

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED 30 JUNE 2018

STACO INSURANCE PLC

FINANCIAL HIGHLIGHTS

	Group 2018 N'000	Group 2017 N'000	Group Growth %	Company 2018 N'000	Company 2017 N'000	Company Growth %
Major statement of financial position						
Total assets	9,557,380	9,193,763	3.96	8,365,397	8,241,793	1.50
Shareholders' funds	<u>(168,381)</u>	<u>443,649</u>	<u>(137.95)</u>	<u>(218,757)</u>	<u>258,251</u>	<u>(184.71)</u>
Major statement of comprehensive income						
Gross premium	3,278,153	3,488,339	(6.03)	2,764,917	3,211,195	(13.90)
Net premium earned	2,222,406	2,738,396	(18.84)	1,749,517	2,454,228	(28.71)
Investment income	68,651	37,739	81.91	68,651	37,739	81.91
Other income	26,595	113,989	(76.67)	26,595	113,989	(76.67)
Net underwriting and claims expenses	(1,474,631)	(1,395,235)	5.69	(1,308,029)	(1,343,053)	(2.61)
(Loss)/profit before taxation	(272,671)	233,067	217	(410,324)	112,661	464.21
(Loss)/profit after taxation	<u>(408,982)</u>	<u>202,040</u>	<u>302</u>	<u>(452,144)</u>	<u>87,661</u>	<u>615.79</u>
Information per 50k ordinary share						
Earnings per share (kobo)	(5)	2	332	(5)	1	610.65
Net assets (kobo)	1.02	0.98	3.96	1	1	0.01
Stock exchange quotation (kobo) at 31 March	50	50	-	50	50	-
Price earning ratio	<u>(0.09)</u>	<u>0.04</u>	<u>-</u>	<u>(0.10)</u>	<u>0.02</u>	<u>-</u>

STACO INSURANCE PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
ASSETS	Note				
Cash and cash equivalents	8	1,526,725	1,360,873	1,029,140	976,660
Financial assets	9	896,548	841,157	363,409	392,074
Trade receivables	10	427,010	347,200	147,608	60,137
Reinsurance assets	11	1,054,157	1,060,294	1,047,457	1,060,294
Other receivables and prepayments	12	346,187	317,708	213,812	203,980
Deferred acquisition cost	13	277,326	161,135	277,326	161,135
Investment in subsidiary	14	-	-	327,937	327,936
Investment properties	15	1,520,000	1,520,000	1,520,000	1,520,000
Deferred tax assets	16.1	7,820	7,820	-	-
Leased assets	17	190,790	212,847	190,790	212,847
Property, plant and equipment	18	2,956,434	3,004,624	2,898,530	2,970,730
Statutory deposit	19	300,000	300,000	300,000	300,000
Intangible asset	20	54,385	60,105	49,389	56,000
Total assets		9,557,380	9,193,763	8,365,397	8,241,793
LIABILITIES					
Insurance contract liabilities	21	4,207,998	3,701,877	3,730,176	3,299,495
Financial Liabilities	22	4,568,023	4,444,846	4,568,023	4,444,846
Trade payables	23	444,148	104,773	105,167	87,653
Other payables	24a	62,107	117,840	47,231	37,993
Deferred tax liabilities	16.1	99,697	98,050	98,050	98,050
Employee benefit liability	26	7,342	6,027	-	-
Taxation	27	151,116	108,635	35,506	15,506
Total liabilities		9,540,431	8,582,048	8,584,154	7,983,542
EQUITY	28				
Issued share capital	28a	4,670,544	4,670,544	4,670,544	4,670,544
Share premium	28c	434,164	434,164	434,164	434,164
Revaluation reserve	28d	1,595,299	1,595,299	1,595,299	1,595,299
Fair value reserve	28e	139,077	163,938	392,279	417,141
Contingency reserve	28f	2,216,879	2,118,535	2,160,286	2,077,338
Retained earnings	28g	(9,224,344)	(8,538,831)	(9,471,329)	(8,936,237)
Shareholders' funds		(168,381)	443,649	(218,757)	258,251
Non controlling interest	28h	185,331	168,066	-	-
		16,950	611,715	(218,757)	258,251
Total Liabilities and Equity		9,557,380	9,193,763	8,365,397	8,241,793

Approved by the Board of Directors on 30th July 2018.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY :



Jide Omotere
Chief Financial Officer
FRC/2013/ICAN/00000002180



Bayo Fakorede
Managing Director
FRC/2013/CIIN/00000004099



Muhammad Sidi Aliyu
Chairman
FRC/2020/003/00000021442

STACO INSURANCE PLC
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2018**

		Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
Gross Premiums written	Note 29	3,278,153	3,488,339	1,167,921	2,764,917	1,449,995	3,211,195
Gross Premium Income	29a	2,927,919	3,626,792	1,142,227	2,451,973	1,462,619	3,340,726
Reinsurance expenses	29b	(705,513)	(888,397)	(378,927)	(702,457)	(590,423)	(886,498)
Net Premium Income	29	2,222,406	2,738,396	763,300	1,749,517	872,196	2,454,228
Fees and Commission Income	30	134,690	119,371	88,248	134,690	84,952	119,371
Net underwriting Income		2,357,096	2,857,767	851,548	1,884,207	957,148	2,573,599
Claims expense	31	(875,258)	(592,382)	(200)	(795,292)	(168,397)	(584,015)
Underwriting expenses	32	(599,373)	(802,853)	(276,027)	(512,736)	(298,142)	(759,038)
Net underwriting and claims expenses		(1,474,631)	(1,395,235)	(276,227)	(1,308,029)	(466,540)	(1,343,053)
Underwriting results	7	882,465	1,462,532	575,321	576,178	490,608	1,230,546
Investment income	33	68,651	37,739	30,025	68,651	(10,951)	37,739
Net realised gain/(loss) on financial assets	34	-	-	-	-	-	-
Other income	35	26,595	113,989	8,157	26,595	2,931	113,989
Operating and administrative expenses	36	(1,173,697)	(1,229,204)	(488,099)	(1,005,064)	(525,359)	(1,117,624)
Interest on convertible bond	37	(76,685)	(151,989)	(38,342)	(76,685)	(75,994)	(151,989)
Impairment loss on trade receivables	38	-	-	-	-	-	-
Profit / (Loss) before taxation		(272,671)	233,067	87,061	(410,324)	(118,765)	112,661
Taxation	27.1	(136,311)	(31,027)	(21,820)	(41,820)	-	(25,000)
Profit / (Loss) for the year		(408,982)	202,040	65,241	(452,144)	(118,765)	87,661
Other comprehensive income							
Net fair value gain (loss) on available for sale financial assets	28e	(24,861)	32,878	-	(24,861)	-	32,878
Foreign exchange translation gain/(loss)	28f	-	(29,792)	-	-	-	-
Appreciation on investment in subsidiary		-	-	-	-	-	-
Total comprehensive income/(loss) for the year		(433,843)	205,127	65,241	(477,005)	(118,765)	120,539
Profit/(Loss) attributable to:							
Owner of equity		(426,247)	165,946	65,241	(452,144)	(118,765)	87,661
Non controlling interest		17,265	36,094	-	-	-	-
		(408,982)	202,040	65,241	(452,144)	(118,765)	87,661
Total comprehensive income/(loss) attributable to :							
Owner of equity		(451,108)	169,033	65,241	(477,005)	(118,765)	120,539
Non controlling interest		17,265	36,094	-	-	-	-
		(433,843)	205,127	65,241	(477,005)	(118,765)	120,539
Earning per share(kobo)							
- Actual		(5)	2		(5)		1
- Adjusted		(5)	2		(5)		1

