

INTERNATIONAL ENERGY INSURANCE PLC
FINANCIAL STATEMENTS
31 DECEMBER 2014

Introduction

International Energy Insurance Plc's Financial Statements comply with the applicable legal requirements of the Companies and Allied Matters Act, CAP C20 LFN 2004 regarding financial statements. The financial statements have been prepared in compliance with IAS 1 'Presentation of the Financial statements', its interpretation issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria.

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OUR VISION

To be a global financial institution, providing integrated solutions to the energy, industrial and service sectors.

OUR MISSION

To be a dependable partner, helping our clients manage and protect their human and material assets while delivering superior value to all our stakeholders.

OUR VALUE

Proficiency

Having a culture of doing things right, first time, all the time.

Integrity

Transparent honesty in all our dealings with all our stakeholders

Innovation

Constant improvement in our way of doing things.

Dependability

We can be counted on all the time.

Friendliness

We shall exhibit a friendly disposition in all dealings with our clients, relating with ourselves and the environment.

Corporate Information

Interim Chairman	Mr. Muhammad K. Ahmad (Appointed by Regulatory Intervention on 15 May 2015)
Chairman	Sir. Patrick Sule Ugboma (Removed by Regulatory Intervention on 14 May 2015)
Interim Managing Director	Mr. Peter Irene (Appointed by the interim Board with effect from 18 May 2015)
Managing Director	Mrs. Roseline Ekeng (Compulsory leave) by Regulatory Intervention on 14 May 2015)
Executive Director	Mr. Callistus Udolor (Finance & Admin) (Removed by Regulatory Intervention 14 May 2015)
Interim Directors	
Non-Executive	Ms. Ibiyemi Adeyinka
Non-Executive	Ms. Daisy Ekinch (Appointed by Regulatory intervention on 15 May 2015)
Directors	
Non-Executive	Mr. Christopher Briggs (nni) - Removed 14/5/2015
Non-Executive	Chief Glory Emeh - Removed 14/5/2015
Non-Executive	Mr. Francis Okwedy - Removed 14/5/2015
Non-Executive	Alhaji Shehu Badamasi - Removed 14/5/2015
Non-Executive	Mr. Tosa Ogbomo - Removed 14/5/2015
Ag. Company Secretary	H. Michael & Co 48B, Lasode Crescent Victoria Island, Lagos. (Appointed by Interim Board of Directors on 28 May 2015)
Company Secretary	Mr. Paul Ekenisi (Compulsory leave) by the directive of the Interim Board with effect from 28 May 2015. Plot 294, Jide Oki Street, Victoria Island, Lagos.
Registered office	Plot 294, Jide Oki Street, Victoria Island, Lagos.
Solicitors	Plus Ogene & Associates 3B, Ayojagun Street, Off Omission Hotel, Lekki Phase 1, Lekki Lagos Solola & Akpana 3B, Tokunbo Omisore Street, Off Wole Olateju, Lekki Phase 1, Lagos
Auditors	BDO Professional Services (Chartered Accountants) ADOL House, 15 CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929, GPO, Marina Lagos. www.bdo-ng.com
Actuaries	Alexander Forbes Nigeria Limited FRC/2012/000000000504 Plot 235, Muri Okunola Street, Rio Plaza, 2nd Floor, Victoria Island, Lagos.
Bankers	Access Bank Plc United Bank for Africa Plc Diamond Bank Plc Keystone Bank Ltd Wema Bank Plc Fidelity Bank Plc Zenith International Bank Plc Heritage Banking Company Limited
RC. No.	6126

RESULTS AT A GLANCE

	Group 2014 N'000	Group 2013 N'000	%Increase/ (Decrease)	Company 2014 N'000	Company 2013 N'000	%Increase/ (Decrease)
Gross Premium written	-	5,774,585	(100)	4,830,486	5,012,360	(4)
Gross Premium income	-	5,358,415	(100)	4,898,377	4,677,224	5
Underwriting results	-	1,905,921	(100)	1,233,348	1,749,291	(29)
Net operating income	-	4,849,910	(100)	1,472,832	4,465,339	(67)
(Loss)/profit before tax	-	52,395	(100)	(1,871,233)	477,745	(492)
Taxation	-	(38,825)	(100)	(293,529)	(44,255)	563
(Loss)/profit after tax	-	13,569	(100)	(2,164,762)	433,490	(599)
Total Assets	-	10,142,274	(100)	8,735,757	9,552,749	(9)
Total Equity	-	342,587	(100)	(1,522,561)	678,629	(324)
Net assets per share (kobo)	-	0.05	(100)	(1)	0.11	(1,222)
Earnings Per Share:						
Basic EPS (Kobo)	-	5	(100)	(169)	34	(599)
Adjusted EPS (Kobo)	-	5	(100)	(169)	34	(599)

**Statement of Directors' Responsibilities in relation to the Financial Statements
for the Year Ended 31 December 2014**

The directors accept responsibility for the preparation of financial statements that give a true and fair view of the statement of financial position of the Company at the end of the year and of its profit or loss and other comprehensive income in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Insurance Act, CAP 117, 2004. The responsibilities include ensuring that the Company:

- i keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act, CAP 117, 2004.
- ii establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied and comply with,
 - International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
 - the requirements of the Insurance Act, CAP 117, LFN 2004
 - relevant guidelines and circulars issued by the National Insurance Commission (NAICOM)
 - the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004 and;
 - the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Company and of the loss for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

In the opinion of the Directors, the Company complied with the requirements of International Financial Reporting Standards (IFRS) and in a manner specified by the provisions of the Financial Reporting Council (FRC) of Nigeria, Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act, CAP 117, LFN 2004 and relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); however, the requirements of IFRS override the provisions of other Acts where there is conflict.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mr. Peter Irene
Interim Managing Director
FRC/2014/ICAN/00000006610



Mr. Muhammad K. Ahmad
Interim Chairman
FRC/2015/IODN/0000002581

DATED: 28 JANUARY 2016

INTERNATIONAL ENERGY INSURANCE PLC
RC 6126

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014

The directors are pleased to submit their report together with the audited financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company carry on the business of providing non-life insurance for individuals and registered companies.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Company's affairs is satisfactory.

RESULTS FOR THE YEAR

	Group 31 December 2014 N'000	Company 31 December 2014 N'000
Loss before taxation	-	(1,871,233)
Taxation	-	(293,529)
Loss after taxation	-	(2,164,762)
<i>Loss after taxation attributable to owners of the parent</i>	-	(2,164,762)
Other comprehensive income	-	(36,428)
<i>Total comprehensive income for the year attributable to owners of the parent</i>	-	(2,201,190)

DIVIDEND

The Directors do not recommend payment of any dividend for the year ended 31 December, 2014 (2013: nil).

BONUS

The Directors do not recommend issue of any bonus shares for the year ended 31 December 2014 (2013: nil).

FUTURE PROSPECTS

The Directors are confident that the Company is appropriately placed to continue its current activities and to explore available commercial opportunities within Nigeria and the West African region. Necessary procedures are being considered to enhance its capital structure.

DIRECTORS

The Directors of the Company during the year under review were:

Sir Patrick Sule Ugboma	Chairman
Mrs. Roseline Ekeng	Managing Director/CEO
Callistus Udolor	Executive Director (Finance & Admin)
Mr. Christopher Briggs	Non Executive Director
Chief Glory Emeh	Non Executive Director
Mr. Francis Okwedy	Non Executive Director
Alhaji Shehu Badamasi	Non Executive Director
Tosin Ogbomo	Non Executive Director

Pursuant to the powers conferred on National Insurance Commission by the enabling laws, the aforementioned Directors were removed as Directors of International Energy Insurance Plc with effect from 14 May 2015 with the exception of the Managing Director who was advised to proceed on compulsory leave by the same regulatory intervention.

Consequently, a new Interim Board of Directors was constituted by the Regulatory Intervention as follows:

Mr. Muhammad K. Ahmad	Interim Chairman
Mr. Peter Irene	Interim Managing Director
Ms. Ibiyemi Adeyinka	Interim Non-Executive
Ms. Daisy Ekinah	Interim Non-Executive

DIRECTORS INTERESTS

The Directors direct and indirect interest in the paid up shares of the Company are as follows:

	Representing	2014 No.	2013 No.
Sir Patrick Sule Ugboma	Chillet Ltd	-	-
Roseline Ekeng	-	-	-

COMPANY SECRETARY

The Company Secretary, Mr. Paul Ekpenisi was advised to proceed on compulsory leave for 6 months by the Interim Board with effect from 28 May 2015 and the Firm of H. Michael & Co. was appointed as the Ag. Company Secretary by the Interim Board.

DIRECTORS RESPONSIBILITIES

The Companies and Allied Matters Act, CAP C20, LFN 2004 requires the directors, to prepare financial statements, in respect of each financial year, that give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss generated by the Company for the year ended on that date.

In preparing the financial statements the directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are responsible and prudent;
- ensure that the applicable accounting standards have been followed and in the case of any material departures that these have been fully disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is deemed inappropriate to assume that the Company will continue in business. The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the Company and which enables them to ensure that the financial statements comply with the Companies and Allied Matters Act, CAP C20, LFN 2004, the insurance Act 2003, the applicable International Financial Reporting Standards issued by the International Accounting Standards Board and the regulations set out by the Securities and Exchange Commission through the guidelines and requirements of the Investment and Securities Act, 2007.

The directors are also responsible for safeguarding the assets of the Company, and therefore, taking reasonable steps for the prevention and detection of fraud and other irregularities.

AGENTS AND BROKERS

The Company maintains a network of licensed agents. The Company also renders services directly to its customers as well as through a varied network of brokers who are licensed by the National Insurance Commission.

REINSURANCE

The Company had reinsurance treaty arrangements with the following companies during the year.

- African Reinsurance Corporation
- Continental Reinsurance Company Limited
- Nigerian Reinsurance
- Munich Reinsurance

RESEARCH AND DEVELOPMENT

The Company is not involved in any research and development activities.

DISABLED PERSONS

The Company believes in giving full and fair consideration to all current and prospective staff. No disabled person (2013: Nil) is currently employed by the Company. There are procedures in respect for those employees who became disabled, to be assigned duties that are commensurate to their disabilities.

GIFTS AND DONATIONS

The Company made charitable donations of N110,250 (2013: N700,000) during the year under review. The beneficiaries were:-

	2014 N'000	2013 N'000
Youth Sport Federation of Nigeria	-	700
Modupe Cole Memorial Child Care & Treatment Home	110	-
Total	110	700

HEALTH AND SAFETY AT WORK OF EMPLOYEES

The Company places a high premium on the health and welfare of its employees. Medical facilities are provided for the staff and their families at private hospitals retained within the respective localities of the staff residence. Firefighting equipment have also been installed in strategic positions within the offices of the Company. The Company incurred N37.485 million (2013: N37.5 million) in providing such medical benefits during the year.

EMPLOYEE INVOLVEMENT AND TRAINING

In addition to in-house training, the Company, where necessary sends its employees on various seminars, conference, workshops and courses both locally and abroad. The staff are encouraged to improve themselves academically in any chosen profession, which is relevant to their job. The Company refunds a substantial proportion of all expenses incurred on such courses on the successful completion of the course. The Company incurred N37.2 million (2013: N39.2 million) on employees training during the year.

By Order of the Interim Board



H. Michael & Co.
Ag. Company Secretary
FRC/2013/NBA/00000000001060
Lagos, Nigeria

CORPORATE GOVERNANCE REPORT

Corporate Governance is concerned with best practices and standard procedures aimed at ensuring that a Company is governed in such a way that it achieves its objectives. These set practices and standards are laid down in various regulatory codes and principles which International Energy Insurance Plc (IEI) is fully committed to meeting in order to maximize the wealth of her shareholders.

In the conduct of its business, IEI continuously strives to operate within the framework of appropriate rules and regulations under which it was incorporated, as well as global best practices, corporate governance codes and guidelines released by relevant regulatory authorities such as the National Insurance Commission, the Nigerian Stock Exchange and the Securities and Exchange Commission.

These best practices have indeed been an integral way in which we conduct our business affirming our belief that good corporate governance is a means of sustaining viability of the business in the long term and maintaining the confidence of investors. IEI believes that the attainment of business objectives is directly aligned to good corporate behavior as it provides stability and growth to the enterprise. In line with this objective and the need to meet its responsibility to her stakeholders, the Company strives to meet the expectations of its operating environment. That is why we have continued to challenge ourselves and to reinvent our processes to effectively tackle the unfolding challenges and exploit emerging opportunities. With our spread into emerging economies of the world, we are determined to remain a global player and to keep discharging the responsibilities arising therein.

IEI holds firm to its guiding principles of transparency, accountability, good quality management and integrity through the adoption and monitoring of corporate strategies, goals and procedures in order to comply with its legal and ethical environment. As part of our commitment to increasing shareholder's value, IEI has continued to implement ongoing initiatives and best practices for the benefit of all shareholders. The Company has acquired a formidable reputation in the insurance industry and a good track record in corporate governance, which is underpinned by the Company's core values of proficiency, integrity, innovation, dependability and friendliness. Over the past 12 months, we have continued to improve our corporate governance environment by synthesizing the Company's existing corporate governance policies with the latest consensus on international best corporate governance practices.

The Company has put in place systems of internal control and risk management to safeguard the interest of all stakeholders. As indicated in the statement of responsibility of directors and notes to the Financial Statements, IEI adopts standard accounting practices to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

CORPORATE STRUCTURE

Shareholders Meeting

The Company in actualization of its corporate governance objectives recognizes its shareholders as the highest decision making body in line with the provisions of its Memorandum and Articles of Association. The Annual General Meeting of the Company by statutory requirement is held once in a year. An Extra-Ordinary General Meeting of the Company may be convened at the behest of the Board or shareholders holding not less than 10% of the Company's paid up capital. Attendance at these meetings is open to shareholders and/or their proxies and sufficient notice is given to ensure maximum attendance of the shareholders.

IEI held its 41st Annual General Meeting on the 5th of June 2013 and decisions affecting the strategic development and direction of the Company were taken through a fair and transparent process under the watchful eyes of representatives of regulatory authorities such as the National Insurance Commission, Corporate Affairs Commission, Nigerian Stock Exchange, Securities and Exchange Commission and members of the press.

Board of Directors

The Board was comprised of 8 Directors, Two (2) Executive Directors and six (6) Non-Executive Directors one of who was the Chairman of the Company during the period under review. The Board met regularly to set policies for the operations of the Company, and ensured that it maintained a professional relationship with the Company's Auditors to promote transparency in financial and non-financial reporting.

However, the board was dissolved by regulatory intervention on 14 May 2015 and an interim Board was reconstituted as follows:

Mr. Muhammad K. Ahmad	Interim Chairman
Mr. Peter Irene	Interim Managing Director
Ms. Ibiyemi Adeyinka	Interim Non-Executive
Ms. Daisy Ekineh	Interim Non-Executive

Role of the Board

- Establish corporate strategy, set performance indices, monitor implementation and performance. Review alignment of goals, major plans of action and annual budget.
- Ensure the integrity of the Company accounting and financial reporting system (including the Independent audit) and that appropriate system are in place for monitoring risks financial control and compliance with the law.
- Formulate risk strategies and make decisions on business acquisition and expansion/investments into foreign markets.
- Ensure that the interests of the stakeholders are balanced.
- Ensure that the Company's operations are in accordance with high business and ethical standards.

The Board meets quarterly to review financial performance and report on the contribution of the various business units to overall performance and consider other matters arising. Adequate advance notice of the meeting; the agenda and reports to be considered are circulated to members. Emergency meetings are convened as the need arises. The board met 5 (five) times in the course of the 2014 financial year.

DIRECTORS' ATTENDANCE.

In accordance with Section 258(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004 the record of the Directors attendance at Directors and Committee meetings during the year under review will be made available for inspection at the Annual General Meeting.

BOARD COMMITTEES.

The Board carries out its oversight functions through the following Board Committees;

The Board Executive Committee

The Executive Committee comprises of the Company's executive directors and other top management staff. It is responsible for establishing priorities, Safeguarding the Company assets, implementing Board decisions on general management and administration matters, defining business strategies and targets, achievement of set budgetary targets, and responsible for overall Company operations. In effect it supervises the day to day activities of the Company. It meets regularly and is chaired by the Managing Director/Chief Executive of the Company.

The Committee met 2 (two) times during the year on March 12, 2014, and August 6, 2014 recording full membership attendance.

Board Investment Committee

The Board Investment Committees is charged with the responsibility of reviewing all credit and investment activities of the Company, review the risk management policies and risk portfolio of the Company, approve within set limits, or make recommendations on credit and investment activities of the Company, set and review targets for returns on the investment portfolio of the Company, Approve within set limit or make recommendations to the Board on disposal and/or divestment from any investment and periodically review and update the credit manual of the Company in line with industry practice. The committee meets quarterly.

The members of the committee were as follows

- Chief Glory Emeh
- Mrs. Roseline Ekeng
- Mr. Tosa Ogbomo
- Mr. Christopher Briggs
- Mr. Callistus Udolor
- Mr. Francis Okwedy

The Committee met four (4) times during the year on January 15, 2014, August 6, 2014, September 23, 2014 and October 9, 2014 recording full membership attendance in January and August meetings.

Board Finance & General Purpose Committee

The Board Finance & General Purpose Committee has the mandate to review and make recommendations on all staff and related matters; Approve within set limits, review and make recommendations on branch expansions and/or closures; Make recommendations on hiring and firing of General Managers and above to the Board; Implement safeguarded measures as recommended from time to time, and to ensure an adequate platform by which the Company will adequately protect its finances.

The members of the committee were as follows

- Mr. Tosa Ogbomo
- Mrs. Roseline Ekeng
- Mr. Francis Okwedy
- Alhaji Shehu Badamasi
- Mr. Callistus Udolor

The Committee met eight (8) times during the year on January 15, 2014, March 12, 2014, April 8, 2014, June 24, 2014, August 6 & 15, 2014, November 4, 2014 and December 17, 2014 recording full membership attendance in January, March, April, June and August meetings.

Board Audit Committee

In compliance with the provisions of Section 359 of the Companies and Allied Matters Act, Cap C20, LFN, 2004, the Company has an Audit Committee comprising of three (3) Non-executive Directors and three (3) shareholders as follows:

- Mrs. Oluseyi Ifaturoti (Chairman)
- Mr. Christopher Briggs
- Mr. Francis Okwedy
- Alhaji Shehu Badamasi
- Mr. Augustine Anono
- Mr. Eleojo Peters

This Committee met four times during the year on January 16, 2014, April 8, 2014, August 6, 2014 and October 10, 2014 recording one absentee at the January and August meetings and two absentees at the October meeting.

Board Enterprise Risk Management Committee

This Board committee was constituted as recommended by the National Insurance Commission and is charged with the responsibility to establish a process for identifying, assessing, controlling, mitigating and monitoring all material risks the Company is exposed to; Develop a framework that will meet regulatory requirements; Ensure the development of policies into the core and support processes; Ensure the development of reporting templates for the risk areas as well as measurement metrics, limits and thresholds; Develop a documented risk management strategy; Ensure the Company maintains an up-to-date Risk register; Establish a well defined Risk Governance System and Responsibilities; Ensure that trainings are organized for Process Driver, Board and Management Risk Committees; Ensure the adoption of the three lines of defense in risk management; Establish a risk-based performance management and reward system.

The members of the committee were as follows

- Mrs. Roseline Ekeng
- Chief Glory Emeh
- Mr. Callistus Udolor
- Mr. Christopher Briggs

This Committee had its inaugural meeting on the 12th of March, 2014 and its last meeting for the year on the 6th of August, 2014 recording full membership attendance.

THE MANAGEMENT TEAM

The Management team consists of several executive and senior management staff led by the Managing Director. It formulates programs and assigns responsibilities and resources for the achievement of set goals. The management team is also charged with the responsibility of identifying and assessing the risk profile within which the Company is operating, with a view to eliminating or minimizing the impact of such risks to the achievement of set Company objectives. The leadership team meets regularly to review the performance of the Company, and assess progress against the achievement of laid down objectives.

Our People

In IEI, we strive to manage People in a way that reinforces accomplishment and contribution. We have adopted a deliberate approach to creating a work environment where People are empowered to be productive and happy because we have long discovered that these are principles and actions that enable People at work to soar. Our regard for People shines through our words and actions such that we are creating standards for the Industry to emulate.

Our Staff are well appreciated. We demonstrate our appreciation for each person's unique value at all times by helping them to feel that they are part of something bigger than themselves and their individual jobs. We ensure access to the Organization's overall Vision, Mission and Strategic plans. We also share goals and directions and make progress on goals measurable and observable. We support this by providing frequent feedback so that People know how they are doing by way of reward and recognition. We do this because we are aware that People observe our constructive feedback so that they can continue to develop their skills and knowledge which they in turn deploy towards the sustainable growth and development of the Company.

We place a lot of emphasis on training and Manpower development to sharpen the skills of our People to deliver superior service to our esteemed customers. Towards this end we have a fully functional training School within the Office complex for in-plant courses while also leveraging on the skills of external training faculties both within and outside the Country. We give our People specialized training overseas as a way of positioning them for competition at the larger, knowledge driven Global economy.

Our People process goal is to continue to remain competitive in our sector by being able to attract and retain the best and most capable talents the industry could offer for the purpose of consistently increasing shareholders' value, foster successful employees and deliver superior service and customer satisfaction.

COMPLIANCE & DISCLOSURE

We have achieved 77.3% compliance to applicable regulatory requirements as against 86.4% recorded in the previous year. This was due to non-submission of our audited financial statements as at June 30, 2014 to the National Insurance Commission and non-submission as at March 31, 2014 to the Nigerian Stock Exchange and Securities & Exchange Commission. This infringement attracts a fine of N100,000 per week from the due date until the date of submission.

The total sum of N5,550,000 was paid to National Insurance Commission as infractions and infringements for late submission of 2013 audited accounts and N5,400,000 to Nigerian Stock Exchange for late filing of 2012 accounts. The total sum of N14,200,000 was paid to the Securities & Exchange Commission for none/late rendition of quarterly and half yearly returns between 2008 - 2009.

This disclosure of non-compliance is in conformity with the provisions of Appendix III, Clause 14 (g) of the Nigerian Stock Exchange Rules which requires companies to state in the Annual Report contraventions and sanctions imposed for such contraventions.

