 3,319,288,593 ordinary shares of 50 kobo each that they held** in Crusader, immediately prior to the Effective Date.
- This implies a share exchange ratio of 34-for-8, whereby each Crusader Minority Shareholder will receive 8 ordinary share in the Post Merger Custodian for every 34 ordinary share that he/she held in Crusader immediately prior to the Effective Date.

7. SCHEME OF MERGER BETWEEN CUSTODIAN AND CRUSADER

SCHEME OF MERGER PURSUANT TO PART XII OF THE INVESTMENTS AND SECURITIES ACT NO. 29 OF 2007

BETWEEN

CUSTODIAN AND ALLIED INSURANCE PLC (RC 171209)

AND

CRUSADER (NIGERIA) PLC (RC 7037)

PRELIMINARY

- A. In this Scheme, as hereinafter defined, the following expressions have the following meanings where the context so admits:

CAMA means the Companies and Allied Matters Act, Cap C20, Laws of the Federation Nigeria 2004;

Court means the Federal High Court of the Federal Republic of Nigeria;

Court-Ordered Meeting means the separate meetings of the shareholders of Custodian and Crusader convened by Order of the Court, notices of which are set out in the Scheme Document or any reconvened meeting following an adjournment thereof;

Court Sanction means an order made by the Court that sanctions the Scheme of Merger;

Crusader means Crusader (Nigeria) Plc;

Custodian means Custodian and Allied Insurance Plc;

Effective Date means the date on which the Court Sanctions the Scheme;

Post Merger Custodian means the resultant entity, following the merger of Custodian and Crusader;

Existing Shareholders means the ordinary shareholders of the relevant company whose names appear on the register of members of the said company and who are eligible to attend and vote at the Court-Ordered Meeting;

LFN means Laws of the Federation of Nigeria;

Merger Agreement means the Merger Agreement dated [], 2012 between Custodian and Crusader setting out *inter alia* the terms of the Merger;

NAICOM means the National Insurance Commission of Nigeria;

New Share means 781,766,940 ordinary shares in the share capital of Custodian to be issued to the Minority Shareholders credited as fully paid, as consideration for the cancellation of the Scheme Shares;

Scheme means the scheme of merger to be entered into between Custodian and Crusader pursuant to Part XII of the ISA No. 29, 2007;

Scheme Document means the document setting out the Scheme, the Explanatory Statement, the Notices of Court-Ordered Meetings and the various Appendices thereto;

SCHEME OF MERGER

Scheme Shares means the 3,319,288,593 ordinary shares of 50 kobo each in the share capital of Crusader held by the Minority Shareholders

SEC means the Securities & Exchange Commission of Nigeria;

- B. The authorised share capital of Custodian is N3,500,000,000 (Three Billion, Five Hundred Million Naira) comprised of 7,000,000,000 (Seven Billion) ordinary shares of 50 Kobo each of which 5,100,846,808 (Five Billion, One Hundred Million, Eight Hundred and Forty-Six Thousand, Eight Hundred and Eight) ordinary shares have been issued and fully paid up.
- C. The authorised share capital of Crusader is N5,000,000,000 (Five Billion Naira) comprised of 10,000,000,000 (Ten Billion) ordinary shares of 50 Kobo each of which 7,585,296,406 (Seven Billion Five Hundred and Eighty-Five Million Two Hundred and Ninety-Six Thousand Four Hundred and Six) ordinary shares have been issued and fully paid up.
- D. By a Board resolution dated August 2, 2012, the Directors of Custodian resolved to propose to Custodian's Existing Shareholders that Custodian be merged with Crusader by way of a Scheme of Merger on the terms and conditions set forth in this Scheme of Merger, and to this end, also proposed that all necessary resolutions required by law to carry the Scheme into effect be passed by Custodian's Existing Shareholders at a Court-Ordered Meeting.
- E. By a Board Resolution dated September 3, 2012 the Directors of Crusader resolved to propose to Crusader's Existing Shareholders that Crusader be merged with Custodian by way of a Scheme of Merger on the terms and conditions set forth in this Scheme of Merger, and to this end, also proposed that all necessary resolutions required by law to carry the Scheme into effect be passed by Crusader's Existing Shareholders at a Court-Ordered Meeting.

THE SCHEME OF MERGER

1. BUSINESS TRANSFER

Subject to the Scheme coming effective the Transfer will automatically move all rights, benefits, obligations, liabilities (including the insurance and reinsurance policies underwritten by Custodian as well as outwards reinsurance contracts) and any pending or current claims to Crusader General to be renamed Custodian General after the Scheme. The Board will then ensure that whatever capital is required to be moved from Custodian to Crusader General is moved.

Crusader shall then transfer all its assets, (including real property and intellectual property rights), liabilities and undertakings to Custodian upon the terms and subject to the conditions set out in this Scheme of Merger, without further act or deed.

2. CANCELLATION OF CRUSADER'S SHARE CAPITAL

The entire share capital of Crusader shall be cancelled.

CONDITIONS PRECEDENT

The Scheme shall become effective and binding on the Existing Shareholders if:

- a) Custodian through CUK and all other Stockholders' exercise their convertible rights under the outstanding Crusader Convertible Loan Stock into 3,035,391,917 ordinary shares of Crusader.
- b) It is ratified by a majority of Shareholders of Custodian, representing not less than three-fourths (3/4) in value of shares held by Shareholders present and voting either in person or by proxy, and not less than three-fourths (3/4) in value of post convertible Crusader shares held by Shareholders present and voting, either in person or by proxy, at the respective Court-Ordered Meetings;

- c) SEC and NAICOM approve, with or without modification or amendment, the terms and conditions of the Scheme as agreed to, by the required majority of the shareholders of Custodian and Crusader;
- d) The Court sanctions the Scheme with orders substantially in the following terms:
- all assets, liabilities and undertakings, including real property and intellectual property rights of the Post-Conversion Crusader be transferred to Custodian;
 - the entire share capital of the Post-Conversion Crusader comprising of 7,585,296,406 ordinary shares of 50 kobo each be cancelled;
 - the Post-Conversion Crusader will then be dissolved without winding up;
 - the entire share capital of CUK be cancelled and CUK will then be dissolved without winding up;
 - Custodian, upon the Scheme becoming effective, shall be renamed Custodian and Allied Plc;
 - all insurance liabilities, undertakings, and certain assets of Custodian's general insurance business be transferred to Crusader General, to be renamed Custodian and Allied Insurance Limited;
 - the general insurance licence of Custodian be transferred to a newly registered company called Custodian License Company Limited ;
 - Crusader Life Insurance Limited to be renamed Custodian Life Assurance Limited;
 - all assets, liabilities and undertakings, including real property and intellectual property rights of CAI Trustees Limited be transferred to Crusader Trustees Limited;
 - CAI Trustees Limited's share capital shall cancelled and will then be dissolved without winding up; and
 - Crusader Trustees Limited shall be renamed Custodian Trustees Limited.

3. CONSEQUENCE OF THE SCHEME

As from and including the Effective Date:

- Any share certificates of Crusader shall be cancelled and cease to be of value;
- Crusader shall be dissolved without being wound up;
- Existing shareholders in Crusader shall receive New Shares by way of e-allotment (or, in the alternative, be issued share certificates).

4. DIRECTORS AND EMPLOYEES

Plans for Employees

The Post Merger Custodian will carry on the businesses of Crusader. Thus, as from the Effective Date, all existing contracts of employment of all employees of Crusader shall be transferred to Custodian and such employees shall become employees of the Post Merger Custodian.

Composition of Post Merger Custodian's Board of Directors

The Board of Directors of Crusader will be dissolved upon the completion of the merger and the Board of the Post Merger Custodian would be reconstituted.

5. REGISTRATION OF THE COURT SANCTION

Not later than three (3) Business Days following the grant of the Court Sanction, a certified true copy of the Court Sanction shall be delivered to the CAC for registration.

6. EFFECTIVENESS OF THE SCHEME

- a. The Scheme shall become effective on the day on which the Court sanctions the Scheme as provided by Part XII of ISA.
- b. A certified copy of the Order of the Court sanctioning this Scheme shall for the purposes of the ISA be deemed to confer title on Custodian in respect of the assets of Crusader transferred to it in accordance with the Scheme without further act or deed.

7. MODIFICATION

The Board of Directors of Custodian and Crusader are authorised to consent, on behalf of all parties concerned to any modification of or addition to the Scheme which the Court may deem fit to approve or to any condition which the Court may impose.

DATED THIS [.] [.] NOVEMBER, 2012

Banwo & Ighodalo

98, Awolowo Road

South West Ikoyi

Lagos

Austen Peters & Co.

Penthouse Floor, Foreshore Towers

2A Osborne Road, Ikoyi

Lagos

8. APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

8.1 BACKGROUND INFORMATION

i) Incorporation and Share Capital History

Custodian and Allied Insurance Plc was incorporated on the 22nd of August 1991, under the name Accident and General Insurance Company. The company commenced operations in July 1995 undertaking General insurance business and obtained a license to operate a Life insurance business in 2001. The Life Business was subsequently transferred to Leadway Life Assurance Company Limited after a strategic decision to focus on General insurance post recapitalisation.

The Company's authorised share capital at incorporation was ₦5,000,000 divided into 5,000,000 ordinary shares of ₦1.00 each.. At present, the authorised share capital of Custodian is ₦3,500,000,000 (Three Billion, Five Hundred Million Naira) comprised of 7,000,000,000 (Seven Billion) ordinary shares of 50 Kobo each of which 5,100,846,808 (Five Billion, One Hundred Million, Eight Hundred and Forty-Six Thousand, Eight Hundred and Eight) ordinary shares have been issued and fully paid up.

	Authorised (₦)		Issued & Fully Paid - up (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1996	20,000,000	20,000,000	9,168,929	9,168,929	Cash
1997	70,000,000	90,000,000	9,159,033	18,327,962	Cash
1998	-	90,000,000	460,200	18,788,162	Cash
1998	-	90,000,000	1,832,797	20,620,959	Bonus
1999	10,000,000	100,000,000	13,426,783	34,047,742	Bonus
2000	100,000,000	200,000,000	60,952,258	95,000,000	Cash
2001	-	200,000,000	5,000,000	100,000,000	Bonus
2002	200,000,000	400,000,000	50,000,000	150,000,000	Cash
2003	-	400,000,000	60,000,000	210,000,000	Bonus
2004	-	400,000,000	62,500,000	272,500,000	Bonus
2004	-	400,000,000	90,000,000	362,500,000	Cash
2005	350,000,000	750,000,000	137,500,000	500,000,000	Bonus
2005	250,000,000	1,000,000,000	250,000,000	750,000,000	Cash
2006	-	1,000,000,000	291,666,666	1,041,666,666	Bonus
2006	1,000,000,000	2,000,000,000	60,804,055	1,102,470,721	Merger
2006	800,000,000	2,800,000,000	593,363,739	1,695,834,460	Cash
2007	-	2,800,000,000	82,539,682	1,778,374,142	Merger
2007	-	2,800,000,000	221,625,858	2,000,000,000	Cash
2007	700,000,000	3,500,000,000	-	2,000,000,000	Cash
2008	-	3,500,000,000	395,372,164	2,395,372,164	Cash
2009	-	3,500,000,000	174,013,134	2,569,385,298	Conversion of Loan Stock
2010	-	3,500,000,000	18,962,393	2,588,347,691	Share Buy Back

ii) Analysis of Shareholdings

The range of shareholdings as at 31st December, 2011 is as follows;

Range			No. of holders	Units	Units %
1	-	1,000	7,598	7,367,717	0.14
1,001	-	10,000	12,768	57,095,775	1.12
10,001	-	50,000	2,829	68,773,317	1.35

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

Range			No. of holders	Units	Units %
50,001	-	100,000	563	44,825,400	0.88
100,001	-	500,000	497	113,995,930	2.23
500,001	-	1,000,000	101	76,395,068	1.50
1,000,001	-	10,000,000	146	452,771,693	8.88
10,000,001	-	50,000,000	34	778,615,275	15.26
50,000,001	-	100,000,000	13	883,170,657	17.31
100,000,001	-	Over	10	2,617,835,976	51.32

iii) Directors' Interests

As at the date of the Scheme Document, the interests of Directors in Custodian were as follows:

Directors	Designation	Direct	Indirect	% Holding
Chief Michael Ade Ojo - OON	Chairman	717,705,568	134,304,083	16.70
Mr. Oluwole B. Oshin	Managing Director	225,360,502	434,630,018	12.94
Chief (Mrs). Margaret Giwa	Director	37,697,845	-	0.74
Mr. Richard G. Asabia	Director	-	35,831,400	0.70
Mr. Toni Ogunbor	Director	-	321,193,046	6.30
Mr. Ravi Sharma representing Aureos Africa Fund	Director	-	348,027,267	6.82
Mr. Ibrahim Dikko	Independent Director	-	-	-

iv) Premises

The Head Office of Custodian and Allied Insurance Plc is situated at the Stillwater House, 14B Keffi Street, Ikoyi, Lagos.

v) Indebtedness

As at November, 2012, Custodian had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities or other similar indebtedness, other than those incurred in the ordinary course of business.

vi) Extracts from Memorandum & Articles of Association

Below are relevant extracts from the Company's Memorandum and Articles of Association:

vi) Memorandum OF ASSOCIATION

- | | |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Clause 3.1 | To carry on any and all classes of insurance business (including but not limited to Life Assurance Business as specified in the Insurance Act No. 58 of 1991), or any statutory modification thereof, including the reinsurance of any such business. |
| Clause 3.2 | To carry on any other business which may seem to the Directors of the Company capable of being conveniently or profitably carried on in connection with those businesses or calculated directly or indirectly to enhance the value or render more profitable any of the Company's assets. |
| Clause 3.3 | To exercise and enforce all rights and powers conferred by or incidental to the ownership of any investment of the Company, and to provide managerial, administrative, supervisory and consultancy services for or in relation to any company in which the Company is interested on such terms as may be thought fit by the Board of Directors of the Company. |

ARTICLES OF ASSOCIATION

TRANSFER OF SHARES

- Art. 21a The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- Art. 21b Subject to such of the restrictions of these regulations as may be applicable and to any law in Nigeria restricting or controlling transfer of shares, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the directors may approve.
- Art. 22 For the purposes of this Article, where any person is unconditionally entitled to be registered as the holder of a share, he and not the registered holder of such share shall be deemed to be a member of the company in respect of that share.
- Art. 23 The Directors may also decline to recognise any instrument of transfer unless the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transfer or to make the transfer.
- Art. 24 If the Directors refuse to register a transfer of any shares they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.
- Art. 25 The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty days in any year.

TRANSMISSION OF SHARES

- Art. 26 In case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personnel representatives of the deceased where he was a sole holder shall be the only person or persons recognised by the company as having any title to his shares, but nothing herein shall release the estate of a deceased holder (whether sole or joint from any liability in respect of any share which had been solely or jointly held by him).
- Art. 27 Any person becoming entitled to the share in consequence of the death or bankruptcy of a member shall upon such evidence being produced as may from time to time be required by the Directors, and subject as hereinafter provided, elect either to be registered himself as the holder of the share or to have some other person nominated by him registered as the transferee thereof; but the Directors shall in either case, have the right to decline or suspend registration as they would have heard in case of a transfer of the share by that member before his death or bankruptcy, as the case may be.
- Art. 29 If the person so become entitled elects to be registered himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the share.

All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid, as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

FORFEITURE OF SHARES

- Art. 31 If a member fails to pay any call or instalment of a call on the day appointed thereof, the Directors may at any time thereafter during such time as any part of the call or instalment remain unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which interest may be waived by the Directors.
- Art. 32 The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and it shall state that in the event of non-payment at or before the time appointment, the share in respect of which the call was made would liable to be forfeited.
- Art. 33 If the requirements of such notice as aforesaid, are not complied with, any share in respect of which the notice has been given may at any thereafter, before the payment required by the notice had been made, be forfeited by resolution of the directors to that effect.
- Art. 34 A forfeited share may be sold or otherwise disposed off on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition – the forfeiture may be cancelled on such terms as the directors think fit.
- Art. 35 A person whose shares has been forfeited, shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the company all moneys which, at the date of forfeiture, were payable by him to the company in respect of the shares, but his liability shall cease if and when the company receives payment in full of such moneys in respect of the shares.
- Art. 36 A statutory declaration in writing that the declarant is a Director or Secretary of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share. The company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of, and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his titled to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- Art. 37 The provisions of these regulations has to forfeited shall apply in case on non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by the way of premium, as if the same had been payable by the virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

- Art. 38 The company may by Ordinary Resolution convert any paid up shares into stock, and re-convert any stock into paid up shares of any denomination.
- Art. 39 The holders of stock may transfer the same, or any part thereof, in the same manner and subject to the same regulation as, the subject to which, the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the directors may from time to time fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- Art. 40 Such of the regulations of the company as are applicable to paid up shares shall apply to stock, and the word “shares” and “shareholder” therein shall include “stock” and stockholder.

ALTERATION OF CAPITAL

- Art. 41 The company may from time to time by ordinary resolution increase the share capital of the company by such sum as the resolution prescribes.
- Art. 42 Except so far as otherwise provided by the conditions of issue or by these regulations any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions therein contain with references to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.
- Art. 43 The company may by ordinary resolution:
- (a) consolidate and divide all or any of its shares capital into shares of larger amount than its existing shares;
 - (b) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association.
 - (c) cancel any shares, which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- Art. 44 The company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and capital redemption reserve fund or any share premium account in any manner and with, and subject to, an incident authorised, and consent required, by law.

NOTICE OF GENERAL MEETINGS

- Art. 48 An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days notice in writing at the least, and a meeting of the company other than an annual general meeting, or a meeting for the passing of a special resolution, shall be called by fourteen days notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and hour of meeting and in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company, entitled to receive such notices from the company.
- Provided that a meeting of the company shall notwithstanding that it is called by shorter notice than that specified in this regulation, be deemed to have been duly called if it is so agreed:
- a) In the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote there at, and
 - b) In the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.
- Art. 49 The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- Art. 50 All business shall be deemed special that is transacted at an extra-ordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend,

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

the consideration of the accounts, balance sheets, and the reports of the Directors and auditors, the election of directors in the place of those retiring, the appointment and the fixing of the remuneration of the auditors.