STACO INSURANCE PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2018

GROUP

	Share Capital N'000	Share Premium N'000	Revaluation Reserve N'000	Fair value (Available for sale) Reserve N'000	Contingency Reserve N'000	Retained Earnings N'000	Non Controlling Interest N'000	Total Equity N'000
Balance as at 1 January 2017	4,670,544	434,164	1,595,299	61,491	1,952,489	(5,660,870)	111,126	3,164,243
Total comprehensive income for the year	-	-	-	32,878	-	-	-	32,878
Issue of share capital	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	96,336	(96,336)	-	-
Transfer from (to) retained earning	-	-	-	-	-	202,040	-	202,040
Translation reserve	-	-	-	-	-	(76,947)	-	(76,947)
Transfer from (to) non controlling interest	-	-	-	-	-	-	24,426	24,426
Dividend	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-	-
Balance as at 30 June 2017	<u>4,670,544</u>	<u>434,164</u>	<u>1,595,299</u>	<u>94,369</u>	<u>2,048,824</u>	<u>(5,632,113)</u>	<u>135,552</u>	<u>3,346,640</u>
Balance as at 1 January 2018	4,670,544	434,164	1,595,299	163,938	2,118,535	(8,538,831)	168,066	611,715
Total comprehensive income for the year	-	-	-	(24,861)	-	-	-	(24,861)
Issue of share capital	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	98,345	(98,345)	-	-
Transfer from (to) retained earning	-	-	-	-	-	(408,982)	-	(408,982)
Translation reserve	-	-	-	-	-	(178,187)	-	(178,187)
Transfer from (to) non controlling interest	-	-	-	-	-	-	17,265	17,265
Dividend	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-	-
Balance as at 30 June 2018	<u>4,670,544</u>	<u>434,164</u>	<u>1,595,299</u>	<u>139,077</u>	<u>2,216,879</u>	<u>(9,224,344)</u>	<u>185,331</u>	<u>16,950</u>

COMPANY

	Share Capital N'000	Share Premium N'000	Revaluation Reserve N'000	Fair value (Available for sale) Reserve N'000	Contingency Reserve N'000	Retained Earnings N'000	Total Equity N'000
Balance as at 1 January 2017	4,670,544	434,164	1,595,299	271,985	1,920,595	(5,130,611)	3,761,976
Total comprehensive income for the year	-	-	-	32,878	-	-	32,878
Issue of share capital	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	96,336	(96,336)	-
Transfer from (to) retained earning	-	-	-	-	-	87,661	87,661
Dividend	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-
Balance as at 30 June 2017	<u>4,670,544</u>	<u>434,164</u>	<u>1,595,299</u>	<u>304,863</u>	<u>2,016,931</u>	<u>(5,139,286)</u>	<u>3,882,515</u>
Balance as at 1 January 2018	4,670,544	434,164	1,595,299	417,141	2,077,338	(8,936,237)	258,250
Total comprehensive income for the year	-	-	-	(24,861)	-	-	(24,861)
Issue of share capital	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	82,947	(82,947)	-
Transfer from (to) retained earning	-	-	-	-	-	(452,144)	(452,144)
Dividend	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-
Balance as at 30 June 2018	<u>4,670,544</u>	<u>434,164</u>	<u>1,595,299</u>	<u>392,280</u>	<u>2,160,286</u>	<u>(9,471,329)</u>	<u>(218,757)</u>

STACO INSURANCE PLC

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company 30 June 2018 N'000	Company 30 June 2017 N'000
Cash flow from operating activities				
Premium received from policy holders	3,198,343	3,445,878	2,677,445	2,986,752
Reinsurance receipts in respect of claims	239,037	191,994	239,037	191,994
Reinsurance cost	(693,513)	(866,259)	(690,457)	(864,360)
Cash paid to and on behalf of employees	(517,162)	(502,622)	(496,950)	(465,672)
Other operating cash payments/receipts	(1,134,610)	(707,323)	(895,725)	(665,823)
Commission paid	(83,604)	(59,697)	(57,613)	(59,697)
Claims paid	(932,150)	(1,027,947)	(916,591)	(1,019,580)
Tax paid	(93,831)	(91,187)	(21,820)	(35,254)
Net cash provided by operating activities	<u>(17,490)</u>	<u>382,837</u>	<u>(162,675)</u>	<u>68,359</u>
Cash flow from investing activities				
Purchase of property, plant and equipment	(61,790)	(25,202)	(32,227)	(21,705)
Purchase of intangible asset	(2,258)	(4,244)	(9)	(4,244)
Fund placement proceed	46,324	(119,406)	46,324	(119,406)
Dividend received	24,967	2,405	24,967	2,405
Interest received	43,684	35,334	43,684	35,334
Net cash provided by investing activities	<u>50,927</u>	<u>(111,113)</u>	<u>82,739</u>	<u>(107,616)</u>
Cash flow from financing activities				
Change in borrowings	132,416	-	132,416	-
Proceeds from issue of share capital	-	-	-	-
Repayment of finance lease liabilities	-	(22,918)	-	(22,918)
Net cash used in financing activities	<u>132,416</u>	<u>(22,918)</u>	<u>132,416</u>	<u>(22,918)</u>
Net increase/(decrease) in cash and cash equivalents	165,852	248,806	52,479.99	(62,174)
Cash and cash equivalents at the beginning of the year	1,360,873	2,750,249	976,660	2,486,662
Cash and cash equivalents at the end of the year	<u>1,526,725</u>	<u>2,999,055</u>	<u>1,029,140</u>	<u>2,424,488</u>
Represented by:				
Cash at bank and in hand	8 1,526,725	2,999,055	1,029,140	2,424,488
Cashbook overdrawn	-	-	-	-
	<u>1,526,725</u>	<u>2,999,055</u>	<u>1,029,140</u>	<u>2,424,488</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

CAPITAL MANAGEMENT

The Group's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory and to best utilize capital allocations

Insurance industry regulator measures the financial strength of Non-life insurers using a solvency margin model, NAICOM generally expects non-life insurer to comply with this capital adequacy requirement.

Section 24 of the Insurance Act 2003 defines Solvency Margin of a Non-life insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of net premium income (gross premium income less re-insurance premium paid) or the minimum capital base (3 billion) whichever is higher.

The test compares insurers' capital against the risk profile. The regulator indicated that the insurer should produce a minimum solvency margin of 100%. During the period, the Group consistently operated above the minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Group's operations as deemed necessary if the Group falls below this requirement

The solvency margin for the Company as at 30 June 2018 is as follows:

ASSETS:

	ADMISSIBLE N'000	IN ADMISSIBLE N'000	TOTAL N'000
Cash and cash equivalents	1,029,140	-	1,029,140
Financial assets	363,409	-	363,409
Insurance receivables	147,608	-	147,608
Reinsurance assets	1,047,457	-	1,047,457
Other receivables	-	213,812	213,812
Deferred acquisition cost	277,326	-	277,326
Investment in subsidiary	-	327,937	327,937
Investment properties and land	1,520,000	-	1,520,000
Leased assets	190,790	-	190,790
Property and equipment	2,898,530	-	2,898,530
Statutory deposit	300,000	-	300,000
Intangible assets	-	49,389	49,389
Total assets	7,774,259	591,138	8,365,397

LIABILITIES

Investment contract liabilities	-	-	-
Insurance ccontract liabilities	3,730,176	-	3,730,176
Borrowings	4,568,023	-	4,568,023
Trade payables	105,167	-	105,167
Other payables	47,231	-	47,231
Deferred tax liabilities	-	98,050	98,050
Current income tax liabilities	35,506	-	35,506
Total liabilities	8,486,104	98,050	8,584,154

SOLVENCY MARGIN (711,845)

MINIMUM REQUIRED 3,000,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

CAPITAL MANAGEMENT

The Company further developed an internal capital adequacy model that assesses the risk of assets, policy liabilities and other exposures by applying various factors. The model calculates the capital required for each class of the broad risks identified by the Company and aggregates through co-variance methodology that considers the relationship between these risk categories.