CORPORATE SOCIAL RESPONSIBILITY

Today's corporate existence goes beyond profitability, service delivery and return on investment. Corporate Social Responsibility (CSR) has become a topical issue in corporate policy framework the world over. This is why IEI has remained relentless through the years in championing eco-friendly projects that have impacted on life and society. The management of International Energy Insurance Plc demonstrated social empathy towards the less privileged by visiting the Heritage Orphanage Homes assuring the children that there is still hope for the future. Giving hope to the less privileged is part of the company's Corporate Social Responsibility activities which stem from its core business values of Friendliness and Dependability. Led by Dele Oyetunji, (Group Head Business Development), the four man team of IEI presented food items, toileteries and other household items to the home located at Anthony Village, Lagos. On same day, the team also visited a second orphanage, Modupe Cole Memorial Child Care & Treatment Home, located at Akoka, Lagos. Dele said that this social act is an emotional disposition towards the less privileged, to give them hope, irrespective of their conditions. It is an extension of the company's social activities done all year round. The action goes in line with the company's equity statement "the energy to care". On the CRS front, IEI has been an astute executor of many social investment initiatives, having made contributions to the various sectors of the Nigerian society. The company has partnered with Fight Against Desert Encroachment (FADE), an NGO recognised by the United Nations, in curbing the effects of the Sahara desert on remote villages in Kano and other places.

Health and Safety at Work of Employees

The Company took a major step to ensure that a robust HSE Plan, process and Procedure was put in place for the safety of its workforce by reducing work related discomfort, accidents & injury, litigation and non-compliance issues. The Company took advantage of this innovative idea to enable employees feel their health and well being are properly invested in and consequently reduce to barest minimum health associated costs to the Company. Some of the HSE initiatives taken in the year 2014 are as follows.

- * Appointment of HSE Manager
- * Setting up of HSE Steering Committee
- * Certification Training Organised for HSE Manager and all Members of HSE Steering Committee and everyone certified.
- * Development of HSE Handbook accessible by all Staff
- * Held HSE Road Shows to promote HSE-MS Company-wide
- * Awareness Training for all Staff on HSE-MS
- * Awareness Training for all Vendors/Contractors
- * Defensive Training held for all Drivers
- * Measures put in place to minimize risk ALARP (As low as reasonable Possible)
- * Management Review Meeting with Executive Management
- * Monthly Inspection of all Company Vehicle
- * Weekly Inspection of Offices, Environment and Facilities
- * Training and Appointment of Fire Marshalls
- * Quarterly Fire Drill to sensitize Staff
- * Training and Appointment of Journey Manager
- * Incident and Accident Reporting
- * NIPLEX Pre-Audit

**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our audited financial statements for the year ended 31 December 2014 that:

- a) We have reviewed the report;
- b) To the best of our knowledge, the report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Group as of, and for the periods presented in the report;
- d) We:
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- e) We have disclosed to the auditors of the Company and audit committee:
 - (i) all significant deficiency in the design or operations of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
 - (ii) any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Olushina Olaogun
Chief Financial Officer
FRC/2013/ICAN/00000005263



Mr. Peter Irene
Interim Managing Director
FRC/2014/ICAN/00000006610

DATED: 28 JANUARY 2016

RISK MANAGEMENT DECLARATION

The Board of International Energy Insurance Plc hereby provide a Risk Management Declaration and state that, to the best of its knowledge and belief, having made appropriate enquiries:

- a. The company has systems in place for the purpose of ensuring compliance with this guideline;
- b. The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the company;
- c. The company has in place a Risk Management Strategy, developed in accordance with the requirements of this guideline, setting out its approach to risk management; and
- d. The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the company, having regard to such factors as the size, business mix and complexity of the company's operations.



.....
DIRECTOR



.....
DIRECTOR

REPORT OF THE AUDIT COMMITTEE

TO THE SHAREHOLDERS OF INTERNATIONAL ENERGY INSURANCE PLC

Section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, prescribed the objectives and functions of the audit to include;

- (a) Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- (b) Review the scope and planning of the audit requirements.
- (c) Review the findings on management matters in conjunction with the external auditors and department responsible thereon.
- (d) Keep under review the effectiveness of the Company's system of accounting and internal control.
- (e) Make recommendations to the Board in regard to the appointment, removal and remuneration of the external auditors of the Company and
- (f) Authorize the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the committee.

Having dissolved the Board of the Company due to regulatory intervention, the Audit committee of the Board was not in the position to carry on the prescribed function.

MEMBERS OF THE AUDIT COMMITTEE

Members of the Audit committee during the period under review were:

1. Mrs Seyi Ifaturoti
 2. Mr. Austin Anono
 3. Mr. Eleojo Peters
 4. Mr. Christopher Briggs
 5. Mr. Francis Okwedy
 6. Alhaji Shehu Badamasi
- } Removed by Regulatory Intervention with effect from 14 May 2015



H. Michael & Co
Ag Company Secretary
FRC/2013/NBA/00000000001060

Management Discussion and Analysis

The nature of the business

International Energy Insurance Plc is a leading Insurance Company in Nigeria. It is the first energy-sector focused Insurance Company in the country providing first class underwriting solutions for offshore, Onshore as well as general business risks using a combination of strategic initiatives and excellent service delivery.

We are a market oriented Company that focuses on customers' satisfaction. Our business model is "Superior Service Delivery" which is customer-centric. It is aimed at meeting and surpassing the expectations of internal and external customers.

Management Objectives:

The Company has commendably executed many strategic initiatives. However, the need to build and sustain competitive advantage in the dynamic market place informed the articulation of the following objectives.

1. To become one of the leading insurance companies of choice in Nigeria within the next three to five years
2. To grow our Premium Income on an annual average of 25% within the next five years.
3. To deploy cutting-edge Information Communication Technology for world class service delivery.

Our strategies:

Our strategies are aimed at meeting our objectives. In doing this, we shall;

1. Maintain a good corporate governance culture whilst monitoring the regulatory environment to ensure compliance as good corporate citizen and also anticipate change.
2. Institute an excellent customer service and operational efficiency system through the execution of internal service agreement
3. Always scan the external environment to identify market opportunities and threats with a view to converting the former and mitigating the latter.
4. Be proactive and remove all forms of bureaucratic bottlenecks so as to optimise our process for market leadership
5. Monitor the activities of competitors and analyse them to identify gaps, benchmark and fashion productivity improvement strategies so as to gain competitive edge.

Our Human Resource:

Our human capital drives the operations to execute our strategies. The Company is an employer of choice. It attracts and retains good quality staff. The Management and staff are well remunerated, continually trained both locally and abroad to enhance skills and quality. Excellent performance is the basis for upward mobility and sustenance of employment. The culture is defined by the discipline of getting things done through the right attitude and teaming to create competitive value for the Company's stakeholders.

The Company's Business Model is professionally driven by a structure that analyses its Strengths, Weaknesses, Opportunities and Threats for responsive bonding.

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC

We have audited the financial statements of International Energy Insurance Plc for the financial year ended 31 December 2014, which comprises of the statements of financial position, statement of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Insurance Act, CAP 117, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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



Emphasis of matter

Without qualifying our opinion, we draw your attention to note 50 to the financial statements which indicate that the Company incurred a loss before taxation of N1.87 billion (2013: profit of N477.7 million) during the year ended 31 December 2014 and at that date it has accumulated losses of N12.62 billion (2013: N10.3 billion) and negative shareholders' funds of N1.52 billion (2013: positive shareholders' funds of 678.6 million). The total amount required to settle Insurance contract liabilities, trade and other payables, current income tax liabilities and foreign loan liabilities amounted to N10.1 billion while the total amount available to meet the Company's obligations is only N3.06 billion on the basis that they are all realisable within the year leaving a deficit of N7.04 billion. The Company also has a negative solvency margin of N4.8 billion. In effect the Company is having serious working capital problems and its future operations might be threatened. To meet the shortfall the shareholders would have to introduce additional capital not only to provide for the shortfall but also to ensure the adequacy of working capital for future operations.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the International Energy Insurance Plc financial position as at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004 and Insurance Act, CAP 117, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines.

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account have been kept by the entity; and
- iii) the statement of financial position and profit or loss account and other comprehensive income statement is in agreement with the books of account.



Ebenezer O. Olabisi
FRC/2012/ICAN/00000000104
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
16 March 2016

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented.

1) Basis of preparation and compliance with IFRS

The consolidated and separate financial statements of International Energy Insurance Plc have been prepared on a going concern basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are effective as at 31 December 2014 and requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004, the Insurance Act, CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011 to the extent that they are not in conflict with IFRS.

At the meeting of the Board of Directors held on 13 March 2014, It was resolved that based on NAICOM's directive that IEI Plc should divest from IEI Ghana since the investment has not been profitable. The board unanimously resolved that IEI Plc should dispose their stake in the company during the year ended 31 December 2014 and the disposal was done in August 2014. Consequently, no figures are reported under the current year's column for the Group.

The financial statements were authorised for issue by the Board of Directors on 7 March 2016.

These consolidated and separate financial statements are presented in Nigerian Naira, rounded to the nearest thousand, and prepared under the historical cost convention, as modified by the revaluation of land, available-for-sale financial assets, and financial assets at fair value through profit or loss.

2) Basis of measurement

(i) Historical cost

The financial statements have been prepared on historical cost basis except as detailed below:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Property, plant and equipment are carried at cost except land and buildings which are measured at revalued amount
- Available for sale financial assets are measured at fair value ; and
- Investment properties are measured at fair value.

(ii) Going concern

The directors assess the Group's future performance and financial position on a going concern basis and have no reason to believe that the group will not be a going concern in the year ahead. For this reason, these consolidated and separate financial statements have been prepared on a going-concern basis.

(iii) Functional currency and translation of foreign currencies

- Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These consolidated and separate financial statements are presented in Nigerian Naira (N), which is the Group's functional and presentation currency.

- Transactions and balances in Group entities

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing on the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated and separate income statement.

International Energy Insurance Plc
Consolidated and Separate Financial Statements, 31 December 2014
Summary of Significant Accounting Policies

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains - net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised as differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iv) Use of estimates and judgements:

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

The critical accounting estimates and judgements applied in the preparation of these financial statements are disclosed in Note 3.

3) New standards, interpretations and amendments effective from 1 January 2014

A number of new standards, interpretations and amendments effective for the first time for periods beginning on (or after) 1 January 2014, have been issued but not yet adopted in these financial statements. The nature and effect of each new standard, interpretation and possible effect on adoption by the Company is detailed below:

5 Standards, amendment and Interpretations not yet effective

Published standards, amendments and interpretations effective for the period ended 31 December 2014.

The following are recent changes to IFRS that are required to be adopted in annual periods beginning on 1 January 2014.

Effective date	New Standards or amendments	Relevant sections in Report
1 July 2014	<i>IFRS 10 - Consolidated Financial Statements</i>	Not Applicable
1 July 2014	<i>IAS 19 - Employee benefits (Amendment)</i>	Note on employee benefits
1 January 2014	<i>IAS 27 - Separate Financial Statements</i>	Not Applicable
1 January 2014	<i>IAS 32 - Financial Instruments presentation</i>	Note on Financial Instruments
1 January 2014	<i>IAS 36 - Impairment of Assets</i>	Note on Non-Financial Assets
1 July 2014	<i>IAS 39 - Financial Instruments - Recognition and measurement</i>	Note on financial instruments

Annual Improvements

Effective date	New Standards or amendments	Relevant sections in this Report
1 July 2014	<i>IFRS 2 - Share based payments</i>	Not Applicable
1 July 2014	<i>IFRS 3 - Business Combinations</i>	Not Applicable
1 July 2014	<i>IFRS 8 - Operating Segments</i>	Not Applicable
1 July 2014	<i>IFRS 13 - Fair Value Measurement</i>	Not Applicable
1 July 2014	<i>IAS 16 - Property, plant and equipment</i>	Note on property, plant and equipment
1 July 2014	<i>IAS 24 - Related Party Disclosures</i>	Note on Related Party
1 January 2014	<i>IAS 32 - Financial Instruments presentation</i>	Note on Financial Instruments

Forthcoming Requirements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 and beyond, and have not been applied in preparing these financial statements.

IFRS 9 (2014) is effective for annual periods beginning on or after 1 January 2018 and supersedes 2010 and 2009 editions. IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of IFRS 9 (2010) is expected to have an impact on the Company's financial assets, but no impact on the Company's financial liabilities.

Also, IFRS 14 Regulatory Deferral Accounts and IFRS 15 Revenue from Contracts with Customers was issued in January and May 2014 and becomes effective for periods beginning on or after 1 January 2016 and 1 January 2017 respectively. The Company does not plan to adopt these standards early.

International Energy Insurance Plc
Consolidated and Separate Financial Statements, 31 December 2014
Notes to the Financial Statements

4) Basis of consolidation

(i) Subsidiaries

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity instruments issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

(ii) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

InterCompany transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in subsidiaries in the separate financial statements of the parent entity is measured at cost.

(iii) Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

(iv) Disposal of subsidiaries

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

5) Cash and cash equivalents

For the purposes of statement of cash flows, cash comprises cash in hand and deposits held at call with banks. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

6) Financial Assets

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss (or held-for-trading), Held-to-maturity, Available-for-sale and loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

(i) Financial assets at fair value through profit or loss (Held-for-trading)

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. Financial assets are designated at fair value through profit or loss or as Held-for-trading if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. The investments are carried at fair value, with gains and losses arising from changes in their value recognised in the consolidated income statement in the period in which they arise. Such investments are the Group's or the Company's investments in quoted equities.

(ii) Held-to-maturity financial assets

The Group classifies financial assets as Held-to-maturity financial assets when the group has positive intent and ability to hold the financial assets (i.e. investments) to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using effective interest method less any impairment losses. Any sale or reclassification of more than insignificant amount of held-to-maturity investments, not close to maturity, would result in the reclassification of all held-to-maturity financial assets as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. Held-to-maturity investments are largely bonds. Quoted equities and debt securities e.g. bonds that are initially classified as held-to-maturity are subsequently moved to available-for-sale financial assets whenever the market price is higher than the purchase price in order to sell and take profit. Interest on held-to-maturity investments are included in the consolidated income statement and are reported as 'Investment income'.

(iii) Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are classified as available-for-sale or are not classified in any of the two preceding categories and not as loans and receivables which may be sold by the group in response to its need for liquidity or changes in interest rates, exchange rates or equity prices. They include investment in unquoted shares. These investments are initially recognised at cost. After initial recognition or measurement, available-for-sale financial assets are subsequently measured at fair value using 'net asset valuation basis'. Fair value gains and losses are reported as a separate component in other comprehensive income until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the consolidated statement of profit or loss and other comprehensive income.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- those that the Group intends to sell in the short term which are reclassified as fair value through profit or loss and those that the group upon initial recognition designates at fair value through profit or loss.
- those that the Group upon initial recognition designates as Available for Sale
- those for which the holder may not recover substantially all of its initial investment other than because of credit risk. They include:

(a) Trade receivables

Trade receivables, arising from insurance contracts are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due under the original terms of the invoice. Allowances are made based on an impairment model which considers the loss given default for each customer, probability of default and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reverse date. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

Trade receivables are recognised for insurance cover for which payments have been received indirectly through duly licensed insurance brokers or lead insurers in Co-insurance arrangements. Premium collected on behalf of the Company is expected to be received within 30 days from insurance brokers and lead insurers. The "No Premium, No cover" Policy by NAICOM has been adhered to strictly during the year under review.

(b) Other receivables and prepayments

Other receivables are made up of prepayments and other amounts due from parties which are not directly linked to insurance or investment contracts. Other receivables are stated after deductions of amount considered bad or doubtful of recovery. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit and loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit and loss account. Prepayments are carried at cost less amortisation.

(v) Impairment of financial assets

(a) Impairment of Financial assets carried at amortised cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events (a 'loss event') that have occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group from the following events:

- i Default or delinquency by a debtor;
- ii Restructuring of an amount due to the Group on terms that the Group would not consider favourable;
- iii Indications that a debtor or issuer will enter bankruptcy;
- iv The disappearance of an active market for the security because of financial difficulties; and
- v Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognised in the income statement. If a held-to-maturity financial asset or a receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As is practically expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the holder's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the assets. The amount of the reversal is recognised in the income statement as other income in the period the decrease is occurred.

(b) Impairment of Assets classified as available-for-sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or a prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 10% or more is regarded as significant, and a period of 1 year or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets previously recognised in profit or loss, is removed from equity and recognised in the income statement. If in a particular subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

(c) Reclassification of financial assets

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

(d) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the income statement.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

7) Reinsurance assets

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in compliance with the terms of the reinsurance contract. The reinsurers' share of unearned premiums (i.e. the reinsurance assets) are recognised as an asset using principles consistent with the Group's method for determining unearned premium liability. The amount reflected on the statement of financial position is on a gross basis to indicate the extent of credit risk related to the reinsurance and its obligations to policy holders.

The Group assesses its reinsurance assets for impairment at each statement of financial position date. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

8) Deferred acquisition costs (DAC)

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC) if they are separately identifiable, can be measured reliably and its probable that they will be recovered. All other acquisition costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts in line with premium revenue using assumptions consistent with those used in calculating unearned premium. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium. The DAC is tested for impairment annually and written down when it is not expected to be fully recovered.

9) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

10) Investment in subsidiaries

Investments in subsidiaries are carried in the Group's statement of financial position at cost less provision for impairment losses. Where there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

11) Investment properties

Investment properties comprise of completed property and property under construction that are held by the group to earn rental income or for capital appreciation or both.

Investment properties are measured initially at their cost, including related transaction costs. Transaction costs include professional fees for legal services and other commissions to bring the properties to the condition necessary for them to be capable of operating. After initial recognition, investment properties are carried at fair value with any changes therein recognised in the profit or loss component of the Group's statement of comprehensive income.

An external, independent valuer, having appropriate recognised professional qualifications, certified by the Financial Reporting Council (FRC) of Nigeria and with recent experience in the location and category of the Investment properties being valued, values the Group's investment properties annually. The fair value are based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the property) is recognised in the profit or loss component of the consolidated statement of comprehensive income in the period of the derecognition.

12) Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

13) Intangible Assets

Intangible assets comprise computer software purchase from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software are capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on straight line basis over the useful life of the asset.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is 10 years. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives for the current and comparative period of the computer software is 10%

14) Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost and are subsequently carried at revalued amount less subsequent accumulated depreciation and impairment losses. The cost of property plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(c) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held-for-sale in accordance with IFRS 5 - Non-current Assets Held-for-Sale and Discontinued Operations.

Land is shown at fair value based on periodic valuations by external independent valuers less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

The estimated useful lives for the current and comparative period are as follows:

Buildings	1%
Leasehold improvements	20%
Plant and Machinery	25%
Furniture, fittings and office equipment	10%
Computer equipment	10%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(d) Revaluation of land and building

Property, plant & equipment are initially recorded at cost. Land and building are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss. When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit or loss.

(e) De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceed and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

(f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and compared to its carrying amount to determine the value of the impairment.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit (CGU) is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any intangible asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a prorata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in the group income statement.

15) Statutory deposit

The Group's Statutory deposit represents the fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognised at the cost in the consolidated and separate statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for General insurance business. Interest income on the deposit is recognised in the consolidated

16) Insurance contracts and insurance contract liabilities

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. These contracts include General accident, workmens compensation, motor, marine and aviation and fire insurance.

Insurance contracts protect the Group's customers against the risk of harm from unforeseen events to their properties resulting from their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost.

Others forms of insurance contracts include but are not limited to workmens compensation, motor, marine and aviation insurance.

Claims and loss adjustment expenses are charged to income statement as incurred based on the estimated liability for compensation owed to contract holders or third parties for damaged incurred or lost suffered by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Companies i.e. Claims incurred but not reported (IBNR) which is actuarial valuation. The Group does not discount its liabilities for unpaid claims other than for workmen compensation claims. Liabilities for unpaid claims are estimated using the impute of assessments of provision reported to the Group and analysis for the claims incurred but not reported (IBNR).

Reinsurance contracts held

The Group holds the under-noted reinsurance contracts:

- Treaty Reinsurance Outward is usually between the Group and Reinsurers.
- Facultative Reinsurance Outward is usually between the Group and other insurance companies or between the Group and Reinsurers.
- Facultative reinsurance inwards is usually between the Group and other insurance Companies or between the Group and Reinsurers.

Premiums due to the reinsurers are paid and all claims and recoveries due from reinsurers are received.

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as re-insurance contracts held while contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward re-insurance) are included within insurance contracts.

The benefits to which the Group is entitled under its re-insurance contracts held are recognized as re-insurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amount recoverable from or due to reinsurers are measured consistently with the amount associated with the primary insurance contracts and in accordance with the terms of each reinsurance contract. Re-insurance liabilities are primarily premiums payable for the reinsurance contracts and are recognized as an expense when due.

The Group's insurance liabilities or balances arising from insurance contracts primarily include those insurance contract liabilities that were valued by the Actuaries. These include Unearned premiums reserve and Outstanding claim reserve.

(i) **Unearned premium reserve**

Unearned premium provision is calculated using a time - apportionment basis, in particular, the 365ths method.

(ii) **Outstanding claims reserve**

Individual loss estimates are provided on each claim reported. In addition, provisions are made for adjustment expenses, changes in reported claims and for claims incurred but not reported (IBNR), based on past experience and business in force which are ultimately valued by the Actuaries.

The reserve for outstanding claims is maintained as the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the statement of financial position date. The IBNR is based on the liability adequacy test carried out by an Actuary.

(iii) **Liability adequacy test**

At the end of each reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related Deferred Acquisition Cost assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests.

The provisions of the Insurance Act, CAP 117 LFN 2004 require an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act No.6, 2011 gives superiority to the provisions of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act, CAP 117 LFN 2004, it supports the group's prudential concerns.

(iv) **Salvage and subrogation reimbursements**

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

17) Trade payables

Trade payables (i.e insurance payables) are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Trade payables include payables to agents and brokers, payables to reinsurance companies, payables to coinsurance companies and commission payable.

The effective interest method is a method of calculating the amortised cost of the financial liabilities and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

18) Provisions and other payables

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the Director's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

Other payables are recognised initially at fair value and are subsequently measured at amortised cost using effective interest method. They comprise of other short-term monetary liabilities such as professional fees payable, Insurance levy payable, and staff pension liability.