- Art. 51 No business shall be transacted at any general meeting unless the holders of at least twenty five percent of the issued shares or 13 members [whichever is less] of the company are present in person or by proxy at that meeting.
- Art. 52 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved but in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meetings, the members present shall be a quorum.
- Art. 53 The Chairman, if any of the Board of Directors shall preside as chairman at every general meeting of the company, or if there is no such chairman, or if he is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the directors present shall elect one of their members to be chairman of the meeting.
- Art. 54 The chairman may; with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting, but otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- Art. 55
- a) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll, the demand for which may be withdrawn is (before or on the declaration of the result of the show of hands) demanded:
 - i) by the Chairman; or
 - ii) by at least three members present in person or by proxy or
 - iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - iv) by a member or members holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the sum paid up on all the shares conferring that right.
 - b) Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the company, shall be conclusive evidence of the fact without proof of the number or proportion of the vote received in favour of, or against the resolution.
- Art. 56 Except as provided in regulation 58 hereof, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded.

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

- Art. 57 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to second or casting vote.
- Art. 58 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be preceded with pending the taking of the poll.

8.2 REPORTING ACCOUNTANTS' REPORT ON CUSTODIAN AND ALLIED INSURANCE PLC

i. Reporting Accountants' Report



*AUDIT *ACCOUNTANCY *ASSURANCE *TAXATION *ADVISORY

18, Akanbi Danmola Street, South-West Ikoyi, Lagos.
P.O. Box 55773, Falomo, Ikoyi, Lagos.
Tel: +234(01) 463 0842-3, Fax: +234 (01) 463 0848
Email: info@abax-oosa.com
www.abax-oosa.com

7th November, 2012

The Directors
Custodian and Allied Insurance Plc
14B, Keffi Street
South West, Ikoyi
Lagos.

AND

The Managing Director
Chapel Hill Advisory Partners Limited
45, Saka Tinubu Street (1st Floor)
Victoria Island
Lagos.

Dear Sirs,

**PROPOSED MERGER OF CUSTODIAN & ALLIED INSURANCE PLC AND CRUSADER (NIGERIA) PLC
ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS OF CUSTODIAN & ALLIED INSURANCE PLC
FOR FIVE YEARS ENDED 31ST DECEMBER, 2011 AND NINE MONTHS (UNAUDITED) ACCOUNTS ENDED
30TH SEPTEMBER, 2012**

We have reviewed the audited financial statements of Custodian and Allied Insurance Plc for the five years ended 31st December, 2011 and the unaudited Financial Statement for the nine months ended 30th September, 2012. The Financial Statements were prepared under the historical cost convention. It is our understanding that this report will be included in the Memorandum to be issued in connection with the proposed merger of Custodian & Allied Insurance Plc and Crusader (Nigeria) Plc.

The financial information herein is based on the annual audited financial statements of the Company for the five financial years ended 31st December, 2011 and nine months period ended September, 2012 and has been prepared in accordance with the accounting policies set out on pages 2-10. The financial statements on which the financial information is based are the responsibility of the Directors of the Company who approved their issue. The Directors of the company are responsible for the contents of the Placement Memorandum in which this report is included.

Our review of the financial statements has been limited primarily to the work and reports of the external auditors Messrs Bababode Osunkoya & Co (Chartered Accountants) [2007 – 2009] and Akintola Williams Deloitte [2010 & 2011] of the Company and enquiries of the Company's personnel and analytical procedures applied to the financial data. We have not performed an audit and thus our assignment provides less assurance than an audit. As such, we are not expressing an audit opinion.

Our review was conducted in accordance with the International Auditing Standards applicable to review engagements. These Standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. As stated earlier, we have not performed an audit and accordingly, we do not express an audit opinion.

In our opinion, the financial statements together with the notes thereon, give a true and fair view of the affairs of the Company at each of the Balance Sheet dates, and of the operating results and cash flows of the periods then ended, and have been consistently prepared on the same accounting bases normally adopted by the Company.

Yours faithfully,


Abax-OOSA Professionals



1



Partners: Bababode Osunkoya, Babajide Odubanjo, Olapeju Sofowora (Mrs), Adeyemo Adebayo

Member Firm: MSI Global Alliance; an international association of professional firms.

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

ii. Five-year Summary Balance Sheet of Custodian and Allied Insurance for the years ended 31 December

		2011	2010	2009	2008	2007
		N'000	N'000	N'000	N'000	N'000
ASSETS						
Cash and bank balances	2	393,165	357,413	594,900	239,626	131,678
Short Term Deposits	3	8,528,153	8,374,330	8,173,089	7,363,157	1,671,041
Short Term Investments	4	776,242	811,834	680,504	907,053	1,402,292
Government and Corporate Bonds	5	1,285,927	439,138	189,138	199,602	20,000
Due from Insurance Companies, Brokers & Agents	6	2,561,556	2,929,489	1,490,594	1,185,558	869,721
Due from Reinsurance Companies	7	115,929	50,660	-	-	-
Prepayments and other Receivables	8	226,379	248,872	919,791	160,293	152,538
Deferred Acquisition Costs	9	331,824	316,555	114,590	118,971	78,366
Deferred Reinsurance Costs	10	621,550	314,659	174,367	-	-
Advances under Finance Lease	11	19,234	25,584	39,738	90,096	70,305
Unquoted Investments	12	559,502	511,477	462,487	377,057	283,705
Investment in Associates	13	265,273	115,840	359,372	359,372	198,438
Investment Properties	14	1,440,319	413,903	76,400	39,600	39,600
Statutory Deposit	15	335,000	335,000	335,000	335,000	320,000
Fixed Assets	16	412,131	528,440	549,853	565,934	426,492
		17,872,184	15,773,193	14,159,823	11,941,319	5,664,176
LIABILITIES						
Creditors and Accruals	17	973,851	253,832	178,301	229,438	207,438
Due to Re-insurance Companies		93,990	97,198	15,578	5,495	-
Reserve for Outstanding Claims	18	1,090,192	820,736	502,507	302,805	151,924
Insutrance Funds		2,661,681	1,954,777	1,737,591	873,736	534,904
Dividend Payable		9,635	9,635	9,635	9,635	9,683
Taxation	19	386,171	442,737	247,814	321,126	131,761
Deferred Taxation	20	67,319	103,182	90,917	82,423	63,565
Redeemable Convertible Loan	21	313,400	297,340	233,806	1,170,000	-
		5,596,239	3,979,437	3,016,149	2,994,658	1,099,275
SHAREHOLDER'S FUNDS'						
Share Capital	22	2,550,424	2,550,424	2,569,386	2,395,372	2,000,000
Share Premium	23	5,366,878	5,366,878	5,366,878	4,604,699	1,091,411
Fixed Asset Revaluation Reserve		94,388	94,388	94,388	87,187	87,187
Contingency Reserve	24	2,067,309	1,765,478	1,304,200	654,765	534,614
Equity Price Stabilization Reserve	26	-	-	12,003	12,003	12,003
General Reserve	25	2,196,947	2,016,588	1,796,819	1,192,635	839,686
		12,275,946	11,793,756	11,143,674	8,946,661	4,564,901

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

iii. Five-year Summary Profit and Loss Accounts of Custodian and Allied Insurance Plc for the years ended 31 December

	Notes	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
PREMIUMS WRITTEN						
Gross Premium Written		10,061,012	13,724,295	5,277,048	4,102,053	2,714,770
Increase in Unexpired Risk		(706,904)	(217,186)	(863,856)	(338,832)	(163,398)
Gross Premium Earned		9,354,108	13,507,109	4,413,192	3,763,221	2,551,372
Reinsurance Cost		(5,328,278)	(8,186,392)	(816,704)	(932,744)	(482,167)
Premiums Earned		4,025,830	5,320,717	3,596,488	2,830,477	2,069,205
Commission Earned		182,980	160,529	102,504	109,607	90,967
Total Income		4,208,810	5,481,246	3,698,992	2,940,084	2,160,172
EXPENSES						
Claims Incurred		(1,457,634)	(1,171,009)	(1,021,266)	(847,313)	(564,879)
Underwriting Expenses		(924,622)	(810,764)	(752,223)	(725,834)	(514,581)
UNDERWRITING PROFIT		1,826,554	3,499,473	1,925,503	1,366,937	1,080,712
Investment Income		1,046,952	796,988	1,295,136	1,255,405	627,424
Other Income		5,067	5,648	30,466	13,899	4,718
		2,878,573	4,302,109	3,251,105	2,636,241	1,712,854
EXPENSES						
Management Expenses		(886,813)	(877,849)	(782,128)	(643,029)	(522,848)
Provision for Bad and Doubtful Balances		32,338	(603,214)	(157,509)	(75,000)	(96,000)
Finance Charges		(11,752)	(6,235)	(9,206)	(333)	(1,076)
Exchange Difference		46,390	(80,922)	-	-	-
Bad Debt Written Off		(637,776)	(403,557)	(137,824)	(81,399)	(40,020)
Diminution in Value of Quoted Investments		-	-	(152,986)	-	-
PROFIT BEFORE TAXATION		1,420,960	2,330,332	2,011,452	1,836,480	1,052,910
Taxation		(112,184)	(350,103)	(132,221)	(289,830)	(139,270)
PROFIT AFTER TAXATION		1,308,776	1,980,229	1,879,231	1,546,650	913,640

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

iv. Five-year Summary Statement of Cashflows of Custodian and Allied Insurance Plc for the years ended 31 December

	2011	2010	2009	2008	2007
Notes	N'000	N'000	N'000	N'000	N'000
Cash flow from Operating Activities					
Premiums received from policy holders	10,666,478	11,144,661	4,608,192	3,829,748	2,477,553
Reinsurance payments less receipts	(4,873,756)	(7,762,822)	(960,604)	(897,384)	(478,097)
Cash payment to and on behalf of employees	(118,190)	(105,067)	(106,101)	(85,780)	(65,351)
Other operating cash payments	(1,190,343)	(702,799)	(687,387)	(522,930)	(442,487)
Commission received	182,980	160,529	102,504	109,607	90,966
Claims and commission paid	(2,266,868)	(2,116,475)	(2,196,712)	(1,574,177)	(1,112,097)
Net VAT input\output	202,489	65,987	-	-	-
Income tax paid	(204,715)	(143,351)	(117,884)	(82,515)	(54,425)
Net cash inflow/(outflow) from Operating Activities	2,398,075	540,663	642,008	776,569	416,062
Cash flow from Investing Activities					
Purchase of fixed assets	(54,340)	(61,864)	(49,705)	(199,927)	(178,253)
Proceeds from sale of fixed assets	3,331	13,785	1,509	3,956	11,403
Investment income	1,009,391	730,648	1,295,136	1,255,405	627,424
Proceeds on disposal of investments	460,622	-	29,591	9,942	973
Additions to investment	(2,699,741)	(178,664)	(38,203)	68,492	(587,928)
Other Accruals	-	-	-	(312,436)	77,092
Statutory Deposit	-	-	-	(15,000)	(280,000)
Net cash outflow from investing activities	(1,280,737)	503,905	1,238,328	810,432	(329,289)
Cash flow from Financing Activities					
Dividend paid	(918,152)	(922,704)	(705,164)	(839,305)	(329,483)
Share buy back	-	(149,734)	-	-	-
Interest paid	(11,752)	(6,235)	(9,965)	(6,357)	(8,920)
Other	-	-	-	5,058,725	664,875
Net cash outflow from financing activities	(929,904)	(1,078,673)	(715,129)	4,213,063	326,472
Net (decrease)/increase in cash and cash equivalents					
Cash and cash equivalents at 1st January	187,434	(34,105)	1,165,207	5,800,064	413,246
Cash and cash equivalents at 31st December	8,733,884	8,767,989	7,602,782	1,802,718	1,389,472
	8,921,318	8,733,884	8,767,989	7,602,782	1,802,718

v. Notes to the Financial Information

The Company

a. Legal Entity

The Company was incorporated on 22nd August, 1991 as a Private Limited Company under the name Accident and General Insurance Company Limited. It changed its name to Custodian and Allied Insurance Limited on 5th February, 1993 and became a Public Limited Company on 29th September, 2006.

b. Principal Activities

The Company is registered to transact all classes of Non- Life Insurance business. It is involved in the provision and marketing of general and special risk insurance services and products.

2. Cash and Bank Balances

	30th September					
	2012	2011	2010	2009	2008	2007
	N'000	N'000	N'000	N'000	N'000	N'000
Cash in Hand	44	45	65	65	61	56
Bank Balances	408,863	393,120	357,348	594,836	239,565	131,622
	408,907	393,165	357,413	594,901	239,626	131,678

3 Short Term Deposits

Call deposits	35,080	29,066	217,188	77,967	99,671	203,283
Term	7,969,877	8,499,087	8,159,283	8,095,122	7,263,486	1,467,758
Provision for Doubtful Short Term Deposits	-	-	(2,141)	-	-	-
	8,004,957	8,528,153	8,374,330	8,173,089	7,363,157	1,671,041

4 Short Term Investments

Quoted Securities – cost	673,468	1,135,761	1,135,761	1,008,859	907,053	1,402,293
Diminution in value of quoted investments	-	(359,519)	(359,519)	(197,025)	-	-
Real Estate- Land	-	-	-	-	-	39,600
Market Value	673,468	776,242	776,242	811,834	907,053	1,441,893

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

	30th September 2012 N'000	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
5 Government and Corporate Bonds (HTM)						
Treasury Bills	-	680,632	-	-	-	-
Government Bonds						
13% Lagos State Government Bond	100,000	100,000	100,000	100,000	199,602	20,000
2013 5th 10% FGN Bond						
Bond 2011 Series 3	-	-	89,138	89,138	-	-
Corporate Bonds						
2015 10% UAC Property Development Company Bond 1	100,000	100,000	100,000	-	-	-
AMCON Series Bond	100,000	100,000	-	-	-	-
7.5% 2015 GTB Euro Bond	154,348	155,295	-	-	-	-
Zero Coupon Convertible Irredeemable Crusader (Nigeria) PLC Bond	1,821,335	-	-			
13% 2017 UBA Bond series 1	150,000	150,000	150,000	-	-	-
	2,425,683	1,285,927	439,138	189,138	199,602	20,000
The above bonds are held to maturity.						
Due From Insurance Companies, Brokers & Agents						
Insurance Companies, Brokers and Agents	3,116,395	3,306,384	3,911,850	1,933,777	1,341,957	1,005,739
Provisions for Doubtful Debt	(744,828)	(744,828)	(982,361)	(443,184)	(156,399)	(136,019)
	2,371,567	2,561,556	2,929,489	1,490,593	1,185,558	869,720
Due from Reinsurance Companies						
Reinsurance debtors	103,883	115,929	50,660	-	-	-
Provision for Doubtful Balances	-	-	-	-	-	-
At 31 December	103,883	115,929	50,660	-	-	-
8 Prepayments and Other Debtors						
Staff loans and Advances	1,160	1,158	10,843	-	-	-

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

Interest Income Receivable	90,000	90,184	104,146	146,236	78,056	-
Prepayments	-	18,379	11,093	-	-	31,341
Other Debtors	180,338	17,512	409	613,491	58,508	80,374
Staff share Scheme (Note 8.1)	79,146	79,146	79,146	-	-	-
Due from CAI Trustees Limited	-	-	-	-	-	-
Deposit for Finance Company licence (Note 8.2)	20,000	20,000	20,000	-	-	-
Claims Receivable	-	-	35,161	160,062	23,729	40,823
	370,644	226,379	260,798	919,789	160,293	152,538
Provision for Bad and Doubtful Debts	-	-	(11,926)	-	-	-
	370,644	226,379	248,872	919,789	160,293	152,538

8.1 Staff Share Scheme

This represents funds held in trust on behalf of the staff of the company. It represents value of shares of the company set to be distributed to staff of the company in form of staff shares scheme. Management is still in the process of finalising the arrangement for this. The fund is currently held in trust with Meristem Asset Management Company Limited.

Deposit for Finance Company

8.2 Licence

This balance comprises of ₦20 million paid as statutory deposit with the Central Bank of Nigeria for the finance company license for and on behalf of its subsidiary- CAI Trustees Limited

30th September	2012	2011	2010	2009	2008	2007
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000

9 Deferred Acquisition Costs

Prepaid Acquisition Commission:

Marine	18,893	25,113	27,299	10,851	6,139	7,158
Fire	88,341	46,381	33,995	19,265	22,347	22,043
Motor	45,152	31,252	33,046	36,778	34,567	21,055
General Accident	42,520	18,859	18,414	14,443	18,333	19,796
Oil and Energy	447,233	187,328	193,156	23,372	27,918	-
Engineering	37,891	22,891	10,645	9,881	9,667	8,314

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

	680,030	331,824	316,555	114,590	118,971	78,366
10 Deferred Reinsurance Costs						
At 1 January	621,550	314,659	174,367	-	-	-
Outward Reinsurance Premium	6,560,333	5,635,169	8,326,684	991,072	-	-
Charged to profit and loss account	(3,092,942)	(5,328,278)	(8,186,392)	(816,704)	-	-
At 31 December	4,088,941	621,550	314,659	174,368	-	-
11 Unquoted Investments						
unquoted securities	3,572,074	598,635	529,410	898,259	776,029	482,143
Provision for bad and doubtful debt (note 36)	(496,824)	(39,133)	(17,933)	-	-	-
	3,075,250	559,502	511,477	898,259	776,029	482,143
	30th September 2012 N'000	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
12 Investment in Associates (Unquoted)						
Movement in net investment in associates						
At 1 January	265,273	115,840	-	-	-	-
Additional/Cost of investment on acquisition	144,618	50,519	359,372	-	-	-
Share of Opening Reserves (25.26% of N1,217,282,000)	-	-	(307,485)	-	-	-
	409,891	166,359	51,887	-	-	-
Share of profit before taxation (2011:28% (2010: 25.26%))		98,914	63,953	-	-	-
Value of investments 31 December	409,891	265,273	115,840	-	-	-

Leadway Pensure PFA Limited is a company incorporated in Nigeria and granted an operating license by PENCOM to carry on the business of Pension Fund Management and Administration in line with the Pension Reform Act. Custodian and Allied Insurance Plc has a 28% holdings in the Company.