As at period end, the Company showed a negative solvency margin of N711,845.27 and a solvency ratio of (123.73)%

STACO INSURANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

7 SEGMENT INFORMATION- COMPANY

Segment Information

Following the management approach of IFRS 8, the company is organised into eight operating segments. These segments distribute their products through various forms of brokers, agencies, and direct marketing programs. Management identifies its reportable segments by product line. These segments and their respective operations for the period ended 30 June, 2018 are as follows:

Fire

General accident

Motor vehicle

Oil and gas

Marine

Aviation

Bond

Engineering

	Fire N'000	General Accident N'000	Motor Vehicle N'000	Oil and Gas N'000	Marine N'000	Aviation N'000	Bond N'000	Engineering N'000	Total N'000
Gross premium written	630,642	435,075	796,913	463,243	329,703	3,906	21,929	83,505	2,764,917
Gross premium income	579,277	339,164	701,484	378,699	339,456	7,441	27,658	78,794	2,451,973
Re-insurance expenses	(306,548)	(22,143)	(10,625)	(214,599)	(112,556)	(1,254)	(4,848)	(29,885)	(702,457)
Net premium income	272,729	317,021	690,859	164,100	226,900	6,187	22,811	48,909	1,749,517
Fee Income and commission	70,693	5,959	1,830	18,673	26,298	308	1,383	9,547	134,690
Investment returns									-
Net underwriting income	343,422	322,980	692,689	182,773	253,199	6,495	24,194	58,456	1,884,207
Claim expenses(Gross)	(348,777)	(96,630)	(263,211)	(131,990)	(40,643)	(73)	(11,250)	(24,017)	(916,591)
Insurance claims recovered / recoverable from reinsurers	78,680	1,191	43,056	(134,420)	119,485	9,679	(185)	3,813	121,299
Net insurance benefits and claims	(270,098)	(95,439)	(220,155)	(266,410)	78,842	9,606	(11,435)	(20,204)	(795,292)
Underwriting expenses	(176,445)	(81,644)	(124,745)	(47,381)	(57,266)	(838)	(5,408)	(19,010)	(512,736)
Total expenses	(446,542)	(177,083)	(344,900)	(313,791)	21,576	8,768	(16,843)	(39,213)	(1,308,029)
Reportable segment profit	(103,121)	145,898	347,789	(131,019)	274,775	15,263	7,351	19,243	576,178

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

SEGMENT INFORMATION CONT'D- COMPANY

The segment information provided by Management for the reporting segments for the year ended 30 June 2017

	Fire	General	Motor	Oil and	Marine	Aviation	Bond	Engineering	Total
	N'000	Accident	Vehicle	Gas	N'000	N'000	N'000	N'000	N'000
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross premium written	799,265	450,189	883,328	600,345	396,985	1,193	13,083	66,807	3,211,195
Gross premium income	800,864	462,923	1,024,495	556,876	412,119	482	9,086	73,882	3,340,727
Re-insurance expenses	(362,408)	(65,371)	(50,198)	(222,662)	(149,408)	(1,111)	(1,820)	(33,520)	(886,498)
Net premium income	438,456	397,552	974,297	334,214	262,711	(629)	7,266	40,363	2,454,229
Fee Income and commission	70,258	7,417	2,316	596	31,475	325	488	6,496	119,371
Investment returns	-	-	-	-	-	-	-	-	-
Net underwriting income	508,714	404,969	976,613	334,810	294,186	(304)	7,754	46,859	2,573,600
Claim expenses(Gross)	(293,157)	(109,040)	(229,667)	(136,360)	(196,871)	(1,014)	(21,427)	(32,045)	(1,019,580)
Insurance claims recovered from reinsurers	38,390	136,734	38,441	97,153	84,725	9,168	(22,314)	53,269	435,565
Net insurance benefits and claims	(254,767)	27,694	(191,226)	(39,207)	(112,146)	8,154	(43,741)	21,225	(584,015)
Underwriting expenses	(212,003)	(117,191)	(194,645)	(92,699)	(116,502)	(411)	(3,494)	(22,093)	(759,038)
Total expenses	(466,770)	(89,497)	(385,872)	(131,906)	(228,648)	7,742	(47,235)	(868)	(1,343,053)
Reportable segment profit	41,944	315,472	590,742	202,904	65,538	7,438	(39,481)	45,991	1,230,547

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
8 CASH AND CASH EQUIVALENTS				
Cash in hand	958	430	958	332
Due from banks and other financial institutions (note 8.1)	1,525,767	1,360,443	1,028,182	976,328
	1,526,725	1,360,873	1,029,140	976,660
8.1 Due from banks and other financial institutions				
Balances held with banks	685,206	400,805	462,373	16,690
Placement with banks	840,561	959,638	565,809	959,638
	1,525,767	1,360,443	1,028,182	976,328
Short-term deposits are made for varying period of one day and three months depending on the immediate cash requirement of the group.				
For the purpose of cash flows, cash and cash equivalents comprises include cash and bank balances (as above)				
	1,526,725	1,360,873	1,029,140	976,660

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
9 FINANCIAL ASSETS				
The group financial assets are summarised below by measurement category :				
Held to maturity (Note 9.1)	11,337	429,634	11,337	11,748
Loans and receivables (Note 9.2)	114,813	118,140	112,045	115,437
Available for sale financial asset (Note 9.3)	770,398	293,383	240,027	264,889
	896,548	841,157	363,409	392,074
9.1 Held to maturity				
Government securities	11,337	342,050	11,337	6,069
Treasury bills	-	87,584	-	5,679
	11,337	429,634	11,337	11,748
Due within 12 months	-	1,350	-	1,350
Due after 12 months	11,337	428,284	11,337	10,398
	11,337	429,634	11,337	11,748
There are no impaired held to maturity investments at 30 June 2018 (2017 nil)				
9.2 Loan and receivables				
Staff loan	114,813	118,140	112,045	115,437
	114,813	118,140	112,045	115,437
Due within 12 months	47,391	82,916	45,608	93,583
Due after 12 months	67,422	35,224	66,437	21,854
	114,813	118,140	112,045	115,437
9.2a Staff loan	117,461	120,788	114,693	118,085
Allowance for impairment (Note 9.2c)	(2,648)	(2,648)	(2,648)	(2,648)
	114,813	118,140	112,045	115,437

For loans and receivables exceeding 12 months, the estimated fair values of the loans and receivables are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted factor at current market rates to determine fair value. For loans and receivables with maturity period of below 12 months, no discounting was applied.

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

9.2c Movement on the provision for impaired loans and receivables are as follows :

Group	Staff loan	Total
	N'000	N'000
At beginning of year	1,260	1,260
Provision for impairment	1,388	1,388
Provision no longer required	-	-
Amount written off during the year as uncollectible	-	-
Unused amount reversed	2,648	2,648
Company	Staff loan	Total
	N'000	N'000
At beginning of year	1,260	1,260
Provision for impairment	1,388	1,388
Provision no longer required	-	-
Amount written off during the year as uncollectible	-	-
Unused amount reversed	2,648	2,648

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
9.3 Available for sale investment				
Listed	143,436	196,793	143,436	168,298
Unlisted	626,962	96,590	96,591	96,591
	770,398	293,383	240,027	264,889
Due within 12 months	-	-	-	-
Due after 12 months	770,398	293,383	240,027	264,889
	770,398	293,383	240,027	264,889

The Group investment in unquoted equity financial instrument could not be fair valued as there were no observable data for which the entity could be fair valued, the carrying amount was based on cost less impairment.

The quoted equity financial instrument are measured at market value, the cumulative gain or loss are recognised in other comprehensive income.