19) Retirement obligations and Employee benefits

The Group operates the following contribution and benefit schemes for its employees:

(i) Defined contribution pension scheme

The Group operates a defined contributory pension scheme for eligible employees. Employers and employees contribute 10% and 8% respectively of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2004. The Group pays the contributions to a pension fund administrator. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and paid in arrears when the associated services are rendered by the employees of the Group.

20) Income Taxes - Company income tax and deferred tax liabilities

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable results for the year. Taxable results differs from results as reported in the income statement because it includes not only items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The Group's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

21) Financial liabilities at amortised cost

The Group classifies its financial liabilities as financial liabilities measured at amortised cost. The classification depends on the purpose for which the liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

(a) Recognition of Financial Liabilities

Financial liabilities carried at amortised cost are mainly bond facilities. They are recognised initially at cost, being their issue proceeds (fair value of consideration received) net of transaction costs incurred.

Financial liabilities are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

The effective interest method is that method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(b) Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

22) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer the settlement of the liabilities for at least twelve months after the date of the statement of financial position.

23) Borrowing costs

Borrowing costs are interest and other costs incurred by the Group directly attributable to the acquisition of qualifying assets which are assets that necessarily takes a substantial period of time to get ready for its intended use.

Borrowing costs are capitalised as part of the cost of a qualifying asset only when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizable value, the carrying amount is written down to its recoverable amount. The Group deducts those investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets from the borrowing costs eligible for capitalisation.

24) Deposit for share

Deposit for share is recognised at cost, being the amount of deposit received from potential share holders of the group. The deposit is derecognised when the Group's equity instruments have been issued to the depositors or refund made.

25) Share capital and Share premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

26) Contingency reserves

In compliance with Section 21(2) of Insurance Act, CAP 117 LFN 2004, contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

27) Dividend on ordinary shares

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders. Dividends for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

28) Revenue reserve

Revenue reserve represents amount set aside out of the profits of the Group which shall at the discretion of the directors be applicable for meeting contingencies, repairs or maintenance of any works connected with the business of the Group, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Group may lawfully be applied.

29) Related party transactions or insider dealings

In accordance with International Accounting Standard (IAS) 24, parties are considered related if, directly or indirectly, one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transaction with the Group, the transactions are disclosed separately as to the type of relationship that exists with the Group and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

30) Contingent Assets and Contingent liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities and contingent assets are never recognized rather they are disclosed in the consolidated financial statements when they arise.

31) Premiums and Unearned Premiums

Premiums written comprise the premiums on contracts incepting in the financial year. Premiums written are stated gross of commissions payable to agents and exclusive of taxes levied on premiums. The Group earns premium income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premiums.

32) Reinsurance expenses

Reinsurance expenses represent outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

33) Commission income

Commission earned are recognised on ceding businesses to reinsurers and other insurance companies and are credited to the income statement.

34) Claims expenses

Claims expenses incurred consist of claims and claims handling expenses paid by the Group during the financial year together with the movement in the provision for outstanding claims. (See the accounting policy for reserve for outstanding claims above). The gross provision for claims represents the estimated liability arising from claims in the current and preceding financial years which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

The gross provision for claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

35) Acquisition costs

Acquisition costs represent commissions and other expenses related to the acquisition of insurance contract revenues written during the financial year.

36) Maintenance expenses

Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the income statement in the accounting period in which they are incurred.

37) Investment income

This includes interest income and dividend income. Interest income is recognised in the consolidated income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Dividend income from available-for-sale equities is recognised when the right to receive payment is established.

38) Management expenses

Management expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual basis and recognized in the consolidated income statement upon utilization of the service or at the date of their origin.

39) Finance income and expenses

Finance income and expense for all interest-bearing financial instruments are recognised within 'finance income' and 'finance costs' in the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the finance income or finance costs over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

40) Income tax expenses

Income tax expense comprises current income tax, education tax levy, information technology tax and deferred tax. (See policy on taxation above)

41) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.



INTERNATIONAL ENERGY INSURANCE PLC
THE FINANCIAL STATEMENTS

International Energy Insurance Plc
Consolidated and Separate Statements of Financial Position, 31 December 2014

		Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Assets	Notes				
Cash and cash equivalents	6	-	1,440,478	952,573	1,319,490
Held-for-trading financial assets	7(a)	-	61,576	50,610	61,576
Available-for-sale financial assets	7(b)	-	1,051,628	1,051,628	1,051,628
Held-to-maturity financial assets	7(c)	-	13,964	-	13,964
Loans and receivables	7(d)	-	137,726	119,240	128,207
Trade receivables	8	-	236,479	12,629	19,774
Other receivables and prepayments	9	-	786,451	138,139	758,777
Reinsurance assets	10	-	744,621	739,092	744,621
Deferred acquisition costs	11	-	199,676	176,039	152,919
Non-current assets held for sale	12	-	372,653	986,225	372,653
Investment in subsidiaries	13	-	-	-	-
Investment properties	14	-	2,719,001	2,355,001	2,719,001
Deferred tax asset	21 (c)	-	23,893	-	-
Intangible asset	15	-	3,237	2,158	3,237
Property, plant and equipment	16	-	2,006,405	1,829,924	1,884,402
Statutory deposit	17	-	344,485	322,500	322,500
Total assets		-	10,142,274	8,735,757	9,552,749
Liabilities					
Insurance contract liabilities	18	-	3,790,723	4,007,977	3,371,721
Trade payables	19	-	450,730	315,652	50,844
Provisions and other payables	20	-	775,191	1,064,840	707,933
Current income tax liabilities	21(b)	-	83,461	307,012	60,426
Deferred tax liability	21(c)	-	128,675	152,226	128,675
Borrowings	22	-	4,160,760	4,016,850	4,160,760
Deposit for shares	23	-	410,147	393,761	393,761
Total liabilities		-	9,799,687	10,258,318	8,874,120
Net assets/(liabilities)		-	342,587	(1,522,561)	678,629
Share capital	24	-	642,043	642,043	642,043
Share premium	25	-	963,097	963,097	963,097
Statutory Contingency reserve	26	-	1,240,630	1,295,153	1,144,455
Capital reserve	27	-	7,926,398	7,926,398	7,926,398
Property revaluation reserve	28	-	302,407	302,407	302,407
Available-for-sale financial assets revaluation reserve	29	-	1,232	(35,196)	1,232
Foreign currency revaluation reserve	30	-	(57,827)	-	-
Revenue reserve	31	-	(10,630,935)	(12,616,463)	(10,301,003)
		-	387,045	(1,522,561)	678,629
Non-controlling interest	32	-	(44,458)	-	-
Total equity		-	342,587	(1,522,561)	678,629

Signed on behalf of the Board by:

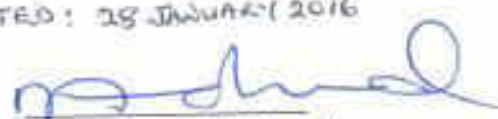
DATED: 28 JANUARY 2016



Olushina Oiaogun
Chief Financial Officer
FRC/2013/ICAN/00000005263



Mr. Peter Irene
Interim Managing Director
FRC/2014/ICAN/00000006610



Mr. Muhammad K. Ahmad
Interim Chairman
FRC/2015/IODN/00000002581

The accounting policies on pages 19 to 36 and notes on pages 44 to 94 form part of these financial statements

Auditors' report, pages 17 and 18

International Energy Insurance Plc
Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2014

	Notes	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Income					
Gross premium written	33	-	5,774,585	4,830,486	5,012,360
Gross premium income	33	-	5,358,415	4,898,377	4,677,224
Re-insurance expenses	34	-	(1,153,636)	(734,203)	(996,481)
Net premium income		-	4,204,779	4,164,174	3,680,743
Commission income	35	-	129,210	132,017	97,082
Net underwriting income		-	4,333,989	4,296,191	3,777,825
Expenses					
Claims incurred	36	-	(1,348,874)	(1,932,706)	(1,049,683)
Acquisition cost	37	-	(742,272)	(675,908)	(641,929)
Maintenance expenses	38	-	(336,922)	(454,229)	(336,922)
Underwriting expenses		-	(2,428,068)	(3,062,843)	(2,028,534)
Underwriting results		-	1,905,921	1,233,348	1,749,291
Investment income	39	-	162,647	77,562	147,871
Other income	40	-	2,781,342	161,922	2,568,177
Net operating income		-	4,849,910	1,472,832	4,465,339
Management expenses	41	-	(3,651,204)	(2,883,388)	(2,759,923)
Finance expense	42	-	(408,725)	(458,486)	(408,725)
Allowance for impairment of other assets	43	-	(737,586)	(2,191)	(818,946)
(Loss)/profit before taxation		-	52,395	(1,871,233)	477,745
Taxation	21(a)	-	(38,825)	(293,529)	(44,255)
(Loss)/profit after tax		-	13,569	(2,164,762)	433,490
Non-controlling interests		-	52,815	-	-
(Loss)/profit after tax and NCI attributable to owners of the parent		-	66,384	(2,164,762)	433,490
Other comprehensive income:					
<i>Items within OCI that may be reclassified to the Profit or loss:</i>					
Net gain/(loss) on valuation of available-for-sale	29	-	(8,476)	(36,428)	(8,476)
Foreign exchange gains and losses arising from the translation of foreign operations	30	-	86,922	-	-
<i>Items within OCI that will not be reclassified to the Profit or loss:</i>					
Total other comprehensive (loss)/income for the year		-	78,446	(36,428)	(8,476)
Total comprehensive (loss)/income for the year		-	144,830	(2,201,190)	425,014
Total comprehensive (loss)/income for the year attributable to:					
Owners of the parent		-	92,015	(2,201,190)	425,014
Non-controlling interests		-	52,815	-	-
		-	144,830	(2,201,190)	425,014
(Loss)/earnings per share:					
Basic (kobo)	47	-	5	(169)	34
Adjusted (Kobo)	47	-	5	(169)	34

The accounting policies on pages 19 to 36 and notes on pages 44 to 94 form part of these financial statements

International Energy Insurance Plc.
 Consolidated Statements of Changes in Equity - Group
 for the year ended 31 December 2014

	Issued Share capital N'000	Share premium N'000	Statutory Contingency reserve N'000	Capital reserve N'000	Property revaluation reserve N'000	Reserve for available for sale financial assets N'000	Foreign currency revaluation reserve N'000	Revenue reserve N'000	Total N'000	Non- controlling interest N'000	Total equity N'000
Balance 1 January 2014	642,043	963,097	1,240,630	7,926,398	302,407	1,232	(57,827)	(10,630,935)	387,045	(44,458)	342,587
Total comprehensive income											
for the year:											
loss for the year	-	-	-	-	-	-	-	-	-	-	-
other comprehensive income:											
changes in fair value of available-for-sale											
transactions with owners recorded directly in Equity:											
transfer to											
contingency reserve											
recognition of subsidiary											
recognition of group											
structure	(642,043)	(963,097)	(1,144,455)	(7,926,398)	(302,407)	(1,232)	-	10,301,003	(678,629)	-	(678,629)
	(642,043)	(963,097)	(1,240,630)	(7,926,398)	(302,407)	(1,232)	57,827	10,630,935	(387,045)	44,458	(342,587)
Balance 31 December											
014											

the accounting policies on pages 19 to 36 and notes on pages 44 to 94 form part of these financial statements

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International Energy Insurance Plc.
 Consolidated Statements of Changes in Equity - Group
 for the year ended 31 December 2013

	Issued Share capital	Share premium	Statutory Contingency reserve	Capital reserve	Property revaluation reserve	Reserve for available for sale financial assets	Foreign currency revaluation reserve	Revenue reserve	Total	Non- controlling interest	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
since 1 January 2013	3,210,214	963,097	1,073,337	5,503,223	302,407	9,708	(144,749)	(10,524,081)	393,156	5,456	398,612
total comprehensive income for the year:											
profit for the year	-	-	-	-	-	-	-	66,384	66,384	(52,815)	13,569
other comprehensive income:											
changes in fair value of											
valuable-for-sale											
financial assets						(8,476)	-	-	(8,476)	-	(8,476)
changes in value of											
foreign currencies							86,922	-	86,922	(3,044)	83,878
						(8,476)	86,922	66,384	144,830	(55,859)	88,971
Transactions with owners											
recorded directly in Equity:											
surplus on share											
reconstruction											
transferred to Capital	(2,568,171)	-	-	2,568,171	-	-	-	-	-	-	-
reserve											
share reconstruction											
expenses				(144,996)	-	-	-	-	(144,996)	-	(144,996)
Transfer to contingency											
reserve			173,238	-	-	-	-	(173,238)	-	-	-
Non-controlling interest			(5,945)	-	-	-	-	-	(5,945)	5,945	-
	(2,568,171)	-	167,293	2,423,175	-	-	-	(173,238)	(150,941)	5,945	(144,996)
Balance 31 December 2013	642,043	963,097	1,240,630	7,976,398	302,407	1,232	(57,827)	(10,630,935)	387,045	(44,458)	342,587

The accounting policies on pages 19 to 36 and notes on pages 44 to 94 form part of these financial statements.
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International Energy Insurance Plc.
Statements of Changes in Equity - Company
for the year ended 31 December 2014

	Issued Share capital N'000	Share premium N'000	Statutory Contingency reserve N'000	Capital reserve N'000	Property revaluation reserve N'000	Reserve for available for sale financial assets N'000	Revenue reserve N'000	Total N'000
Balance 1 January 2014	642,043	963,097	1,144,455	7,926,397	307,407	1,232	(10,301,003)	678,628
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	-	-	(2,164,762)	(2,164,762)
Other comprehensive income:								
Changes in fair value of available for sale financial assets	-	-	-	-	-	(36,428)	-	(36,428)
	-	-	-	-	-	(36,428)	(2,164,762)	(2,201,190)
Transactions with owners recorded directly in Equity:								
Transfer to contingency reserve	-	-	150,698	-	-	-	(150,698)	-
	-	-	150,698	-	-	-	(150,698)	-
Balance 31 December 2014	642,043	963,097	1,295,153	7,926,397	307,407	(35,196)	(12,616,463)	(1,522,561)

The accounting policies on pages 19 to 36 and notes on pages 44 to 94 form part of these financial statements.

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International Energy Insurance Plc.
Statements of Changes in Equity - Company
for the year ended 31 December 2013

	Issued Share capital N'000	Share premium N'000	Statutory Contingency reserve N'000	Capital reserve N'000	Property revaluation reserve N'000	Reserve for available for sale financial assets N'000	Revenue reserve N'000	Total N'000
Balance 1 January 2013	3,210,214	963,097	994,084	5,503,223	302,407	9,708	(10,584,122)	398,611
Total comprehensive income for the year:	-	-	-	-	-	-	433,490	433,490
Profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income:	-	-	-	-	-	-	-	-
Changes in fair value of available- for-sale financial assets	-	-	-	-	-	(8,476)	-	(8,476)
	-	-	-	-	-	(8,476)	433,490	425,014
Transactions with owners recorded directly in Equity:	-	-	150,371	-	-	-	(150,371)	-
Transfer to contingency reserve	-	-	-	-	-	-	-	-
Surplus on share reconstruction transferred to Capital reserve	(2,568,171)	-	-	2,568,171	-	-	-	(144,997)
Share reconstruction expenses	-	-	-	(144,997)	-	-	-	(144,997)
	(2,568,171)	-	150,371	2,423,174	-	-	(150,371)	(144,997)
Balance 31 December 2013	642,043	963,097	1,144,455	7,926,397	302,407	1,232	(10,301,003)	678,628

The accounting policies on pages 19 to 36 and notes on pages 44 to 94 form part of these financial statements

Auditors' report, pages 17 and 18

International Energy Insurance Plc.
Consolidated and Separate Statements of Cash Flows
for the year ended 31 December, 2014

		Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Cashflows from operating activities	Notes				
Premium received from policy holders		-	6,663,700	4,837,631	5,622,904
Commission received	35	-	129,210	132,017	97,082
Commission Paid	37	-	(746,493)	(699,028)	(629,845)
Claims paid	36	-	(1,578,765)	(1,179,548)	(1,416,549)
Investment income	39	-	148,197	77,562	133,421
Other income	40	-	284,900	230	71,735
Operating costs and payment to employees		-	(4,117,304)	(2,714,314)	(3,030,405)
Tax paid	21(b)	-	-	(23,392)	-
Net cash provided by operating activities	48	-	783,445	431,158	848,343
Cashflow from investing activities					
Purchase of property, plant and equipment	16	-	(288,511)	(152,239)	(279,657)
Liquidation of Held-to-maturity financial assets	7(c)	-	-	13,964	-
Additions to statutory deposit		-	(5,291)	-	-
Cancellation of IEI Anchor disposal	7b(vi)	-	-	(537,500)	-
Proceeds from held for trading financial assets		-	116,181	-	116,181
Proceeds from disposal of Available-for-sale financial assets	7b(vi)	-	30,000	-	30,000
Proceeds from disposal of subsidiary		-	-	128,000	-
Redemption of loan notes	7b(iii)	-	1,700,000	-	1,700,000
Proceeds from disposal of investment property		-	-	315,000	-
Proceeds from disposal of property, plant and equipment		-	10,426	8,398	10,426
Net cash (outflow)/ inflow from investing activities		-	1,562,805	(224,377)	1,576,950
Cashflow from financing activities					
Term loan obtained	22(a)	-	350,000	-	350,000
Payment of long term liability	22(b(i))	-	(808,139)	(184,000)	(808,139)
Payment of Term loan	22(a)(ii)	-	(1,758,530)	(350,000)	(1,758,530)
Deposit for shares	23	-	250,924	-	250,924
Net cash outflow from financing activities		-	(1,965,745)	(534,000)	(1,965,745)
Net (decrease)/increase in cash and cash equivalents		-	380,505	(327,219)	459,548
Cash and cash equivalents at the beginning of the year		-	994,514	1,254,030	794,482
Cash and cash equivalents at the end of the year	49	-	1,375,018	926,811	1,254,030

The accounting policies on pages 19 to 36 and notes on pages 44 to 94 form part of these financial statements

Auditors' report, pages 17 and 18

1) General Information

The Company was incorporated as Nigeria Exchange Insurance Limited on 26 March, 1969. The name was changed to Mutual Life and General Insurance Limited in 1995. In the year 2000, the name of the Company was changed to Global Assurance Limited. In 2003, the Company's name was changed to International Energy Insurance Limited following the acquisition of 70% of the shares of Global Assurance Limited by SKI Consult. The Company merged its operations with Rlvbank Insurance Limited on 30 November, 2006 with the name of the combined business changing to International Energy Insurance Plc, thereafter, the Company was listed on the Nigeria Stock Exchange in 2007.

Principal activities

The activities of the Company include general insurance business with special focus on Oil and Energy. The activities include insurance underwriting, claims administration and management of liquidity by investing the surplus in fixed deposits, bonds and treasury bills.

2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are disclosed on pages 19-36. These policies have been consistently applied to all the years presented, unless otherwise stated.

3) Critical accounting estimates and judgments

The Group makes estimates and assumptions about the future that affects the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in income statement in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Income taxes

The Group periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

ii. Impairment of property, plant and equipment

The group assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

iii. Insurance contracts

The uncertainty inherent in the financial statements of the Group arises principally in respect of the technical provisions. The technical provisions of the Group include Provision for Unearned Premiums and Outstanding claims (including IBNR).

(a) Estimates of future claims payments

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Group employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- terms and conditions of the insurance contracts;
- knowledge of events;
- court judgements;
- economic conditions;
- previously settled claims;
- triangulation claim development analysis;
- estimates based upon a projection of claims numbers and average cost; and
- expected loss ratios.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

(b) Sensitivity

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

(c) Uncertainties and judgements

The uncertainty arising under insurance contracts may be characterised under a number of specific headings; such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information etc.

iv Reinsurance

The Group is exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Group monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default.

v Held-to-maturity financial assets

The Group follows the guidance of International Accounting Standard (IAS) 39, Financial Assets "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity financial assets. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

vi **Impairment of available-for-sale financial assets**

The Group follows the guidance of IAS 39 on determining when a financial asset is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, and the financial health of and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

vii **Impairment of other assets**

At each balance sheet date, management reviews and assesses the carrying amounts of the other assets and where relevant, writes them down to their recoverable amounts based on best estimates.

viii **Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

4) **Fair Value Hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchy of the fair value measurement of the Company's financial assets and financial liabilities are as follows:

The hierarchy of the fair value measurement of the Company's financial assets and financial liabilities are as follows:

Group	Level 1	Level 2	Level 3	Total
31 December 2014				
Assets				
Fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Trade receivables	-	-	-	-
Other receivables excluding prepayments	-	-	-	-
Total	-	-	-	-
Liabilities				
Trade payables	-	-	-	-
Other payables	-	-	(107,636)	(107,636)
Borrowings	-	-	-	-
Total	-	-	(107,636)	(107,636)
Net fair value	-	-	107,636	107,636

Group				
31 December 2013	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss	61,576	-	-	61,576
Available-for-sale financial assets	-	-	1,051,628	1,051,628
Trade receivables	-	-	236,479	236,479
Other receivables excluding prepayments	-	-	744,758	744,758
Total	61,576	-	2,032,865	2,094,441
Liabilities				
Trade payables	-	-	450,730	450,730
Other payables	-	-	667,555	667,555
Borrowings	-	-	4,160,760	4,160,760
Total	-	-	5,279,045	5,279,045
Net fair value	61,576	-	(3,246,180)	(3,184,604)
Company				
31 December 2014	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss	50,610	-	-	50,610
Available-for-sale financial assets	-	-	1,051,628	1,051,628
Trade receivables	-	-	12,629	12,629
Other receivables excluding prepayments	-	-	224,030	224,030
Total	50,610	-	1,288,287	1,338,897
Liabilities				
Trade payables	-	-	315,652	315,652
Other payables	-	-	687,347	687,347
Borrowings	-	-	4,016,850	4,016,850
Total	-	-	5,019,849	5,019,849
Net fair value	50,610	-	(3,731,562)	(3,680,952)
Company				
31 December 2013	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss	61,576	-	-	61,576
Available-for-sale financial assets	-	-	1,051,628	1,051,628
Trade receivables	-	-	19,774	19,774
Other receivables excluding prepayments	-	-	853,894	853,894
Total	61,576	-	1,925,296	1,986,872
Liabilities				
Trade payables	-	-	50,844	50,844
Other payables	-	-	600,297	600,297
Borrowings	-	-	4,160,760	4,160,760
Total	-	-	4,811,901	4,811,901
Net fair value	61,576	-	(2,886,605)	(2,825,029)

For held for trading, fair values have been determined by reference to their quoted bid prices at the reporting dates.