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

13 Investment Properties

Investment properties is made up of the following:

Landed Property located Osborne Phase II, Ilubirin Estate	-	-	39,600	-	-	-
4 Units of 4 bedroom detached	16,000	16,000	16,000	-	-	-
3 Units of 3 bedroom townhouse	20,800	20,800	20,800	-	-	-
One Storey building - Victoria Island (note 15.1)	100,702	100,702	-	-	-	-
1 Block of 8 3-bedroom flats	1,302,817	1,302,817	337,503	-	-	-
	1,440,319	1,440,319	413,903	-	-	-

14.0 Statutory Deposits

Statutory Deposits with CBN	335,000	335,000	335,000	335,000	335,000	320,000
-----------------------------	---------	---------	---------	---------	---------	---------

15 Intangible Assets

Software Cost	25,353	-	-	-	-	-
	25,353	-	-	-	-	-

30th
September

	2012 N'000	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
16 FIXED ASSETS COST						
Motor Vehicle	197,303	179,730	180,068	174,187	153,109	118,908
Furniture and Fittings	24,696	24,867	24,066	17,603	17,608	20,873
Office Equipments	21,960	63,918	60,192	15,326	14,927	20,624
Computer Equipments	33,413	-	-	36,802	33,294	33,348
Leasehold Improvement	-	-	-	10,629	10,629	10,629
Plants and Machinery	15,910	15,910	15,910	16,661	8,627	8,627
Leasehold Premises	147	209	209	7,209	7,209	7,209

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

Land and Building	379,723	359,099	472,369	450,940	450,340	323,860
	673,152	643,733	752,814	729,357	695,743	544,078

DEPRECIATION

Motor Vehicle	95,264	105,474	112,286	84,214	58,430	49,120
Furniture and Fittings	20,253	19,084	16,325	13,325	10,746	14,015
Office Equipments	17,279	49,642	38,009	10,638	8,711	14,035
Computer Equipments	27,267	-	-	18,527	11,714	13,377
Leasehold Improvement	-	-	-	4,515	3,527	2,503
Plants and Machinery	11,277	9,537	7,218	8,980	7,144	5,445
Leasehold Premises	4	150	129	7,108	7,087	6,366
Land and Building	55,918	47,715	50,407	32,196	22,450	12,725
	227,262	231,602	224,374	179,503	129,809	117,586

NET BOOK VALUE	102,039	74,256	67,782	89,973	94,679	69,788
	4,443	5,783	7,741	4,278	6,862	6,858
Motor Vehicle	4,681	14,276	22,183	4,688	6,216	6,589
Furniture and Fittings	6,146	-	-	18,275	21,580	19,971
Office Equipments	-	-	-	6,114	7,102	8,126
Computer Equipments	4,633	6,373	8,692	7,681	1,483	3,182
Leasehold Improvement	143	59	80	101	122	843
Plants and Machinery	323,805	311,384	421,962	418,744	427,890	311,135
Land and Building	445,890	412,131	528,440	549,854	565,934	426,492

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

	30th September 2012 N'000	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
17.0 Creditors and Accruals						
Due to Reinsurers	-	-	97,056	39,884	22,277	16,778
Staff pension	-	17	55	1,006	1,134	1,072
Provisions and Accruals	-	24,623	83,260	58,378	-	-
Other Payables	1,264,385	865,477	47,661	45,027	194,677	169,945
Deferred Income	-	-	-	-	-	-
Rent received in Advance	-	-	-	-	-	-
Obligations under Finance Lease	13,197	100	2,099	2,465	11,349	19,691
Statutory deductions	-	83,634	47,640	31,540	-	-
	1,277,582	973,851	277,771	178,300	229,437	207,486
18.0 Insurance Funds						
Insurance Funds is made up of the following:						
Unearned Premium	5,206,648	2,661,681	1,954,777	1,737,591	873,736	534,904
Outstanding Claims & IBNR	999,455	1,090,192	820,736	502,507	302,805	151,924
	6,206,103	3,751,873	2,775,513	2,240,098	1,176,541	686,828
19.1 Taxation						
Per Profit and Loss Account						
Income Tax	150,000	126,293	293,094	115,722	254,897	101,003
Education Tax	7,889	7,676	21,241	7,938	16,983	6,734
Information Technology Development Levy	12,381	14,180	23,939	-	-	-
	170,270	148,149	338,274	123,660	271,880	107,737
Deferred Taxation	233	(35,863)	12,265	8,494	18,858	31,533
	170,503	112,286	350,539	132,154	290,738	139,270

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

19.2 Per Balance Sheet

Taxation

At 1 January	386,171	442,737	247,815	321,126	131,761	78,450
Payment during the year	(212,211)	(204,715)	(167,291)	(196,972)	(82,515)	(54,425)
Charge for the year (Note 20.1)	170,270	148,149	338,274	123,660	271,880	107,736
	344,230	386,171	418,798	247,814	321,126	131,761

	30th September 2012 N'000	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
20 Deferred Taxation						
At 1 January	67,319	103,182	90,917	82,423	63,565	32,032
Charge for the year (Note 19.1)	-	(35,863)	12,265	8,493	18,860	31,533
At 31 December	67,319	67,319	103,182	90,916	82,425	63,565

Convertible Redeemable

21 Loans

At 1 January	313,400	297,340	233,806	1,170,000	-	-
Exchange Difference	-	16,060	63,534	-	-	-
Share Capital	-	-	-	(174,014)	-	-
Share Premium	-	-	-	(762,180)	-	-
Additions/Repayments	1,632,601	-	-	-	1,170,000	-
	1,946,001	313,400	297,340	233,806	1,170,000	-

On 7th August 2008, US 10,000,000 Unsecured Variable Coupon Redeemed Convertible Loan Stock was issued in registered units of ₦ 4.50 each at par Aureos Africa Interim Facility LLC (Managed by Aureos Africa Manager Limited). The Loan Stock is Convertible to ordinary Shares at the Market price on the date of conversion, within twelve months from the date of issue of the stock. On the day of receipt, the fund was converted at the rate of ₦117.00 to US\$1

Interest thereon is paid at a rate equal to the final dividend paid to ordinary shareholders during the year. In 2009, a total of 348,027,268 ordinary shares were issued to Aureos Africa Fund LLC at the rate of ₦2.69 per share, valued at ₦936.2 Million. This represented the proceeds of the conversion of the unsecured variable variable coupon Redeemable Convertible Loan Stock.

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

In the event of a redemption which shall be at the instance of the issuer of the bond, the balance of the loan stock shall be repaid to Aureos Africa Interim Facility LLC, holder of the certificate, in US Dollars. The outstanding balance at the end of the year is US\$ 2 Million. Exchange rate at 31st December, 2011 was ₦156.70 to US.

22 Share Capital

Authorised

7,000,000,000 Ordinary

Shares of ₦0.50 each 3,500,000 3,500,000 3,500,000 3,500,000 3,500,000 2,800,000

Issued and Fully Paid

5,100,846,808 Ordinary

Shares of ₦0.50 each 2,550,424 2,550,424 2,550,424 2,569,386 2,395,372 2,000,000

23 Share Premium

Balance blf 5,366,878 5,366,878 5,366,878 4,604,698 1,091,411 1,091,411

Addition - - 762,180 3,513,287 -

5,366,878 5,366,878 5,366,878 5,366,878 4,604,698 1,091,411

30th September
2012
₦'000

24 Contingency Reserve

At 1 January 2,067,309

Transfer from profit and loss account 284,835

At 31 December 2,352,144

25 Equity Equalisation Reserve

At 1 January -

Transferred from provision for diminution in value of Investments -

Transferred to Provisions -

At 31 December -

26 General Reserve

At 1 January 2,196,947

Other Adjustment -

Share of Opening Reserve of Associated Investments -

2,196,947

Dividend paid (663,110)

Share buy back -

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURERS PLC

Transferred to Profit and Loss Account	1,395,426
Contingency Reserve	(284,836)
Prior Year Adjustment	-
	2,644,427
At 31 December	

27 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the average numbers of ordinary shares

Diluted Earnings Per Share

Profit after tax divided by number of shares outstanding as at the Balance sheet date as a common denominator for all years

	30th September 2012 N'000	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
28 Employees						
The number of employees of the company, other than Directors, who received emoluments in the following ranges was:						
50,000 - 100,000	-	-	-	-	-	4
100,001 - 200,000	-	-	-	-	5	16
200,001 - 300,000	19	19	17	-	12	12
300,001 - 400,000	9	9	7	14	3	5
400,001 - 500,000	2	2	2	5	2	4
500,001 - 600,000	2	2	1	1	2	11
600,001 - 700,000	3	3	2	1	6	6
700,001 - 800,000	8	8	7	-	10	7
800,001 - 900,000	18	18	16	8	1	7
900,001 - 1,000,000	3	3	3	19	12	3
1,000,001 - 2,000,000	28	28	27	1	23	14
2,000,001 - 3,000,000	4	4	4	37	5	2

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

3,000,001 - 4,000,000	3	3	3	4	2	1
4,000,001 - 5,000,000	2	2	2	1	2	1
Over 5,000,001	4	4	4	1	4	2
	-	-	-	5	-	-
	105	105	95	97	89	95

29 Contingent Liability

There are contingent liabilities in respect of legal actions against the company for amounts totalling ~~₦6,800,000~~ (31st December, 2010: ~~₦6,800,000~~) for which no provision is made. The Directors have sought professional legal counsel and are of the opinion that no significant liability is expected thereof.

30 Capital Commitments

There was no capital commitment at 31st December 2011 (31st December, 2010 - Nil)

31 Subsequent Event Review

There are no post balance sheet events which could have had material effect on the state of affairs of the company as at 31st December, 2011 and the profit for the year ended on that date which have not been adequately provided for or disclosed

32 International Financial Reporting Standards (IFRS)

The Company prepared its nine months Management Accounts in IFRS format in compliance with the Roadmap stipulated by the Financial Reporting Council of Nigeria.

However, IFRS figures were not included in the Five Year Balance Sheet, and Profit and Loss Accounts as the figures for 2007-2010 were not prepared in IFRS format, but in accordance with Generally Acceptable Accounting Principles (GAAP), which would consequently make either retrospective re-statement or comparison across the years cumbersome.

Below, however, are the IFRS format Balance Sheets and the Profit / Loss Statements for the nine month ended 30th September, 2012, and comparative figures for the year ended 31st December, 2011.

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

Consolidated Statement of Financial Position			
	Note	30-Sep-12 Group ₦'000	31-Dec-11 Group ₦'000
ASSETS			
Cash and Cash Equivalents		8,408,863	9,661,917
Financial Assets:		6,174,402	1,937,861
- <i>Equity : Available-for-Sale - fair value</i>			
- <i>cost</i>			
- <i>Debt : Loans and Receivables</i>			
Investment in Associates		265,273	265,273
Trade & Other Receivables		2,845,942	2,776,865
Reinsurance Assets		4,088,941	757,810
Finance Lease Receivable		54,843	19,224
Statutory Deposits		335,000	335,000
Intangible Assets		705,534	333,110
Investment Properties		1,440,319	1,440,319
Property, Plant and Equipment		445,890	410,845
Other Assets		-	19,471
Total Assets		24,765,008	17,957,695
EQUITY & LIABILITIES			
<i>Share Capital & Reserves:</i>			
Ordinary Share Capital		2,550,424	2,550,424
Share Premium		5,366,878	5,366,878
Contingency Reserve		2,352,144	2,067,309
Retained Earnings (General Reserve)		2,594,197	2,397,242
Other Reserves		8,367	-
Total Equity		12,872,010	12,381,853
<i>Liabilities:</i>			
Trade and Other Payables		3,329,311	1,047,544
Dividend Payable		-	9,635

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

Insurance Liabilities	6,206,103	3,751,873
Income Tax Payable	344,596	386,171
Deferred Tax Liabilities	66,986	67,219
Redeemable Convertible Loan	1,946,001	313,400
Liabilities	11,892,998	5,575,842
Total Equity & Liabilities	24,765,008	17,957,695

CUSTODIAN AND ALLIED INSURANCE PLC GROUP

PROFIT / LOSS ACCOUNT FOR YEAR ENDED 31ST DECEMBER,

	Notes	Nine Months Period Ended 30th September 2012 N'000	2011 N'000
PREMIUM WRITTEN			
Gross Premium written		6,949,551	10,061,012
Increase in Unexpired Premium		-	(706,904)
Gross Premium Earned		6,949,551	9,354,108
Reinsurance Cost		(3,092,942)	(5,328,278)
Premium Earned		3,856,609	4,025,830
Commission Earned		282,205	182,980
Total Income		4,138,814	4,208,810
UNDERWRITING EXPENSES			
Claims Incurred		(1,172,783)	(1,457,634)
Underwriting Expenses		(1,420,138)	(924,622)
UNDERWRITING PROFIT		1,545,893	1,826,554
Investment Income		839,721	1,050,149
Finance Lease Income		-	-
Income From Associated Companies		-	98,914
Other Income		-	8,481
		2,385,614	2,984,098
EXPENSES			

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

Management Expenses	(845,876)	(894,443)
Provision for Bad and Doubtful Balances		27,736
Finance Charges	(166,441)	(11,752)
Direct Lease Charges	-	(1,626)
Exchange Difference	-	46,390
Bad Debt Written Off	(57,894)	(637,776)
PROFIT BEFORE TAXATION	1,315,403	1,512,627
Taxation	(170,503)	(112,286)
PROFIT AFTER TAXATION	1,144,900	1,400,341
Dividend Paid – Interim		(357,059)
Contingency Reserve		(301,830)
Profit Transferred to General Reserve	1,144,900	741,452

33. Segment information

Segmental reporting of the company is based on the internal reporting structure of the company used by management to monitor contributions from the various lines of business.

The company operates within Nigeria and does not have operations outside the country. Therefore no reporting based on the geographical segment.

The company as a group operates within the following main business segments:

General business: This includes general insurance transactions with individual and corporate customers;

Finance lease business: This includes equipment leasing, leasing brokerage and agency, carried on by CAI Trustees Limited. It also engages in the business of trusteeship, there was no business transaction in respect of trusteeship during the year.

8.3 REPORT OF THE PROFIT FORECAST OF CUSTODIAN AND ALLIED INSURANCE PLC

i. Letter relating to the Profit Forecast

The following is a copy of a letter on the Profit Forecast of Custodian and Allied Insurance by Abax-OOSA Professionals, Reporting Accountants to the Scheme:



*AUDIT *ACCOUNTANCY *ASSURANCE *TAXATION *ADVISORY

18, Akanbi Danmola Street, South-West Ikoyi, Lagos.
P.O. Box 55773, Falomo, Ikoyi, Lagos.
Tel: +234(01) 463 0842-3, Fax: +234 (01) 463 0848
Email: info@abax-oosa.com
www.abax-oosa.com

7th November, 2012

The Directors
Custodian and Allied Insurance Plc
14B, Keffi Street
South West, Ikoyi
Lagos.

AND

The Managing Director
Chapel Hill Advisory Partners Limited
45, Saka Tinubu Street (1st Floor)
Victoria Island
Lagos.

Dear Sirs,

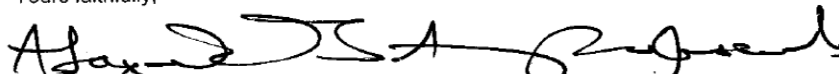
**PROFIT FORECASTS ON THE PROPOSED MERGER OF CUSTODIAN & ALLIED INSURANCE PLC AND
CRUSADER (NIGERIA) PLC**

We have examined the accounting policies and calculations for the financial forecast of the company (which the Directors are solely responsible) for the three years ended 31st December, 2013, 2014 and 2015.

In our opinion, the Financial Statements, as far as the accounting policies and calculations are concerned, have been properly compiled based on the assumptions made by the Directors, as set out on pages 31- 32, and are presented with generally accepted accounting principles in Nigeria. However, there will usually be variances between forecasts and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully,


Abax-OOSA Professionals



30



Partners: Bababode Osunkoya, Babajide Odubanjo, Olapeju Sofowara (Mrs), Adeyemo Adebayo

Member Firm: MSI Global Alliance; an international association of professional firms.

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

ii. Profit Forecast of Custodian and Allied Insurance Plc

	2013	2014	2015
	N'000	N'000	N'000
Gross Premium Written	14,731,526	18,046,119	22,557,649
Less:			
Outward Reinsurance	6,927,975	8,486,770	10,608,462
Net Premium	7,803,550	9,559,349	11,949,186
Movement in Reserve for Unexpired Premium	-1,369,617	-1,677,781	-2,097,226
Premium Earned	6,433,933	7,881,568	9,851,960
Commission Earned	238,406	301,583	361,900
Investment Income (Net)	1,605,882	1,927,058	2,119,764
Other Income	4,500	6,750	8,438
Total Income	8,282,721	10,116,959	12,342,061
Less:			
Underwriting Expenses	1,616,494	1,980,205	2,475,257
Claims Incurred	2,209,729	2,651,675	3,182,010
Management Expenses	1,398,393	1,566,201	1,754,145
Provision for Doubtful Debts	630,525	756,630	870,125
	5,855,142	6,954,711	8,281,536
Profit before Taxation	2,427,579	3,162,248	4,060,525
Taxation	-364,137	-474,337	-609,079
Profit after Taxation	2,063,442	2,687,911	3,451,447
Transfer to Contingency Reserve	485,516	632,450	812,105
Dividend	879,283	982,728	1,375,819
	698,643	1,072,733	1,263,522
Transfer to Revenue Reserve			
Balance brought forward	2,821,662	3,520,306	4,593,039
	3,520,306	4,593,039	5,856,561
Revenue Reserve 31st December			

iii. Basis and Assumptions for the Profit Forecasts of Custodian and Allied Insurance Plc

The basic and principle assumptions used in the preparation of this forecast are set out below:

gBasis

The forecast has been prepared under the historical cost convention and on a basis consistent with the accounting policies normally adopted by the company as a going concern.

Assumptions

1. There shall be no material change in the accounting policies currently used by the company

APPENDIX I – FURTHER INFORMATION REGARDING CUSTODIAN AND ALLIED INSURANCE PLC

2. There shall be no significant changes in Federal Government monetary and fiscal policies that will affect the company
3. There shall be no drastic changes in the political and economic environment both local and international that will adversely affect the operations of the company
4. There shall be no litigation with adverse and material consequences to the company
5. Taxation is provided for at the effective rate 13% of profit before tax
6. The company is going to embark on Product enhancement and development
7. Unearned premium is assumed at approximately 9% of Gross premium based on average trend
8. There will be increase focus on direct business which will significantly improve the collection of receivables
9. Commission earned is assumed at 4% of outward reinsurance
10. Underwriting expenses are to be maintained at an average rate of 11% of gross premium
11. Net claims incurred are put at an average rate of 15% of gross premium
12. Management expenses are targeted at approximately 10% of gross premium
13. Bad debt provision is put at 8% of net premium.

8.4 LETTER FROM THE FINANCIAL ADVISERS ON THE PROFIT FORECAST

The following is a copy of a letter from Chapel Hill Advisory Partners Limited, Financial Advisers to Custodian and Allied Insurance Plc, on the Profit Forecast.



