

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

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AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Corporate Information

Directors	Chief (Dr.) O. Fajemirokun Mr. S.D.A. Sobanjo Mr. Jide Orimolade HRH (Dr.) O. Akenzua JP Chief Rasheed Gbadamosi Sen. Tokunbo Ogunbanjo Chief Eugene Okwor Dr. (Ms.) Adenike Fajemirokun Mr. Kundan Sainani	Chairman Managing Director/CEO Executive Director Director Director Director Director Director Director–Alt. to Mr. Haresh Aswani
Company Secretary	Mr. S.A. Oduroye AIICO Insurance Plc AIICO Plaza Plot PC 12, Afribank Street Victoria Island, Lagos	
Registered Office	AIICO Plaza Plot PC 12, Afribank Street Victoria Island Lagos	
Corporate Head Office	AIICO Plaza Plot PC 12, Afribank Street Victoria Island Lagos Tel: +234 01 2792930-59, +234 802 292 1804-5 Fax: +234 01 2799800 Website: //www.aiicopl.com E-mail: info@aiicopl.com	
Registrars	United Securities Limited 10, Amodu Ojikutu Street Off Bishop Oluwole Street Victoria Island P.M.B. 12753 Lagos	
Auditors	SIAO 18b Olu Holloway Road Off Alfred Rewane Road, Ikoyi P.O.Box 55461, Falomo Ikoyi, Lagos. Tel: +234 01 463 0871-2 Website: www.siao-ng.com E-mail: enquiries@siao-ng.com	

Corporate Information (Cont'd)

Branch Networks

Abuja

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Plot 784A, Herbert Macaulay Way
Central Business District,
FCT Abuja
Fax: +234 09 234 2859

Abuja Area Office

Plot 1012 Adetokunbo Ademola Crescent
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Abeokuta

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Ita Eko, Abeokuta
Ogun State

Aba

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Enugu

55-59 Chime Avenue
Haven, Enugu
Tel: +234 803 666 0737
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Benin

28, Sokponba Road
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Tel: +234 808 313 4875
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Henss Building Complex
24/26 Murtala Mohammed Highway
Calabar, Cross Rivers State
Tel: +234 808 422 2227
+234 803 676 4203

Kaduna

Yaman Phone House
1, Constitution Road
Kaduna, Kaduna State
Tel: +234 803 338 6968;
+234 802 371 1643

Kano

2, Post Office Road
Kano
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Tel: +234 802 833 8804
+234 803 629 9576

Lagos Ikeja

AIICO House
Plot 2, Oba Akran Avenue
Opp. Dunlop, Ikeja, Lagos
Tel: +234 1 431 2400; +234 802 317 8534
Fax: +234 1 497 6590

Lagos Isolo

203/205, Apapa-Oshodi Expressway
Isolo, Lagos
Tel: +234 1 774 3730

Lagos Ilupeju

AIICO House
36/38, Ilupeju Industrial Avenue
Ilupeju, Lagos
Tel: +234 1 819 4714;
+234 1 475 2157-8

Onitsha

NIPOST Building
Old Market Road, Onitsha
Tel: +234 46 212 830; +234 803 375 0361

Owerri

65/67 Douglass Road
Owerri, Abia State
Tel: +234 805 531 4351

Oshogbo

10 Obafemi Awolowo Road
Igbona, Oshogbo, Osun State
Tel: +234 803 511 9411

Corporate Information (Cont'd)

Branch Networks (Cont'd)

Ibadan

12, Moshood Abiola Way
Formerly Ring Road
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Tel: +234 805 337 6604
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+234 802 338 3753
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Warri

60, Effurun/Sapele Road
Warri
Delta State
Tel: +234 803 971 0794

Jos

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Jos, Plateau State
Tel: +234 805 735 6726
+234 803 595 1258
+234 0734 56997
+234 0734 59529-30

Port Harcourt

Plot II, Oromerezimbu Road
Stadium Link Road
G.R.A Phase 4, Port Harcourt
Rivers State
Tel: +234 802 307 1604
Tel: +234 803 337 3133

Akure

Tisco Building
Alagbaka
Akure, Ondo State.