5a) Management of insurance and financial risk

The Group issues contracts that transfer insurance risk. This section summarises the main risks linked to short-term insurance business and the way they are managed.

i) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous and therefore unexpected and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

ii) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors the most significant resulting from events like fire and allied perils and their consequences and liability claims. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria or not to renew an insurance contract.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Group is adequately protected and would only suffer predetermined amounts.

iii) Concentration of insurance risk

The following table discloses the concentration of claims by class of business and the gross future claims paid that are incurred by the Company:

Class of Business	Outstanding claims					
	2014			2013		
	Gross OCR N'000	Gross IBNR N'000	Total N'000	Gross OCR N'000	Gross IBNR N'000	Total N'000
Fire	458,649	33,047	491,696	283,581	23,593	307,174
General accident	340,878	100,914	441,792	434,315	74,381	508,696
Marine	248,400	47,344	295,744	37,327	42,135	79,462
Motor	281,989	121,024	403,013	204,235	76,407	280,642
Oil and gas	599,528	147,940	747,468	648,391	101,139	749,530
Bond	295,978	2,555	298,533	-	-	-
Workmen compensation	4,749	14,763	19,512	45,770	22,337	68,107
	2,230,171	467,587	2,697,758	1,653,619	339,992	1,993,611

The Group manages insurance risks through the underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

iv **Sources of uncertainty in the estimation of future claim payments**

Claims are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted.

The Group claims are short term and are settled within a short time and the Company's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the balance sheet date. The Group has ensured that liabilities on the balance sheet at year end for existing claims whether reported or not, are adequate.

The Group has in place a series of quota-share and excess of loss covers in each of the last four years to cover for losses on these contracts.

v **Financial risk**

The Group is exposed to financial risks through its financial assets, financial liabilities and insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund obligations arising from insurance contracts.

The most important components of this financial risk are:

- Market risk (which includes currency risk, interest rate risk and equity price risk)
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation

These risks arise from open position in interest rate, currency and equity products, all of which are exposed to general and open market movements.

The Group's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and control, and monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board recognises the critical importance of having efficient and effective risk management policies and systems in place.

To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management, individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

vi **Market risk**

Market risk is the risk of adverse financial impact due to changes in fair value of future cashflows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

The Group has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Group monitors adherence to this market risk policy through the Group's Investment Committee. The Group's Investment Committee is responsible for managing market risk.

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The financial impact from market risk is monitored at board level through investment reports which examine impact of changes in market risk in investment returns and asset values. The Group's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

Currency risk

IEI Plc. maintains investments in IEI Ghana Limited, the sole subsidiary of IEI Plc. Transactions with the subsidiary involved foreign currency, thereby being exposed to foreign currency fluctuations. The Group however, discontinued its operation in Ghana during the year under review.

The Group's primary exposures are with respect to the Ghana Cedis.

The Group has a number of investments in foreign currencies which are exposed to this currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The Group total assets and liabilities by currency is detailed below:

At December 31 2013	N'000	G'000	GHC'000	£'000	\$'000	€'000	Total
Assets:							
Non-current assets	5,097,022	-	-	-	-	-	5,097,022
Current assets	3,232,121	-	-	-	-	-	3,232,121
Bank balances, deposits and cash	1,118,697	-	200,031	182	115,306	6,262	1,440,478
TOTAL ASSETS	9,447,840	-	200,031	182	115,306	6,262	9,769,621
Liabilities:							
Current liabilities	5,510,252	-	-	-	-	-	5,510,252
Non-current liabilities	128,675	4,160,760	-	-	-	-	4,289,435
TOTAL LIABILITIES	5,638,927	4,160,760	-	-	-	-	9,799,687

Sensitivity

If the Naira had weakened/strengthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses:

Impact on Results : Group	NGN	Cedis (Converted to NGN)	Pounds (Converted to NGN)	USD (Converted to NGN)	Euro (Converted to NGN)	Carrying Value		- 5% N'000	+ 5% N'000
						M'000			
At 31 December 2014									
Bank balances and deposits	-	-	-	-	-	-	-	-	-
At 31 December 2013									
Bank balances and deposits	1,118,697	200,031	182	115,306	6,262	1,440,478	16,089	(16,089)	

Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

viii Interest rate risk

Interest rate risk arises from the Group's investments in long term debt securities and fixed income securities (Held-to-Maturity financial assets), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

The impact on the Group's results, had interest rates varied by plus or minus 1% would have been as follows:

Group	Carrying value	Impact on results	
		+ 1% N'000	- 1% N'000
At 31 December 2014			
- Held-to-maturity financial assets	-	-	-
- Bank balances and deposits	-	-	-
- Borrowings	-	-	-
At 31 December 2013			
- Held-to-maturity financial assets	13,964	14,104	13,824
- Bank balances and deposits	1,440,478	1,454,883	1,426,073
- Borrowings	4,160,760	4,202,368	4,119,152
Company	Carrying value	Impact on results	
		+ 1% N'000	- 1% N'000
At 31 December 2014			
- Held-to-maturity financial assets	-	-	-
- Bank balances and deposits	952,573	962,099	943,047
- Borrowings	4,016,850	4,057,018	3,976,681
At 31 December 2013			
- Held-to-maturity financial assets	13,964	14,104	13,824
- Bank balances and deposits	1,319,490	1,332,685	1,306,295
- Borrowings	4,160,760	4,202,368	4,119,152

ix Equity price risk

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risk, catastrophes risks and reinsurance ceded.

The Investment Committee actively monitors equity assets owned directly by the Group as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local and foreign investments in various sectors of the local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the Group's shareholders' equity, had the equity market values increased/decreased by 1% and 5% with other assumptions left unchanged, would have been as follows:

2014					
Group	Carrying value	Increase by 1%	Increase by 5%	Decrease by 1%	Decrease by 5%
Financial assets					
Listed equities (HFT)	-	-	-	-	-
Unlisted equities (AFS)	-	-	-	-	-
Impact on profit before tax		-	-	-	-
Tax charge of 30%		-	-	-	-
Impact on profit after tax		-	-	-	-

Company	Carrying value	Increase by 1%	Increase by 5%	Decrease by 1%	Decrease by 5%
Financial assets					
Listed equities (HFT)	50,610	506	2,531	(506)	(2,531)
Unlisted equities (AFS)	1,051,628	10,516	52,581	(10,516)	(52,581)
Impact on profit before tax		11,022	55,112	(11,022)	(55,112)
Tax charge of 30%		3,307	16,534	(3,307)	(16,534)
Impact on profit after tax		7,716	38,578	(7,716)	(38,578)

2013					
Group	Carrying value	Increase by 1%	Increase by 5%	Decrease by 1%	Decrease by 5%
Financial assets					
Listed equities (HFT)	61,576	616	3,079	(616)	(3,079)
Unlisted equities (AFS)	1,051,628	10,516	52,581	(10,516)	(52,581)
Treasury bills (HTM)	13,964	140	698	(140)	(698)
Impact on profit before tax		11,272	56,358	(11,272)	(56,358)
Tax charge of 30%		3,382	16,908	(3,382)	(16,908)
Impact on profit after tax		7,890	39,451	(7,890)	(39,451)
Company		Increase by 1%	Increase by 5%	Decrease by 1%	Decrease by 5%
Financial assets					
Listed equities (HFT)	61,576	616	3,079	(616)	(3,079)
Unlisted equities (AFS)	1,051,628	10,516	52,581	(10,516)	(52,581)
Treasury bills (HTM)	13,964	140	698	(140)	(698)
Impact on profit before tax		11,272	56,358	(11,272)	(56,358)
Tax charge of 30%		3,382	16,908	(3,382)	(16,908)
Impact on profit after tax		7,890	39,451	(7,890)	(39,451)

The amounts presented in the balance sheets are net of allowances for estimated irrecoverable amount receivables, based on management's prior experience and the current economic environment.

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Group has policies in place to ensure that sales or services are made to clients, agents and brokers with sound credit history.

x **Reinsurance credit exposures**

The Group is however exposed to concentrations of risks with respect to their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group is exposed to the possibility of default by their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Group manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk.

This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Group will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

• **Estimates of future claims payments**

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Group employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- terms and conditions of the insurance contracts;
 - knowledge of events;
 - court judgements;
 - economic conditions;
 - previously settled claims;
 - triangulation claim development analysis;
 - estimates based upon a projection of claims numbers and average cost; and
 - expected loss ratios.
- Actuarial valuation

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

- **Sensitivity**

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

- **Uncertainties and judgements**

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information etc.

- **Reinsurance**

The Group is exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Group monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default.

- **Premium and Reinsurance Receivables**

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as a primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The Credit Control Committee works closely with the Underwriting and Reinsurance Committees to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Group's procedures on credit.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Group's risk department.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

5 (b) ENTERPRISE RISK MANAGEMENT (ERM)

Overview:

International Energy Insurance Plc has instituted an Enterprise Risk Management (ERM) framework to ensure that the Company has a consolidated risk management structure which guides the identification, assessment and prioritization of risks and provide a coordinated and effective application of resources to minimise, monitor and control them.

The objective of our ERM implementation is essentially to deliver on the following thrust:

- To identify companywide exposures as well initiate appropriate control measures and systems
- To create a holistic view of risks associated with IEI
- To create sound structures, processes and controls
- To enhance risk tracking and reporting system
- To create a risk aware culture and environment
- To align ERM implementation philosophy with the corporate principle of entrepreneurship

Risk Management Framework:

IEI's ERM framework details the structured approach in responding to the risks embedded within her processes and activities. The Board and Management define risk tolerances (through limits) in the policies of the company. The Board and Management ensure that periodic reports are provided to Directors that permit them to measure management's compliance with risk limits and to gauge the changing nature of risk inherent in the company's lines of business and operations and as a result of changing factors, such as management and personnel changes, technology changes amongst others.

Governance Structure:

The Company has a structure in place for the management of enterprise-wide risk. Within this structure, clearly defined roles and responsibilities are assigned at three distinct levels:

- i. Level 3 is the Board oversight function which is performed by the Board of Directors and the Board Enterprise Risk Management Committee (BERMC).
- ii. Level 2 is the Executive/Senior Management function which is performed by the Enterprise Risk Management Committee (ERMC), the Chief Risk Officer and the Unit Risk Managers. This level will have direct responsibility for implementing the enterprise risk framework, methodologies, policies and procedures approved by the Board of Directors

- iii. Level 1 is the operational function which is performed by all enterprise wide Business, Functional and Support Units. The Business, functional and Support Units are expected to comply with all established policies and procedures, and to manage the risk exposures that arise as a result of their daily operations.

Enterprise risks exist within all processes, systems and products. The Business / Support Units and the ERM Group staff shall jointly be responsible for defining and reviewing controls to mitigate identified risks. The Business and Support Units are fully accountable and responsible for risk exposures within their areas of responsibility.

The central ERMC, under the leadership of the Chief Risk Officer shall provide the required support to the various Group/Units to facilitate the day-to-day management of all risks.



Responsibilities:

The Board of Directors

The Board of Directors shall be responsible for:

- i. Approving the IEI Plc ERM framework and policies.
- ii. Periodically reviewing the ERM framework and policies to ensure that these remain relevant and up to date at all times.
- iii. Delegation of suitable responsibilities pertaining to the management of enterprise-wide risk to the ERMC.

The Board Enterprise Risk Management Committee (BERMC) is comprised of nominated Non-Executive Directors and the Executive Directors including the Chief Risk Officer of the company. The BERMC is a standing sub-committee of the Board of Directors.

The committee is responsible for:

- i. Defining the Company's optimal enterprise risk management framework.
- ii. Approving the enterprise-wide definition of all risks identified.
- iii. Approving all policies aimed at identifying, assessing, monitoring, controlling, mitigating and measuring the risks.
- iv. Establishing a management structure capable of implementing the firm's ERM framework.
- v. Setting up IEI Plc risk appetite and tolerance levels and prioritizing ERM activities.
- vi. Approving the extent and manner of all risk transfer mechanisms employed by the IEI Plc (e.g. the use of insurance or outsourcing).
- vii. Ensuring that all ERM decisions made by the Board are effectively implemented by the ERM Committee.
- viii. Reviewing all risk reports (including operational, strategic, Insurance, hazard and financial risk) indicating levels of compliance with policies, major control lapses and corrective actions taken and determining the adequacy of the IEI Plc current operational policies and procedures in light of any weaknesses identified.
- ix. Ensuring that the IEI Plc enterprise risk management framework is periodically subjected to effective and comprehensive internal audit by suitably qualified individuals.

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The ERM Committee

The Enterprise Risk Management Committee (ERMC) comprises the Chief Operating Officer, Chief Risk Officer, Head of Energy Group, Head of Underwriting, Head of Human Capital Development, Head of Corporate Services, Head of Corporate Communications, Company Secretary, the Chief Finance Officer, Head of Internal Control/Compliance, Head of Strategic Planning/ERM, Head of Regional/Branch Operations, Head of Investments and Head of ICT. This committee is accountable to the BERMC and ultimately to the Board of Directors.

This committee is responsible for:

- i. Ensuring full implementation of the ERM framework approved by the BERMC and the Board of Directors within all Groups/Units.
- ii. Monitoring the implementation of policies, processes and procedures for managing operational risk in all of the company's material products, activities, processes and systems.
- iii. Ensuring that clear roles and responsibilities for the management of the risks are defined throughout all levels of the organization, including all Groups/Units. Providing support to the Chief Risk Officer to ensure that a culture of compliance is entrenched throughout the organization.
- iv. Ensuring that there are adequate systems for maintaining accounting records, safeguarding assets of the organization, prevention and detection of fraud and other irregularities, and maintaining an effective system of internal controls.
- v. Regularly reviewing risk reports, indicating levels of compliance with policies, major control lapses and defining the corrective action necessary to correct identified weaknesses.
- vi. Creating appropriate incentives to improve the company-wide management of risks.

The Chief Risk Officer

The Chief Risk Officer is responsible for:

- i. Championing, coordinating and acting as catalyst for enterprise wide risk management initiatives.
- ii. Formulating and developing policies, system and procedures for risk identification, measurement, monitoring and control aligned with the strategic direction and risk appetite defined by the Board.
- iii. Ensuring custody, maintenance and updating of all risk management policies.
- iv. Ensuring the successful implementation of all risk management policies and procedures.
- v. Supervising the heads of Units in the ERMC.
- vi. Representing top management on all risk committees.
- vii. Creating IEI Plc awareness of the organization's risk policies and ensuring a strong risk awareness culture amongst all categories of staff.

Audit Committee

The Audit Committee assist the Board of Directors in fulfilling its oversight responsibilities in respect of, the integrity of the company's financial reporting process and systems of internal controls regarding finance and accounting and the integrity of the company's financial statements.

It is the responsibility of the Board of Directors to ensure that all records are accurate and correctly reflect the financial position of the company. The Board is mindful of the fact that great reliance is placed by potential investors on the accuracy of information contained in its financial statements. In order to ensure the accuracy of its records, the Board sets standards and management implements systems of internal control, comprising of policies, standards and procedures to ensure the safety of assets and reduction of the risk of loss, errors, fraud and other irregularities.

The Audit Committee is a statutory committee established in accordance with the Companies and Allied Matters Act, CAP C20, Laws of the Federal Republic of Nigeria 2004. The committee is made up of non-Executive Directors and shareholders. Representatives appointed at the Annual General Meeting ("AGM"). Its terms of reference include:

- To ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices.
- To review the scope and planning of audit requirements
- To review findings on management letters in conjunction with external auditor.
- To make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditor of the company.
- To receive quarterly reports of the internal auditor.

Risk Appetite:

Risk appetite is the level of risk that the company is willing to accept in fulfilling its business objectives. The purpose of the risk appetite is to assist in the process of setting the company's strategic objective and in the management of risks.

At IEI, we have an articulated risk appetite limits for various classes of risk in writing which has been approved by Management and Board.

Risk Culture:

Risk culture is the system of values and behaviors present in the organization that shapes risk decisions of management and employees. IEI ensures a common understanding of the organization and its business purpose amongst its employees. Employees understand that risk and compliance rules apply to everyone as they work towards business goals. This understanding is to ensure that IEI "does the right thing" all the time.

IEI propagates a strong risk culture and supports employee's training to understand how to make educated risk-related decisions to ensure consistent risk behavior in the organization.

To ensure a good risk culture IEI:

- i. Propagates a positive corporate culture
- ii. Actively ensures observation of policy and procedures
- iii. Ensures effective use of technology in its management processes.

LIST AND EXPLANATION OF RISK THE ENTITY IS EXPOSED TO:

We have classified the risk International Energy is exposed to into five broad categories. These are:

- 1 Financial Risks - Financial risks are the risks of loss arising from and around the use of money. They are the risks whose potential damage can be reduced by having additional capital, because they often raise the question of appropriate capitalization e.g. Credit risk, Interest rate risk, Market risk, Cash flow management risk, Budget management, Economic changes, etc.
- 2 Operational Risks - Operational risk arises from the direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The risk is a function of the adequacy of internal control, information systems, employee integrity, management policies and operating processes failures.
- 3 Strategic Risks - This is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to industry changes. This risk is a function of the compatibility of an organization's strategic goals together with the business strategies developed to achieve these goals, and the quality of implementation in order to build and protect its value.

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- 4 Insurance Risks - These are the risks of loss arising out of inadequate or failed re-insurance program, inefficient claims management or weak underwriting system. Such risks are inherent in the systems and controls surrounding the Underwriting processes which may bring about an unexpected loss that threatens the capital adequacy of the Insurer.
- 5 Hazard Risks - These are the risks of loss arising from an event that has resulted into visible or violent injury/sickness to people or damage to properties or legal liabilities arising out of contractual relationship with third parties. It focuses on insurable risks pertaining to employees, buildings, vehicle, third parties or contracts.

ANALYSIS OF RISKS THE COMPANY IS EXPOSED TO:

These are broken down into the following categories risk types:

- a Market/Investment Risk
 This is the probability that changes in financial market prices, interest rates, exchange rates, liquidity, market volatilities could adversely affect the company's condition. This for our purpose refers to the collection of Interest Rate risk, Liquidity Risk, Investment Risk and Trading Risk.

The philosophy of the company is to determine the investment portfolio based on statutory requirements as well as diversification. Concentration in any one type of financial instrument or any one company is limited, to ensure that the Company spreads the holdings between the various markets.

The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in general outlook for corporate earnings, changes in interest or currency rates or adverse investors sentiment generally. Security value can also be affected by factors that affected a particular industry or industries.

IEI mitigates this risk by following the market trend and hedge the inherent risk such as negotiating for low interest rate on its borrowings and high interest on its fixed deposits investment among others.

- b. Liquidity Risk
 This risk is associated with the fact that a company may not be able to pay back its liabilities in a timely manner. Liquidity risk depends not only on the final maturity of assets and liabilities, but also on the maturity of each intermediate cash flow; including the early prepayment of loans or the unforeseen usage of credit lines.

There are two types of this risk namely; Funding Risk and Market Liquidity Risk.

Funding risk - this is the risk that we may not be able to face efficiently (i.e without jeopardizing our orderly operations and financial balance) any expected or unexpected cash out flows

Market Liquidity Risk - Risk that in order to liquidate a sizable amount of assets, will affect the price in a consideration (and unfavorable) manner, because of the limited depth of the market where the assets are traded.

The two risks are connected and hence our business nature creates room for unexpected cash outflows which may require selling a large amount of securities. This may involve potential sharp fall in price.

In order to mitigate these joint risks, financial assets that can be promptly liquidated will be invested in (a possible liquidity stock), Cash flow based approach will also be used by comparing expected inflow to expected outflow and where one of the earlier mention approaches is not sufficient we combine the two (Hybrid approach)

- c. Credit Risk - Credit risk is the risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the firm, or otherwise fail to perform as agreed.

Credit risk is found in all activities where success depends on counter-party, issuer, or borrower performance. Any time a company's funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether recorded on the company's balance sheet or off the balance sheet, the company is exposed to credit risk. Credit risk may also arise where the performance of guarantors is required. In addition, credit risk arises in conjunction with a broad range of non-lending activities, including selecting and purchasing portfolio investments and processing and settling investment transactions with counter-parties.

At IEI, we determine counterparty credit quality by reference to ratings from independent rating agencies either locally or internationally. Where such is not available, the company structures the level of credit with third parties such as insurance brokers based on their credit history and volume of business with the company. With the introduction of No Premium No Cover this risk has drastically reduced.

- d. Operational Risk
Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events.

Our management of this risk is on-going as a risk register is opened in various departments and branches to identify and measure the likelihood and impact of this risk to our operations. Control measures are also put in place to limit the frequency of occurrence and mitigate the risks where identified.

- e. Legal/Litigation
This is the risk that arises from the potential that unenforceable contracts, litigations, or adverse judgments can disrupt or negatively affects the operations or conditions of the company.

At IEI the legal department has the responsibility to manage our legal risk. They are the risk owners. The department scrutinizes legal documents, ensures its safe keeping, execution of contract and all other secretarial functions both to the Board and company. Part of its risk management function is to oblige other Units/authorities with the implication of executing certain contracts, e.g unenforceable contracts. At IEI, the Legal unit in curbing its risk management, initiates express terms of contract in form of Memorandum of Understanding (MOU), which give raise to the contract itself. The contract is subject to the MOU, as the MOU supersede the contract. It is worthy to note that the MOU is strictly parties express terms. In other words, where there is a conflict between the contract and the MOU, the MOU shall prevail.

Alternative to Dispute Resolution (ADR): The department strives towards settling company's dispute with its client under the umbrella of Alternative to Dispute Resolution (ADR). This creates room for settling dispute out of court. It also promotes better business relationships because the parties choose arbitrators themselves (either one arbitrator jointly or one each and one jointly) and we apply the win-win rules. We also resolve dispute amicably with clients, and we give listening ears to clients and this gives them the opportunity to actually express their grievances on our policies. This strategy builds confidence in our client and it mitigates certain dispute that would have ordinarily arisen. This strategy gives room for a faster dispute settlement compare to the court system, where there will certainly be a winner and a loser. But with this strategy there is no loser because, It's an amicable settlement. It therefore gives the client the confidence that we are a reputable insurance company.