November 15, 2012

The Directors
Custodian and Allied Insurance Plc
Stillwater House
14b Keffi Street
South West Ikoyi
Lagos

Gentlemen,

PROPOSED MERGER OF CUSTODIAN AND ALLIED INSURANCE PLC WITH CRUSADER (NIGERIA) PLC

We have had the privilege of studying the Scheme Document in respect of the above subject matter addressed to your shareholders and those of Crusader (Nigeria) Plc. The Scheme Document contains a Profit Forecast of your company for the years ending December 31, 2013, 2014 and 2015, for which you are solely responsible.

We have discussed the bases and assumptions upon which the forecasts were made with yourselves and with the Reporting Accountants Abax-OOSA Professionals. We have also considered the letter dated November 7, 2012 from the Reporting Accountants regarding the accounting bases and calculations upon which the forecast was compiled.

Having considered the assumptions made by you as well as the accounting bases and calculations reviewed by Abax-OOSA Professionals, we consider that the forecast (for which you as Directors are solely responsible) has been made by you after due and careful enquiry.

Yours faithfully,
CHAPEL HILL ADVISORY PARTNERS LIMITED

~~Baldy Baldy~~

'BOLAJI BALOGUN
Managing Partner/CEO

A Chapel Hill Denham Company

1. $\frac{1}{2} \leq \frac{1}{2} \leq \frac{1}{2}$ (1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100) (101) (102) (103) (104) (105) (106) (107) (108) (109) (110) (111) (112) (113) (114) (115) (116) (117) (118) (119) (120) (121) (122) (123) (124) (125) (126) (127) (128) (129) (130) (131) (132) (133) (134) (135) (136) (137) (138) (139) (140) (141) (142) (143) (144) (145) (146) (147) (148) (149) (150) (151) (152) (153) (154) (155) (156) (157) (158) (159) (160) (161) (162) (163) (164) (165) (166) (167) (168) (169) (170) (171) (172) (173) (174) (175) (176) (177) (178) (179) (180) (181) (182) (183) (184) (185) (186) (187) (188) (189) (190) (191) (192) (193) (194) (195) (196) (197) (198) (199) (200) (201) (202) (203) (204) (205) (206) (207) (208) (209) (210) (211) (212) (213) (214) (215) (216) (217) (218) (219) (220) (221) (222) (223) (224) (225) (226) (227) (228) (229) (230) (231) (232) (233) (234) (235) (236) (237) (238) (239) (240) (241) (242) (243) (244) (245) (246) (247) (248) (249) (250) (251) (252) (253) (254) (255) (256) (257) (258) (259) (260) (261) (262) (263) (264) (265) (266) (267) (268) (269) (270) (271) (272) (273) (274) (275) (276) (277) (278) (279) (280) (281) (282) (283) (284) (285) (286) (287) (288) (289) (290) (291) (292) (293) (294) (295) (296) (297) (298) (299) (300) (301) (302) (303) (304) (305) (306) (307) (308) (309) (310) (311) (312) (313) (314) (315) (316) (317) (318) (319) (320) (321) (322) (323) (324) (325) (326) (327) (328) (329) (330) (331) (332) (333) (334) (335) (336) (337) (338) (339) (340) (341) (342) (343) (344) (345) (346) (347) (348) (349) (350) (351) (352) (353) (354) (355) (356) (357) (358) (359) (360) (361) (362) (363) (364) (365) (366) (367) (368) (369) (370) (371) (372) (373) (374) (375) (376) (377) (378) (379) (380) (381) (382) (383) (384) (385) (386) (387) (388) (389) (390) (391) (392) (393) (394) (395) (396) (397) (398) (399) (400) (401) (402) (403) (404) (405) (406) (407) (408) (409) (410) (411) (412) (413) (414) (415) (416) (417) (418) (419) (420) (421) (422) (423) (424) (425) (426) (427) (428) (429) (430) (431) (432) (433) (434) (435) (436) (437) (438) (439) (440) (441) (442) (443) (444) (445) (446) (447) (448) (449) (450) (451) (452) (453) (454) (455) (456) (457) (458) (459) (460) (461) (462) (463) (464) (465) (466) (467) (468) (469) (470) (471) (472) (473) (474) (475) (476) (477) (478) (479) (480) (481) (482) (483) (484) (485) (486) (487) (488) (489) (490) (491) (492) (493) (494) (495) (496) (497) (498) (499) (500) (501) (502) (503) (504) (505) (506) (507) (508) (509) (510) (511) (512) (513) (514) (515) (516) (517) (518) (519) (520) (521) (522) (523) (524) (525) (526) (527) (528) (529) (530) (531) (532) (533) (534) (535) (536) (537) (538) (539) (540) (541) (542) (543) (544) (545) (546) (547) (548) (549) (550) (551) (552) (553) (554) (555) (556) (557) (558) (559) (560) (561) (562) (563) (564) (565) (566) (567) (568) (569) (570) (571) (572) (573) (574) (575) (576) (577) (578) (579) (580) (581) (582) (583) (584) (585) (586) (587) (588) (589) (590) (591) (592) (593) (594) (595) (596) (597) (598) (599) (600) (601) (602) (603) (604) (605) (606) (607) (608) (609) (610) (611) (612) (613) (614) (615) (616) (617) (618) (619) (620) (621) (622) (623) (624) (625) (626) (627) (628) (629) (630) (631) (632) (633) (634) (635) (636) (637) (638) (639) (640) (641) (642) (643) (644) (645) (646) (647) (648) (649) (650) (651) (652) (653) (654) (655) (656) (657) (658) (659) (660) (661) (662) (663) (664) (665) (666) (667) (668) (669) (670) (671) (672) (673) (674) (675) (676) (677) (678) (679) (680) (681) (682) (683) (684) (685) (686) (687) (688) (689) (690) (691) (692) (693) (694) (695) (696) (697) (698) (699) (700) (701) (702) (703) (704) (705) (706) (707) (708) (709) (710) (711) (712) (713) (714) (715) (716) (717) (718) (719) (720) (721) (722) (723) (724) (725) (726) (727) (728) (729) (730) (731) (732) (733) (734) (735) (736) (737) (738) (739) (740) (741) (742) (743) (744) (745) (746) (747) (748) (749) (750) (751) (752) (753) (754) (755) (756) (757) (758) (759) (760) (761) (762) (763) (764) (765) (766) (767) (768) (769) (770) (771) (772) (773) (774) (775) (776) (777) (778) (779) (780) (781) (782) (783) (784) (785) (786) (787) (788) (789) (790) (791) (792) (793) (794) (795) (796) (797) (798) (799) (800) (801) (802) (803) (804) (805) (806) (807) (808) (809) (810) (811) (812) (813) (814) (815) (816) (817) (818) (819) (820) (821) (822) (823) (824) (825) (826) (827) (828) (829) (830) (831) (832) (833) (

8.5 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Chapel Hill Advisory Partners Limited, 45 Saka Tinubu Street, Victoria Island, Lagos, during normal business hours on any business day, until the Effective Date:

1. Certificate of Incorporation of Custodian;
2. Memorandum and Articles of Association of Custodian;
3. The audited financial statements of Custodian for each of the five years ended December 2011;
4. The Report of Abax-OOSA Professionals. the Reporting Accountants, on the audited financial statements for each of the five years ended December 31, 2011;
5. The Memorandum of Abax-OOSA Professionals the Reporting Accountants on the Profit Forecast for the years ending December 31, 2013, 2014 and 2015;
6. The letter from Chapel Hill Advisory Partners Limited on the Profit Forecast;
7. The Schedule of outstanding claims and litigations referred to on page 100;
8. The material contracts referred to on page 100; and
9. The written consents referred to on page 100.

9. APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

9.1 BACKGROUND INFORMATION

i) Incorporation and Share Capital History

Crusader (Nigeria) Plc (“Crusader”) – formerly known as Crusader Insurance (Nigeria) Plc - was established as the Agency office of Crusader Insurance Company, Reigate, United Kingdom in 1956. It was incorporated in 1970 as a Nigerian insurance company, and began operation as a life company offering life and pension products and services. It converted to a public limited liability company in 1989 and was listed on The Nigerian Stock Exchange in 1990.

Crusader became a composite insurance company in 1995 and merged with other insurance companies during the last industry-wide consolidation that was undertaken in 2007. Subsequently, Crusader (Nigeria) Plc relinquished its insurance licence and two newly incorporated companies, Crusader General Insurance Limited and Crusader Life Insurance Limited were licensed to carry on General and Life businesses respectively in line with the new policy on Insurance Companies.

Following the consolidation exercise, Crusader Insurance (Nigeria) Plc transformed into a group of Companies now known as Crusader (Nigeria) Plc with interests in many areas of financial services. The Companies under the Group include:

- Crusader General Insurance Limited
- Crusader Life Insurance Limited
- Crusader Trustees Limited
- Crusader Sterling Pensions Limited (Associate)
- Crusade Properties Limited
- Crusader Hotels and Apartments Limited

At incorporation, the Company’s authorised share capital was ₦50,000 divided into 25,000 units of ₦2.00 each, all of which was fully paid. By December 2005 the Company’s fully-paid share capital had increased to ₦492,233,557 made up of 984,467,114 Ordinary shares of 50 kobo each. At the Annual General Meeting held on June 16 2005, the Company’s authorised share capital was increased from ₦1,200,000,000 to ₦4,000,000,000 by the creation of 5,600,000,000 Ordinary shares of 50 kobo each. A resolution passed at the Annual General Meeting held on September 13, 2007 further increased the authorised share capital from ₦4,000,000,000 to ₦5,000,000,000 by the creation of 2,000,000,000 ordinary shares of 50k. The following changes have taken place in the Company’s authorised and issued share capital since incorporation:

Ordinary Shares

<u>Year</u>	<u>Authorised</u>		<u>Issued and Fully Paid</u>		<u>Consideration</u>
<u>Date</u>	<u>Increase</u> <u>₦'000</u>	<u>Cumulative</u> <u>₦'000</u>	<u>Increase</u> <u>₦'000</u>	<u>Cumulative</u> <u>₦'000</u>	
1970	50	50	50	50	Cash
1974	200	250	-	50	Nil
1977	250	500	450	500	Cash
1980	500	1,000	-	500	Cash
1982	-	1,000	500	1,000	Bonus Issue
1983	1,000	2,000	-	1,000	Nil
1985	-	2,000	76	1,076	Cash
STOCK SPLIT FROM ₦2.00 TO 50KOBO					

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

<u>Year</u>	<u>Authorised</u>		<u>Issued and Fully Paid</u>		<u>Consideration</u>
<u>Date</u>	<u>Increase</u>	<u>Cumulative</u>	<u>Increase</u>	<u>Cumulative</u>	
1989	-	2,000	-	1,076	Stock Split Resolution
1989	1000	3,000	1,077	2,153	Bonus Issue
1990	-	3,000	100	2,253	Allotment
1992	12000	15,000	976	3,229	Bonus Issue
1993	-	15,000	4,844	8,073	Cash (Rights Issue)
1994	-	15,000	2,074	10,147	Bonus Issue
1995	35,000	50,000	10,037	20,184	Bonus Issue
1996	-	50,000	8,074	28,258	Cash (Rights Issue)
1997	100,000	150,000	49,452	77,710	Bonus Issue
1998	-	150,000	13,252	90,962	Bonus Issue
2001	50,000	200,000	17,832	108,794	Bonus Issue
2002	200,000	400,000	43,518	152,312	Cash (Rights Issue)
2003	-	400,000	114,235	266,547	Bonus Issue
2004	200,000	600,000	159,088	425,635	Cash (Rights Issue)
2005	600,000	1,200,000	(56,459)	369,176	(Final Conversion of Preference shares)
2005	600,000	1,200,000	123,058	492,234	Bonus Issue
2006	2,800,000	4,000,000	-	492,234	Cash (Public Offer/Rights Issue/Scheme)
2007	1,000,000	5,000,000	1,502,476	1,994,710	Increase represents shares issued to shareholders of acquired companies
2008	-	5,000,000	265,594	2,260,304	-
2012	-	5,000,000	-	2,260,304	Conversion of Debenture Stock
2012		5,000,000	1,532,343	3,792,648	

i. Analysis of Shareholdings

The shareholding of the company is as stated below:

	Range	No. of holders	Percent	Units	Percent
1	- 1,000	962	5.4544	471,505	0.0104
1,001	- 10,000	8,418	47.7292	30,535,232	0.6755
10,001	- 50,000	6,425	36.4291	194,152,913	4.2948
100,001	- 1,000,000	1,576	8.9358	404,976,297	8.9584
1,000,001	- 5,000,000	181	1.0263	210,276,501	8.2626
5,000,001	- 10,000,000	30	0.1701	373,520,244	4.6515
10,000,001	- 50,000,000	30	0.1701	603,476,767	13.3495
50,000,001	- 100,000,000	9	0.051	659,195,883	14.582
100,000,001	- 500,000,000	5	0.0283	813,387,324	17.9929
500,000,001	- 1,500,000,000	1	0.0057	4,266,174,480	56.2427
Grand Total		17,673	100	7,585,296,406	100

ii. Directors' Interest

As at December 31, 2011 the interests of Directors in Crusader were as follows:

Directors	Direct	% Holding	Indirect	% Holding
Sir. Godwin Nkwazema	2,044,418	0.03	-	-
Mr. Gboyega Asabia	1,000,563	0.01	-	-

iii. Indebtedness

As at October, 2012, Crusader had outstanding debentures and other liabilities, other than those incurred in the ordinary course of business.

iv. Premises

Crusader House, 16A Commercial Avenue, Sabo, Yaba, Lagos State

v. Extracts from Memorandum & Articles of Association

Below are relevant extracts from the Company's Memorandum and Articles of Association:

MEMORANDUM OF ASSOCIATION**ARTICLES OF ASSOCIATION****ALTERATION OF SHARE CAPITAL**

Art. 37 The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount as the resolution prescribes.

1. The Company may by ordinary resolution:

- (i) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of section 100 (1) (c) of the Act.
- (iii) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person

Art. 38 The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner permitted by law.

GENERAL MEETING

Art. 40 (1) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and the next.

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

(2) The Annual General Meeting shall be held at such time and place as the Directors shall approve.

Art. 41 All general meetings other than annual general meetings shall be called extra-ordinary general meetings.

Art. 42 The Board of Directors may, whenever they think fit, convene an extraordinary general meeting, an extraordinary general meeting shall also be convened on such requisition, or, in default, maybe convened by such requisitionists, as provided by section 215 of the Act. If at any time there are not within Nigeria sufficient Directors capable of action to form a quorum an extraordinary general meeting may be convened or requisitioned by any Director or any member or members of the Company holding as at the date of the requisition not less than one-tenth of the paid up capital of the Company. Such meeting shall be convened in the same manner or as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

Art. 43 All general meetings shall be called by twenty-one days' notice in writing at least. The notice shall be exclusive of the day which it is given, and shall specify the place, the day and hour of meeting and, in case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company. Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this regulation, be deemed to have been to have been duly called if it is so agreed:-

- (i) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

Art. 44 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

Art. 45 All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of accounts, balance sheets, and the reports of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.

Art. 46 No business shall be transacted at any General Meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided the quorum shall be members personally present being not less than five holding (or representing by proxy) not less than one-tenth of the share capital of the Company.

Art. 47 If within half an hour from the time appointed for the meeting a quorum is not present at the meeting if convened upon the requisition of members, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the time and place or to such other day and such other time and place the Directors may determine, and if at the adjourned

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

Art. 48 The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company or if there is no such chairman or if he is not present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be chairman of the meeting.

Art. 49 If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be chairman of the meeting.

Art. 50 The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; but otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Art. 51 (i) A resolution put to the vote at any general meeting shall be decided on a show of hand unless a poll (the demand for which may be withdrawn) is demanded before or on the declaration of the results of the show of hands by

- a. the chairman; or
- b. at least three members present in person or by proxy; or
- c. Any member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- d. a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up on all shares conferring that right.

(ii) Unless a poll is so demanded, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be exclusive evidence of the fact, without proof of the numbers or proportion of the votes recorded in favour of, or against, the resolution.

Art. 52 If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Art. 53 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Art. 54 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other questions shall be taken at such time as the Chairman of the meeting directs, and any business other than upon which a poll has been demanded may be preceded with pending the taking of the poll.

VOTE OF MEMBERS

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

- Art. 55 Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder.
- Art. 56 In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
- Art. 57 A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis appointed by the court, and any such committee receiver, curator bonis other person may, on a poll, vote by proxy.
- ART. 58 No person shall be entitled to vote at any general meeting either personally or by proxy, or to exercise any privilege as a member in respect of any shares in the Company unless all calls or other sums presently payable by him in respect of those shares have been paid.
- Art. 59 No objections shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
- Art. 60 On a poll votes may be given either personally or by proxy.
- Art. 61 The instrument appointing proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the Company.
- Art. 62 The instrument appointing a proxy and the power of attorney or other (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company or at such other place specified for that purpose in the notice convening the meeting not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll.
- Art. 63 An instrument appointing a proxy shall be in the following forms or a form as near thereto as circumstances admit:
- “CRUSADER (NIGERIA) PLC
I/We.....
..... of
.....
..... In Nigeria, being a member/members of the above named Company
hereby
appoint.....
..... of
.....
.....as my/our proxy to vote for me/us on my/our behalf at the (Annual or Extraordinary,
as the case may be) General Meeting of the Company to be held on
the..... day of 20.....
And at any adjournment thereof.

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

Signed this _____ day of

Art. 64 Where it is desired to afford members an opportunity of voting for or against a resolution, an instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

“CRUSADER (NIGERIA) PLC

I/We.....
..... of

..... In Nigeria, being a member/members of the above named Company hereby appoint.....

..... of

.....as my/our proxy to vote for me/us on my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company to be held on the..... day of 20..... And at any adjournment thereof.

Signed this _____ day of

This form is to be *in favour of the resolution

Against

Unless otherwise instructed, the proxy will vote as he thinks fit.

*Strike out whichever is not desirable.

Art. 65 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

Art. 66 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity revocation or transfer as aforesaid has been received by the Company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.

NOTICES

Art. 125 A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address a member not having a registered address in Nigeria may supply to the Company an address within Nigeria for the giving of notice to him and any address so supplied by any member shall for the purpose of serving notice upon him be considered the registered address of such member.