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

9.4 The movement in financial assets may be summarised as follows:

Group	Held to maturity N'000	Loans and receivables N'000	Available for sale N'000	Total N'000
At beginning of year	11,748	118,085	264,888	394,722
Additions	-	2,768	530,372	533,139
Disposals(sale and redemption)	(411)	(3,392)	-	(3,803)
Fair value gains/losses	-	-	(24,861)	(24,861)
Impairment losses	-	(2,648)	-	-
At end of period	<u>11,337</u>	<u>114,813</u>	<u>770,398</u>	<u>899,196</u>

Company	Held to maturity N'000	Loans and receivables N'000	Available for sale N'000	Total N'000
At beginning of year	11,748	118,085	264,888	394,722
Additions	-	-	-	-
Disposals(sale and redemption)	(411)	(3,392)	-	(3,803)
Fair value gains/losses	-	-	(24,861)	(24,861)
Impairment losses	-	(2,648)	-	(2,648)
At end of period	<u>11,337</u>	<u>112,045</u>	<u>240,027</u>	<u>363,409</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
10 TRADE RECEIVABLES				
Due from agents	-	-	-	-
Due from brokers	2,188,763	2,108,953	1,747,799	1,660,328
Due from Reinsurance companies	-	-	-	-
	<u>2,188,763</u>	<u>2,108,953</u>	<u>1,747,799</u>	<u>1,660,328</u>
Allowance for impairment (Note 10.1)	(1,761,753)	(1,761,753)	(1,600,191)	(1,600,191)
	<u>427,010</u>	<u>347,200</u>	<u>147,608</u>	<u>60,137</u>
Due within 12months	427,010	347,200	147,608	60,137
Due after 12 months	-	-	-	-
	<u>427,010</u>	<u>347,200</u>	<u>147,608</u>	<u>60,137</u>

10.1 Movement on the allowance for impairment of receivables arising out of direct insurance arrangements are as follows:

	Group N'000	Company N'000
At beginning of year	1,761,753	1,600,191
Provision for impairment	-	-
Provision no longer required	-	-
Amount written off during the year as uncollectible	-	-
At end of period	<u>1,761,753</u>	<u>1,600,191</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
11 REINSURANCE ASSETS				
Prepaid reinsurance (note 11.1)	270,054	263,355	263,355	263,355
Reinsurance recoverable	772,102	772,939	772,102	772,939
Prepaid M&D Deposit - Re-Insurance	12,000	24,000	12,000	24,000
	1,054,157	1,060,294	1,047,457	1,060,294
Due within 12months	766,756	772,893	760,056	772,893
Due after 12 months	287,401	287,401	287,401	287,401
	1,054,157	1,060,294	1,047,457	1,060,294
11.1 Movement in prepaid reinsurance				
At beginning of year	263,355	414,250	263,355	414,250
Additions during the year	709,012	1,306,613	702,457	1,306,613
Amortisation during the year	(705,513)	(1,457,508)	(702,457)	(1,457,508)
At end of period	266,854	263,355	263,355	263,355

There were no indicators of impairment for re-insurance assets. Therefore, no impairment allowance is required in respect of these assets. The carrying amounts disclosed above is in respect of the reinsurance contracts which approximate the fair value at the reporting date.

	Group 30 June 2018	Group 31 December 2017	Company 30 June 2018	Company 31 December 2017
12 OTHER RECEIVABLES AND PREPAYMENTS				
Accrued income (Note 12.2)	35,782	19,478	19,001	19,478
Prepayment (Note 12.2)	141,045	121,042	121,592	111,430
Other receivables (Note 12.1)	169,360	177,188	73,219	73,071
	346,187	317,708	213,812	203,980
Due within 12months	346,187	317,708	213,812	203,980
Due after 12 months	-	-	-	-
	346,187	317,708	213,812	203,980
12.1 Other receivables				
Stock- consumables	-	-	-	-
Deposit for assets	-	-	-	-
Other sundry debtors	2,395,526	265,021	2,299,385	160,904
	2,395,526	265,021	2,299,385	160,904
Allowance for impairment (Note 9.2c)	(2,226,166)	(87,833)	(2,226,166)	(87,833)
	169,360	177,188	73,219	73,071
12.2 The movement in other receivables and prepayments may be summarised as follows:				
Group	Accrued income N'000	Prepayment N'000	Other receivables N'000	Total N'000
At beginning of year	19,478	121,042	2,301,237	2,441,758
Additions	16,781	35,576	96,289	148,645
Realisation	(476)	-	(2,000)	(2,476)
Expensed during the year	-	(15,573)	-	(15,573)
Allowance for impairment	-	-	(2,226,166)	(2,226,166)
At end of period	35,782	141,045	169,360	2,572,353
Company	Accrued income N'000	Prepayment N'000	Other receivables N'000	Total N'000
At beginning of year	19,477	111,430	2,301,237	2,432,145
Additions	-	25,735	148	25,883
Realisation	(476)	-	(2,000)	(2,476)
Expensed during the year	-	(15,573)	-	(15,573)
Allowance for impairment	-	-	(2,226,166)	(2,226,166)
At end of period	19,001	121,592	73,219	213,812

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018	Group 31 December 2017	Company 30 June 2018	Company 31 December 2017
13 DEFERRED ACQUISITION COST				
At beginning of year	161,135	249,914	161,135	249,914
Additions during the year	528,309	717,935	441,672	717,935
Amortisation during the year	(412,118)	(806,714)	(325,481)	(806,714)
At end of period	<u>277,326</u>	<u>161,135</u>	<u>277,326</u>	<u>161,135</u>
Due within 12months	277,326	161,135	277,326	161,135
Due after 12 months	-	-	-	-
	<u>277,326</u>	<u>161,135</u>	<u>277,326</u>	<u>161,135</u>

14 INVESTMENT IN SUBSIDIARY

14.1 The following table illustrates the summarized financial information of the company's investment in Staco Sierra Leone Limited

Share of the Subsidiary's statement of financial position:

Assets	-	-	-	920,133
Liabilities	-	-	-	733,504
Equity	-	-	-	<u>186,629</u>

Share of Subsidiary's reserves and profit or loss:

Contingency reserve	-	-	-	41,746
Retained earnings	-	-	-	99,561
	-	-	-	<u>141,307</u>

Carrying amount of the investment

-	-	327,937	<u>327,936</u>
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14.2 Appreciation/(Diminution) in investment

Carrying amount of the investment	-	-	327,937	327,936
Cost of investment	-	-	74,733	74,733
Appreciation in investment	-	-	<u>253,204</u>	<u>253,203</u>

This represents 60% holding in the ordinary share capital of Staco Sierra Leone Limited, a subsidiary incorporated and operating in Sierra Leone

15 INVESTMENT PROPERTIES

At 1 January	1,520,000	1,520,000	1,520,000	1,520,000
Addition during the year	-	-	-	-
Revaluation surplus (Note 28c)	-	-	-	-
At end of period	<u>1,520,000</u>	<u>1,520,000</u>	<u>1,520,000</u>	<u>1,520,000</u>

Cost/Valuation at 30 June, 2018 is represented by:

Valuation	495,000	495,000	495,000	495,000
Cost	1,025,000	1,025,000	1,025,000	1,025,000
	<u>1,520,000</u>	<u>1,520,000</u>	<u>1,520,000</u>	<u>1,520,000</u>

Investment properties are carried at fair value which are determined by independent professional valuers. The determination of fair value of the investment properties was supported by market evidence. The modalities and process utilized extensive analysis of market data and other sector specific peculiarities corroborated with available database derived from previous experience.

The investment property is a landed property held for the purpose of capital appreciation. It is a bare land located at No 13 Glover Road, Ikoyi in Eti Osa Local Government Area of Lagos State.

The property was independently valued by Dennis Osamudiamé (FRC/2013/NIESV/00000003727) for Dennis Osamudiamé & Co on 13th December 2017 at N1,520,000,000 (2015 : N1,520,000,000) on the basis of open market value.