Furthermore, the ADR doesn't stop a client from enforcing his/her right in a competent court of law if he/she is dissatisfied with the judgment of the Arbitrator(s). It's contained in our MOU(s) that parties shall have recourse to a Court of Law should they be dissatisfied with the judgment of the ADR.

Litigation: The Company as a legal entity litigates in order to lawfully recover its debts from its debtors (client). This happens in a situation whereby the company constantly demands from its client and constantly received negative responds or envisages that the client is not going to pay the said debt. In such circumstance the company is left with no option than to consult its solicitors for advice or we give them instruction the solicitors on the next line of action.

Retainer ship: The Company has retainer with some law firms and as such they keep us abreast with the current day to day practice in court, and current statutes we may need from time to time. These law firms advise us on the implication of certain actions if we consult them for legal opinion.

- f. IT Risks - This includes risks arising from failure of processes or systems due to their poor design, complexity or non-performance, giving rise to operational losses. Conceptually, Operational Risk is defined as the direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

System Operational risk therefore covers risks resulting from process inadequacy, technology and information security failures, non-compliance with regulations, litigation, customer relationships as well as external influences.

System Operational risk will therefore be managed as a separate risk within IEI. This includes risks arising from bad or defective systems such as Information and Communication Systems (Hardware and Software), data centers Risk, Network (LAN/WAN) Risk, Unified communications Risk, Mobile devices Security Risk, Vendor Selection/Management Risk and as well as general inadequacy or failure of IEI's IT Security.

In line with our overall risk management objectives, the ORM specific objectives are as follows:

- Creation of minimal surprise environment in IEI through the reduction of the frequency and impact of System risk incidents.
- Achieve a very high degree of ownership and management expertise of operational risk events.
- Achieve a paradigm shift in response to System risk issues; adopt a risk consciousness culture which emphasizes prompt and proactive risk incident reporting at all levels
- Constant review and documentation of internal processes, procedures and policies to address the root causes of System failure.
- Develop a proactive approach to all operational activities in order to eliminate the effect of operational lapse in performance.

g. Business Risk

This is the risk that a company's market position may be eroded resulting in the future profitability of the company being reduced. IEI in managing this risk constantly evaluates its corporate strategy in line with the dynamics in the market to ensure that there are no threats in the external environment that can threaten its set objectives whilst also looking out for new opportunities.

h. Reputational Risk

Insurance business is sorely dependent on the confidence of the customer that claims will be paid in the event that a risk on cover crystallizes into a loss. Impairment of that confidence could result in a run from the insurance company. The possibility of damage to the customers' confidence in the insurance company is termed reputational risk.

It is the risk that an insurance company could experience loss arising from damage to its image and reputation. In this regard, the regulator has a role to play in instilling confidence in the system through actions and pronouncements.

At IEI, we manage our corporate reputation through keeping the IEI promises to the customers, Brokers, regulators and other stakeholders by not defaulting on claims payment, vendor fees, staff pension, health care providers, reinsurance outwards, professional membership dues, audit fees, salaries, and regulatory dues amongst others.

Other ways we positively project the IEI brand and manage our reputation include;

- Engaging in worthy Corporate Social Responsibility Initiatives that impact on the lives of the people.
- Meeting regulatory mandates of filing returns to relevant authorities, holding of Annual General Meetings as at when due.
- Having a transparent system when the media have access to our Public Relations department to seek clarity on issues.
- Periodically engage the services of reputable and result oriented communication agencies/consultants to partner IEI on all aspects of Corporate Communication activities and generate ideas in this regard.

i. Reinsurance Risk

IEI's reinsurance strategy is to continually ensure stable reinsurance arrangements regarding size, availability of cover and terms. Classes of risks with homogeneous nature of exposure to loss can be put under the same arrangement. Caution is particularly exercised in respect of certain classes of risks such as products, liability and offshore risks. The purpose of the reinsurance programmes is to obtain capacity, reduce accumulation of risks due to catastrophes and reinsure special risks outside the scope of the usual treaties as well as protect the amounts above the existing treaty limits. The Company takes advantage of a series of reinsurance strategies to protect her portfolios and provide cover in respect of any risk assumed. IEI's security is backed by treaties led by Munich Mauritius Reinsurance Company Limited and the following reputable reinsurers:

• Munich Re:	45%
• African Re:	35%
• Continental Re:	20%

IEI's reinsurance programme is a combination of the following reinsurance arrangements:

- Surplus Treaty
- Excess of Loss Treaty
- Quota Share Treaty
- Catastrophe Excess of Loss
- Facultative Placements.

The Company determines its annual deductible per class of risk by weighing the Risk Profile for the previous year. The risks with lower exposure to loss (Probable Maximum Loss -PML) carry higher sums insured retention as compared with risks that have higher PML.

j. Underwriting Risk:

IEI has extensive policies and procedures in place regarding risk management. The functions are carried out by trained and experienced in-house specialists in conjunction with other professionals. The overall objective of IEI's risk management policy is to prevent loss and exposure to both Company and its clients. The Company plays the following roles in this regard:

- Assisting clients to operate efficiently in a competitive and non-risk-free environment. This includes ensuring compliance with statutory regulations regarding safety and environment, facilitating compliance with insurance policies, contractual warranties, conditions and provisions, and clarification of risk management principles and procedures as well as comprehensive and continuing training for clients and employees on safety standards.
- Pre-loss surveys assist in the identification and evaluation of exposures as well as provide opportunities to develop control measures. The surveys also highlight categories that losses might fall into, such as property, employee health and safety, personnel, liability, environmental protection, loss of income or increase in operating expenses due to interruption in normal business activities. Such studies also provide an estimation of maximum probable loss describing the total amount of financial damage a given loss would represent under the worst case scenario as well as the physical and moral hazards (e.g. employees' welfare policy, staff motivation, attitude to work, quality of housekeeping, etc) likely to increase the severity of loss thereby verifying the adequacy of sum insured.
- Checklists and Flowcharts: The Company provides checklists that may be used to identify potential losses as well as analyze flowcharts to spot potential bottlenecks and concentration of valuable property. These help to reveal the consequent impact of losses.
- Loss prevention and reduction recommendations lower the frequency of losses through employment of safety engineers, fire fighting appliances, training, enlightenment, safety programmes and other measures. The availability of such items could attract a lower premium for customers.
- Computerized databases record information on the frequency, severity, causes and final outcome of losses. These are analyzed and emerging patterns provide a basis for drawing inference on risks which are useful not only in advice on taking corrective measures, but also in negotiations at the time of renewal of a contract.

The Company's underwriting process is to ensure prudence in underwriting of risks; application of excess, deductibles and policy limits; application of policy warranties, conditions and provisions; appropriate pricing and collection of premiums; and arrangement of adequate reinsurance of risks.

Regular reviews of the risk management process are carried out to maintain consistency and ensure reduction of losses

k. Claims Management Risk:

Claims settlement is vital in the Company's operation and its promptness is one of the strategies that have helped the Company create good public image. International Energy Insurance Plc works in conformity with a fast turnaround time in claims processing and settlement. Claims letters are responded to immediately on receipt just as Discharge Vouchers are dispatched to the insured as soon as we are in receipt of adjuster's report. Claim cheque are also processed immediately we are in receipt of executed Discharge Voucher

l. Provisioning/Reserving Risk - This is the risk that insurance liabilities recorded by the Insurer, net of reinsurance and other recoveries in respect of those liabilities, will be inadequate to meet the net amount payable when the insurance liabilities crystallize. Provisions are made in our books to adequately cover this risk.

m. Health Safety & Environmental risk - This is the risk that leads to deterioration of bottom-line performance from increased regulation on energy usage, market share from an environmental incident, increased operation costs from the effects of global warming.

Others are Natural disaster, Terrorism & Vandalism Risks, Employee injury & illness risk, Property damage risks and Third-party liability risk.

International energy insurance plc being a responsible company and fully aware of unsafe conditions which may exist in the work place and hazards (anything that has the potential to cause harm), has in place and efficient Health and Effect Management process (HEMP). HEMP is a process for identifying the hazards in an HSE (Health Safety and Environment) critical activity and the effect, with a view to eliminating them or controlling them to reduce their effects to As Low As Reasonably Practicable (ALARP).

It is based on four principles of Identify, Assess, Control and Recovery.

Identify Involves determining whether people, environment or assets are exposed. Assess puts into consideration what the causes and consequences are and how likely is the loss of control.

Control prevents accidents while Recovery measures mitigate the effect of the accident when they occur to enable early return to normal operations. If mitigation fails, escalation will occur to the point of worst consequence requiring the initiation of emergency response.

RISK CONCENTRATION PER PRODUCT LINE:-

Gross Written Premiums	2014
By product line:	Amount (N)
Fire	425,941,000
General Accident	644,169,000
Motor	1,473,863,000
Marine	537,891,000
Oil and gas	1,745,622,000
	<u>4,827,486,000</u>

5(c) Asset and Liability Management

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (Insurance contract liabilities and borrowings) and reinsurance assets.

Asset and Liability management (ALM) attempts to address financial risks the Company is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance contract liabilities. ALM ensures that specific assets of the Company is allocated to cover insurance contract liabilities of the Company.

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The following tables reconciles the Company's non Life business within the Statement of financial position to the classes and portfolios used in the Company's ALM framework.

	INSURANCE CONTRACT	SHAREHOLDERS' FUND	TOTAL
Assets	N'000	N'000	N'000
Cash and cash equivalents	952,573	-	952,573
Held-for-trading financial assets	50,610	-	50,610
Available-for-sale financial assets	801,595	250,033	1,051,628
Held-to-maturity financial assets	-	-	-
Loans and receivables	-	119,240	119,240
Trade receivables	-	12,629	12,629
Other receivables and prepayments	-	138,139	138,139
Reinsurance assets	739,092	-	739,092
Deferred acquisition cost	-	176,039	176,039
Non-current assets held for sale	986,225	-	986,225
Investment properties	1,000,000	1,355,001	2,355,001
Intangible Asset	-	2,158	2,158
Property, plant and equipment	-	1,829,924	1,829,924
Statutory deposit	-	322,500	322,500
Total assets	4,530,095	4,205,662	8,735,758
Liabilities:			
Insurance contract liabilities	4,007,977	-	4,007,977
Trade payables	-	315,652	315,652
Provisions and other payables	-	1,064,840	1,064,840
Current income tax liabilities	-	307,012	307,012
Deferred tax liability	-	152,226	152,226
Borrowings	-	4,016,850	4,016,850
Deposit for share	-	393,761	393,761
Total liabilities	4,007,977	6,250,341	10,258,318
Gap	522,118	(2,044,679)	(1,522,561)

5(d) **Capital Management**

The main objectives of the Company when managing capital are:

- to ensure that the Minimum Capital Requirement of ₦3 billion as required by the Insurance Act CAP 117, LFN 2004, is maintained at all times.
This is a risk based capital method of measuring the minimum amount appropriate for an Insurance Company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.
 - to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
 - to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.
- The Insurance Act CAP 117, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claims liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance risk. As part of its plan to meet the required capital base set by NAICOM and to maintain the statutory asset cover based on its underwritten risks, the Company intends to do the following to strengthen its financial position:
- Dispose its investment properties.
 - Recoveries from trade and other debtors: The Company has engaged the services of solicitors and recovery agents to help it make substantial recoveries from its debtors.
 - The Company is still on its plan to bring in fresh capital into the Company through private placement.

The Company is also subject to a solvency requirement under the Insurance Act CAP 117, LFN 2004 and is required to maintain its solvency at the minimum capital required at all times. Solvency margin is the excess of admissible assets in Nigeria over admissible liabilities in Nigeria and shall not be less than the minimum paid-up capital or 15% of the gross premium income less reinsurance premiums paid out during the year, whichever is higher in accordance with section 24 of Insurance Act CAP 117 LFN, 2004.

Capital Adequacy Test

Based on the capital adequacy calculation below, International Energy Insurance Plc has a deficit of ₦4.8 billion.

	2014
	N'000
Shareholders funds as per statement of financial position	(1,522,561)
Less:	
Investment property without title	327,000
	<u>327,000</u>
	<u>(1,849,561)</u>

Capital Base

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company's capital base is below the minimum capital requirement of ₦3 billion specified by NAICOM.

The Company's capital requirement of ₦3,000,000,000 was not maintained as at the end of the financial year, while the Solvency margin was also below the requirements of the Insurance Act CAP 117, LFN 2004 as a result of the restriction on the admissibility of certain assets.

	December 2014
	N'000
Cash and Cash equivalents	952,573
Financial assets:	
Held for trading	50,610
Available for sale	1,051,628
Statutory deposits	322,500
Trade receivables	12,629
Loans and receivables	119,240
Non current assets held for sale	986,225
Investment properties	2,028,000
Property and equipment	1,829,924
Amount due from retrocession	739,092
Deferred acquisition costs	176,039
Admissible assets	<u>8,268,460</u>
Insurance contract liabilities	4,007,977
Trade and other payables	1,380,492
Borrowings	4,016,850
Taxation	307,012
Deposit for shares	393,761
Admissible liabilities	<u>10,106,092</u>
Solvency margin	<u>(1,837,633)</u>
The higher of 15% of net premium income and shareholders funds	3,000,000
Shortfall in solvency margin	<u>(4,837,633)</u>
Solvency ratio	<u>(61)</u>

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
6 Cash and cash equivalents				
Cash in hand	2,660	2,660	203	271
Balances with banks	1,019,031	1,019,031	814,070	1,008,757
Placements	380,031	380,031	138,300	310,462
Treasury bills	38,756	38,756	-	-
	<u>1,440,478</u>	<u>1,440,478</u>	<u>952,573</u>	<u>1,319,490</u>
Transferred to disposal of investment in subsidiary (Note 44)	(120,988)	-	-	-
Derecognition of group structure (Note 45)	<u>(1,319,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1,440,478</u>	<u>952,573</u>	<u>1,319,490</u>
Current	-	1,440,478	952,573	1,319,490
Non-current	-	-	-	-
	<u>-</u>	<u>1,440,478</u>	<u>952,573</u>	<u>1,319,490</u>

Cash and cash equivalents comprise cash in hand, call deposits at banks and investments in short-term liquid instruments. The group holds cash and cash equivalents for the purpose of meeting short-term cash commitments rather than for investment or other long-term cash commitment purposes.

	N'000	N'000	N'000	N'000
7 Financial assets				
Held-for-trading financial assets (a)	-	61,576	50,610	61,576
Available-for-sale financial assets (b)	-	1,051,628	1,051,628	1,051,628
Held-to-maturity financial assets (c)	-	13,964	-	13,964
Loans and receivables (d)	-	137,726	119,240	128,207
	<u>-</u>	<u>1,264,894</u>	<u>1,221,478</u>	<u>1,255,375</u>
(a) Held-for-trading financial assets	N'000	N'000	N'000	N'000
Balance at the beginning of the year	61,576	179,627	61,576	179,627
Additions during the year	-	-	-	-
Disposal during the year	-	(82,895)	-	(82,895)
Investment swapped with debt during the year (Note (i))	-	(49,606)	-	(49,606)
Derecognition of group structure (Note 45)	<u>(61,576)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at the end of the year	-	47,126	61,576	47,126
Fair value (loss)/gain during the year (Notes 39 & 41)	-	14,450	(10,966)	14,450
Market value at the end of the year	<u>-</u>	<u>61,576</u>	<u>50,610</u>	<u>61,576</u>
Current	-	61,576	50,610	61,576
Non-current	-	-	-	-
	<u>-</u>	<u>61,576</u>	<u>50,610</u>	<u>61,576</u>

- (i) Held-for-trading financial assets represent the Company's investments in listed securities traded on the Nigerian stock exchange. The investment is carried at fair value based on current bid price at the Nigerian stock exchange.

Investment swapped with debt represents the Company's investment in CBI leasing which was utilised in settling the Company's indebtedness to PAC Capital.

Analysis of the fair value of the investments in listed entities is shown below:

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
ACCESS BANK PLC.	-	8,405	5,778	8,405
AFRICAN PRUDENTIAL REGISTRARS PLC	-	303	277	303
ALUMINIUM MANUFACTURING CO PLC	-	2	2	2
AT&T GLOBAL INFORMATION	-	1,066	813	1,066

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
BERGER PAINTS NIG	-	419	472	419
DUNLOP	-	500	500	500
FBN	-	3,395	1,833	3,395
FCMB	-	6,062	4,091	6,062
FIRST ALUMINIUM	-	1,376	1,376	1,376
GT BANK PLC	-	1,023	954	1,023
INTENEGINS	-	36	7	36
JOHN HOLT PLC	-	96	84	96
LINKAGE	-	6,763	6,763	6,763
LIVESTOCK	-	4,300	2,280	4,300
NESTLE NIG PLC	-	4,388	3,699	4,388
NIGERIAN ENAMELWARE PLC	-	8,178	8,065	8,178
OANDO	-	888	589	888
RT BRISCO	-	32	17	32
SCOA NIG PLC	-	828	726	828
UBA	-	9,286	4,487	9,286
UBA CAPITAL PLC	-	756	599	756
UBN	-	458	405	458
UNIVERSAL	-	2,500	2,500	2,500
WAPIC INSURANCE	-	202	202	202
WEST AFRICAN GLASS	-	315	315	315
ETI	-	-	3,776	-
	-	61,576	50,610	61,576
(b) Available -for-sale financial assets	N'000	N'000	N'000	N'000
(i) Unlisted equities:				
Cost at the beginning of the year	-	3,643,691	1,051,628	3,643,691
Addition during the year (see Note 7b(iii) below)	-	1,000,000	-	1,000,000
Cancellation of IEI Anchor disposal	-	-	650,000	-
Reclassification to Non current assets held for sale (Note 12)	-	(821,693)	(650,000)	(821,693)
Disposal during the year (Note 7b(v))	-	(2,770,370)	-	(2,770,370)
Cost at the end of the year	-	1,051,628	1,051,628	1,051,628
Current	-	-	-	-
Non-current	-	1,051,628	1,051,628	1,051,628
Available-for-sale financial assets represent the Company's investments in unlisted securities and long term placements in other corporate entity. The investment is carried at fair value based on the net asset value of the Company's investments in the other corporate entities, except for Heritage Banking Company Limited which the financial statements was not provided for our review.				
(ii) Analysis of the cost of investments in unlisted entities at the end of the year is shown below:				
	N'000	N'000	N'000	N'000
Heritage Banking Company Limited (Note (iii))	-	1,000,000	1,000,000	1,000,000
Pabod breweries limited	-	51,628	51,628	51,628
	-	1,051,628	1,051,628	1,051,628

(iii) The Company redeemed its investment in loan notes with Heritage Banking Company Limited in prior year at its face value of N1,700,000,000.

In prior year, the Company received 1,000,000,000 ordinary shares of N1.00 each equity investment of Heritage Banking Company Limited in lieu of the amount receivable from Management Buy-out debtors which had been previously impaired. The value of the amount recovered from the impaired balance has been recognised as part of other income in the profit and loss account.

(iv) At the reporting date the following investments in unlisted entities were impaired:

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
IEI Anchor Pensions Manager Limited				
Opening balance	-	440,564	440,564	440,564
Reclassification to Non current assets held for sale (Note 12)	-	(440,564)	(440,564)	(440,564)
	-	-	-	-

(v) Analysis of disposal of available for sale investments disposed during the year is as stated below:

	N'000	N'000	N'000	N'000
Loan notes in Heritage Banking Company Limited (iii)	-	1,700,000	-	1,700,000
Investment in IEI Anchor Pension Limited (viii)	-	1,070,370	-	1,070,370
	-	2,770,370	-	2,770,370

(vi) During the year ended 31 December 2013, The Company disposed of its investment of 1,133,220,000 ordinary shares N1.00 each in IEI Anchor Pension Limited representing 51% of the share capital of the Company. The shares were sold to VFV Limited for N650 million. The Company received N30 million in prior year, while N507.5 million was received from the outstanding balance of N620 million subsequent to the year ended 31 December 2013. The contract for the sale of IEI Anchor Pension Limited was later repudiated by IEI Plc in the board of directors meeting held on 16th October 2014 and the sum of N537.5 million had been refunded to VFV Limited as at October 2014.

(vii) The analysis of the fair value gain/(loss) on investment with IEI Anchor Pension Limited as at 31 December 2014 is as follow:

	N'000	N'000	N'000	N'000
Estimated value of the equity at the beginning of the year (see (viii) below)	-	372,652	986,224	372,652
Less: carrying value of equity at the end of the year	-	381,128	1,022,652	381,128
	-	(8,476)	(36,428)	(8,476)

	N'000	N'000	N'000	N'000
Opening balance of fair value loss	-	-	(8,476)	-
Fair value loss on available for sale investments (Note 29)	-	(8,476)	(36,428)	(8,476)
Reclassification to Non current assets held for sale (Note 12)	-	8,476	44,904	8,476
Closing balance	-	-	-	-

(viii) Estimated value of the equity at the beginning of the year:	'000	'000	'000	'000
Net asset of IEI Anchor Pension (Value)	-	1,242,173	1,217,560	1,242,173
total share of IEI Anchor Pension (Number)	-	2,222,000	2,222,000	2,222,000
Net asset/share	-	0.56	0.55	0.56
Unit of equity held by IEI Plc (Number)	-	666,600	1,799,820	666,600
Net asset/share of IEI Anchor Pension	-	0.56	0.55	0.56
Valued @ net asset/per share of IEI Anchor Pension	-	372,652	986,224	372,652

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
(ix) <i>Movement in impairment allowance of unquoted investments:</i>				
Balance at the beginning of the year	440,564	863,017	440,564	863,017
Impairment loss on disposed investment (IEI Anchor Pension) transferred to disposal account	-	(422,453)	-	(422,453)
Derecognition of group structure (Note 45)	(440,564)	-	-	-
Balance at the end of the year	-	440,564	440,564	440,564

(c) Held-to-maturity financial assets
FGN Treasury bills

	13,964	-	13,964
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Held-to-maturity financial assets represent investment in Federal Government of Nigeria Treasury bills. The Company has positive intent and ability to hold the financial assets to maturity and the financial assets are being carried at amortised cost.

(d) Loans and receivables

	N'000	N'000	N'000	N'000
Due from staff at the beginning of the year	137,726	287,263	260,892	266,178
Additional loans and advances granted to staff	-	7,907	-	7,907
Recovery from staff during the year	-	(16,944)	(8,967)	(13,193)
	137,726	278,226	251,925	260,892
Less: impairment allowance (see (i) below)	-	(132,685)	(132,685)	(132,685)
Foreign exchange reserves	-	(7,815)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(9,519)	-	-	-
Derecognition of group structure (Note 45)	(128,207)	-	-	-
	-	137,726	119,240	128,207

Staff receivables represents amount due from staff on loans and advances granted during the year.