Art. 126 Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, preparing, and posting a letter containing the notice and unless the contrary is proved to have been effected 5 days after the letter containing the same is put into the post. Provided that for the purpose of this Article, where a notice is sent by post to a member whose registered address is outside Nigeria, posting shall mean posting by airmail.

Art. 127 A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

Art. 128 A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepared letter addressed to them by name, or by the title of representatives of the deceased or trustee of the bankrupt, or by any like description, at the address, if any, within Nigeria, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) be given if the death or bankruptcy has not occurred.

ART. 129 Notice of every general meeting shall be given in any manner hereinbefore authorised to:-

- a. every member;
- b. every person upon whom the ownership of a share devolves by reason of his being a legal representative or a trustee in bankruptcy of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting;
- c. the auditor for the time being of the Company;
- d. the secretary;
- e. the Stock Exchange.

No other person shall be entitled to receive notices of meetings.
Notice of every General Meeting be advertised in at least two widely read Newspapers at least (7) days before the General Meeting to which the notice refers in a conspicuous manner so as to cover a reasonable position of a page.

9.2 REPORTING ACCOUNTANTS' REPORT ON CRUSADER NIGERIA PLC

- i. Reporting Accountants' report on Crusader (Nigeria) Plc



35, Ogunlowo Street,
Off Obafemi Awolowo Way, Ikeja.
P. O. Box 70159, Victoria Island,
Lagos, Nigeria.
Tel: 234-1-7750524, 7730247, 7407989
Tel/Fax: 234-1-3451499.
E-mail: info@solaoyetayo.com
www.solaoyetayo.com, www.agn.org

November 9, 2012.

The Directors
Crusader (Nigeria) Plc
Crusader House
16A, Commercial Avenue
Sabo, Yaba
Lagos.

Dear Sirs,

CRUSADER (NIGERIA) PLC

PROPOSED MERGER WITH CUSTODIAN AND ALLIED INSURANCE PLC
ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS FOR 2008 TO 2011

Herein is our report on the financial information set out on pages 9 to 49 which has been prepared for inclusion in the proposed merger with Custodian and Allied Insurance Plc

Basis of Preparation

The financial information is based on the audited financial statements of Crusader Nigeria Plc for the years ended 31 December 2008, 2009, 2010 and 2011.

Messrs Akintola Williams Deloitte (Chartered Accountants) and Ernst & Young (Chartered Accountants) were the auditors of the Company for the periods of 2008 to 2010 and 2011 of the accounts reviewed respectively.

Responsibility

The financial statements have been prepared in accordance with the accounting policies set out on pages 4-8. The group audited financial statements on which the financial information is based are the responsibility of the Directors of Crusader (Nigeria) Plc. who approved the merger. The Directors of Crusader (Nigeria) Plc. are responsible for the contents of the merger document, in which this report is included.

It is our responsibility to compile the financial information, to form an opinion on the financial information and to report our opinion to you.



**SOLA
OYETAYO
& Co.**

Basis of Opinion

We conducted our work in accordance with the Nigerian Standards of Auditing and International Standards on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the group financial statements are free of material misstatements. A review is limited primarily to inquiries on Crusader (Nigeria) Plc.'s personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly we do not express an audit opinion.

Opinion

Based on our review, we hereby state that we have not noticed anything that gives us doubt that the accompanying financial information does not give a true and fair view of the state of affairs of the group as at the dates stated and of its profit/ (loss) and cash flows for the years then ended in accordance with generally acceptable accounting principles in Nigeria.

Yours faithfully,

Sola Oyetayo
Sola Oyetayo & Co.
(Chartered Accountants)
Reporting Accountants



APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

ii. Four-year Summary Balance Sheet of Crusader (Nigeria) Plc for the years ended 31 December

AS AT 31 DECEMBER	Notes	2011 N'000	2010 N'000	2009 N'000	2008 N'000
Cash and Bank Balances	2	3,737,815	4,048,371	746,813	830,820
Short-Term Investments	3	880,396	1,073,065	4,529,637	2,616,683
Loans to Policy Holders	4	12,316	6,308	5,499	2,485
Long Term Investments	5	3,008,080	3,125,281	2,969,161	3,226,056
Investments Properties	6	2,975,025	4,545,551	2,131,999	2,373,179
Investment in Subsidiary and Associated Companies	7	414,037	542,667	522,667	532,667
Premium Debtors	8	505,345	751,748	674,004	436,370
Other Debtors and Prepayments	9	1,305,566	786,782	1,430,858	2,588,656
Statutory Deposit	10	515,000	515,000	515,000	515,000
Intangible Assets	11	390,079	425,300	450,102	537,694
Fixed Assets	12	2,018,148	163,267	258,434	271,947
TOTAL ASSETS		15,761,807	15,983,340	14,234,174	13,931,557
Creditors & Accruals	13	982,455	1,144,520	829,701	1,116,278
Insurance Fund	14	4,955,905	4,467,304	3,920,610	2,798,978
Taxation	15	164,508	174,271	226,978	207,670
Deferred Tax	16	26,645	26,645	26,645	26,645
Dividend Payable	17	-	-	-	238
Term Loan	18	-	-	450,000	-
Convertible Debenture	19	3,265,004	3,176,838	3,088,672	2,803,253
		9,394,517	8,989,578	8,542,606	6,953,062
Paid Up Ordinary Share Capital	20	2,260,304	2,260,304	2,260,304	2,054,822
Share Premium	21	2,569,132	2,569,132	2,569,132	2,774,614
Contingency Reserve	22	690,326	593,370	500,131	406,213
Investment Properties Revaluation Reserve	23	1,214,643	2,470,137	1,048,040	1,048,040
Fixed Assets Revaluation Reserve	24	1,264,620	9,126	-	-
Investment Revaluation Reserve	25	-	75,102	-	551,421
Convertible Debenture Redemption Reserve	26	1,870,000	1,105,000	340,000	-
Retained Earnings	27	(3,501,735)	(2,088,409)	(1,026,039)	143,385
SHAREHOLDERS' FUNDS		6,367,290	6,993,762	5,691,568	6,978,495
Total Liabilities, Capital and Reserves		15,761,807	15,983,340	14,234,174	13,931,557

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

iii. Four-year Summary Profit and Loss Accounts of Crusader (Nigeria) Plc as at 31 December

AS AT 31 DECEMBER	Notes	2011 N'000	2010 N'000	2009 N'000	2008 N'000
INCOME					
Gross Premium Earned		4,327,638	4,258,764	3,921,556	3,700,880
Net Premium Earned		4,327,638	4,258,764	3,921,556	3,700,880
Investment Income	28	883,655	843,650	994,512	867,882
Other Income	29	156,517	242,658	115,879	39,764
Net Income		5,367,810	5,345,072	5,031,947	4,608,526
Operating Expenses	30	3,746,163	3,221,230	3,424,224	2,790,411
Debenture Interest	31	496,443	497,926	477,366	-
Management Expenses		621,048	889,567	888,051	748,385
Provision for Bad & Doubtful Debt	32	489,372	501,590	433,580	422,965
Group's Share Of Results Of Associate		(136,208)	-	-	-
Transfer to Insurance Fund		234,716	284,820	148,331	274,200
Total Charges		5,451,534	5,395,133	5,371,552	4,235,961
Profit/ (Loss) Before Taxation And Extra-Ordinary Item		(83,724)	(50,061)	(339,605)	372,565
Exceptional Item	5(vi)	-	-	(172,304)	
		(83,724)	(50,061)	(511,909)	372,566
Taxation	15	(202,813)	(154,069)	(111,114)	(92,964)
Profit/ (Loss) After Taxation		(286,537)	(204,130)	(623,022)	279,602
Extra-Ordinary Item		-	-	-	(194,084)
Transfer to Contingency Reserve	22	(96,719)	(93,240)	(93,918)	(85,605)
Transfer to Welfare Scheme Fund	14(ii)	-	-	(112,484)	-
Transfer to General Reserve	27	(383,256)	(297,370)	(829,424)	(87)
Basic (Loss) / Profit Per Share (Kobo)	33	(6.34)	(4.52)	(13.78)	6.80
Diluted (Loss) / Profit Per Share (Kobo)	33	(5.72)	(4.08)	(12.44)	6.08

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

iv. Four-year Summary Cash flow statements of Crusader (Nigeria) Plc as at 31 December

	2011	2010	2009	2008
AS AT 31 DECEMBER	N'000	N'000	N'000	N'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Cash (Paid) / Received From Operating Activities	(401,120)	522,916	706,626	(688,703)
Other Income Received	162,600	129,573	115,609	23,928
VAT (Output) / Input	(1,342)	101,949	(231)	(105)
Income Tax Paid	(212,576)	(206,414)	(91,515)	(12,979)
Net Cash from Operating Activities	(452,438)	548,024	730,489	(677,859)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Fixed Assets	(121,809)	(37,172)	(67,587)	(112,164)
Proceeds on Sale of Fixed Assets	10,902	137,463	521	4,185
Purchases of Software	-	(44,654)	-	-
Purchases of Investment	(177,444)	(979,098)	(5,539,547)	(5,080,379)
Proceeds on Sale Of Investment	274,068	320,229	3,534,154	3,379,893
Purchases of Investment In Associates	-	-	-	-
Statutory Deposit	-	-	-	118,000
Purchases of Investment Properties	(261,009)	(585,238)	(227,491)	-
Proceeds on Sale Of Investment Properties	-	21,001	-	-
Dividend and Interest Received	825,451	720,512	833,386	601,211
Net Cash from Investing Activities	550,159	(446,957)	(1,466,564)	(1,089,254)
CASH FLOWS FROM FINANCING ACTIVITIES				
Convertible Debenture	-	-	202,306	1,729,416
Share Proceeds	-	-	-	60,112
Share Issue Expenses	-	-	-	(194,084)
Term Loan	-	(450,000)	450,000	-
Debenture Interest Paid	(408,277)	(409,122)	-	-
Dividend Paid	-	-	(238)	(599,863)
Net Cash Used in Financing Activities	(408,277)	(859,122)	652,068	995,581
Net (Decrease) / Increase in Cash and Cash Equivalents	(310,556)	(758,055)	(84,007)	(771,531)
Cash And Cash Equivalents at the Beginning of the Year	4,048,371	4,806,426	830,820	1,602,351
Cash and Cash Equivalents at the End of the Year (Note 2)	3,737,815	4,048,371	746,813	830,820

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

v. Notes to the Financial Information

1 The Company

1.1 Legal form

Crusader (Nigeria) Plc (formerly Crusader Insurance (Nigeria) Plc) was incorporated as a private limited liability company in 1970. It was converted to a public limited liability company in 1989 and was listed on the Nigeria Stock Exchange in 1990. The company's equity is held by Nigerian citizens and corporate organisations. Following the consolidation in the insurance industry in 2007, the company incorporated

	2011	2010	2009	2008
2 Cash and Bank Balances	N'000	N'000	N'000	N'000
Cash in Hand	1,451	1,110	650	777
Balances with Local Banks	533,657	579,564	704,050	790,671
Balances with Foreign Banks	2,677	2,563	12,633	23,152
Placement with Banks	3,172,052	3,437,512	-	-
Domiciliary Accounts	28,010	28,443	32,369	26,464
	<u>3,737,847</u>	<u>4,049,192</u>	<u>749,702</u>	<u>841,064</u>
Provision for Doubtful Bank Balances (Note 2.1)	(32)	(821)	(2,889)	(10,244)
	<u>3,737,815</u>	<u>4,048,371</u>	<u>746,813</u>	<u>830,820</u>
2.1 Provision for Doubtful Bank Balances				
At 1 January	821	2,889	10,244	10,244
Recoveries During the Year (Note 32)	(789)	(2,068)	(7,355)	-
At 31 December	<u>32</u>	<u>821</u>	<u>2,889</u>	<u>10,244</u>
3 Short-Term Investments				
Commercial Papers	1,009,315	1,202,837	4,648,886	2,710,157
Provision for Doubtful Investments (Note 3.1)	(128,919)	(129,772)	(119,249)	(93,474)
	<u>880,396</u>	<u>1,073,065</u>	<u>4,529,637</u>	<u>2,616,683</u>
3.1 Provision For Doubtful Investments				
At 1 January	129,772	119,249	119,249	93,474
Recoveries During the Year (Note 32)	(853)	10,523	-	-
At 31 December	<u>128,919</u>	<u>129,772</u>	<u>119,249</u>	<u>93,474</u>
4 Loans to Policy Holders				
At 1 January	6,308	5,499	2,486	1,409
Movement During the Year	6,008	809	3,013	1,076
At 31 December	<u>12,316</u>	<u>6,308</u>	<u>5,499</u>	<u>2,485</u>

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
5 Long-Term Investments				
(i) Quoted Investments:				
Government Securities	354,492	282,279	84,685	126,435
Debenture Stocks	-	-	1,019	1,019
Ordinary Shares at Market Value (5v)	819,105	771,585	745,764	1,496,691
	1,173,597	1,053,864	831,468	1,624,145
Provision for Diminution in Value of Quoted Investments (Note 5iii)	(289,845)	(103,467)	(200,768)	(167,887)
Total Quoted Investments	883,752	950,397	630,700	1,456,258
(ii) Unquoted Investment At Cost:				
Debenture Stocks	89	149	149	149
Preference Shares	859	859	1,092,182	1,092,035
Ordinary Shares	2,031,198	2,009,564	1,138,419	654,239
Mortgages	71,293	84,533	168,649	62,813
Other Long-Term Investments	35,329	94,245	-	-
	2,138,768	2,189,350	2,399,399	1,809,236
Provision for Diminution in Value of Unquoted Investments (Note 5iv)	(14,440)	(14,466)	(60,938)	(39,438)
Total Unquoted Investments	2,124,328	2,174,884	2,338,461	1,769,798
Total Long-Term Investments	3,008,080	3,125,281	2,969,161	3,226,056
(iii) Movement in Provision for Diminution in Value of Quoted Investments				
At 1 January	103,467	208,190	200,768	167,887
Arising During the Year (Note 32)	137,466	-	-	-
Written-Off During the Year	(26,190)	(29,621)	-	-
Revaluation Deficit / (Surplus) (Note 25)	75,102	(75,102)	-	-
At 31 December	289,845	103,467	200,768	167,887
(iv) Movement in Provision for Diminution in Value of Unquoted Investments				
At 1 January	14,466	60,938	60,938	39,438
Arising During the Year (Note 32)	678	9,322	-	-
Written-Off During the Year	(704)	(55,794)	-	-
At 31 December	14,440	14,466	60,938	39,438

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
6 Investment Properties:				
At the Beginning of the Period	4,545,551	2,132,000	2,373,179	1,633,643
Additions During the Period	261,009	585,238	1,725	1,082,245
Reclassification (Note 6li)	(1,826,868)	-	-	-
Revaluation	-	1,422,336	-	-
Adjustments	(4,667)	420,343	-	-
Disposal	-	(14,366)	(242,905)	(342,709)
At the End of the Period	2,975,025	4,545,551	2,131,999	2,373,179
i Cost/Valuation				
Cost	1,760,382	2,075,414	-	-
Valuation Surplus	1,214,643	2,470,137	-	-
	2,975,025	4,545,551	-	-

- ii During the year 2011 the Company moved to its office at 16A Commercial Avenue, Sabo Yaba. As a result of this the property together with its appurtenances valued at N1,826,868.000 was reclassified to fixed assets. The revaluation surplus on the property totalling N1,255,494,000 was reclassified from investment property revaluation reserve to fixed assets revaluation reserve.
- iii The Company's investment properties were last revalued on basis of open market on 23 June 2010 by Messrs Jide Taiwo & Co., M.A.Bello Partners, Segun Adegbeye & Co. And Bolu, Tokun & Co. Who are all members of the Nigerian Institute of Estate Surveyors and Valuers.

7 Investments in Subsidiaries and Associates

Crusader Trustees Limited - 100% Equity Holding	-	-	-	-
Crusader Sterling Pensions Limited- 48%(42% Up to 2009) Equity Holding (Note 7i)	188,870	317,500	287,500	297,500
Crusader Sterling Pensions Limited- Preference Shares	225,167	225,167	235,167	235,167
Crusader Life Insurance Limited- 100% Equity Holding	-	-	-	-
Equity Holding	-	-	-	-
Total	414,037	542,667	522,667	532,667

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000

(v)	Quoted Ordinary Shares at Cost	531,539	670,387	918,068	989,013
-----	--------------------------------	---------	---------	---------	---------

(vi) **Exceptional Item**

This arose from diminution in value of quoted equity investment as at 31 December 2009 transferred to profit and loss account after fully utilising the existing investment revaluation reserve balance (Life business).