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
16 DEFERRED TAX ASSETS				
At 1 January	7,820	-	-	-
Charge for the period	-	7,820	-	-
At 30 June	<u>7,820</u>	<u>7,820</u>	<u>-</u>	<u>-</u>

The movement in deferred income tax liabilities during the year is as follows:

16.1 DEFERRED TAX LIABILITY	N'000	N'000	N'000	N'000
At 1 January	98,050	101,892	98,050	98,050
Charge for the period	1,647	(3,842)	-	-
At 30 June	<u>99,697</u>	<u>98,050</u>	<u>98,050</u>	<u>98,050</u>

The movement in deferred income tax liabilities during the year is as follows:

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

17 LEASED ASSETS -Group

	Furniture Fittings and equipment N'000	Motor Vehicle N'000	TOTAL N'000
Cost			
At 1 January 2018	-	592,767	592,767
Additions	-	-	-
At 30 June 2018	-	592,767	592,767
Accumulated depreciation			
At 1 January 2018	-	379,920	379,920
Charge for the period	-	22,057	22,057
At 30 June 2018	-	401,977	401,977
Carrying value			
At 30 June 2018	-	190,790	190,790
At 31 December 2017	-	212,847	212,847

17 LEASED ASSETS -Company

	Furniture Fittings and equipment N'000	Motor Vehicle N'000	TOTAL N'000
Cost			
At 1 January 2018	-	592,767	592,767
Additions	-	-	-
At 30 June 2018	-	592,767	592,767
Accumulated depreciation			
At 1 January 2018	-	379,920	379,920
Charge for the period	-	22,057	22,057
At 30 June 2018	-	401,977	401,977
Carrying value			
At 30 June 2018	-	190,790	190,790
At 31 December 2017	-	212,847	212,847

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

18 PROPERTY ,PLANT AND EQUIPMENT -Group

	Land and Building N'000	Plant and Machinery N'000	Furniture Fittings and equipment N'000	Motor Vehicle N'000	Work in Progress N'000	TOTAL N'000
Cost						
At 1 January 2018	2,220,609	283,478	1,109,874	1,525,813	4,226	5,144,000
Additions	-	14,211	27,913	19,667	-	61,790
Disposal	-	-	-	-	-	-
Revaluation surplus (Note 27d)	-	-	-	-	-	-
At 30 June 2018	<u>2,220,609</u>	<u>297,689</u>	<u>1,137,787</u>	<u>1,545,480</u>	<u>4,226</u>	<u>5,205,790</u>
Accumulated depreciation						
At 1 January 2018	34,401	130,987	640,875	1,333,113	-	2,139,376
Charge for the period	10,579	10,571	39,514	49,317	-	109,981
Disposal	-	-	-	-	-	-
At 30 June 2018	<u>44,980</u>	<u>141,558</u>	<u>680,389</u>	<u>1,382,430</u>	<u>-</u>	<u>2,249,357</u>
Carrying value						
At 30 June 2018	<u>2,175,629</u>	<u>156,131</u>	<u>457,398</u>	<u>163,050</u>	<u>4,226</u>	<u>2,956,434</u>
At 31 December 2017	<u>1,855,699</u>	<u>152,491</u>	<u>468,999</u>	<u>523,209</u>	<u>4,226</u>	<u>3,004,624</u>
Cost/Valuation at 30 June, 2018 is represented by:						
At Cost	996,720	222,909	969,801	1,470,493	4,226	3,664,149
At Valuation	<u>1,223,789</u>	<u>297,689</u>	<u>1,137,787</u>	<u>1,545,480</u>	<u>4,226</u>	<u>4,208,970</u>
	<u>2,220,509</u>	<u>520,598</u>	<u>2,107,588</u>	<u>3,015,973</u>	<u>8,452</u>	<u>7,873,120</u>

The property was independently valued by Dennis Osamudiam (FRC/2013/NIESV/00000003727) for Dennis Osamudiam & Co on 13th December 2017 at N2,050,509,000 (2016: N2,050,509,000) on the basis of open market value.

Depreciation expenses of N104,427 has been charged in operating and administrative expenses

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

18 PROPERTY, PLANT AND EQUIPMENT -Company

	Land and Building N'000	Plant and Machinery N'000	Furniture Fittings and equipment N'000	Motor Vehicle N'000	Work in Progress N'000	TOTAL N'000
Cost						
At 1 January 2018	2,220,609	283,478	1,066,129	1,502,862	4,226	5,077,304
Additions	-	14,211	13,381	4,635	-	32,227
Disposal						-
Revaluation surplus (Note 27d)						-
At 30 June 2018	<u>2,220,609</u>	<u>297,689</u>	<u>1,079,510</u>	<u>1,507,497</u>	<u>4,226</u>	<u>5,109,531</u>
Accumulated depreciation						
At 1 January 2018	34,401	130,987	617,912	1,323,274	-	2,106,574
Charge for the period	10,579	10,571	35,878	47,400	-	104,427
Disposal						-
At 30 June 2018	<u>44,980</u>	<u>141,558</u>	<u>653,790</u>	<u>1,370,674</u>	<u>-</u>	<u>2,211,001</u>
Carrying value						
At 30 June 2018	<u>2,175,629</u>	<u>156,131</u>	<u>425,720</u>	<u>136,824</u>	<u>4,226</u>	<u>2,898,530</u>
At 31 December 2017	<u>2,186,208</u>	<u>152,491</u>	<u>448,217</u>	<u>179,588</u>	<u>4,226</u>	<u>2,970,730</u>
Cost/Valuation at 30 June, 2018 is represented by:						
At Cost	996,820	297,689	1,079,510	1,507,497	4,226	3,885,742
At Valuation	<u>1,223,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,223,789</u>
	<u>2,220,609</u>	<u>297,689</u>	<u>1,079,510</u>	<u>1,507,497</u>	<u>4,226</u>	<u>5,109,531</u>

The property was independently valued by Dennis Osamudiamé (FRC/2013/NIESV/00000003727) for Dennis Osamudiamé & Co on 13th December 2017 at N2,050,509,000 (2016: N2,050,509,000) on the basis of open market value.

Depreciation expenses of N104,427 has been charged in operating and administrative expenses

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
19 STATUTORY DEPOSIT				
This represents amount deposited with Central Bank of Nigeria (CBN) in accordance with section 10(3) of the Insurance Act, 2003	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Due within 12 months	-	-	-	-
Due after 12 months	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
20 INTANGIBLE ASSET				
Goodwill (Note 20.1)	-	-	-	-
Software (Note 20.2)	54,385	60,105	49,389	56,000
	54,385	60,105	49,389	56,000
20.1 Intangible Asset - Goodwill				
Cost				
At 1 January	-	-	-	-
Addition	-	-	-	-
At 30 June 2018	-	-	-	-
Amortisation				
At 1 January	-	-	-	-
Amortisation	-	-	-	-
At 30 June 2018	-	-	-	-
Carrying value				
At 30 June 2018	-	-	-	-
20.2 Intangible Asset - Software				
Cost				
At 1 January	189,192	178,125	182,369	178,125
Cost capitalised	2,258	11,067	9	4,244
At 30 June 2018	191,450	189,192	182,378	182,369
Amortisation				
At 1 January	129,086	108,204	126,369	108,204
Amortisation	7,979	20,882	6,620	18,165
At 30 June 2018	137,065	129,086	132,989	126,369
Carrying value				
At 30 June 2018	54,385	60,105	49,389	56,000

The intangible assets of the company comprised of goodwill and computer software. The computer softwares are accounted for using the cost model of IAS 38 i.e cost less accumulated amortization and less accumulated impairment. The amortization is charged to income statement in line with the Company's policy.