	N'000	N'000	N'000	N'000
(i) <i>Movement in impairment allowance on amount due from staff:</i>				
Balance at the beginning of the year	-	123,641	132,685	123,641
Impairment allowance during the year (Note 43)	-	123,281	-	123,281
Write back during the year (Note 40)	-	(114,237)	-	(114,237)
Balance at the end of the year	-	132,685	132,685	132,685
8 <u>Trade receivables</u>				
Amount due from Insurance brokers	236,479	3,038,606	2,814,633	2,821,901
Amounts due from Insurance companies	-	-	123	-
	236,479	3,038,606	2,814,756	2,821,901
Less: impairment allowance of trade receivables (Note 8a)	-	(2,802,127)	(2,802,127)	(2,802,127)
Transferred to disposal of investment in subsidiary (Note 44)	(216,705)	-	-	-
Derecognition of group structure (Note 45)	(19,774)	-	-	-
	-	236,479	12,629	19,774
Current	-	236,479	12,629	19,774
Non-current	-	-	-	-
	-	236,479	12,629	19,774

Trade receivables are receivables from insurance contracts as at the year end from brokers/co-insurers and this has been collected subsequent to the year ended 31 December 2014.

	N'000	N'000	N'000	N'000
(a) <i>Movement in impairment allowance of trade receivables:</i>				
Balance at the beginning of the year	2,802,127	3,933,444	2,802,127	3,933,444
Impairment allowance during the year (Note 43)	-	396,070	-	396,070
Write off of trade receivables	-	(1,527,387)	-	(1,527,387)
Derecognition of group structure (Note 45)	(2,802,127)	-	-	-
Balance at the end of the year	-	2,802,127	2,802,127	2,802,127
(b) <i>Analysed below are trade receivables received subsequent to the year end:</i>	N'000	N'000	N'000	N'000
Insurance Brokers	-	236,479	12,629	19,774
9 Other receivables and prepayments	N'000	N'000	N'000	N'000
Due from related parties (a)	-	114,115	100,000	100,000
Prepayments (b)	-	41,693	33,348	33,086
Other receivables (c)	-	630,643	4,791	625,691
	-	786,451	138,139	758,777
Current	-	786,451	138,139	758,777
Non-current	-	-	-	-
	-	786,451	138,139	758,777
(a) <u>Due from related parties</u>	N'000	N'000	N'000	N'000
(i) Related parties				
Due from IEI Limited - Ghana	-	-	74,057	74,057
Due from IEI Assets Limited/Anchor Pension	100,000	171,000	171,000	171,000
Due from TMC Savings and loans	-	3,624	3,624	3,624
Due from other related parties	14,115	14,115	-	-
	114,115	188,739	248,681	248,681
Less: impairment allowance of due from related parties (see (iii) below)	-	(74,624)	(148,681)	(148,681)
Transferred to disposal of investment in subsidiary (Note 44)	(14,115)	-	-	-
Derecognition of group structure (Note 45)	(100,000)	-	-	-
	-	114,115	100,000	100,000
(ii) Other receivable from related party:				
Placement with IEI Assets Limited (see Note 9(iv))	10,000	10,000	10,000	10,000
Less: allowance for impairment (see 'iv' below)	(10,000)	(10,000)	(10,000)	(10,000)
	-	-	-	-
Total	-	114,115	100,000	100,000
Due from related companies represents those expenditures incurred on behalf of the related companies which the Group considered recoverable as at the year end. The group makes allowance for impairment of the amount due from related companies when the Group considers the recoveries of the receivables doubtful.				
(iii) <i>Movement in impairment allowance of due from related parties:</i>	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	74,624	148,681	148,681

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
(iv) Movement in impairment allowance of other receivable from related party:				
Balance at the beginning of the year	10,000	510,000	10,000	510,000
Write back during the year (Note 40)	-	(500,000)	-	(500,000)
Derecognition of group structure (Note 45)	(10,000)	-	-	-
Balance at the end of the year	-	10,000	10,000	10,000

Placement with IEI Assets Limited represent the Group's deposit with an Asset Management Company at an agreed interest rate. The deposit was fully allowed for impairment as at 1 January, 2011 because of the financial constraint of IEI Assets Limited (the investee Company). The funds were therefore not available for the short-term cash commitment of International Energy Insurance Plc.

(b) Prepayments	N'000	N'000	N'000	N'000
Movement in prepayments				
Balance at the beginning of the year	41,693	-	33,086	-
Addition during the year	-	41,693	262	33,086
Transferred to disposal of investment in subsidiary (Note 44)	(8,607)	-	-	-
Derecognition of group structure (Note 45)	(33,086)	-	-	-
Balance at the end of the year	-	41,693	33,348	33,086
(c) Other receivables	N'000	N'000	N'000	N'000
Other receivables (see 'I' below)	-	1,062,814	431,896	1,057,862
Less: impairment allowance (see 'V' below)	-	(432,171)	(427,105)	(432,171)
	-	630,643	4,791	625,691

(i) Other receivables represents receivables from persons other than customers and staff and other various prepaid expenses as at the reporting date. The details are as follow:

	N'000	N'000	N'000	N'000
Incorporation expenses of Heritage Banking Company Limited	146,699	146,699	146,699	146,699
Loan to agent and brokers	647	647	647	647
Director's loan	3,000	3,000	3,000	3,000
Advances to Equity Life Assurance	10,000	10,000	10,000	10,000
Due from Crossworld Global Electronics	201	201	-	201
Due from VFV Limited (Note 7b(vii))	620,000	620,000	-	620,000
Other prepayments	17,788	17,788	14,328	12,836
Investment receivables	264,479	264,479	257,222	264,479
Transferred to disposal of investment in subsidiary (Note 44)	(4,952)	-	-	-
Derecognition of group structure (Note 45)	(1,057,862)	-	-	-
	-	1,062,814	431,896	1,057,862

(ii) Movement in impairment allowance of other receivables:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	167,692	164,335	167,692	164,335
Impairment allowance during the year (Note 43)	-	3,357	2,191	3,357
Derecognition of group structure (Note 45)	(167,692)	-	-	-
Balance at the end of the year	-	167,692	169,883	167,692

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
(iii) <i>Movement in impairment allowance of balances with banks:</i>				
Balance at the beginning of the year	2,450	2,994	2,450	2,994
Impairment charge no longer required (Note 40)	-	(544)	-	(544)
Derecognition of group structure (Note 45)	(2,450)	-	-	-
Balance at the end of the year	-	2,450	2,450	2,450
(iv) <i>Movement in impairment allowance of short term deposits:</i>	N'000	N'000	N'000	N'000
Balance at the beginning of the year	262,029	54,010	262,029	54,010
charged to profit or loss during the year (Note 43)	-	214,878	-	214,878
Impairment charge no longer required (Note 40)	-	(6,859)	(7,257)	(6,859)
Derecognition of group structure (Note 45)	(262,029)	-	-	-
Balance at the end of the year	-	262,029	254,772	262,029
Impairment allowance of balances with banks and short term deposits represent allowances for impairment of deposits with some defunct banks and other financial institutions that are long overdue.				
(v) <i>Summary of impairment during the year</i>	N'000	N'000	N'000	N'000
Impairment allowance of other receivables Note(ii)	-	167,692	169,883	167,692
Impairment allowance of balances with banks Note(iii)	-	2,450	2,450	2,450
Impairment allowance of short term deposits Note(iv)	-	262,029	254,772	262,029
	-	432,171	427,105	432,171
10 Re-insurance assets	N'000	N'000	N'000	N'000
Outstanding claims recoverable at the beginning	744,621	193,395	744,621	193,395
(Decrease)/increase during the year	-	551,226	(5,529)	551,226
Derecognition of group structure (Note 45)	(744,621)	-	-	-
Balance at the end of the year	-	744,621	739,092	744,621
(a) Outstanding claims recoverable	N'000	N'000	N'000	N'000
Recoverable on Outstanding claims	-	613,613	317,805	613,613
Recoverable on IBNR	-	131,008	155,788	131,008
Prepaid reinsurance expense	-	-	265,499	-
	-	744,621	739,092	744,621
Re-insurance assets represent the extent of credit risk related to reinsurance and its obligations to policy holders. Re-insurance assets are carried at amortised cost. The carrying amount is not significantly different from the fair value.				
11 Deferred acquisition costs	N'000	N'000	N'000	N'000
Balance at the beginning of the year	199,676	213,390	152,919	165,003
Increase/(decrease) during the year	-	4,221	23,120	(12,084)
Foreign exchange reserves	-	(17,935)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(46,757)	-	-	-
Derecognition of group structure (Note 45)	(152,919)	-	-	-
Balance at the end of the year	-	199,676	176,039	152,919
Current	-	199,676	176,039	152,919
Non-current	-	-	-	-
	-	199,676	176,039	152,919

Deferred acquisition costs represent commissions paid by the Group on unearned premium relating to the unexpired risk.

Analysis of deferred acquisition cost by class of business is as follows:

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Fire	-	49,373	25,435	25,571
General Accident	-	29,628	49,939	24,136
Marine	-	15,986	22,016	15,246
Motor	-	63,074	48,789	46,351
Oil and Energy	-	40,544	27,397	40,544
Workmen Compensation	-	1,071	1,502	1,071
Bonds	-	-	961	-
	-	199,676	176,039	152,919
12 Non current Assets held for sale	N'000	N'000	N'000	N'000
Balance at the beginning	372,653	-	821,693	-
Additions during the year	-	-	-	-
Reclassified from Available for sales financial assets	-	821,693	650,000	821,693
less: allowance for impairment (Note 7(b),(ix))	-	(440,564)	(440,564)	(440,564)
Fair value loss on available for sale investments (Note 7(b),(vii))	-	(8,476)	(44,904)	(8,476)
Derecognition of group structure (Note 45)	(372,653)	-	-	-
	-	372,653	986,225	372,653
Current	-	372,653	986,225	372,653
Non-current	-	-	-	-
	-	372,653	986,225	372,653

Investment in IEI Anchor Pension Manager Limited owned by the company has been classified as non-current assets held for sale and it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the investment has been designed for immediate sale in its present condition subject only to terms that are usual and customary for sales of such investment and its sale is highly probable. For the sale to be highly probable:

*The Company is committed to a plan to sell the investment and an active programme to locate a buyer and complete the plan have been initiated

*The investment is being actively marketed for sale at a price that is reasonable in relation to its current fair value

*The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, all things being equal.

	N'000	N'000	N'000	N'000
13 Investment in subsidiaries				
IEI Investment in subsidiary	-	-	56,130	622,306
Less: impairment allowance (see 'a' below)	-	-	(56,130)	(622,306)
	-	-	-	-
Current	-	-	-	-
Non-current	-	-	-	-
	-	-	-	-

i Investment in subsidiary represents the Company's holdings in IEI Saotome and Principe Limited, IEI Cote D'Ivoire Limited IEI Ghana Limited, IEI Plc has 95% holding of the ordinary shares of IEI Ghana Limited as at 31 December, 2013. During the year, the group sold its operations in International Energy Insurance Plc, Ghana, consequently the 95% holding was disposed off.

- II Investments in IEI Sootome and Principe Limited and in IEI Cote D' Ivoire Limited are pre-incorporation expenses incurred on the companies which are yet to commence operation. International Energy Insurance Plc holds 100% of these investments. The expenses have however been allowed for impairment.

(a) Movement in impairment allowance of investment in subsidiaries:

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Balance at the beginning of the year	-	-	622,306	540,946
Addition during the year (Note 43)	-	-	-	81,360
Transferred to disposal of investment in subsidiary (Note 44)	-	-	(566,176)	-
Balance at the end of the year	-	-	56,130	622,306

(b) Detail of investment in subsidiaries impaired:

	N'000	N'000	N'000	N'000
IEI Sootome and Principe limited	-	-	48,160	48,160
IEI Cote D' Ivoire Limited	-	-	7,970	7,970
IEI Ghana limited (Deposit for shares)	-	-	-	84,355
IEI Ghana limited (Ordinary shares)	-	-	-	481,821
	-	-	56,130	622,306

(c) The summary of the operational results of (the subsidiary) IEI Ghana Limited are as follow:

	31 December 2014 N'000	31 December 2013 N'000
Total Assets	-	481,201
Total Liabilities	-	909,182
Shareholders fund	-	(427,980)
Gross Premium	-	762,225
Net Premium earned	-	524,036
Underwriting loss	-	(734,651)
Loss before taxation	-	(506,710)
Loss after taxation	-	(501,280)
Total comprehensive income	-	(501,280)

14 Investment properties

	N'000	N'000	N'000	N'000
At valuation:				
Investment properties at the beginning of the year (Note 14 (a))	2,719,001	2,025,389	2,719,001	2,025,389
Disposal during the year	-	-	(364,000)	-
Balance at the end of the year	2,719,001	2,025,389	2,355,001	2,025,389
Allowance for impairment no longer required (Note 40)	-	798,389	-	798,389
Loss on investment property swap (Note 41)	-	(104,777)	-	(104,777)
Derecognition of group structure (Note 45)	(2,719,001)	-	-	-
	-	2,719,001	2,355,001	2,719,001
Current	-	-	-	-
Non-current	-	2,719,001	2,355,001	2,719,001
	-	2,719,001	2,355,001	2,719,001

Investment properties at the beginning

- (a) The Company's investment properties represent land and buildings held for capital appreciation. As at 31 December 2013, the properties were professionally valued on 27 November 2013 by an independent valuer Messrs Obi Nwanchukwu and Associates with FRCN registration number FRC/2014/NIESV/00000005295 on the basis of open market values.

The method of valuation adopted by the valuer for the determination of the current 'Fair value' of the properties is 'Depreciated Replacement Cost Approach'. The method involves the determination and application of the current cost of construction of similar new developments to the superficial area of the building/structure under consideration and deducting therefrom all allowance to account for depreciation occasioned by physical wear and tear where the building/structures has been completed or outstanding works when they are under construction.

A property at Plot No 488, Cadastral Zone A08, Wuse Zone II, Abuja, Federal Capital Territory was disposed at a net loss of N49,000,000 (forty-nine million naira only).

Title documents relating to ownership of the property at Turnbull Road Ikoyi presently occupied by a former Executive of the Company were not made available for our review.

(b) **Equity exchanged for investment property**

In 2012, the Company exchanged equity for landed property. The landed property (Jabi Lake Property) was acquired by IEI Plc from Suburban Broadband Limited in consideration for its 230,000,000 unit of shares held in Suburban Broadband Limited. The cost of the equity was N1,596,778,000. A provision for impairment to the tune of N798,389,000, representing 50% of the cost of N1,596,778,000 was made and incorporated in the financial statements as at 31 December 2012 as the title documents were not yet been perfected. During the year ended 31 December 2013, the landed property (Jabi Lake Property) was swapped with 4 properties located at Wuse, Gbagada, Asaba and Enugu owned by Smartrock Limited (a Suburban formed Special Purpose Vehicle) with a total revalued amount of N1,492,000,000. The investment property was transferred to International Energy Insurance Plc by a Share purchase agreement and Deed of Assignment. The Contract of Sale and Deed of Assignment are yet to be perfected as at 31 December 2013.

The loss on the investment property swap of N104,777,000 has been written off to profit and loss account. Consequently, the provision of impairment of N798,389,000 made in the 2012 financial statements has been reversed and recognised in the profit and loss account as provision for impairment loss no longer required in 2013.

(c) **Details of investment properties as at year end are as follows:**

	Revalued amount N
i) IEI Ibadan Estate, Liberty Road, Oke Ado Ibadan	900,000
ii) Property at No 3 Oshunkeye Crescent, Gbagada Industrial Scheme, Lagos	760,000
iii) No 1 Tumble Road, Ikoyi, Lagos	327,000
iv) 7 Onitsha-Aba Benin Expressway, Asaba, Delta State	308,000
v) Ugbo-Enyi-Nike, Enugu Local Government	60,000
Total	2,355,000

15 Intangible Assets

Cost:	N'000	N'000	N'000	N'000
Balance at beginning of year	14,152	16,132	10,790	10,790
Foreign exchange reserves	-	(1,980)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(3,362)	-	-	-
Derecognition of group structure (Note 45)	(10,790)	-	-	-
Balance at end of the year	-	14,152	10,790	10,790
Amortisation:				
Balance at beginning of year	10,915	10,748	7,553	6,474
Charge during the year	-	1,949	1,079	1,079
Foreign exchange reserves	-	(1,782)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(3,362)	-	-	-
Derecognition of group structure (Note 45)	(7,553)	-	-	-
Balance at end of the year	-	10,915	8,632	7,553
Carrying amounts at the end of the year	-	3,237	2,158	3,237

Intangible assets are purchased computer software being used by the Company. IEI Plc is presently using "perfect accounting" which was purchased in year 2007.

16 (a) Property, plant and equipment (Group)	Improvement to land and building	Land and Buildings	Plant and machinery	Motor vehicles	Furniture & equipment	Total
Cost/valuation	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2013	1,604,279	275,964	114,490	458,728	234,680	2,688,140
Additions	-	7,493	12,749	249,625	18,644	288,511
Disposals	-	-	-	(79,721)	(682)	(80,403)
Foreign exchange reserves	-	(59,618)	(2,570)	(33,303)	(13,985)	(109,476)
At 31 December 2013	1,604,279	223,839	124,669	595,329	238,657	2,786,772
At 1 January 2014	1,604,279	223,839	124,669	595,329	238,657	2,786,772
Additions	-	1,395	4,935	132,900	13,009	152,239
Disposals	-	-	(1,350)	(88,676)	(1,031)	(91,057)
Reclassifications	(1,470,002)	1,483,391	280	(5,190)	(8,480)	-
Write-off (Note ii)	-	-	-	(92,900)	-	(92,900)
Transferred to disposal of investment in subsidiary (Note 44)	-	-	-	-	-	-
	-	(101,226)	(5,552)	(62,025)	(25,931)	(194,734)
Derecognition of group structure (Note 45)	(134,277)	(1,607,399)	(122,982)	(479,438)	(216,224)	(2,560,320)
At 31 December 2014	-	-	-	-	-	-
Depreciation						
At 1 January, 2013	13,760	13,180	108,508	430,129	106,825	672,402
Charge for the year	120,517	16,003	7,956	50,719	23,858	219,053
Disposals	-	-	-	(72,649)	(359)	(73,008)
Foreign exchange reserves	-	-	(2,563)	(28,755)	(6,762)	(38,080)
At 31 December 2013	134,277	29,183	113,901	379,444	123,562	780,367
At 1 January 2014	134,277	29,183	113,901	379,444	123,562	780,367
Charge for the year	-	17,568	4,882	90,036	21,582	134,068
Disposals	-	-	(1,350)	(88,676)	(660)	(90,686)
Reclassifications	-	-	389	1,255	(1,644)	-
Write-off (Note ii)	-	-	-	(20,624)	-	(20,624)
Transferred to disposal of investment in subsidiary (Note 44)	-	-	-	-	-	-
	-	-	(4,907)	(55,045)	(12,777)	(72,729)
Derecognition of group structure (Note 45)	(134,277)	(46,751)	(112,915)	(306,390)	(130,063)	(730,396)
At 31 December 2014	-	-	-	-	-	-
Carrying amounts at:						
31 December 2014	-	-	-	-	-	-
31 December 2013	1,470,002	194,656	10,768	215,885	115,095	2,006,405

Property, plant and equipment are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses (if any). The value of the Group's Property, plant and equipment as at 31 December, 2013 represents their carrying amounts at that date.

(b) Property, plant and equipment (Company)	Improvement to land and building	Land and Buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Total
Cost/valuation	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2013	1,457,510	275,278	107,836	363,690	188,470	2,392,784
Additions	-	7,493	11,561	244,145	16,458	279,657
Disposals	-	-	-	(79,721)	(682)	(80,403)
At 31 December 2013	1,457,510	282,771	119,397	528,114	204,246	2,592,038
At 1 January 2014	1,457,510	282,771	119,397	528,114	204,246	2,592,038
Additions	-	1,395	4,935	132,900	13,009	152,239
Reclassification	(1,323,233)	1,323,233	-	-	-	-
Disposals	-	-	(1,350)	(88,676)	(1,031)	(91,057)
Write-off (Note II)	-	-	-	(92,900)	-	(92,900)
At 31 December 2014	134,277	1,607,399	122,982	479,438	216,224	2,560,320
Depreciation						
At 1 January 2013	13,760	13,180	102,865	363,690	88,998	582,493
Charge for the year	120,517	16,003	6,518	34,612	20,501	198,151
Disposals	-	-	-	(72,649)	(359)	(73,008)
At 31 December 2013	134,277	29,183	109,383	325,653	109,140	707,636
At 1 January 2014	134,277	29,183	109,383	325,653	109,140	707,636
Charge for the year	-	17,568	4,882	90,036	21,582	134,068
Disposals	-	-	(1,350)	(88,676)	(660)	(90,686)
Write-off (Note II)	-	-	-	(20,624)	-	(20,622)
At 31 December 2014	134,277	46,751	112,915	306,389	130,062	730,396
Carrying amounts at:						
31 December 2014	-	1,560,648	10,067	173,049	86,162	1,829,924
31 December 2013	1,323,233	253,588	10,014	202,461	95,106	1,884,402

i In 2012, the Company carried out valuation of four of its land and buildings. The valuation was professionally done by Obi Nwachukwu & Associates, Estate Surveyors and Valuers.

ii This relates to total write off on motor vehicles acquired in 2013 for some directors who are no longer on the board of the company subsequent to the year ended 31 December 2014.

III Impairment losses recognised in the year

There was no impairment losses recognised during the year (2013 : Nil).

iv Capital commitments

In the opinion of the directors, there was no capital commitment as at 31 December 2014 (2013: Nil).

v Assets pledged as security

At 31 December 2014, the Company has none of its assets pledged as security for liabilities (2013: Nil).

vi Asset on lease

There was no asset on lease during the year (2013 : Nil).