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000

- This represents the group's 48% interest in Crusader Sterling Pensions Limited and was accounted for as follows:

At 1 January	317,500	317,500	-	-
Addition During the Year	-	-	-	-
Share of Accumulated Loss of Associate (Note 27i)	(264,838)	-	-	-
Current Year Share of Profit	136,208	-	-	-
At 31 December	188,870	317,500	-	-

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
8 Premium Debtors				
Amount Due from Agents and Insurance Brokers	3,243,304	3,289,638	674,004	2,346,595
Provision for Doubtful Balances (Note 8i)	(2,737,959)	(2,537,890)	-	(1,910,225)
	<u>505,345</u>	<u>751,748</u>	<u>674,004</u>	<u>436,370</u>
i Provision for Doubtful Balances				
At 1 January	2,537,890	2,147,370	-	1,674,213
Written-Off During the Year	(168,220)	(56,485)	-	-
Charge During the Year (Note 32)	368,289	447,005	-	236,012
At 31 December	<u>2,737,959</u>	<u>2,537,890</u>	<u>-</u>	<u>1,910,225</u>
9 Other Debtors & Prepayments				
Staff Loans and Advances	114,199	108,874	107,555	199,066
Accrued Investment Income	80,424	57,728	151,073	26,559
Prepaid Expenses	45,315	21,672	122,103	118,603
Receivable from Legacy Companies (Note 9iv)	-	-	-	137,380
Prepaid Reinsurance Costs	141,099	-	-	-
Deferred Acquisition Costs	114,173	88,049	127,617	-
Reinsurance Claim Recoverable	172,797	-	-	-

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
10 Statutory Deposit				
At 1 January	515,000	515,000	515,000	633,000
(Release) / Addition in the Year	-	-	-	(118,000)
At 31 December	515,000	515,000	515,000	515,000
Statutory deposits represents amount deposited with Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act 2003.				
11 Intangible Assets				
Goodwill (Note 11i)	367,752	388,088	450,102	537,208
Computer Software (Note 11ii)	22,327	37,212	-	486
	390,079	425,300	450,102	537,694
i Movement in Goodwill Balances				
At 1 January	388,088	450,102	450,102	537,208
Amortised During the Year	(20,336)	(62,014)	-	-
At 31 December	367,752	388,088	450,102	537,208
ii Movement in Computer Software Balances				
At 1 January	37,212	44,654	486	486
Amortised During the Year	(14,885)	(7,442)	(486)	-
Additions	-	-	-	-
At 31 December	22,327	37,212	-	486

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
12 FIXED ASSETS				
Cost/ Revaluation Plus Additions:				
Freehold Property	30,663	93,686	83,221	340,711
Office Equipment	177,138	166,667	276,325	274,465
Furniture & Fittings	80,395	48,886	-	-
Motor Vehicles	401,321	347,751	254,613	238,916
(Disposals)/Reclassification:				
Freehold Property	1,736,102	(64,685)	-	(257,490)
Office Equipment	70,436	(3,192)	(152)	(40,023)
Furniture & Fittings	20,330	-	-	-
Motor Vehicles	(56,098)	(21,405)	(2,311)	(10,007)
	<u>2,460,287</u>	<u>567,708</u>	<u>611,696</u>	<u>546,572</u>
Depreciation:				
Freehold Property	14,332	5,124	4,505	15,140
Office Equipment	147,902	136,680	179,583	162,526
Furniture & Fittings	46,943	38,444	-	-
Motor Vehicles	285,173	250,926	171,385	136,761
Depreciation On Disposal/Reclassification:				
Freehold Property	-	(5,124)	-	(11,929)
Office Equipment	-	(2,973)	(70)	(21,499)
Furniture & Fittings	-	-	-	-
Motor Vehicles	(52,211)	(18,636)	(2,141)	(6,374)
	<u>442,139</u>	<u>404,441</u>	<u>353,262</u>	<u>274,625</u>
Net Book Value:				
Freehold Property	1,752,433	29,001	78,716	80,010
Office Equipment	99,672	29,768	96,660	93,415
Furniture & Fittings	53,782	10,442	-	-
Motor Vehicles	112,261	94,056	83,058	98,522
	<u>2,018,148</u>	<u>163,267</u>	<u>258,434</u>	<u>271,947</u>

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000

13 Creditors & Accruals

Due to Related Companies	-	-	-	885
Staff Pension (Note 13i)	18,790	20,818	23,703	24,541
Accrued Management Expenses	112,121	283,419	443,008	722,254
Amount Due to Reinsurance Companies and Others	202,000	246,717	38,822	82,073
Debenture Interest Payable	205,816	205,816	205,178	-
Statutory Payables	55,563	49,460	49,904	11,955
Information Technology Development Levy (Note 13ii)	18,379	18,715	18,345	18,795
Deposit Against Premium	239,395	253,335	-	-
Capital Gain Tax	363	363	-	-
Unearned Income	50,035	15,504	-	-
Other Payables	79,993	50,373	50,741	255,775
	982,455	1,144,520	829,701	1,116,278

i. Staff Pensions

At 1 January	20,818	23,703	24,541	24,911
Addition During the Year	47,200	64,780	42,067	24,487
Remittances to PFA	(49,228)	(67,665)	(42,905)	(24,857)
At 31 December	18,790	20,818	23,703	24,541

ii. Information Technology Development Levy

This represent 1% of profit before taxation in accordance with the provision of section 12 (2a) of the Nigerian Information Technology Agency Act (NITDA) 2007.

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
14 Insurance Fund				
Insurance fund is represented by the following:				
Outstanding Claims (Note 14i)	681,937	519,346	405,324	202,536
Life Policy Holders' Reserve	925,696	1,010,052	-	-
Unexpired Risks(Note 14ii)	797,261	639,136	1,401,754	944,083
Welfare Scheme / Deposit Administration (Note 14iii)	2,551,011	2,298,770	2,113,532	1,652,359
	<u>4,955,905</u>	<u>4,467,304</u>	<u>3,920,610</u>	<u>2,798,978</u>
i. Outstanding Claims				
Crusader Life Insurance Limited	-	-	129,207	68,591
Crusader General Insurance Limited	-	-	276,117	133,945
	<u>-</u>	<u>-</u>	<u>405,324</u>	<u>202,536</u>
ii. Unexpired Risks				
Crusader Life Insurance Limited	-	-	725,231	576,902
Crusader General Insurance Limited	-	-	676,523	367,181
	<u>-</u>	<u>-</u>	<u>1,401,754</u>	<u>944,083</u>
iii. Welfare Schedule / Deposit Administration				
At the Beginning of the Period	2,298,770	2,113,533	1,652,359	1,746,960
Deposit in the Year	721,037	987,445	196,065	
Surrenders	(928,949)	(919,251)		(224,646)
Transfers from Profit and Loss	319,072	-	112,484	
Guaranteed Interest Charge	141,081	117,043	152,624	130,045
At the End of the Period	<u>2,551,011</u>	<u>2,298,770</u>	<u>2,113,532</u>	<u>1,652,359</u>

An actuarial valuation of the life and welfare fund as at 31 December 2011 was carried out by HR Nigeria Limited (Consultants and Actuaries) as advised per their report of April 2012.

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
15 Taxation				
i. Per Income Statements				
Income Tax for the Year	135,977	124,960	82,241	86,436
Education Tax for the Year	6,446	4,645	4,899	6,528
Prior Year Under Provision	40,390	23,801	11,426	-
Capital Gains Taxation	20,000	663	12,548	-
	<u>202,813</u>	<u>154,069</u>	<u>111,114</u>	<u>92,964</u>
ii. Per Statement of Financial Position				
At the Beginning of the Period	174,271	226,616	207,670	127,685
Charge for the Period	202,813	154,069	111,114	92,964
Capital Gains Taxation	-	-	363	-
Adjustment During the Year	-	-	(653)	-
Payment During the Year	(212,576)	(206,414)	(91,515)	(12,979)
At the End of the Period	<u>164,508</u>	<u>174,271</u>	<u>226,978</u>	<u>207,670</u>
The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 and the Education Tax Act, CAP E4 2004 as amended. Minimum tax requirement were used for the company for the year as the company had assessable loss for the year.				
16 Deferred Tax				
At the Beginning of the Period	26,645	26,645	26,645	26,645
Charge for the Year	-	-	-	-
Transfer from Legacy Companies	-	-	-	-
At the End of the Period	<u>26,645</u>	<u>26,645</u>	<u>26,645</u>	<u>26,645</u>
The Company has unutilised capital allowance and tax losses carried forward available for offset against future taxable profits. However, no deferred tax asset has been recognised in the current year due to uncertainties regarding the timing and amount of future taxable profits.				
17 Dividend Payable				
At 1 January	-	-	238	238
Declared in the Year	-	-	-	599,863
Payment During the Year	-	-	(238)	(599,863)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>238</u>
18 Term Loan				
Term Loan of N450 million relates to facility obtained to finance the on-going renovation of Crusader House at Sabo Yaba. The interest is 20% per annum for 180 days and security pledged for the loan is fixed deposit worth N455 million.				

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
19 Convertible Debenture				
Gross	3,402,306	3,402,306	3,402,306	3,200,000
Unamortised Discount (Note 19I)	(137,302)	(225,468)	(313,634)	(396,747)
At 31st December	<u>3,265,004</u>	<u>3,176,838</u>	<u>3,088,672</u>	<u>2,803,253</u>
i. Unamortised Discount				
At 1 January	225,468	313,634	313,634	396,747
Charge for the Year (Note 31)	(88,166)	(88,166)	-	-
At 31 December	<u>137,302</u>	<u>225,468</u>	<u>313,634</u>	<u>396,747</u>
This represents amount received in respect of the public issue of 12% Convertible Debenture Stock (2008-2013).				
The bond is convertible at the bond holders' option at a predetermined price of N7 per share as detailed in the Trust Deed.				
20 Share Capital				
Authorised:				
10 Billion Ordinary Shares of 50 Kobo each	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Issued and Fully Paid Ordinary Shares:				
4,520,609,490 Ordinary Shares of 50K each (2008- 4,109,644,991)	<u>2,260,304</u>	<u>2,260,304</u>	<u>2,260,304</u>	<u>2,054,822</u>
Ordinary Shares				
At 1 January	2,260,304	2,260,304	2,054,822	1,994,710
New Shares:				
To Shareholders of Acquired Companies	-	-	-	60,112
Transfer from Share Premium Account & General Reserve	-	-	205,482	-
At 31 December	<u>2,260,304</u>	<u>2,260,304</u>	<u>2,260,304</u>	<u>2,054,822</u>

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
21 Share Premium				
At the Beginning of the Period	2,569,132	2,569,132	2,774,614	2,774,614
Arising During the Year:				
Transfer to Ordinary Share Capital Account	-	-	(205,482)	-
At the Beginning of the Period	2,569,132	2,569,132	2,569,132	2,774,614
22 Contingency Reserve				
At the End of the Period	593,370	500,130	406,213	320,608
Consolidation Adjustment	237	-	-	-
Transfer from Profit and Loss Account	96,719	93,240	93,918	85,605
At the Beginning of the Period	690,326	593,370	500,131	406,213
23 Investment Properties Revaluation Reserve				
At the End of the Period	2,470,137	1,048,041	1,048,040	1,259,237
Addition During the Year	-	1,422,335	-	-
Realised in the Year of Disposal	-	(239)	-	(211,197)
Reclassified to Fixed Assets (Note 6ii)	(1,255,494)	-	-	-
At the Beginning of the Period	1,214,643	2,470,137	1,048,040	1,048,040
24 Fixed Assets Revaluation Reserve				
At the Beginning of the Period	9,126	-	-	-
Addition During the Year	-	9,126	-	-
Reclassified from Investment Properties (Note 6ii)	1,255,494	-	-	-
At the End of the Period	1,264,620	9,126	-	-
25 Investment Revaluation Reserve				
At the Beginning of the Period	75,102	-	551,421	1,281,076
Arising During the Year (Note 5iii)	(75,102)	75,102	(551,421)	(729,655)
At the End of the Period	-	75,102	-	551,421
26 Convertible Debenture Redemption Reserve				
At the Beginning of the Period	1,105,000	340,000	-	-
Transfer from Revenue Reserve	765,000	765,000	340,000	-
At the End of the Period	1,870,000	1,105,000	340,000	-

This represents cumulative yearly reserve made in accordance with the covenant contained in the Debenture Trust Deed. The reserve would increase at the same rate on a yearly basis to equal the total redeemable debenture amount at maturity.

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
27 Retained Earnings				
At 1 Janaury	(2,088,404)	(1,026,039)	143,385	743,335
Transfer to Convertible Debenture Reserve	(765,000)	(765,000)	(340,000)	-
Consolidation Adjustment	(232)	-	-	-
Prior Year Adjustment (Note 27i)	(264,838)	-	-	(599,863)
Transfer from Profit and Loss Account	(383,256)	(297,370)	(829,424)	(87)
At 31 December	(3,501,735)	(2,088,409)	(1,026,039)	143,385
i	This represents the Group's share of accumulated loss of Crusader Sterling Pensions Limited not appropriated in prior years. This treatment is in line with the Statement of Accounting Standard (SAS) 28			
28 Investment Income				
Dividend Income	309,702	297,963	764,644	461,133
Interest Income	515,749	422,549	-	-
Net Property Revenue	58,204	30,503	19,398	6,914
Profit on Disposal of Investments	-	92,635	210,470	399,835
	883,655	843,650	994,512	867,882
29 Other Income				
Gain on Disposal of Property & Equipment	7,014	74,912	376	399
Foreign Exchange Gains	8,417	1,281	65,428	3,926
Sundry Income	141,086	166,465	50,075	35,439
	156,517	242,658	115,879	39,764

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
30 Operational Expenses				
Claims Incurred	1,053,455	976,034	1,073,616	699,194
Underwriting Expenses:				
Acquisition Costs	1,194,681	1,088,045	891,766	1,006,571
Maintenance Costs	410,979	423,359	122,101	219,342
Outward Reinsurance Premium	928,923	771,179	1,155,015	858,476
Change in Reserve for Unexpired Risks	158,125	(37,387)	181,726	6,828
	<u>3,746,163</u>	<u>3,221,230</u>	<u>3,424,224</u>	<u>2,790,411</u>
31 Debenture Interest				
Debenture Interest Charge	408,277	409,760	-	-
Amortised Discount (Note 19i)	88,166	88,166	-	-
	<u>496,443</u>	<u>497,926</u>	<u>477,366</u>	<u>-</u>
32 Provision for Doubtful Accounts				
Outstanding Premium (Note 8i)	368,289	447,005	-	-
Other Debtors (Note 11i)	(15,419)	36,808	-	-
Quoted Securities (Note 6iii)	137,466	-	-	-
Unquoted Securities (Note 6iv)	678	9,322	-	-
Cash and Bank (Note 2.1)	(789)	(2,068)	-	-
Commercial Papers (Note 3.1)	(853)	10,523	-	-
	<u>489,372</u>	<u>501,590</u>	<u>433,580</u>	<u>422,965</u>
33 Profit/(Loss) Basic Earning Per Share				
Profit/(Loss) per share (calculated on the company's profit & loss after taxation) are based on the number of shares in issue at the end of the year.				
Profit/ (Loss) Attributable To Shareholders (N'000)	(286,537)	(204,125)	(623,022)	279,602
Number of ordinary shares in issue as at period end (N'000)	4,520,609	4,520,609	4,520,609	4,109,644
(Loss) / Profit Per Share (Kobo)	<u>(6.34)</u>	<u>(4.52)</u>	<u>(13.78)</u>	<u>6.80</u>
Number of Shares Convertible at N7 per share- (N'000)	486,044	486,044	485,714	485,714
Diluted Number of Ordinary Shares	5,006,653	5,006,653	5,006,323	4,595,358
Diluted (Loss) / Profit Per Share (Kobo)	<u>(5.72)</u>	<u>(4.08)</u>	<u>(12.44)</u>	<u>6.08</u>
34 (Loss)/Profit On Ordinary Activities Before Taxation				
Profit on ordinary activities before taxation is arrived after charging:				
Depreciation of Fixed Assets	89,909	78,916	80,847	93,553
Auditors' Remuneration	16,680	17,865	16,500	18,952
Directors' Remuneration	49,424	42,035	42,035	42,845
Staff Costs	236,729	195,925	189,410	178,556
Exchange Loss (Gain)	(8,417)	(1,004)	65,428	3,926
Provision for Bad & Doubtful Debt	347,688	496,240	433,580	422,965
Provision for Service Gratuity and Pension	50,391	48,484	35,580	35,121

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

35 Capital Commitments and Contingencies / Pending Litigations

There were no capital commitments at the balance sheet date (31 December 2010 Nil).

There were no contingent liabilities in respect of legal actions against the Company as at 31 December 2011 (31 December 2010:11) for which no provisions have been made in these financial statements. The actions are being contested and the Directors are of the opinion that no significant liabilities will arise.

36 Pension and Retirement Gratuity

The Company has a pension and gratuity benefit scheme for its employees. Contribution to the pension scheme is 7.5% and 10% of the employees' total emoluments by the employees and the company respectively as defined under the Pension Reform Act 2004. The gratuity scheme is related to the number of years each employee has spent in the employment of the company so that over the long term the funds will be adequate to meet the liabilities. The gratuity

37 Related Party Disclosures

The financial statements include the financial statements of Crusader (Nigeria) Plc and the subsidiaries listed in the following table:

a

Group Undertakings	Primary Business Operation	% Equity Interest			
		2011	2010	2009	2008
Crusader General Insurance Limited	Non-life Insurance	100	100	100	100
Crusader Life Insurance Limited	Life Insurance	100	100	100	100
Crusader Trustees Limited	Trustee and Company Secretarial	100	100	100	100
Crusader Sterling Pensions Limited	Pension Fund Management and	48	48	42	42

b Transactions with Related Parties

During the year, the Group had transactions with some director-related companies. The balances outstanding at the end of the year are as follows:

i.

	Group			
	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
Crusader Sterling Pensions Limited	51,000	51,000	-	51,000
Capital Bancorp Limited	-	350,000	280,000	58,505

These transactions were in the ordinary course of business and were conducted according to the agreed terms and conditions:

ii.