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
21 INSURANCE CONTRACT LIABILITIES				
General business (note 21.1)	3,959,495	3,452,617	3,730,176	3,299,495
Life business (note 21.2)	248,503	249,260	-	-
Total insurance liabilities	<u>4,207,998</u>	<u>3,701,877</u>	<u>3,730,176</u>	<u>3,299,495</u>
Due within 12 months	4,207,998	3,701,877	3,730,176	3,299,495
Due after 12 months	-	-	-	-
	<u>4,207,998</u>	<u>3,701,877</u>	<u>3,730,176</u>	<u>3,299,495</u>
21.1 General business liabilities				
Outstanding claims provision (note 21.1a)	1,887,279	1,429,882	1,768,952	1,350,460
Claims incurred but not reported (note 20.1b)	176,895	477,649	176,895	477,649
Provision for unearned premium (note 21.1c)	<u>1,895,320</u>	<u>1,545,086</u>	<u>1,784,329</u>	<u>1,471,386</u>
Total general business insurance contract liability	<u>3,959,495</u>	<u>3,452,617</u>	<u>3,730,176</u>	<u>3,299,495</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
Outstanding claims provision - General business				
21.1a Movement in outstanding claims provision				
At 1 January	1,429,882	1,242,108	1,350,461	1,182,295
Claims incurred in the current year	1,389,547	2,534,684	1,335,083	2,500,880
Claims paid during the year	(932,150)	(2,346,910)	(916,591)	(2,332,715)
At 30 June 2018	<u>1,887,279</u>	<u>1,429,882</u>	<u>1,768,952</u>	<u>1,350,460</u>
Claims incurred but not reported (IBNR) provision				
21.1b Movement in IBNR provision				
At 1 January	477,649	394,651	477,649	394,651
Movement during the year	(300,754)	82,998	(300,754)	82,998
At 30 June 2018	<u>176,895</u>	<u>477,649</u>	<u>176,895</u>	<u>477,649</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

21.1c Unearned Premium -Group

	Unearned premium 2018	Movement	Unearned premium 2017
Fire	412,856	51,365	361,491
Engineering	57,671	4,711	52,960
Motor	571,011	95,429	475,582
General Accident	255,579	25,158	230,421
Marine	174,274	(9,753)	184,027
Bond	15,085	(5,729)	20,814
Oil and gas	297,291	84,544	212,747
Aviation	562	(3,535)	4,097
Others	110,991	108,044	2,947
	1,895,320	350,234	1,545,086

These provision represents the liability for short term insurance contracts for which the Group's obligations have not expired at year end, The unearned premium provision relates to the casualty insurance contracts for which the group expect to pay claims in excess of the related unearned premium provision.

21.1c Unearned Premium -Company

	Unearned premium 2018	Movement	Unearned premium 2017
Fire	412,856	51,365	361,491
Engineering	57,671	4,711	52,960
Motor	571,011	95,429	475,582
General Accident	255,579	95,911	159,668
Marine	174,274	(9,753)	184,027
Bond	15,085	(5,729)	20,814
Oil and gas	297,291	84,544	212,747
Aviation	562	(3,535)	4,097
	1,784,329	312,943	1,471,386

These provision represent the liability for short term insurance contracts for which the Group's obligations are not expired at period end, The unearned premium provision relates to the casualty insurance contracts for which the group expect to pay claims in excess of the related unearned premium provision.

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
21.2 Life insurance liabilities				
Provision for outstanding claims	-	757	-	-
Life liability (note 20.2a)	248,503	248,503	-	-
	<u>248,503</u>	<u>249,260</u>	<u>-</u>	<u>-</u>
21.2a The movement on the life funds account during the year was as follows :				
At 1 January	248,503	146,660	-	-
Increase/(decrease) during the year	-	101,843	-	-
At 30 June 2018	<u>248,503</u>	<u>248,503</u>	<u>-</u>	<u>-</u>
22 FINANCIAL LIABILITIES				
Convertible bond (Note 21.1)	3,685,379	3,608,694	3,685,379	3,608,694
Short term loan	882,645	836,152	882,645	836,152
	<u>4,568,023</u>	<u>4,444,846</u>	<u>4,568,023</u>	<u>4,444,846</u>
22.1 Convertible Bond				
This represents zero coupon JPY 1,200,000,000 direct, unconditional, unsubordinated and unsecured European bond with option issued on 9 November, 2007 to Daewoo Securities Europe Limited. The Bonds were issued with the option to subscribe for the ordinary Shares of the company with a yield of 4.25% per annum while the tenor of the convertible option is valid up to year 2029.				
	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
As 1 January	3,608,694	3,039,773	3,608,694	3,039,773
Movement during the year(Note 22.2)	76,685	568,921	76,685	568,921
At 30 June 2018	<u>3,685,379</u>	<u>3,608,694</u>	<u>3,685,379</u>	<u>3,608,694</u>
22.2 Movement during the year				
Interest and default charges on the bond	76,685	141,069	76,685	141,069
Exchange gain / loss	-	784,289	-	784,289
Payments during the year	-	-	-	-
Provision no longer required	-	(356,437)	-	(356,437)
	<u>76,685</u>	<u>568,921</u>	<u>76,685</u>	<u>568,921</u>
22.3 Short term loan	<u>882,645</u>	<u>836,152</u>	<u>882,645</u>	<u>836,152</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
23 TRADE PAYABLES				
Insurance companies	343,407	33,536	4,426	16,416
Reinsurance payables (Note 23.1)	100,741	71,237	100,741	71,237
	<u>444,148</u>	<u>104,773</u>	<u>105,167</u>	<u>87,653</u>
23.1 Reinsurance payables				
Reinsurance premium payable	100,741	71,237	100,741	71,237
Minimum deposit payable	-	-	-	-
	<u>100,741</u>	<u>71,237</u>	<u>100,741</u>	<u>71,237</u>
24a OTHER PAYABLES				
Lease obligation	17,098	15,753	17,098	15,753
Accruals	1,000	32,012	1,000	6,000
Other creditors (note 24.1)	44,009	70,075	29,133	16,240
	<u>62,107</u>	<u>117,840</u>	<u>47,231</u>	<u>37,993</u>
24.1 The breakdown of other creditors is as below:				
Tax payables	-	-	-	-
Other payables	44,009	70,075	29,133	16,240
	<u>44,009</u>	<u>70,075</u>	<u>29,133</u>	<u>16,240</u>
The carrying amounts disclosed above approximate the fair value at the reporting date. All amount are payable within one year.				
Due within 12 months	44,009	70,075	29,133	16,240
Due after 12 months	-	-	-	-
	<u>44,009</u>	<u>70,075</u>	<u>29,133</u>	<u>16,240</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
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26 EMPLOYEE BENEFIT LIABILITY

Gratuity scheme

The Group has a post employment benefit scheme which is not funded

The movement in the defined benefit obligation over the year is as follows:

At beginning of year	6,027	5,818	-	-
Current service cost	1,315	650	-	-
Benefits paid		(441)	-	-
At 30 June 2018	<u>7,342</u>	<u>6,027</u>	<u>-</u>	<u>-</u>
Due within 12 months	-	-	-	-
Due after 12 months	<u>7,342</u>	<u>6,027</u>	<u>-</u>	<u>-</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
27 TAXATION				
27.1 Charge				
Income	116,139	109,388	20,000	35,000
Education tax	-	-		
Prior year under provision	21,820	-	21,820	-
Technology tax	-	-		-
	<u>137,958</u>	<u>109,388</u>	<u>41,820</u>	<u>35,000</u>
Deferred tax (note 15)	(1,647)	(3,842)	-	-
Charge for the period	<u>136,311</u>	<u>105,546</u>	<u>41,820</u>	<u>35,000</u>
27.2 Tax liability				
The movement on tax payable account during the year is as follows:				
At 1 January	108,635	86,749	15,506	21,804
Payments during the year	(93,831)	(83,660)	(21,820)	(41,298)
Charge for the period	<u>136,311</u>	<u>105,546</u>	<u>41,820</u>	<u>35,000</u>
At 30 June 2018	<u>151,116</u>	<u>108,635</u>	<u>35,506</u>	<u>15,506</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
28 EQUITY				
28a Share capital				
Authorised 9 billion(2012 -7 billion) ordinary shares of 50k each	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>
Issued and fully paid 9,341,087,609 units of ordinary shares of 50k each	<u>4,670,544</u>	<u>4,670,544</u>	<u>4,670,544</u>	<u>4,670,544</u>
At 1 January	4,670,544	4,670,544	4,670,544	4,670,544
Issued during the year	-	-	-	-
At 30 June 2018	<u>4,670,544</u>	<u>4,670,544</u>	<u>4,670,544</u>	<u>4,670,544</u>
28c Share premium	<u>434,164</u>	<u>434,164</u>	<u>434,164</u>	<u>434,164</u>
Premium arising from the issue of shares are reported in the share premium account.				
28d Revaluation reserve				
At 1 January	1,595,299	1,595,299	1,595,299	1,595,299
Addition during the year (Note 18)	-	-	-	-
At 30 June 2018	<u>1,595,299</u>	<u>1,595,299</u>	<u>1,595,299</u>	<u>1,595,299</u>
Under current regulations, assets revaluation reserve is not available for distribution to shareholders either as dividends or bonus shares.				
No provision was made for deferred capital gains tax as the property is not meant for sale in the foreseeable future.				
28e Fair value reserves				
At the beginning of the year	163,938	61,491	417,141	271,985
Additions during the year	(24,861)	102,447	(24,861)	102,447
Appreciation on investment in Subsidiary(Note 14.2)	-	-	-	42,709
At end of the period	<u>139,077</u>	<u>163,938</u>	<u>392,279</u>	<u>417,141</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 31 December 2017 N'000	Company 30 June 2018 N'000	Company 31 December 2017 N'000
28f Contingency reserve				
In accordance with the Insurance act, a contingency reserve is credited with the greater of 3% of total premiums or 20% of profits for general business and 1% of total premiums or 10% of profits for life business. This shall accumulate until it reaches the amount of greater of minimum paid- up capital or 50 percent of net premium.				
At the beginning of the year	2,118,535	1,952,489	2,077,338	1,920,595
Transfer from profit and loss	98,345	166,046	82,947	156,743
At end of the Period	<u>2,216,879</u>	<u>2,118,535</u>	<u>2,160,286</u>	<u>2,077,338</u>
28g Retained Earnings				
General reserve consist of undistributed profits from previous years.				
At the beginning of the year	(8,538,831)	(5,613,715)	(8,936,238)	(5,821,241)
Transfer from profit and loss	(408,982)	(2,602,383)	(452,144)	(2,958,253)
Transfer to contingency reserve	(98,345)	(166,046)	(82,947)	(156,743)
Revaluation of investment assets	-	-	-	-
At end of the year	<u>(9,046,157)</u>	<u>(8,382,144)</u>	<u>(9,471,329)</u>	<u>(8,936,237)</u>
Translation reserve (Note 28f(ii))	<u>(178,187)</u>	<u>(156,687)</u>	-	-
	<u>(9,224,344)</u>	<u>(8,538,831)</u>	<u>(9,471,329)</u>	<u>(8,936,237)</u>
28g(i) Translation Reserve				
At 1 January	(156,687)	(47,155)	-	-
Movement during the year	<u>(21,500)</u>	<u>(109,532)</u>	-	-
At 30 June 2018	<u>(178,187)</u>	<u>(156,687)</u>	-	-
28h Non-controlling Interest				
Equity	168,066	111,126	-	-
Share of profit	<u>17,265</u>	<u>56,940</u>	-	-
	<u>185,331</u>	<u>168,066</u>	-	-

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
29 NET PREMIUM INCOME						
a Gross Premium written	3,278,153	3,488,339	1,167,921	2,764,917	1,449,995	3,211,195
Change in unearned premium provision	(350,234)	138,453	(25,694)	(312,943)	12,624	129,531
Gross premium income	<u>2,927,919</u>	<u>3,626,792</u>	<u>1,142,227</u>	<u>2,451,973</u>	<u>1,462,619</u>	<u>3,340,726</u>
b Reinsurance expenses:						
Premium ceded to reinsurers	(693,513)	(866,259)	(378,627)	(690,457)	(588,155)	(864,360)
Prepaid reinsurance	(12,000)	(22,138)	(300)	(12,000)	(2,269)	(22,138)
	<u>(705,513)</u>	<u>(888,397)</u>	<u>(378,927)</u>	<u>(702,457)</u>	<u>(590,423)</u>	<u>(886,498)</u>
Net premium income	<u>2,222,406</u>	<u>2,738,396</u>	<u>763,300</u>	<u>1,749,517</u>	<u>872,196</u>	<u>2,454,228</u>
	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
30 FEES AND COMMISSION INCOME						
Fee income arising on insurance contracts	134,690	119,371	88,248	134,690	84,952	119,371
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>134,690</u>	<u>119,371</u>	<u>88,248</u>	<u>134,690</u>	<u>84,952</u>	<u>119,371</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

31 CLAIMS EXPENSES

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
Gross benefit and claims paid (Note 31.1)	932,150	1,027,947	407,313	916,591	482,006	1,019,580
Movement in Outstanding claims (Note 31.2)	182,145	(240,771)	(279,023)	117,738	(195,843)	(240,771)
	1,114,295	787,176	128,290	1,034,329	286,163	778,810
Claims and Benefits recovered from Reinsurers (Note 31.3)	(239,037)	(194,794)	(128,090)	(239,037)	(117,765)	(194,794)
Net Claims Expenses	875,258	592,382	200	795,292	168,397	584,015

31.1 GROSS BENEFIT AND CLAIMS PAID

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
Fire	348,777	295,768	110,033	348,777	83,675	293,157
Engineering	24,017	32,045	13,476	24,017	24,192	32,045
Motor	263,211	233,006	96,592	263,211	77,840	229,667
General Accident	112,189	111,456	36,870	96,630	63,882	109,040
Marine	40,643	196,871	18,951	40,643	94,185	196,871
Bond	11,250	21,427	7,500	11,250	5,427	21,427
Oil and gas	131,990	136,360	123,890	131,990	132,806	136,360
Aviation	73	1,014	-	73	-	1,014
Others	-	-	-	-	-	-
Total benefits and claims paid	932,150	1,027,947	407,313	916,591	482,006	1,019,580

The insurance claims comprise of claims paid, claims expenses paid including loss adjuster fees.

31.2 MOVEMENT IN OUTSTANDING CLAIMS

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
General business (Note 31.2a)	182,145	(240,771)	(279,023)	117,738	(195,843)	(240,771)
Life business	-	-	-	-	-	-
	182,145	(240,771)	(279,023)	117,738	(195,843)	(240,771)

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

31.1 Breakdown of claims and benefit recoverable from reinsurers

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
Fire	165,183	137,407	109,442	165,183	94,150	137,407
Engineering	881	1,693	-	881	904	1,693
Motor	10,520	22,859	4,101	10,520	3,539	22,859
General Accident	5,300	9,396	5,300	5,300	3,208	9,396
Marine	51,555	19,540	9,246	51,555	14,864	19,540
Bond	-	1,100	-	-	1,100	1,100
Oil and gas	5,598	-	-	5,598	-	-
Aviation	-	-	-	-	-	-
	239,037	191,994	128,090	239,037	117,765	191,994

31.1 Breakdown of movement in outstanding claims

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
Fire	86,504	100,162	(262,584)	86,504	178,943	100,162
Engineering	(2,932)	(51,471)	3,517	(2,932)	11,700	(51,471)
Motor	(32,536)	(16,223)	(53,175)	(32,536)	36,032	(16,223)
General Accident	68,516	(127,131)	(76,982)	4,109	13,141	(127,131)
Marine	(67,930)	(63,913)	(36,574)	(67,930)	(330,027)	(63,913)
Bond	185	23,420	-	185	(16,372)	23,420
Oil and gas	140,018	(96,449)	173,106	140,018	(87,981)	(96,449)
Aviation	(9,679)	(9,165)	(26,331)	(9,679)	(1,278)	(9,165)
	182,145	(240,771)	(279,023)	117,738	(195,843)	(240,771)

31.3 Claim Expenses Recovered from Reinsurers

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
General business	239,037	191,994	128,090	239,037	117,765	191,994
Life business	-	-	-	-	-	-
	239,037	191,994	128,090	239,037	117,765	191,994

Insurance recoveries and recoverable consist of actual amount recovered from the reinsurers.