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
17 Statutory deposit				
Balance at the beginning of the year	344,485	349,027	322,500	322,500
Addition during the year	-	5,291	-	-
Foreign exchange reserves	-	(9,833)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(21,985)	-	-	-
Derecognition of group structure (Note 45)	(322,500)	-	-	-
Balance at the end of the year	-	344,485	322,500	322,500

This represents the minimum deposit with the Central Bank of Nigeria in accordance with the provision of section 9(1) and 10(3) of the Insurance Act, CAP I 17, LFN 2004.

The statutory deposit for International Energy Insurance Company Limited represents 50% of the minimum capital of the Company deposited into an escrow account in 2009 as part of the conditions required by the National Insurance Commission (NIC), Ghana for granting insurance license to 'the company'. The instrument is carried at purchase amount plus any accrued interest and the deposits are not available for day to day running of the company.

	N'000	N'000	N'000	N'000
18 Insurance contracts liabilities				
Reserve for unearned premium (see 'a' below)	-	1,602,366	1,310,219	1,378,110
Reserve for outstanding claims (see 'b' below)	-	2,188,357	2,697,758	1,993,611
	-	3,790,723	4,007,977	3,371,721
Current	-	3,790,723	4,007,977	3,371,721
Non-current	-	-	-	-
	-	3,790,723	4,007,977	3,371,721

The Group's insurance contract liabilities or balances arising from insurance contracts are primarily unearned premium reserve and outstanding claims reserve. The insurance contract liabilities are carried at Actuarial values at the reporting date.

	N'000	N'000	N'000	N'000
(a) Reserve for unexpired risks				
Fire	-	259,548	132,183	155,531
Motor	-	470,679	440,486	378,150
General accident	-	184,331	265,881	160,386
Marine	-	105,186	116,608	101,421
Oil and gas	-	575,505	339,804	575,505
Workmen compensation	-	7,117	9,379	7,117
Bond	-	-	5,878	-
	-	1,602,366	1,310,219	1,378,110

(i) Movement in the unexpired risks account during the year is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,602,366	1,299,839	1,378,110	1,042,974
Movement during the year	-	416,170	(67,891)	335,136
Foreign exchange reserves	-	(113,643)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(224,256)	-	-	-
Derecognition of group structure (Note 45)	(1,378,110)	-	-	-
Balance at the end of the year	-	1,602,366	1,310,219	1,378,110

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
(b) Reserve for outstanding claims				
Fire	-	304,689	458,649	283,581
General accident	-	449,792	340,878	434,315
Marine	-	59,925	248,400	37,327
Motor	-	308,650	281,989	204,235
Oil and gas	-	648,391	599,528	648,391
Bond	-	-	295,978	-
Workmen compensation	-	64,353	4,749	45,770
	-	1,835,800	2,230,171	1,653,619
	-	352,557	467,587	339,992
Gross IBNR	-	2,188,357	2,697,758	1,993,611

(i) The movement in the reserve for outstanding claims during the year is as follows:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	2,188,357	1,610,312	1,993,611	1,510,487
Movement during the year	-	653,894	704,147	483,124
Foreign exchange reserve	-	(75,849)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(194,746)	-	-	-
Derecognition of group structure (Note 45)	(1,993,611)	-	-	-
Balance at the end of the year	-	2,188,357	2,697,758	1,993,611

19 Trade payables	N'000	N'000	N'000	N'000
Amounts due to re-insurance companies	125,561	125,561	270,075	50,844
Amounts due to co-insurance companies	194,471	194,471	-	-
Commission payable	124,850	124,850	-	-
Deferred commission income	5,848	5,848	45,577	-
Transferred to disposal of investment in subsidiary (Note 44)	(399,886)	-	-	-
Derecognition of group structure (Note 45)	(50,844)	-	-	-
	-	450,730	315,652	50,844
Current	-	450,730	315,652	50,844
Non-current	-	-	-	-
	-	450,730	315,652	50,844

The carrying amounts of trade payables as at 31 December, 2014 approximate their fair values. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

20 Provisions and other payables	N'000	N'000	N'000	N'000
Staff pension	293,419	293,419	168,528	293,419
Pay-As-You-Earn	29,434	29,434	35,405	29,433
Accruals (Note 20(a))	39,139	39,139	308,996	39,139
Other creditors - Costain	164,603	164,603	164,604	164,604
Other creditors - Coscharis motors	16,080	16,080	7,120	16,080
Provision for contingent liabilities	68,497	68,497	68,497	68,497
NAICOM Levy	47,826	47,826	27,365	47,826
Sundry creditors (Note 20(b))	116,193	116,193	284,325	48,935
Transferred to disposal of investment in subsidiary (Note 44)	(67,258)	-	-	-
Derecognition of group structure (Note 45)	(707,933)	-	-	-
	-	775,191	1,064,840	707,933
Current	-	775,191	1,064,840	707,933
Non-current	-	-	-	-
	-	775,191	1,064,840	707,933

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
(a) Accruals				
Accrued expenses	20,397	20,397	20,397	20,397
WHT payable	3,352	3,352	29,934	3,352
Provision for VAT payable	-	-	11,318	-
Accrued claims	1,387	1,387	1,387	1,387
Audit fee	14,003	14,003	12,500	14,003
Professional fee	-	-	204,125	-
AGM expenses	-	-	29,335	-
	<u>39,139</u>	<u>39,139</u>	<u>308,996</u>	<u>39,139</u>
(b) Sundry creditors	N'000	N'000	N'000	N'000
Anchor Pension Limited	-	-	146,180	-
Staff cooperative	8,315	8,315	7,727	8,315
Rivbank	5,981	5,981	5,981	5,981
Uncleared reconciling items	4,308	4,308	85,741	4,308
GMD Automobile	6,992	6,992	6,992	6,992
Vine Capital	3,168	3,168	3,168	3,168
WHT FGN	-	-	18,158	-
NSITF	3,961	3,961	-	3,961
Other creditors	83,468	83,468	10,378	16,210
	<u>116,193</u>	<u>116,193</u>	<u>284,325</u>	<u>48,935</u>
21 Taxation	N'000	N'000	N'000	N'000
(a) Per income statement				
Income tax	-	-	-	-
Education tax	-	31,365	42,432	31,365
Minimum tax	-	8,113	193,328	8,113
Information technology development levy	-	4,777	-	4,777
Deferred taxation (Note (i) below)	-	(5,430)	23,551	-
Under provision of income tax	-	-	34,218	-
	-	<u>38,825</u>	<u>293,529</u>	<u>44,255</u>
(b) Per balance sheet	N'000	N'000	N'000	N'000
Balance at the beginning of the year	83,461	52,772	60,426	16,171
Income tax	-	-	-	-
Education tax	-	31,365	42,432	31,365
Minimum tax	-	8,113	193,328	8,113
Underprovision of prior year taxation	-	-	34,218	-
Information technology taxation	-	4,777	-	4,777
Payments during the year	-	-	(23,392)	-
Foreign exchange reserves	-	(13,566)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(23,035)	-	-	-
Derecognition of group structure (Note 45)	(60,426)	-	-	-
Balance at the end of the year	-	<u>83,461</u>	<u>307,012</u>	<u>60,426</u>
Current	-	83,461	307,012	60,426
Non-current	-	-	-	-
	-	<u>83,461</u>	<u>307,012</u>	<u>60,426</u>

- (i) The amount provided as income tax on the results for the year has been computed on the basis of minimum tax in accordance with the Companies Income Tax Act, CAP C21, LFN 2004 (as amended).
- (ii) Education tax is computed at 2% of assessable profit in line with Education Tax Act CAP E4, LFN 2004 (as amended).

(iii) Information Technology Development levy

The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April 2007, Section 12(12a) of the Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Group has provided for NITDA levy at the balance sheet date.

	Group 2014	Group 2013	Company 2014	Company 2013
	N'000	N'000	N'000	N'000
(c) <u>Deferred tax</u>				
(i) <u>Deferred tax liabilities</u>				
Balance at the beginning of the year	128,675	128,675	128,675	128,675
Provision for the year (Note (i) below)	-	-	23,551	-
Derecognition of group structure (Note 45)	(128,675)	-	-	-
	-	128,675	152,226	128,675
Capital gains tax	-	-	-	-
	-	128,675	152,226	128,675
Current	-	-	-	-
Non-current	-	128,675	152,226	128,675
	-	128,675	152,226	128,675
(ii) <u>Deferred tax assets</u>	N'000	N'000	N'000	N'000
Balance as the beginning of the year	23,893	31,299	-	-
Addition during the year	-	5,430	-	-
Foreign exchange reserves	-	(12,836)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(23,893)	-	-	-
Balance as the end of the year	-	23,893	-	-
22 <u>Borrowings</u>	N'000	N'000	N'000	N'000
Term loans/ Book overdraft (see 'a' below)	-	415,460	25,762	415,460
Daewoo Securities - Bond facilities (see 'b')	-	3,745,300	3,991,088	3,745,300
	-	4,160,760	4,016,850	4,160,760
(a) <u>Term loans/ Book overdraft</u>	N'000	N'000	N'000	N'000
Term loans (see 'i' below)	-	350,000	-	350,000
Book overdrafts	-	65,460	25,762	65,460
	-	415,460	25,762	415,460
Current	-	415,460	25,762	415,460
Non-current	-	-	-	-
	-	415,460	25,762	415,460

- (i) In prior year, the Company obtained a term loan facility of N350,000,000 from Unity Bank Plc for the purpose of enhancing the Company's working capital. The facility was obtained for a tenor of 365 days at a 25% interest rate. The facility has been repaid during the year ended 31 December 2014.

The facility was secured by the following:

- Legal mortgage over landed property situated at plot 294, Jide Oki street off Ligali Ayorinde Street, Victoria Island, Lagos and valued by Messrs, Obi Nwachukwu & Associates (Estate Surveyors & Valuers) valued at N650m (OMV) and N433m (FSV) and N30.5m (RV)
- Personal Guarantee of two (2) directors of International Energy Insurance Plc supported with a statement of networth.
- Lien of N100 million term deposit in favour of International Energy Insurance Plc.

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
(ii) The movement in term loans during the year is as follows:				
Balance at the beginning of the year	350,000	1,645,000	350,000	1,645,000
Additions during the year	-	350,000	-	350,000
Accrued interest	-	113,530	-	113,530
Repayment during the year	-	(1,758,530)	(350,000)	(1,758,530)
Derecognition of group structure (Note 45)	(350,000)	-	-	-
Balance at the end of the year	-	350,000	-	350,000

	N'000	N'000	N'000	N'000
(b) Daewoo Securities - Europe Limited (see 'i' below)	-	3,745,300	3,991,088	3,745,300
(i) Liability due	N'000	N'000	N'000	N'000
Opening balance as at 1 January	3,745,300	4,265,009	3,745,300	4,265,009
Default interest	-	288,430	429,788	288,430
Payment during the year	-	(808,139)	(184,000)	(808,139)
Derecognition of group structure (Note 45)	(3,745,300)	-	-	-
	-	3,745,300	3,991,088	3,745,300
Current	-	519,709	429,788	519,709
Non-current	-	3,225,591	3,561,300	3,225,591
	-	3,745,300	3,991,088	3,745,300

(a) International Energy Insurance Plc issued a bond valued at 1,850,000,000 Japanese Yen (JPY) to Daewoo Securities (Europe) Limited who have acted as the foreign agent. The bond has a tenor of 20 years commencing on 24 January 2008 and maturing on 23 January, 2028. The bond was issued at a zero coupon interest rate. A premium of 129% of the face value of the bond is payable on the maturity date.

(b) Options

The bond has options to subscribe to the equity of the Company for the period commencing on 25 January 2009 and closing on 24 January 2028. The option rights under clause 3 of the option agreement states that the Naira equivalent value of the bond held shall form the consideration for the shares for which the option rights are being issued.

(c) Initial fund received

The following fund were received by the Company net of the professional and agency charges:

	JPY'000	N'000	JPY'000	JPY'000
Fair value of the bond facility	-	2,025,417	1,850,000	1,850,000
Foreign agency charges	-	(111,143)	(101,750)	(101,750)
Amount received by the issuing house	-	1,914,274	1,748,250	1,748,250
Issuing house charges	-	(21,270)	(19,428)	(19,428)
Net proceeds received	-	1,893,004	1,728,822	1,728,822

The bond is now a subject of litigation

23 Deposit for shares

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	410,147	168,874	393,761	142,837
Additions during the year	-	250,924	-	250,924
Foreign exchange reserves	-	(9,651)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(16,386)	-	-	-
Derecognition of group structure (Note 45)	(393,761)	-	-	-
Balance at the end of the year	-	410,147	393,761	393,761
Deposit for shares is made by the following:	N'000	N'000	N'000	N'000
By directors	-	260,000	260,000	260,000
By staff	-	114,401	114,401	114,401
By other creditors	-	35,846	19,360	19,360
	-	410,247	393,761	393,761

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Deposit for share is recognised at cost, being the amount of deposit received from potential shareholders of the Company. The deposit shall be derecognised when the Company's equity instruments have been issued to the depositors or when refund of the deposit is made to the depositors. The Company however plans to allocate shares to the depositors in the year 2015. During the year the Company called for subscription for its shares under a private placement arrangement. An amount of N250million has been received as at 31 December 2013.

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
24 Share capital				
(a) Authorised:				
5,136,341,957 ordinary shares of 50 kobo each	-	2,568,171	2,568,171	2,568,171
1,600,000,000 redeemable preference shares of N2.50 kobo each	-	4,000,000	4,000,000	4,000,000

Details of movement in the authorised share capital of the Company from the date of the share reconstruction exercise in 2007 to date is as stated below:

	Authorised Issued units	Unissued units	Total Units	Value N'000
Before 2007 reconstruction	16,509,671	490,329	17,000,000	8,500,000
2007 reconstruction 1 for 3 share reconstruction	5,503,224	490,329	5,993,553	2,996,776
Bonus Issue Allotment of 917,203,921 shares	6,420,427	(426,875)	5,993,553	2,996,776
Authorised share capital at the beginning of 2013	6,420,427	(426,875)	5,993,553	2,996,776
2013 1 for 5 share reconstruction	1,284,085	(426,875)	857,211	428,605
Current issue (ordinary) Creation of ordinary shares	1,284,085	3,852,256	5,136,342	2,568,171
Current issue (Preference) Creation of preference shares	1,600,000		1,600,000	4,000,000

After the 1 for 5 share reconstruction exercise in 2013 (See Note 27), the Company applied for and created additional 3,852,356,467 ordinary shares of 50 kobo each and 1,600,000,000 preference shares of N2.50 each as at 31 December 2013. This application was filed with Corporate Affairs Commission and a certificate of increase in share capital was issued on 17 January 2014. The additional ordinary shares and the preference shares are yet to be issued.

(b) Issued and fully paid:	N'000	N'000	N'000	N'000
1,284,085,489 ordinary shares of 50kobo each	-	642,043	642,043	642,043
Movement in issued share capital	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	3,210,214	642,043	3,210,214
Transfer to capital reserves (Note 27a)	-	(2,568,171)	-	(2,568,171)
Balance at the end of the year	-	642,043	642,043	642,043
25 Share premium	N'000	N'000	N'000	N'000
Balance at the beginning and end of the year	-	963,097	963,097	963,097
26 Statutory contingency reserve	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,240,630	1,073,337	1,144,455	994,084
Transfer from revenue reserve (Note 31)	-	173,238	150,698	150,371
Non-controlling interest	-	(5,945)	-	-
Transferred to disposal of investment in subsidiary (Note 44)	(96,175)	-	-	-
Derecognition of group structure (Note 45)	(1,144,455)	-	-	-
Balance at the end of the year	-	1,240,630	1,295,153	1,144,455

This represents a provision made from reserves being the higher of 3% of gross premium or 20% of profit on ordinary activities after taxation, in accordance with the provisions of section 21 of the Insurance Act, CAP 117, LFN 2004.

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
27 Capital reserve				
Balance at the beginning and end of the year	7,926,398	5,503,223	7,926,398	5,503,223
Transfer from share capital (Note 24b)	-	2,568,171	-	2,568,171
Share reconstruction expenses	-	(144,996)	-	(144,996)
Derecognition of group structure (Note 45)	(7,926,398)	-	-	-
	-	7,926,398	7,926,398	7,926,398

(a) By an Extraordinary General Meeting of the Company held on the 28th of June 2013, the shareholders of the Company passed the following resolutions:

- that the 6,420,427,449 issued shares of 50kobo each in the capital of the Company be consolidated into 1,284,085,489 ordinary shares of 50kobo each by the cancellation of 5,136,341,959 ordinary shares of 50 kobo each
- that the restructured shares be allotted to shareholders whose names appear in the Register of Members as at 17th day of June 2013 as fully paid in the ratio of 1 ordinary share for every 5 ordinary shares held.
- that the sum of N2,568,170,979 representing the surplus nominal value arising from the share reconstruction exercise be and is hereby transferred to the capital reserve account to form part of the shareholders fund of the Company.
- The the restructured 1,284,085,489 ordinary shares of 50 kobo each be revalued to ensure that there is no loss of value to the shareholders as a result of the share reconstruction.

The share reconstruction exercise was sanctioned by the Federal High Court on the 26 April 2014

28 Property, plant and equipment revaluation reserve	N'000	N'000	N'000	N'000
Balance at the beginning and end of the year	-	302,407	302,407	302,407
29 Available-for-sale financial assets revaluation reserve	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,232	9,708	1,232	9,708
Fair value loss on available-for-sale (Note 7b)	-	(8,476)	(36,428)	(8,476)
Derecognition of group structure (Note 45)	(1,232)	-	-	-
Balance at the end of the year	-	1,232	(35,196)	1,232

Equity revaluation reserve includes the net accumulated changes in the fair value of available-for-sale financial asset until the investment is derecognized or impaired.

30 Foreign currency revaluation reserve	N'000	N'000	N'000	N'000
Balance at the beginning of the year	(57,827)	(144,749)	-	-
Foreign exchange movement during the year	-	86,922	-	-
Transferred to disposal of investment in subsidiary (Note 44)	57,827	-	-	-
Balance at the end of the year	-	(57,827)	-	-

This represents the accumulated foreign exchange loss incurred by the group from the conversion of operation of IEI Ghana Limited (a foreign subsidiary) denominated in 'cedis' to 'naira' (the functional currency).

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
31 Revenue reserve				
Balance at the beginning of the year:	(10,630,935)	(10,524,082)	(10,301,003)	(10,584,122)
Transfer from statement of comprehensive income	-	66,384	(2,164,762)	433,490
Transfer to contingency reserve (Note 26)	-	(173,238)	(150,698)	(150,371)
Transferred to disposal of investment in subsidiary (Note 44)	329,932	-	-	-
Derecognition of group structure (Note 45)	10,301,003	-	-	-
Balance at the end of the year	-	(10,630,935)	(12,616,463)	(10,301,003)
32 Non-controlling interest	N'000	N'000	N'000	N'000
Share capital	-	33,112	-	-
Contingency reserves	-	12,134	-	-
Foreign exchange reserves	-	(10,281)	-	-
Retained earnings	-	(79,423)	-	-
	-	(44,458)	-	-

Non-controlling interests represent 5% holding of IEI Ghana Limited.
Movement in Non-controlling interest is as analysed below

	31 December 2013 N'000	Movement during the year N'000	31 December 2014 N'000
Share capital	33,112	(33,112)	-
Contingency reserves	12,134	(12,134)	-
Foreign exchange reserves	(10,281)	10,281	-
Retained earnings	(79,423)	79,423	-
	(44,458)	44,458	-
33 Gross premium written	N'000	N'000	N'000
Direct Premium	-	5,757,714	4,725,990
Inward Premium	-	16,871	104,496
Gross Premium Written	-	5,774,585	4,830,486
	N'000	N'000	N'000
Gross premium income	-	1,299,839	1,378,110
Unearned premium brought forward	-	5,774,585	4,830,486
Premium written during the year	-	7,074,424	6,208,596
Unearned premium carried forward (Note 18a)	-	(1,602,366)	(1,310,219)
Foreign exchange reserves	-	(113,643)	-
	-	5,358,415	4,898,377

Gross premium income represents the total premium that the Group realised for the year. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premiums.

	N'000	N'000	N'000	N'000
34 Reinsurance expenses				
Outward Reinsurance	-	1,153,636	999,702	996,481
Increase in prepaid re-insurance	-	-	(265,499)	-
	-	1,153,636	734,203	996,481

Reinsurance expenses represent outward premium paid to reinsurance companies.

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
35 <u>Commission income</u>				
Commission income	-	129,210	132,017	97,082

Commission income represents commission received on transactions ceded to reinsurance during the year under review.

	N'000	N'000	N'000	N'000
36 <u>Claims expenses</u>				
Gross claims paid	-	1,578,765	1,179,548	1,416,549
Increase in outstanding claims (Note 18b(i))	-	653,894	704,147	483,124
Gross claims incurred	-	2,232,659	1,883,695	1,899,673
Claims recovery	-	(883,785)	49,011	(849,990)
Net claims incurred	-	1,348,874	1,932,706	1,049,683

Claims expenses incurred consist of claims and claims handling expenses paid by the Group during the financial year together with the movement in the provision for outstanding claims.

	N'000	N'000	N'000	N'000
37 <u>Acquisition cost</u>				
Deferred acquisition cost b/f	-	213,390	152,919	165,003
Commission for the year	-	746,493	699,028	629,845
Gross commission	-	959,883	851,947	794,848
Deferred acquisition cost c/f (Note 11)	-	(199,676)	(176,039)	(152,919)
Foreign exchange reserves	-	(17,935)	-	-
	-	742,272	675,908	641,929

The acquisition expenses are those expenses incurred in obtaining and reviewing insurance contracts. These expenses include commissions or brokerage paid to agents or brokers and indirect expenses such as salaries of underwriting staff.

	N'000	N'000	N'000	N'000
38 <u>Maintenance expenses</u>				
Maintenance expenses	-	336,922	454,229	336,922

These are underwriting expenses incurred in servicing existing policies or contract. The costs include, but are not limited to, supervisory levy, superintending fees and other technical expenses.