	Group			
	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
Crusader Life Insurance Limited - Sales to the related party	-	-	-	-
Purchases from the related party	-	-	-	-
Crusader Trustees Limited - Amount owed by the related party	-	-	-	-
Crusader Sterling Pensions Limited - Amount owed by the related party	-	-	-	-

38 **Reconciliation of (Loss)/ Profit After Tax to Net Cash**

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000
(Utilized)/ Provided by Operating Activities:				
Profit/(Loss) After Taxation	(286,537)	(204,130)	(623,022)	279,602
Adjustment for Non-Cash Items:				
Provisions	491,014	501,575	83,922	422,965
Depreciation	89,909	78,916	80,847	93,553
Amortisation of Debenture	88,166	88,166	83,113	-
Amortisation of Intangible Assets	35,221	69,456	-	-
Assets Transfer	-	-	-	-
Profit on Disposal of Fixed Assets	(7,014)	(74,912)	(269)	-
Profit on Disposal of Investments	-	-	-	-
Profit on Disposal of Investment Properties	-	(58,827)	-	-
Adjustments on Investment Properties	4,667	(420,343)	-	-
Group's Share of Results of Associate	(136,208)	-	-	-
Prior Year Adjustments	(264,838)	-	-	-
Information Development Levy	-	-	3,184	-
Guaranteed Interest Charged for the Year	-	-	152,624	130,045
Debenture Interest Charge	408,277	409,760	-	-
Dividend Income	(309,702)	(297,963)	(994,589)	(867,881)
Interest Income	(515,749)	(422,549)	-	-
Changes in Assets and Liabilities:				
Decrease in Statutory Deposit	-	-	-	118,000
Increase in Loans to Policy Holders	(6,008)	(11,808)	-	-
Decrease / (Increase) in Debtors	153,265	(535,786)	824,370	(361,861)
Decrease / (Increase) in Other Debtors and Prepa	(513,673)	709,461	-	-
(Decrease) / Increase in Other Creditors and Acci	(162,065)	222,660	236,247	(534,746)
(Decrease) / Increase in Secured Funds	-	-	196,065	(94,601)
(Decrease) / Increase in Insurance Funds	488,601	546,693	457,675	281,032
(Decrease) / Increase in Outstanding Claims	-	-	202,788	(223,951)
Increase in Taxation	9,764	(52,345)	50,862	79,984
Due to Related Party	-	-	(23,327)	-
	(452,438)	548,024	730,490	(677,859)

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000

39 Directors and Employees

Emolument of Directors and Employees:

i Directors

The remuneration paid to the directors of the company was:

Fees	6,350	5,900	5,900	4,406
Executive Compensation	33,900	29,719	29,719	30,916
Other Emoluments	9,174	6,416	6,416	7,523
Total	49,424	42,035	42,035	42,845

Fees and Other Emoluments (excluding pension contributions) disclosed above include amounts paid to:

Chairman	1,900	1,010	1,010	550
Highest Paid Directors	13,500	13,000	15,413	7,015

The number of Directors who received fees and other emoluments (excluding pension contributions) in the following ranges were:

N	Number	Number	Number	Number
250,001 - 300,000	2	2	12	12
300,001 - 350,000	-	-	1	1
350,001 - 400,000	-	-	1	1
400,001 - 500,000	7	7	4	4
500,001 - 1,000,000	1	1	4	5
1,000,001 - 4,000,000	6	6	1	1
	16	16	23	24

APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

	2011	2010	2009	2008
	N'000	N'000	N'000	N'000

ii Employees

Average number of persons employed by the company during the year by category:

	Number	Number	Number	Number
Executive Directors	3	4	4	4
Management	11	34	35	32
Non- Management	163	163	197	199
Total	177	201	236	235

	N'000	N'000	N'000	N'000
--	-------	-------	-------	-------

The staff costs for the above persons (excluding directors):

Wages and Salaries	202,626	173,885	216,241	167,620
Service Gratuity	9,021	-	6,500	30,593
Pension Costs	25,082	22,040	33,368	27,631
Total	236,729	195,925	256,109	225,844

The number of employees of the company, other than directors, who receive emoluments in the following ranges were:

N	Number	Number	Number	Number
230,000 - 280,000	0	7	32	32
280,001 - 290,000	12	18	18	18
290,001 - 300,000	14	1	1	1
300,001 - 310,000	20	2	3	3
320,001 - 330,000	12	3	3	3
330,001 - 550,000	0	8	12	12
600,001 - 640,000	23	12	13	13
640,001 - 790,000	59	47	50	50
790,001 - 990,000	16	28	32	32
1,000,000 - 1,600,000	0	46	42	42
1,600,001 - 2,000,000	21	29	30	29
	177	201	236	235

40 Statement of Directors' Responsibilities in Relation to the Financial Statements

In accordance with the provision of Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act CAP 117 LFN 2004, the Directors are responsible for the preparation of the financial statements which gives a true and fair view of the state of affairs of the company as at year end and of its profit and loss account for the year, and comply with the requirement of both Acts.

These responsibilities include ensuring that:

- a. Proper accounting records are maintained
- b. Applicable accounting standards are followed.
- c. Suitable accounting policies are used and consistently applied
- d. The financial statements are prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business.

41 Reclassification of Comparative Figures

Certain balances for the prior year have been reclassified to give a more meaningful comparison.

42 Subsequent Event Review

There are no post balance sheet events which could have had material effect on the state of affairs of the company as at 31 December of each accounting year and the profit for each year ended on that date which have not been adequately provided for or disclosed in the financial statements.

9.3 REPORT OF THE PROFIT FORECAST OF CRUSADER (NIGERIA) PLC

- i. The following is a copy of the letter on the Profit Forecast of Crusader (Nigeria) plc by Sola Oyetayo & Co, the Reporting Accountants.



35, Ogundowo Street,
Off Obafemi Awolowo Way, Ikeja.
P. O. Box 70159, Victoria Island,
Lagos, Nigeria.
Tel: 234-1-7750524, 7730247, 7407989
Tel/Fax: 234-1-3451499.
E-mail: info@solaoyetayo.com
www.solaoyetayo.com, www.agn.org

November 9, 2012.

The Directors
Crusader (Nigeria) Plc
Crusader House
16A, Commercial Avenue
Sabo, Yaba
Lagos.

Dear Sirs,

PROPOSED MERGER WITH CUSTODIAN AND ALLIED INSURANCE PLC
REPORT ON THE PROFIT FORECASTS - 2013 TO 2015

We have reviewed the accounting policies applied and the calculations made in the preparation of the profit forecasts of **Crusader (Nigeria) Plc.** for the years ending 31st December 2013, 2014, 2015, for which the Directors are solely responsible.

We have also examined and reviewed the underlying assumptions employed in the preparation of the forecasts.

In our opinion, the profit forecasts, so far as the accounting bases and calculations are concerned, have been properly compiled, based on the assumptions made by the Directors, and have been prepared on a basis that is consistent with the accounting policies normally adopted by the Company.

However, there will usually be differences between the forecasts and actual result because events and circumstances frequently do not occur as expected and those may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of the report.

Yours faithfully,

Sola Oyetayo
Sola Oyetayo & Co.
(Chartered Accountants)
Reporting Accountants



APPENDIX II – FURTHER INFORMATION REGARDING CRUSADER (NIGERIA) PLC

ii. Profit Forecasts of Crusader (Nigeria) Plc

	2013 N'000	2014 N'000	2015 N'000
Gross premium income	6,730,667	8,413,333	10,516,667
Change in unearned income	(1,046,159)	(1,307,699)	(1,634,623)
Gross premium earned	5,684,508	7,105,634	8,882,044
Reinsurance cost	(1,255,893)	(1,569,866)	(1,962,332)
Net premium earned	4,428,615	5,535,768	6,919,712
Reinsurance acquisition revenue	245,935	307,419	384,273
investment/ other income	2,586,957	3,307,061	4,188,493
Gain realised on financial assets	333,562	365,770	401,615
Net income	7,595,069	9,516,018	11,894,093
Insurance claims and loss adjusters expenses	2,048,221	2,560,276	3,200,345
Insurance claims and loss adjusters expenses recoverable from reinsurer	(534,906)	(668,633)	(835,791)
Insurance acquisition expenses	765,584	956,980	1,196,225
Marketing and administration expenses	1,404,033	1,732,873	2,106,354
Personnel and other operating expenses	1,466,017	1,765,802	2,131,748
Finance costs	494,212	-	-
Guaranteed interest charge	195,942	215,537	237,090
Accretion to life fund	253,000	290,950	334,593
Impairment charge on financial assets	226,427	279,546	345,945
Total expenses	6,318,530	7,133,331	8,716,509
Profit before taxation	1,276,539	2,382,687	3,177,584
Income tax expenses	(407,933)	(531,960)	(687,974)
Profit after taxation	868,606	1,850,727	2,489,610
Non-controlling interest	(259,105)	(552,072)	(742,650)
Attributable to equity shareholders	609,501	1,298,655	1,746,960
Contingent reserve	(180,769)	(227,369)	(285,763)
Retained profit for the year	428,732	1,071,286	1,461,197
Earnings per share (kobo)	8.04	17.12	23.03

iii. Basis and Assumptions for the Profit Forecasts of Crusader (Nigeria) Plc

Bases

- The projected financial statements have been prepared under the historical cost convention as modified by the carrying value of certain fixed assets and long term investments and on a basis consistent with the accounting policies normally adopted by the company as a going concern.
- The company's audited financial statements as at 31 December 2011 and unaudited interim IFRS financial statements as at 30 September 2012 form the basis for ensuring the reasonableness of the forecast for the period ending 31 December 2013 to 2015.

General Assumptions

- There shall be no material change in the accounting policies currently used by the company.
- There shall be no significant changes in the Federal Government monetary and fiscal policies that will adversely affect the company
- There shall be no new legislation that will materially affect the insurance industry
- There shall be no drastic changes in the political and economic environment both local and international that will adversely affect the operations of the company
- Government shall enforce compliance with local content act
- There shall be enforcement of Group Life insurance as stated in the Pension Act
- The quality of management will be sustained during the forecast period and beyond

Specific Assumptions

- Growth rate in premium income per annum shall be 25% for group, individual and life business and welfare scheme business.
- Reassurance premium shall be 25% per annum on gross premium income for group and individual life business as well as welfare scheme business.
- Reassurance commission shall be 25% per annum on reassurance premium for both group and individual life business.
- Growth rate in claim incurred shall be 25% per annum for individual, group life business and welfare scheme business respectively.
- Acquisition expenses shall be 25% per annum for individual and group life business respectively.
- Growth rate in maintenance expenses shall be 25% per annum for individual and group life business as well as welfare scheme business.
- Taxation, including education tax shall be at the rate of 32% of profit.
- National Information Technology Development Levy is 1% of profit before tax.
- Investment income is expected to be 14% per annum on average cash and cash equivalent balances.
- Other income is expected to grow by 5% per annum.
- Management expenses shall grow at 25% per annum.
- Claim recoveries shall be 25% of claim paid for both individual and group life insurance business
- Guaranteed interest on welfare shall be approximately 5% per annum on the average balance welfare fund.
- Dividend payment is not considered in the forecasts.

9.4 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Meristem Securities Limited, 124 Norman Williams Street, South-West Ikoyi, Lagos, during normal business hours on any business day, until the Effective Date:

1. Certificate of Incorporation of Crusader;
2. Memorandum and Articles of Association of Crusader;
3. The audited financial statements of Crusader for each of the four years ended December 2011;
4. The Report of Sola Oyetayo & Co. the Reporting Accountants, on the audited financial statements for each of the four years ended December 31, 2011;
5. The Memorandum of Sola Oyetayo & Co. the Reporting Accountants on the Profit Forecast for the years ending December 31, 2013, 2014 and 2015;
6. The letter from Meristem Securities Limited on the Profit Forecast;
7. The Schedule of outstanding claims and litigations referred to on page 100;
8. The material contracts referred to on page 100; and
9. The written consents referred to on page 100.

10. APPENDIX III – PRO FORMA FINANCIAL INFORMATION

10.1 PRO FORMA STATEMENT OF SHAREHOLDING

In the event that the offer for the New Shares to the holders of the Scheme Shares is accepted in full, the ordinary shares of the Post-Merger Custodian will be beneficially held as follows:

Name	Existing Holding		Post Scheme Holding	
	Shares	%Holding	Shares	%New Holding
ADE OJO (CHIEF)	717,705,568	14.07%	717,705,568	12.20%
ROCKNET NIGERIA LIMITED	370,300,000	7.26%	370,300,000	6.29%
ORACLE ASSET LTD	276,592,670	5.42%	276,592,670	4.70%
AUREOS AFRICA FUND LLC	348,027,267	6.82%	348,027,267	5.92%
Other Individuals and Institutional Shareholders	3,388,221,303	66.42	3,388,221,303	57.60%
Scheme Shareholders	-	-	781,747,167	13.29%
Total	5,100,846,808	100%	5,882,593,975	100.00%

10.2 UNAUDITED PRO FORMA BALANCE SHEET

The unaudited pro forma balance sheet set out below has been prepared to illustrate the effect on the net assets of the Post-Merger Custodian as if the Scheme of merger of Custodian and Crusader had occurred on [.] 2012.

The unaudited pro forma financial information has been prepared for illustrative purposes only and because of its nature, may not give a true picture of the assets which would have been reported if the transactions had occurred at [.] 2012. No adjustments have been made to take account of the trading or other changes in the financial position of Custodian or Crusader after [.] 2012, or any other transaction subsequent to that date.

APPENDIX IV – PROFORMA FINANCIAL INFORMATION

As at June 30, 2012	Custodian and Allied Insurance Plc (N'000)	Crusader Nigeria Plc (N'000)	Adjustment	Pro Forma (N'000)
	(Note 1)	(Note 2)	(Note 4)	(Unaudited)
Cash and Cash Equivalents	8,299,495	6,754,461		15,053,956
Financial Assets:	6,111,462	3,677,618	(4,329,484)	5,459,596
Investment in associates	265,273	-		265,273
Trade & Other Receivables	3,415,445	1,096,321		4,511,766
Reinsurance Assets	944,939	619,151		1,564,090
Deferred acquisition cost	-	194,169		194,169
Finance Lease Receivable	34,135	-		34,135
Statutory Deposits	335,000	515,000		850,000
Intangible Assets	586,154	448,495		1,034,649
Investment Properties	1,440,319	3,222,821		4,663,140
Property, Plant and Equipment	418,095	2,280,542		2,698,637
Other Assets	-	537,609		537,609
Total Assets	21,850,317	19,346,187		36,867,020
Share Capital & Reserves:				
Ordinary Share Capital	2,550,424	2,260,304	390,883	2,941,307
Share Premium	5,366,878	2,569,131	2,006,176	7,373,054
Contingency Reserve	2,281,963	885,319		2,281,963
Retained Earnings (General Reserve)	2,732,346	(4,005,972)		2,732,346
Assets Revaluation Surplus Reserve	-	2,479,264		-
Capital Reserve	-	63,713	1,616,528	1,616,528
Convertible debenture redemption Reserve	-	2,252,500		-
Other Reserves	(35,237)	-		(35,237)
Total Equity	12,896,374	6,504,259		16,909,961
Trade and Other Payables	1,461,658	682,766		2,144,424
Dividend Payable	9,635	-		9,635
Insurance Liabilities	4,781,676	6,125,870		10,907,546
Income Tax Payable	373,876	195,905		569,781
Deferred Tax Liabilities	67,218	26,646		93,864
Deferred reinsurance acquisition Revenue	-	70,241		70,241
Financial liabilities	-	5,350,922	(1,838,812)	3,512,110
Redeemable Convertible Loan	2,259,880	-		2,259,880
Liabilities	8,953,943	12,452,350		19,567,481
Non-Controlling Interest	-	389,578		389,578
Total Equity & Liabilities	21,850,317	19,346,187		36,867,020

Notes to the Pro forma Balance Sheet

- Information on Custodian has been extracted without material adjustment from Custodian's June 2012 Management Account
- Information on Crusader has been extracted without material adjustment from Crusader's Management Account
- The merger will be accounted for using the accounting policies consistent with those set out in the international Financial Reporting Standard N0.3 (IFRS) on Business Combinations. Accordingly,
 - The carry-forward reserves will be those of Custodian and Allied Insurance Plc; and
 - The share capital will be adjusted to reflect the legal share capital of Post-Merger Custodian following the merger.

APPENDIX IV – PROFORMA FINANCIAL INFORMATION

4. The inter-company holdings adjustment is indicative based on the following assumptions:
 - a. Custodian's investment in Crusader through CUK is carried on Custodian's books at a value of ₦2,508,248,607.30 is subtracted from the assets of the Post-Merger Custodian;
 - b. Custodian through CUK had invested ₦1,821,235,150 representing of a Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock issued by Crusader which is carried as part Financial Investment on Custodian books is also subtracted from the assets of the Post-Merger Custodian; and
 - c. Crusader's Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock valued at ₦1,838,912,150 is also cancelled post conversion to shares

11. APPENDIX IV – STATUTORY AND GENERAL INFORMATION

11.1 RESPONSIBILITY STATEMENT

The Directors of Custodian and Crusader have taken all reasonable care to ensure that the facts stated and opinions expressed in this Scheme Document with regard to Custodian and Crusader respectively are both fair and accurate and confirm having made all reasonable enquiries that to the best of their knowledge and belief, as at the date of this Scheme Document, no material facts concerning their respective companies have been omitted from this document. The Directors hereby accept responsibility for the information provided.

11.2 CLAIMS AND LITIGATIONS

Custodian and Allied Insurance Plc

As at August 22, 2012, Custodian and Allied Insurance Plc was involved in 2 cases. The aggregate value of the monetary claims against Custodian where the company is the defendant/respondent is approximately ₦19,703,065.68.

The Directors of Custodian are of the opinion that none of the pending claims by or against the company are likely to have a material adverse effect on the company or the Scheme of Merger and are not aware of any other threatened or pending claims or litigation which could have a material effect on the Scheme of Merger.

Crusader (Nigeria) Plc

As at October 22, 2012, Crusader (Nigeria) Plc was involved in 12 cases. The aggregate value of the monetary claims made in respect of these cases is approximately ₦62,810,736.

The Directors of Crusader are of the opinion that none of the pending claims by or against the company are likely to have a material adverse effect on the company or the Scheme of Merger and are not aware of any other threatened or pending claims or litigation which could have a material effect on the Scheme of Merger.

All matters by or against Crusader will be continued by Custodian.

11.3 MATERIAL CONTRACTS

The following agreement(s) have been entered into by the Parties and are considered material to the Scheme:

Custodian and Allied Insurance Plc

1. Merger Agreement dated [.] between Custodian and Allied Insurance Plc and Crusader Nigeria Plc; and
2. Financial Advisory Services Agreement dated August 17, 2012 between Custodian and Chapel Hill Advisory Partners Limited which sets out the terms and conditions under which Chapel Hill Advisory Partners Limited agreed to act as Financial Adviser to Custodian in respect of the Scheme.
3. International Finance Corporation (“IFC”) \$12.5 million Senior Convertible Loan Agreement.

Other than as stated above, Custodian has not entered into any material contracts except in the ordinary course of business.

Crusader Nigeria Plc

1. Merger Agreement dated [.] between Custodian and Allied Insurance Plc and Crusader Nigeria Plc; and

APPENDIX IV – STATUTORY AND GENERAL INFORMATION

2. Financial Advisory Services Agreement dated August 17, 2012 between Crusader Nigeria Plc and Meristem Securities Limited which sets out the terms and conditions under which Meristem Securities Limited agreed to act as Financial Adviser to Crusader in respect of the Scheme.
3. Trust Deed of the Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture Stock dated December 2011, between Crusader Nigeria Plc and its shareholders which sets out the terms and conditions under which the Irredeemable Convertible Rights Debentures were issued.
4. Trust Deed of the 12% Unsecured Convertible Debenture Stock

Other than as stated above, Crusader has not entered into any material contracts except in the ordinary course of business.