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
32 UNDERWRITING EXPENSES						
Acquisition expenses (Note 32.1)	412,118	530,230	180,079	325,481	194,207	486,415
Maintenance expenses (Note 32.2)	187,255	272,623	95,948	187,255	103,935	272,623
	<u>599,373</u>	<u>802,853</u>	<u>276,027</u>	<u>512,736</u>	<u>298,142</u>	<u>759,038</u>
33.1a Breakdown of acquisition expenses						
Acquisition cost paid by company	83,604	59,697	29,074	57,613	27,202	59,697
Acquisition cost deducted at source by Brokers	444,705	448,404	166,529	384,059	152,395	395,089
	<u>528,309</u>	<u>508,101</u>	<u>195,603</u>	<u>441,672</u>	<u>179,597</u>	<u>454,787</u>
Movement in DAC	(116,191)	22,129	(15,524)	(116,191)	14,610	31,628
Acquisition expenses charged	<u>412,118</u>	<u>530,230</u>	<u>180,079</u>	<u>325,481</u>	<u>194,207</u>	<u>486,415</u>
Movement in DAC						
Opening DAC 01/01/2018	161,135	249,914	261,801	161,135	-	249,914
Less: Closing DAC 30/06/2018	<u>(277,326)</u>	<u>(227,785)</u>	<u>(277,326)</u>	<u>(277,326)</u>	<u>14,610</u>	<u>(218,285)</u>
	<u>(116,191)</u>	<u>22,129</u>	<u>(15,524)</u>	<u>(116,191)</u>	<u>14,610</u>	<u>31,628</u>
32.1 Breakdown of acquisition expenses						
	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
Fire	147,528	163,895	51,208	121,828	61,028	154,762
Engineering	16,508	16,122	4,699	16,508	9,295	16,122
Motor	130,425	104,165	38,559	93,514	44,840	102,569
General Accident	105,424	125,005	24,661	81,595	28,617	85,647
Marine	60,941	73,255	27,709	60,743	25,546	70,027
Bond	3,421	1,946	1,965	3,421	734	1,946
Oil and gas	63,425	23,608	46,556	63,425	10,507	23,608
Aviation	638	105	246	638	(971)	105
	<u>528,309</u>	<u>508,101</u>	<u>195,603</u>	<u>441,672</u>	<u>179,597</u>	<u>454,787</u>

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

32.2 Breakdown of maintenance expenses

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
Fire	66,551	65,120	44,832	66,551	9,703	65,120
Engineering	3,902	6,724	1,133	3,902	4,358	6,724
Motor	43,183	78,787	16,221	43,183	31,602	78,787
General Accident	19,028	35,566	4,509	19,028	14,371	35,566
Marine	29,106	45,194	13,276	29,106	16,150	45,194
Bond	887	877	469	887	339	877
Oil and gas	24,442	40,275	15,441	24,442	27,692	40,275
Aviation	156	80	67	156	(280)	80
	187,255	272,623	95,948	187,255	103,935	272,623
33 INVESTMENT INCOME						
Investment income	24,622	17,873	-	24,622	-	17,873
Dividend income	24,967	2,405	24,967	24,967	2,405	2,405
Held-to-maturity , loans and receivables	287	967	-	287	266	967
Cash and cash equivalents	18,775	16,494	5,058	18,775	(13,622)	16,494
Net investment income	68,651	37,739	30,025	68,651	(10,951)	37,739
33.1 Investment Income Distribution						
Share -shareholders	68,651	37,739	30,025	68,651	(10,951)	37,739
Share -policy holder	-	-	-	-	-	-
	68,651	37,739	30,025	68,651	(10,951)	37,739
34 NET REALISED GAIN/(LOSS) ON FINANCIAL ASSETS						
Realized gain/(loss) on disposal of financial assets	-	-	-	-	-	-
Impairment of financial assets	-	-	-	-	-	-
	-	-	-	-	-	-
35 OTHER INCOME						
Provision no longer required -financial assets	2,000	-	2,000	2,000	-	-
Provision no longer required -trade receivables	-	-	-	-	-	-
Foreign exchange translation gain/(loss)	-	-	-	-	-	-
Revaluation of investment assets	-	-	-	-	-	-
Gain / (Loss) on disposal of fixed assets	-	-	-	-	-	-
Excess interest charges	-	-	-	-	-	-
Sundry income	24,595	113,989	6,157	24,595	2,931	113,989
	26,595	113,989	8,157	26,595	2,931	113,989

STACO INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	Group 30 June 2018 N'000	Group 30 June 2017 N'000	Company '01.04 - 30.06 2018 N'000	Company 30 June 2018 N'000	Company '01.04 - 30.06 2017 N'000	Company 30 June 2017 N'000
36 OPERATING AND ADMINISTRATIVE EXPENSE						
Management expenses comprise:						
Employee benefits expense (Note 36.1)	517,162	502,622	250,056	496,950	196,424	465,672
Depreciation-Property,plant and equipments	109,981	107,114	52,214	104,427	51,164	103,328
Depreciation -leased asset	22,057	19,611	11,028	22,057	6,218	19,611
Amortization -Intangible assets	7,979	5,387	3,310	6,620	3,193	5,387
Auditors remuneration	-	1,629	-	-	-	-
Directors' emolument	11,876	9,669	6,601	11,876	2,932	7,842
Finance cost (Note 36.2)	17,760	51,476	12,189	17,760	22,903	49,049
Operating expenses	486,882	531,695	152,701	345,373	242,524	466,735
Impairment loss on other receivables	-	-	-	-	-	-
Exchange loss on convertible bond	-	-	-	-	-	-
	<u>1,173,697</u>	<u>1,229,204</u>	<u>488,099</u>	<u>1,005,064</u>	<u>525,359</u>	<u>1,117,624</u>
36.1 Employee benefits expense						
Salaries and wages	388,992	417,154	210,623	378,952	165,194	392,947
Medical	19,003	18,108	8,325	17,760	2,865	15,199
Staff training	24,953	45,701	7,794	16,024	14,570	36,232
Terminal benefit	84,214	21,660	23,313	84,214	13,795	21,295
	<u>517,162</u>	<u>502,622</u>	<u>250,056</u>	<u>496,950</u>	<u>196,424</u>	<u>465,672</u>
36.2 Finance Cost						
Finance cost is made up of interest on finance lease, bank charges and interest on overdrawn bank accounts within the reporting period.	<u>17,760</u>	<u>51,476</u>	<u>12,189</u>	<u>17,760</u>	<u>22,903</u>	<u>49,049</u>
37 INTEREST ON CONVERTIBLE BOND						
Interest on bond (Note 22.2)	<u>76,685</u>	<u>151,989</u>	<u>38,342</u>	<u>76,685</u>	<u>75,994</u>	<u>151,989</u>
Interest was being charged at 4.25% per annum.						

38 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Staco Insurance Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.