	N'000	N'000	N'000	N'000
39 <u>Investment income</u>				
Short term investment income	-	37,285	38,909	37,285
Interest on bank and statutory deposit	-	53,831	38,516	47,175
Profit on disposal of Available-for-sale	-	2,082	-	2,082
Interest on FGN Treasury bill	-	54,726	-	46,606
Dividend income	-	273	137	273
Net fair value gain on Held for trading investments (Note 7a)	-	14,450	-	14,450
	-	162,647	77,562	147,871

Allocation

	N'000	N'000	N'000	N'000
Attributable to policy holders	-	160,292	77,425	145,516
Attributable to shareholders	-	2,355	137	2,355
	-	162,647	77,562	147,871

	N'000	N'000	N'000	N'000
40 <u>Other income</u>				
Provision for MBO debt recovered (Note 7b(iii))	-	1,000,000	-	1,000,000
Allowance for impairment of staff receivables recovered (Note 7 d(i))	-	114,237	-	114,237
Allowance for impairment on cash and bank recovered (Note 9(iii))	-	544	-	544
Allowance for impairment on short term investments recovered (Note 9(iv))	-	6,859	7,257	6,859

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Allowance for impairment on other receivables recovered (Note 9a(iv))	-	500,000	-	500,000
Interest on current account	-	1	-	-
Profit on disposal of property, plant and equipment	-	3,031	8,027	3,031
Unrealised exchange gain	-	38,014	18,408	38,014
Bad debt recovered	-	104,252	-	69,930
Allowance for impairment on investment property no longer required (Note 14)	-	798,389	-	798,389
Profit on disposal of held for trading investments	-	33,286	-	33,286
Profit on disposal of investment in subsidiary (Note 44 (a))	-	-	128,000	-
Sundry and other income	-	182,729	230	3,887
	-	2,781,342	161,922	2,568,177
41 Management expenses	N'000	N'000	N'000	N'000
Personnel cost	-	1,436,131	1,221,754	1,251,100
Directors emoluments	-	166,899	136,452	107,967
Auditors remuneration	-	14,650	10,000	10,000
Depreciation	-	219,053	134,068	198,151
Amortisation	-	1,949	1,079	1,079
Bad debts written off	-	501,518	124,894	-
Property, plant and equipments written off	-	-	72,276	-
Legal and other professional fees	-	340,155	498,892	340,156
Motor running expenses	-	62,929	53,109	62,929
Subscription and donations	-	36,579	13,421	36,579
Corporate gift and miscellaneous	-	88,080	8,537	88,080
Repairs and maintenance	-	30,848	55,644	30,848
Rent and rates	-	52,138	55,592	52,138
Postage and telephone	-	13,648	10,920	13,648
Transport and travelling	-	67,457	64,580	67,457
Advertisements	-	17,951	23,507	17,951
AGM Expenses	-	9,048	29,435	9,048
Printing and stationery	-	20,906	27,388	20,906
Security expenses	-	10,574	9,070	10,574
Oil and Diesel	-	32,473	29,293	32,473
Insurance and license	-	19,304	11,884	19,304
State and local government levy	-	83,460	3,678	83,460
NAICOM Levy	-	47,826	37,677	47,826
Tax expenses	-	-	97,106	-
Loss on investments property swapped (Note 7a)	-	104,777	-	104,777
Fair value loss on held for trading investments (Note 7a)	-	-	10,966	-
Loss on disposal of investment property	-	-	49,000	-
Other operating expenses	-	272,851	93,166	153,472
	-	3,651,204	2,883,388	2,759,923
Management expenses are accounted for on accrual basis and recognized in the consolidated income statement upon utilization of the services or at the date of their origin.				
42 Finance expense	N'000	N'000	N'000	N'000
Interest on loans and overdraft	-	120,295	28,718	120,295
Default interest on Daewoo facility (Note 22b)	-	288,430	429,768	288,430
	-	408,725	458,486	408,725

Default interest on Daewoo facility represents the additional interest charge booked on the loan liability during the year.

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
43 Allowances for impairment of other assets				
Impairment allowance of short term deposits (Note 9 (iv))	-	214,878	-	214,878
Provision for premium receivables (Note 8a)	-	396,070	-	396,070
Impairment of receivable from staff (Note 7d (i))	-	123,281	-	123,281
Impairment of other receivable (Note 9 (b)(iii))	-	3,357	2,191	3,357
Impairment of investments in subsidiary (Note 13a)	-	-	-	81,360
	-	737,586	2,191	818,946

44 Disposal of investment in subsidiary

At the meeting of the Board of Directors held on 13 March 2014, It was resolved that based on NAICOM's directive that IEI Plc should divest from IEI Ghana since the investment has not been profitable. The board unanimously resolved that IEI Plc should dispose their stake in the company during the year ended 31 December 2014 and the disposal was done in August 2014. Consequently, no figures are reported under the current year's column for the Group.

- a The post-tax profit on disposal of investment in subsidiary was determined as follows in the books of the parent:

	2014 N'000	2014 N'000
Proceed from disposal of subsidiary	-	128,000
Cost of investments	566,176	
Less: Impairment to date	(566,176)	
Cost to date	-	
Gain on disposal		128,000

- b The profit recognised by the company represents the proceeds received from sales of IEI Ghana Limited. The subsidiary has been fully impaired and been carried at no value in the books of the company, thus the profit was recognised to the tune of the amount recovered.

45 Derecognition of group structure

The group structure was derecognised following the disposal of the company's Ghana Subsidiary in 2014. The company consequently derecognised its assets and liabilities from the group structure by December 2014.

46 Profit before taxation

- (i) Profit before taxation is arrived at after charging:

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Depreciation of property, plant and	-	219,053	134,068	198,151
Amortisation of intangible asset	-	1,949	1,079	1,079
Directors' remuneration	-	166,899	136,452	107,967
Auditors' fees	-	14,650	10,000	10,000
and after crediting:				
Profit on disposal of property, plant and equipment	-	3,031	8,027	3,031
Unrealised exchange gain	-	38,014	18,408	38,014

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
(II) Emoluments of Directors and employees				
The aggregate emoluments of the directors were:				
(a) Fees	-	36,000	36,000	36,000
Other emoluments	-	-	-	-
	-	36,000	36,000	36,000
(b) The emoluments of the Chairman				
Chairman's fees	-	6,000	6,000	6,000

- (c) The emoluments (excluding pension contributions) of the Chairman
- (d) The table below shows the numbers of directors of the Company whose remunerations excluding pension contributions (in respect of services to the Company) fell within the ranges shown below:

	Number	Number	Number	Number
1,000,000 - 5,000,000	-	-	-	-
5,000,001 - 10,000,000	-	6	-	6
10,000,001 - 15,000,000	-	1	-	1
15,000,001 - 25,000,000	-	-	-	-
25,000,001 - 35,000,000	-	-	-	-

(e) Staff number and costs

The average number of persons employed (excluding directors) in the Company during the year was as follows:

	Number	Number	Number	Number
Administration	-	86	76	75
Technical	-	151	149	150
General services	-	226	85	87
	-	463	310	312

The aggregate payroll costs of these persons were as follows:

	N'000	N'000	N'000	N'000
Staff costs (see 'g' below)	-	1,436,131	1,221,754	1,251,100

- (f) The table below shows the number of employees of the Company who earned over N60,000 in the year and which fell within the bands stated:

N	N	Number	Number	Number	Number
500,001 - 600,000	-	-	76	53	54
600,001 - 1,000,000	-	-	34	32	32
1,000,001 - 2,000,000	-	-	80	26	27
2,000,001 - 3,000,000	-	-	74	55	55
3,000,001 - 4,000,000	-	-	105	72	72
4,000,001 - 5,000,000	-	-	42	31	31
5,000,001 - 8,000,000	-	-	24	24	24
8,000,001 - 10,000,000	-	-	14	12	12
10,000,001 - and above	-	-	18	5	5
	-	-	467	310	312

(g) Staff costs

	N'000	N'000	N'000	N'000
Wages and salaries	-	1,134,751	943,449	949,720
Medical	-	37,485	44,107	37,485
Staff training	-	37,294	159,533	37,294
Pension (see 'h' below)	-	226,601	74,665	226,601
	-	1,436,131	1,221,754	1,251,100

(h) Pension

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	216,478	293,419	216,502
Provision during the year	-	226,601	74,665	226,601
Payment during the year	-	(149,660)	(199,556)	(149,684)
Balance at the end of the year	-	293,419	168,528	293,419

47 Basic earnings/(loss) per ordinary share

- (a) Basic earnings/(loss) per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.

	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
(Loss)/earnings for the year attributable to shareholders	-	66,384	(2,164,762)	433,490
	Unit	Unit	Unit	Unit
Weighted average number of ordinary shares of 50 kobo each in issue ('000)	-	1,284,085	1,284,085	1,284,085
Basic (Loss)/earnings per share (kobo)	-	5.17	(168.58)	33.76

(b) Adjusted earnings/(loss) per share

- (Loss)/earnings for the year attributable to shareholders

	-	66,384	(2,164,762)	433,490
	Unit	Unit	Unit	Unit
Weighted average number of ordinary shares of 50 kobo each in issue ('000)	-	1,284,085	1,284,085	1,284,085
	-	5	(169)	34

48 Reconciliation of loss after tax to net cash provided by operating activities

	Group 2014 M'000	Group 2013 M'000	Company 2014 M'000	Company 2013 M'000
(Loss)/profit after tax	-	66,384	(2,164,762)	433,490
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	-	219,053	134,068	198,151
Amortisation of intangible assets	-	1,949	1,079	1,079
Default interest on loan	-	401,960	429,788	401,960
Profit on disposal of Available-for-sale financial assets	-	(2,082)	-	(2,082)
Profit on disposal of property, plant and equipment	-	(3,031)	(8,027)	(3,031)
Profit on disposal of subsidiary	-	-	(128,000)	-
Profit on disposal of held for trading financial assets	-	(33,286)	-	(33,286)
Held for trading financial assets written off	-	49,606	-	49,606
IEI Plc share of net liabilities	-	-	-	-
Other adjustment on property, plant and equipment	-	-	72,278	-
Loss on disposal of Investment Properties	-	-	49,000	-
Fair value (loss)/gain on Held-for-trading financial assets	-	(14,450)	10,966	(14,450)
Fair value loss on Available-for-sale financial assets	-	255,263	-	255,263
Impairment on investment in subsidiaries	-	-	-	81,360
Foreign currency revaluation reserve	-	145,821	-	-
Share reconstruction expenses	-	(144,996)	-	(144,996)
Allowance for impairment on investment property no longer required	-	(798,389)	-	(798,389)
Loss on investment property swap	-	104,777	-	104,777
Impairment allowance no longer required on MBO receivables	-	(1,000,000)	-	(1,000,000)
Non-controlling interest	-	(52,815)	-	-
Net cashflow from operating activities before changes in working capital	-	(804,236)	(1,603,610)	(470,548)
changes in working capital				
Decrease/(increase) in other receivables and prepayments	-	604,987	620,639	550,428
Loans and receivables	-	-	8,967	-
Decrease in deferred acquisition costs	-	13,714	(23,120)	12,084
Decrease/(increase) in deferred tax assets	-	7,406	23,551	-
Decrease/(increase) in re-insurance assets	-	(551,226)	5,529	(551,226)
Increase in available for sale financial assets	-	-	(112,500)	-
Decrease/(increase) in trade receivables	-	889,115	7,145	610,544
Increase/(decrease) in trade payables	-	159,795	264,808	40,953
Increase in insurance contract liabilities	-	880,572	636,256	818,260
Decrease/(increase) in statutory deposit	-	9,833	-	-
Increase/(decrease) in tax payable	-	30,689	246,587	44,255
Increase/(decrease) in provisions and other payables	-	(457,204)	356,907	(206,406)
Cashflow from operating activities	-	783,445	431,158	848,344

49 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to related items on the statement of financial position as follows:

	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Cash at bank and in hand	-	1,021,691	814,273	1,009,028
Short term deposit	-	380,031	138,300	310,462
Treasury bill	-	38,756	-	-
Bank overdraft	-	(65,460)	(25,762)	(65,460)
	-	1,375,018	926,811	1,254,030

50 Going concern

The financial statements have been prepared on going concern basis. However, this basis may not be appropriate because the Company incurred a loss before taxation of N1.87 billion (2013: profit of N477.7 million) during the year ended 31 December 2014 and at that date it has accumulated losses of N12.62 billion (2013: N10.3 billion) and negative shareholders' funds of N1.52 billion (2013: positive shareholders' funds of 678.6 million). The total amount required to settle insurance contract liabilities, trade and other payables, current income tax liabilities and foreign loan liabilities amounted to N10.1 billion while the total amount available to meet the Company's obligations is only N3.06 billion on the basis that they are all realisable within the year leaving a deficit of N7.04 billion. The Company also has a deficit of N4.8 billion in its solvency margin and a deficit of N4.8 billion in capital adequacy. In effect the Company is having a serious working capital problems and its future operations might be threatened. To meet the shortfall the shareholders would have to introduce additional capital not only to provide for the shortfall but also to ensure the adequacy of working capital for future operations.

51 Contingency and commitments

There were no commitments to capital expenditure at the statement of financial position date (2013 : Nil).

52 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with the International Accounting Standard (IAS) Number 1.

53 Event after reporting period

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2014 and profit attributable to equity holders.

54 Related party transactions

Transactions with the subsidiary

Transactions between International Energy Insurance Plc and the subsidiary (IEI Ghana Limited) meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with International Energy Insurance plc.

- (a) Related parties include the Board of Directors, the Managing Director, Directors, close family members and companies which are controlled by these individuals.

- (b) Total remuneration of related parties recognised in the profit or loss and other comprehensive income statement are as disclosed in Note 46 (ii) a-d to the financial statements.
- (c) During the year, the Company received the sum of N146million as payment on account from its related party - IEI Anchor Pension Limited.
- (d) During the year, the IEI Plc, conducted transactions with its related companies, IEI Assets Limited/Anchor Pension and also International Energy Company Limited Ghana. The transactions were conducted at arm's length.

55 Guarantees and other financial commitments

- a) The Company has a bank guarantee with Keystone Bank Limited in respect of a loan facility of N747 million obtained by IEI Assets Limited to finance the acquisition of Akpajo Estate in Port Harcourt.
- b) The Company also has a bank guarantee with Fidelity Bank for a loan facility of N250 million obtained by IEI Assets Limited to complete the construction of a 32 unit luxury estate in Ibadan.
- c) The bank guarantees were totally assigned and transferred to Asset Management Corporation of Nigeria (AMCON) by Keystone and Fidelity Banks.
- d) Presently all guarantees have been returned to IEI Plc by AMCON as the indebtedness to the banks have been settled by IEI Assets Limited.

56 Contravention of laws and regulations

- (a) The Company contravened the following sections of 2011 operational guidelines of National Insurance Commission and the Insurance Act 2003:

Section	Number of times	Penalty (N'000)
Restatement of 2012 Assets Cover	1	550
Non submission of 2013 Quaterly returns	1	2,000
Non submission of 2014 Insurance levy returns	1	500
Penalty for late submission of 2013 financial statements	1	660



APPENDIX TO THE FINANCIAL STATEMENTS

REVENUE ACCOUNT

FOR THE YEAR ENDED 31 December 2014

	Fire N'000	Motor N'000	General Accident N'000	Marine N'000	Oil & Energy N'000	Total 2014 N'000	Total 2013 N'000
REVENUE							
Direct Premium	414,599	1,473,712	609,819	533,830	1,694,030	4,725,990	4,995,489
Inward Premium	11,342	151	34,350	4,061	54,592	104,496	16,871
Gross Premium Written (Increase)/decrease in Unearned Premium	425,941	1,473,863	644,169	537,891	1,748,622	4,830,486	5,012,360
	(36,039)	(70,475)	(46,108)	(15,187)	235,700	67,891	(335,136)
Gross Premium Earned	389,902	1,403,388	598,061	522,704	1,984,322	4,898,377	4,677,224
Outward Reinsurance	(178,363)	(6,203)	(49,491)	(110,469)	(389,677)	(734,203)	(996,481)
Net Premium Earned	211,539	1,397,185	548,570	412,235	1,594,645	4,164,174	3,680,743
Commission received	62,765	7,803	22,008	39,265	176	132,017	97,082
Net underwriting profit	274,304	1,404,988	570,578	451,500	1,594,821	4,296,191	3,777,825
EXPENSES							
Gross claims paid	168,597	449,946	275,389	64,058	221,558	1,179,548	1,416,549
Increase/(Decrease) in outstanding claims	184,523	122,372	183,033	216,281	(2,062)	704,147	483,124
Gross claims incurred	353,120	572,318	458,422	280,339	219,496	1,883,695	1,899,673
Reinsurance claims recovery	(155,672)	(13,530)	(159,979)	(89,400)	467,592	49,011	(849,990)
Net claims incurred	197,448	558,788	298,443	190,939	687,088	1,932,706	1,049,683
Acquisition costs	98,264	152,029	124,363	92,742	208,510	675,908	641,929
Maintenance expenses	40,053	138,593	60,574	50,580	164,430	454,229	336,922
Total underwriting expenses	335,765	849,410	483,380	334,261	1,060,028	3,062,843	2,028,534
Underwriting profit	(61,461)	555,578	87,198	117,239	534,793	1,233,348	1,749,291

International Energy Insurance Plc
 Consolidated and Separate Financial Statements, 31 December 2014
 Value Added Statement - (Group)

	2014 N'000	%	2013 N'000	%
Gross premium earned	-		5,358,415	
Investment, commission and other income	-		3,073,199	
Re-insurance, claims, commission and services - local	-		(6,087,308)	
Value added	-	100	2,344,306	100
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	-	-	1,436,131	62
To pay providers of capital:				
Interest expense	-	-	408,725	17
To pay government:				
Taxation	-	-	38,825	2
Retained for replacement of assets and expansion of business:				
Depreciation of property, plant and equipment	-	-	219,053	9
Amortisation of intangible asset	-	-	1,949	-
Contingency reserve	-	-	173,238	7
Profit for the year	-	-	66,384	3
	-	-	2,344,306	100

Value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, government and that retained for the future creation of wealth.

International Energy Insurance Plc
Consolidated and Separate Financial Statements, 31 December 2014
Value Added Statement - (Company)

	2014 N'000	%	2013 N'000	%
Gross premium earned	4,898,377		4,677,224	
Investment, commission and other income	371,501		2,813,130	
Re-insurance, claims, commission and services - local	<u>(5,175,026)</u>		<u>(5,003,183)</u>	
Value added	<u>94,852</u>	<u>100</u>	<u>2,487,171</u>	<u>100</u>
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	1,221,754	1,288	1,251,100	50
To pay providers of capital:				
Interest expense	458,486	484	408,725	16
To pay government:				
Taxation	293,529	309	44,255	2
Retained for replacement of assets and expansion of business:				
Depreciation of property, plant and equipment	134,068	141	198,151	8
Amortisation of intangible asset	1,079	1	1,079	1
Contingency reserve	150,698	159	150,371	6
(Loss)/ Profit for the year	<u>(2,164,762)</u>	<u>(2,282)</u>	<u>433,490</u>	<u>17</u>
	<u>94,852</u>	<u>100</u>	<u>2,487,171</u>	<u>100</u>

International Energy Insurance Plc
Consolidated and Separate Financial Statements, 31 December 2014
5-Year Financial Summary (Company)

	IFRS				NGAAP
	2014	2013	2012	2011	2010
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	952,573	1,319,490	839,242	739,145	647,918
Held-for-trading financial assets	50,610	61,576	179,627	151,735	381,639
Available-for-sale financial assets	1,051,628	1,051,628	2,780,674	2,813,167	1,887,635
Held-to-maturity financial assets	-	13,964	269,227	-	-
Loans and receivables	119,240	128,207	-	-	-
Trade receivables	12,629	19,774	630,318	397,866	361,860
Other receivables and prepayments	138,139	758,777	817,412	315,921	377,528
Reinsurance assets	739,092	744,621	193,395	108,410	112,325
Deferred Acquisition Cost	176,039	152,919	165,003	241,071	224,241
Non-current assets held for sale	986,225	372,653	-	-	-
Investment in subsidiaries	-	-	81,360	481,821	537,951
Investment properties	2,355,001	2,719,001	2,025,389	1,135,956	1,135,956
Deferred tax asset	-	-	-	-	-
Intangible Asset	2,158	3,237	4,316	5,395	6,474
Property, plant and equipment	1,829,924	1,884,402	1,810,291	1,741,893	1,926,030
Statutory deposit	322,500	322,500	322,500	322,500	322,500
Total assets	8,735,757	9,552,749	10,118,754	8,454,880	7,922,057
Liabilities					
Insurance contract liabilities	4,007,977	3,371,721	2,553,461	2,398,559	2,155,999
Trade payables	315,652	50,844	9,891	26,582	579,424
Provisions and other payables	1,064,840	707,933	914,339	526,972	566,556
Current income tax liabilities	307,012	60,426	16,171	261,385	211,803
Deferred tax Liability	152,226	128,675	128,675	95,074	95,074
Borrowings	4,016,850	4,160,760	5,954,769	4,149,221	3,687,853
Deposit for share	393,761	393,761	142,837	102,945	30,237
Total liabilities	10,258,318	8,874,120	9,720,143	7,560,738	7,326,946
Net Assets	(1,522,561)	678,629	398,611	894,142	595,111
Share capital	642,043	642,043	3,210,214	3,210,214	3,210,214
Share premium	963,097	963,097	963,097	963,097	963,097
Statutory Contingency reserve	1,295,153	1,144,455	994,084	813,421	674,832
Capital reserve	7,926,398	7,926,398	5,503,223	5,503,223	5,503,223
Property, plant and equipment revaluation reserve	302,407	302,407	302,407	-	-
Equity revaluation reserve	(35,196)	1,232	9,708	-	-
Revenue reserve	(12,616,463)	(10,301,003)	(10,584,122)	(9,595,813)	(9,756,255)
	(1,522,561)	678,629	398,611	894,142	595,111
Non-controlling interest	-	-	-	-	-
Total Equity	(1,522,561)	678,629	398,611	894,142	595,111
IFRS					
PROFIT AND LOSS ACCOUNT	N'000	N'000	N'000	N'000	N'000
Gross premium earned	4,898,377	4,677,224	6,562,631	4,369,412	4,652,379
(Loss)/Profit before taxation	(1,871,233)	477,745	(787,058)	333,350	(225,860)
Taxation	(293,529)	(44,255)	(20,588)	(34,319)	(74,230)
(Loss) /profit after taxation	(2,164,762)	433,490	(807,646)	299,031	(300,090)
Contingency reserve	-	-	-	-	(137,146)
Result for the year	(2,164,762)	433,490	(807,646)	299,031	(437,236)
Basic (loss)/ earnings per share (kobo)	(168.58)	33.76	(12.58)	4.66	(4.67)
Net asset per share (kobo)	(118.57)	52.85	6.21	13.93	9.27