11.4 CONSENTS

The following have given and have not withdrawn their written consents to the issue of this Scheme Document with the inclusion of copies of their reports and references to their names in the form and context in which they appear herein:

Directors of Custodian	Chief Michael Ade Ojo, OON Mr. Oluwole Oshin Chief (Mrs.) Margaret Giwa Mr. Toni Ogunbor Mr. Ravi Sharma (Rep. Aureos Africa Fund LLC) Mr. Richard. G Asabia Mr. Ibrahim Dikko	<i>Chairman</i> <i>Managing Director/CEO</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Independent Director</i>
Company Secretary to Custodian	Mrs. Adenike Obisan	
Financial Adviser and Issuing House	Chapel Hill Advisory Partners Limited	
Solicitor	Banwo & Ighodalo	
Registrars	Meristem Registrars Limited	
Stockbrokers	Interstate Securities Limited	
Auditor	Akintola Williams Deloitte	
Reporting Accountants	Abax-OOSA Professionals	
Directors of Crusader	Mr. Gboyega Asabia Mr. Toye Odunsi Mr. Johnnie Wilcox Dr. Olusegun Oso Mr. Oluwole Oshin Sir Godwin Nkwazema	<i>Chairman</i> <i>Acting Managing Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
Company Secretary to Crusader	Crusader Trustees Limited	
Financial Adviser and Issuing House	Meristem Securities Limited	

APPENDIX IV – STATUTORY AND GENERAL INFORMATION

Solicitor	Austen Peters & Co
Registrars	City Securities Registrars Limited
Auditor	Ernst & Young
Stockbrokers	Capital Bancorp Limited
Stockbrokers	Primera Africa Securities Limited
Stockbrokers	Kedari Securities Limited
Reporting Accountant	Sola Oyetayo & Co.

11.5 GENERAL INFORMATION

1. There is no agreement, arrangement, or understanding whereby the beneficial ownership of any assets, liabilities and undertakings of Custodian or Crusader to be issued pursuant to the Scheme will be transferred to any other person.
2. Except as disclosed herein, the directors of Custodian and Crusader have not been informed of any holding representing 5% or more of the issued share capital of Crusader.
3. Except as otherwise disclosed in this document, there are no founders, management or deferred shares or any options outstanding in Custodian and Crusader.
4. Except as otherwise disclosed in this document, there are no material services agreements between Custodian and Crusader and any of their Directors and employees other than in the ordinary course of business.
5. Except as otherwise disclosed in this document, there are no contracts which are or may be material, entered into by Custodian and Crusader with other parties other than in the course of ordinary business.
6. The costs, charges and expenses of and incidental to the Scheme are estimated at ₦116,361,159 (One Hundred and Sixteen Million Three Hundred and Sixty-One Thousand One Hundred and Fifty-Naira) and are payable by Custodian and Crusader.

12. APPENDIX V - NOTICE OF COURT- ORDERED MEETING OF CUSTODIAN AND ALLIED INSURANCE PLC

IN THE FEDERAL HIGH COURT OF NIGERIA

HOLDEN AT LAGOS

SUIT NO. FHC/CS/L/[.]/[.]

IN THE MATTER OF

THE INVESTMENTS AND SECURITIES ACT NO. 29 OF 2007 (ISA)

AND

IN THE MATTER OF AN APPLICATION UNDER PART XII THEREOF

IN RE:

- | | |
|----------------------------------------------------------|---------------------------------|
| 1. CUSTODIAN AND ALLIED INSURANCE PLC (RC 171209) | 1ST APPLICANT |
| 2. CRUSADER NIGERIA PLC (RC 7073) | 2ND APPLICANT |

**MEETING OF THE HOLDERS OF THE FULLY PAID
ORDINARY SHARES OF CUSTODIAN AND ALLIED INSURANCE PLC**

NOTICE IS HEREBY GIVEN that by an order of the Federal High Court, sitting at Lagos (hereinafter called "the Court") dated [.] 2012 made in the above matter, the Court has directed that a meeting (the "Meeting") of the holders of the fully paid up ordinary shares of Custodian and Allied Insurance Plc ("Custodian") be convened for the purpose of considering and if thought fit, approving (with or without modification) a scheme of merger (the "Scheme") pursuant to Part XII of the ISA between Custodian and Crusader Nigeria Plc ("Crusader"). The Scheme is explained in detail in the Explanatory Statement on Pages 16 to 22 of the Scheme Document which is being sent to shareholders.

The Meeting will be held at [.] on the [.] of [] 2012 at [.] at [.] am/pm at which place and time all the aforesaid shareholders are requested to attend.

At the meeting, the following sub-joined resolutions will be proposed and if thought fit passed as special resolutions of the company:

THAT:

- *the Scheme of Merger between Custodian and Crusader, dated the [●] day of [●] 2012, a printed copy of which has been submitted to the meeting and, for purposes of identification, endorsed by the Chairman, be and is hereby approved;*
- *the Directors be and are hereby authorised to consent to any modifications of the Scheme of Merger that the Securities & Exchange Commission, National Insurance Commission and the Federal High Court may deem fit to impose or approve;*
- *the Directors of the Company be and hereby authorised to issue allot and credit as fully paid 781,766,940 ordinary shares of 50 kobo each in the share capital of the Company (the "New shares") to the shareholders of Crusader Nigeria Plc and in so doing allot 8 New Shares for every 34 Crusader Nigeria Plc share held by the shareholders of Crusader Nigeria Plc as at the close of business on the date immediately preceding the date on which the scheme is sanctioned by the Court;*

NOTICE OF COURT- ORDERED MEETING OF CUSTODIAN AND ALLIED INSURANCE PLC

- *all legal proceedings, claims and litigation matters pending or contemplated by or against Crusader Nigeria Plc be continued by or against Custodian and Allied Insurance Plc after the scheme is sanctioned by the Court;*
- *the Directors of the Company be and are hereby authorised to take all necessary actions to effect the registration of the New Shares by the SEC and the listing of the New Shares on The Nigerian Stock Exchange;*
- *the solicitor of the Company be directed to seek orders of the Court sanctioning the Scheme of Merger and the foregoing resolutions, as well as such other incidental, consequential or supplemental orders as are necessary or required to give full effect to the Scheme ;and*
- *the Board of Directors are hereby authorised to take such actions as may be necessary to give effect to the Scheme*

Shareholders may vote in person or they may appoint another person, whether a shareholder or not, to attend and vote in their stead.

A proxy form is being sent to each shareholder. In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand on the register of members of Custodian, in respect of the joint shareholding.

It is requested that the duly executed and stamped Proxy Form (together with any power of attorney or other authority under which the proxy form is signed, or a notarised copy of such power of attorney or other authority) be lodged at the office of the Company Secretary, as shown on the Proxy Form, not less than 24 hours before the time appointed for the Court-Ordered Meeting.

Please note that the lodging of a Proxy Form does not prevent you from attending the meeting and voting in person should you so wish. However, in such instances, your proxy will not be entitled to attend or vote thereat.

The Scheme of Merger will be subject to the subsequent approval of the Court.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat will be determined by reference to the contents of the register of members of the company on [●] a.m/p.m after which the register of members will be closed for purposes of the meeting. Changes to, or entries in, the register of members of the company after that date and time shall be disregarded for purposes of the meeting. By the order of the Court convening the meeting, the Court appointed [●] or failing him, [●], or failing them both, any other Director of the company so appointed in their stead, to act as Chairman of the meeting and has directed the Chairman of the meeting to report the results thereof to the Court.

The Scheme will be subject to the subsequent approval of the SEC, and the sanction of the Court.

Dated this [.] day of [.] 2012

Banwo & Ighodalo

98, Awolowo Road

South West Ikoyi

Lagos

PROXY FORM

Custodian and Allied Insurance Plc

Court-Ordered Meeting to be held at [.] on [.] 2012 at [.]

I/We (*Block capitals please*)

being a member / members of Custodian and Allied Insurance Plc, hereby appoint (*Block capitals 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 Court-Ordered Meeting of Custodian and Allied Insurance Plc to be held at [.] am/pm on [.] 2012 or at any adjournment thereof.

Dated thisday of.....2012

Shareholder's

Signature.....

SPECIAL RESOLUTIONS

1. That this meeting approves the Scheme for the proposed merger of Custodian and Allied Insurance Plc and Crusader (Nigeria) Plc dated[.] 2012, a printed copy of which has been submitted to the Meeting and for the purposes of identification, endorsed by the Chairman be and is hereby approved;
2. That the Directors be and are hereby authorised to consent to any modifications of the Scheme of Merger that the Securities & Exchange Commission, the National Insurance Commission and the Federal High Court may deem fit to impose or approve;
3. That the Directors of the Company be and hereby authorised to issue allot and credit as fully paid 781,766,940ordinary shares of 50 kobo each in the share capital of the Company (the "New shares") to the shareholders of Crusader Nigeria Plc and in so doing allot 8 New Shares for every 34 Crusader Nigeria Plc shares held by the shareholders of Crusader Nigeria Plc as at the close of business on the date immediately preceding the date on which the scheme is sanctioned by the Court;
4. That all legal proceedings, claims and litigation matters pending or contemplated by or against Crusader Nigeria Pl be continued by or against Custodian and Allied Insurance Plc after the scheme is sanctioned by the Court;
5. That the Directors of the Company be and are hereby authorised to take all necessary actions to effect the registration of the New Shares by the SEC and the listing of the New Shares on The Nigerian Stock Exchange;
6. That the solicitor of the Company be directed to seek orders of the Court sanctioning the Scheme of Merger and the foregoing resolutions, as well as such other incidental, consequential or supplemental order as are necessary or required to give full effect to the Scheme;
7. The Board of Directors ore hereby authorised to take such actions as may be necessary to give effect to the Scheme.

NOTE:

- 1 A member (shareholder) who is unable to attend the Court-Ordered Meeting is allowed by law to vote by proxy and the above proxy form has been prepared to enable you to exercise your right to vote in case you 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 Custodian or not, who will attend the meeting and vote on your behalf.
- 3 Voting at the meeting will be by poll.
- 4 Please sign and post the proxy form so as to reach "The Company Secretary, 14B Keffi Street, Ikoyi, Lagos" not less than 24 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. If executed by a corporate body, the proxy form should be sealed with the Common Seal.
- 5 The member (shareholder) or his/her duly appointed proxy must detach and produce the Admission Card to obtain entrance to the meeting.
- 6 The completion and despatch of the proxy form does not prevent the attendance of the member should he/she become free to attend in person.
- 7 The details in the Scheme of Merger provide information on the material features of the proposed share capital reorganisation and the general effect thereof upon the rights of existing shareholders of Custodian whilst also providing information essential to a shareholder's appraisal of the action to be taken with regards to the reorganisation.



Before posting the above form, please tear off this part and retain it for admission to the meeting

For	Against	Abstain
Please indicate how you wish your votes to be cast on the resolution set out above by indicating "x" in the appropriate space. Unless, otherwise instructed the proxy will vote or abstain from voting at his discretion		

Custodian and Allied Insurance Plc

COURT-ORDERED MEETING ADMISSION CARD

Please admit the Shareholder named on this Card or duly appointed proxy to the Court-Ordered Meeting of the Company to be held at [.] am/pm on [.] 2012 at [.]

Name and address of Shareholder

Number of Shares

Account number

Signature

Shareholder

Please tick [✓] appropriate box before admission to the meeting

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE COMPANY SECRETARY.

13. APPENDIX VI - NOTICE OF COURT- ORDERED MEETING OF CRUSADER NIGERIA PLC

IN THE FEDERAL HIGH COURT OF NIGERIA

HELD AT LAGOS

SUIT NO. FHC/CS/L/././.

IN THE MATTER OF

THE INVESTMENT AND SECURITIES ACT NO. 29 OF 2007 ("ISA")

AND

IN THE MATTER OF AN APPLICATION UNDER PART XII THEREOF

IN RE:

3. CUSTODIAN AND ALLIED INSURANCE PLC (RC 171209)

1ST APPLICANT

4. CRUSADER NIGERIA PLC (RC 7073)

2ND APPLICANT

**MEETING OF THE HOLDERS OF THE FULLY PAID
ORDINARY SHARES OF CRUSADER NIGERIA PLC**

NOTICE IS HEREBY GIVEN that by an order of the Federal High Court, sitting at Lagos (hereinafter called "the Court") dated [.] 2012 made in the above matter, the Court has directed that a meeting (the "Meeting") of the holders of the fully paid up ordinary shares of Crusader, be convened for the purpose of considering and if thought fit, approving (with or without modification) a scheme of merger (the "Scheme") pursuant to Part XII of the ISA between Custodian and Crusader. The Scheme is explained in detail in the Explanatory Statement on Pages 16 to 22 of the Scheme Document which is being sent to shareholders.

The Meeting will be held on [.] 2012 at [.] at [.] am/pm at which place and time all the aforesaid shareholders are requested to attend.

At the meeting, the following sub-joined resolutions will be proposed and if thought fit passed as special resolutions of the company:

THAT:

- *Scheme of Merger between Custodian and Crusader, dated the [●] day of [●] 2012, a printed copy of which has been submitted to the meeting and, for purposes of identification, endorsed by the Chairman, be and is hereby approved;*
- *Directors be and are hereby authorised to consent to any modifications of the Scheme of Merger that the Securities & Exchange Commission, National Insurance Commission and the Federal High Court may deem fit to impose or approve;*
- *all assets, liabilities, and undertakings, including real property and intellectual property rights of Crusader be transferred to Custodian and Allied Insurance Plc without any further act or deed, in consideration for the issuance and allotment of New Shares to the Crusader Existing Shareholders in accordance with the Exchange Ratio and upon the terms and subject to the conditions set out in the Scheme of Merger;*
- *all legal proceedings, claims and litigations pending or contemplated by or against Crusader Nigeria Plc shall be continued by or against Custodian and Allied Insurance Plc after the Scheme is sanctioned by the Court;*
- *the entire share capital of Crusader be cancelled and the Company be dissolved without being wound up;*

NOTICE OF COURT- ORDERED MEETING OF CRUSADER NIGERIA PLC

- *Solicitors of Crusader be and are hereby directed to seek orders of the Court sanctioning the Scheme and the foregoing resolutions, as well as such other incidental, consequential or supplemental orders as are necessary or required to give full effect to the Scheme; and*
- *Directors of Crusader be and are hereby authorised to take such other actions and steps as may be necessary or required to give full effect to the Scheme and to the foregoing resolutions.*

Shareholders may vote in person or they may appoint another person, whether a shareholder or not to attend and vote in their stead.

A form of proxy is being sent to each shareholder. In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand on the register of members of Crusader, in respect of the joint shareholding.

It is requested that the duly executed and stamped Proxy Form (together with any power of attorney or other authority under which the proxy form is signed, or a notarised copy of such power of attorney or other authority) be lodged at the office of the Company Secretary, as shown on the Proxy Form, not less than 24 hours before the time appointed for the Court-Ordered Meeting.

Please note that the lodging of a Proxy Form does not prevent you from attending the meeting and voting in person should you so wish. However, in such instances, your proxy will not be entitled to attend or vote thereat.

The Scheme of Merger will be subject to the subsequent approval of the Court.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat will be determined by reference to the contents of the register of members of the company on [●] a.m/p.m after which the register of members will be closed for purposes of the meeting. Changes to, or entries in, the register of members of the company after that date and time shall be disregarded for purposes of the meeting. By the order of the Court convening the meeting, the Court appointed [●] or failing him, [●], or failing them both, any other Director of the company so appointed in their stead, to act as Chairman of the meeting and has directed the Chairman of the meeting to report the results thereof to the Court.

The Scheme will be subject to the subsequent approval of the SEC and the sanction of the Court.

Dated this [.] day of [.] 2012

Austen Peters & Co.

Penthouse Floor, Foreshore Towers

2a Osborne Road

Ikoyi

Lagos

PROXY FORM

Crusader Nigeria Plc

Court-Ordered Meeting to be held at [.] on [.] 2012 at [.]

I/We (Block capitals please)

being a member / members of Crusader Nigeria Plc, hereby appoint
(Block capitals 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 Court-
Ordered Meeting of Crusader Nigeria Plc to be held at [.]
am/pm on [.] 2012 or at any adjournment thereof.

Dated thisday of.....2012

Shareholder's

Signature.....

SPECIAL RESOLUTIONS

1. That the Scheme of Merger between Custodian and Crusader, dated the [●] day of [●] 2012, a printed copy of which has been submitted to the meeting and, for purposes of identification, endorsed by the Chairman, be and is hereby approved;
2. That the Directors be and are hereby authorised to consent to any modifications of the Scheme of Merger that the Securities & Exchange Commission, National Insurance Commission and the Federal High Court may deem fit to impose or approve;
3. That all assets, liabilities and undertaking, including real properties and intellectual property rights of Crusader Nigeria Plc be transferred to Custodian and Allied Insurance Plc without any further act or deed, in consideration for the issuance and allotment of the New Shares to Crusader Existing Shareholders in accordance with the Exchange Ratio and upon the terms and subject to the conditions set out in the Scheme of Merger;
4. That all legal proceedings, claims and litigation matters pending or contemplated by or against Crusader Nigeria Pl be continued by or against Custodian and Allied Insurance Plc after the scheme is sanctioned by the Court;
5. That the entire share capital of Crusader be cancelled and the Company be dissolved without being wound-up;
6. That the solicitor of the Company be directed to seek orders of the Court sanctioning the Scheme of Merger and the foregoing resolutions, as well as such other incidental, consequential or supplemental order as are necessary or required to give full effect to the Scheme; and
7. The Board of Directors are hereby authorised to take such actions as may be necessary to give effect to the Scheme.

For	Against	Abstain
Please indicate how you wish your votes to be cast on the resolution set out above by indicating "x" in the appropriate space. Unless, otherwise instructed the proxy will vote or abstain from voting at his discretion		

NOTE:

1. A member (shareholder) who is unable to attend the Court-Ordered Meeting is allowed by law to vote by proxy and the above proxy form has been prepared to enable you to exercise your right to vote in case you 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 Crusader Nigeria Plc or not, who will attend the meeting and vote on your behalf.
3. Voting at the meeting will be by poll.
4. Please sign and post the proxy form so as to reach "The Company Secretary, 16A, Commercial Avenue, Sabo Yaba Lagos 16A, Commercial Avenue, Sabo Lagos" not less than 24 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. If executed by a corporate body, the proxy form should be sealed with the Common Seal.
5. The member (shareholder) or his/her duly appointed proxy must detach and produce the Admission Card to obtain entrance to the meeting.
6. The completion and despatch of the proxy form does not prevent the attendance of the member should he/she become free to attend in person.
7. The details in the Scheme of Merger provide information on the material features of the proposed share capital reorganisation and the general effect thereof upon the rights of existing shareholders of Crusader whilst also providing information essential to a shareholder's appraisal of the action to be taken with regards to the reorganisation.



Before posting the above form, please tear off this part and retain it for admission to the meeting

Crusader Nigeria Plc

COURT-ORDERED MEETING ADMISSION CARD

Please admit the Shareholder named on this Card or duly appointed proxy to the Court-Ordered Meeting of the Company to be held at [.] am/pm on [.] 2012 at [.]

Name and address of Shareholder

Number of Shares

Account number

Signature

☐

Shareholder

Please tick [✓] appropriate box before admission to the meeting

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE COMPANY SECRETARY.