Mission

“We exist to create and protect wealth for our Customers”

Vision

”To become the indisputable leader in all markets we choose to play in”

Core Values – STTEP

- Service Excellence
- Trust
- Team Spirit
- Entrepreneurship
- Professionalism

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Consolidated Results at a Glance

	30 Sept 2013	31 Dec. 2012	Change	
	N'000	N'000	N'000	%
Cash and cash equivalents	10,834,663	9,721,659	1,113,004	11.45
Trade Receivables	2,176,856	2,184,434	(7,578)	(0.35)
Financial Assets	18,257,233	12,443,624	5,813,609	46.72
Investment in Associate	-	-	-	#DIV/0!
Investment Properties	877,250	760,000	117,250	15.43
Deferred tax asset	1,509,916	1,502,062	7,854	0.52
Property and equipment	4,707,443	4,745,310	(37,868)	(0.80)
Other Receivables and Prepayments	2,572,106	1,055,714	1,516,392	143.64
Statutory deposit	500,000	500,000	-	-
Goodwill and Other Intangible Assets	903,119	894,005	9,114	1.02
Total Assets	44,310,687	35,004,680	9,306,006	26.59
Trade Payables	1,092,517	387,047	712,011	183.96
Other Payables and Accruals	1,295,527	969,394	326,133	33.64
Current tax payable	359,306	648,089	(288,783)	(44.56)
Investment contract liabilities	5,086,914	4,983,089	103,825	2.08
Insurance contract liabilities	20,736,854	15,576,898	5,159,956	33.13
Total liabilities	30,130,463	23,491,995	6,638,468	28.26
Issued share capital	3,465,102	3,465,102	-	-
Share premium	2,824,389	2,824,389	-	-
Available-for-sale reserve	3,815,077	1,461,683	2,353,394	161.01
Contingency reserve	2,259,431	2,065,726	193,704	9.38
Retained earnings	606,866	528,387	78,479	14.85
Shareholders Fund	13,999,874	11,374,297	2,625,577	23.08
			Change	
Profit or Loss and Other Comp. Income	30 Sept 2013	30 Sept 2012	N'000	%
Gross Premium Written	18,165,638	14,775,718	3,389,920	22.94
Gross Premium Income	14,676,332	12,427,081	2,249,251	18.10
Net Premium Income	12,043,292	9,689,014	2,354,278	24.30
Other Revenue	3,865,427	2,370,316	1,495,111	63.08
Total Revenue	15,908,719	12,059,330	3,849,389	31.92
Net Benefits and Claims	(7,108,662)	(4,658,326)	(2,450,336)	52.60
Other Expenses	(7,804,113)	(5,327,727)	(2,476,386)	46.48
Total Benefits, Claims and Other Expenses	(14,912,775)	(9,986,053)	(4,926,722)	49.34
Profit/(Loss) Before Taxation	995,944	2,073,277	(1,077,333)	(51.96)
Profit/(Loss) After Taxation	761,329	1,752,076	(990,747)	(56.55)
Retained Profit for the year.	761,329	1,752,076	(990,747)	(56.55)
Other Comprehensive Income, Net of Tax	2,348,161	606,332	1,741,829	287.27
Total Comprehensive Income/(Loss) for the year	3,109,490	2,358,408	751,082	31.85
Earnings per share	10.99	25.28	- 14.30	(56.55)

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Directors' Report

The Directors present their annual report on the affairs of **AIICO Insurance Plc** ("The Company") and the subsidiary companies ("The Group"), together with the Group Audited Financial Statements and the Auditors' Report for the year ended December 31, 2012.

Legal Form and Principal Activity

The company was established in 1963 by the American Life Insurance Company and was incorporated as a limited liability company on July 14, 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) with effect from December 3, 1990.

The Company was registered by the Federal Government of Nigeria to provide insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals.

The Company has two subsidiaries:

Multishield Limited

Multishield Limited was incorporated in 1997 as a Health Maintenance Organization. It commenced operations in the same year with prepaid health plans to cater for the health needs of individuals and corporate organizations. The company became a full subsidiary of AIICO Insurance Plc on July 1, 2012.

AIICO Pension Limited

AIICO Pension Manager Limited (AIICO Pension) provides pension administration services to private and public sector contributors. AIICO Pension is owned by consortium of five reputable companies namely: AIICO Insurance Plc, Oasis Insurance Plc, UNIC Insurance Plc, Wema Securities and Finance Plc and Magnatis Finance and Investment Limited. The company was incorporated as a Limited Liability Company on February 1, 2005 under the Companies and Allied Matters Act, 1990, and licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006.

Operating Results

The following is a summary of the Group's operating results and transfers to reserves:

Profit or Loss and Other Comp. Income	30 Sept 2013	<i>30 Sept 2012</i>	N'000	%
Gross Premium Written	18,165,638	<i>14,775,718</i>	3,389,920	22.94
Gross Premium Income	14,676,332	<i>12,427,081</i>	2,249,251	18.10
Net Premium Income	12,043,292	<i>9,689,014</i>	2,354,278	24.30
Other Revenue	3,865,427	<i>2,370,316</i>	1,495,111	63.08
Total Revenue	15,908,719	<i>12,059,330</i>	3,849,389	31.92
Net Benefits and Claims	(7,108,662)	<i>(4,658,326)</i>	(2,450,336)	52.60
Other Expenses	(7,804,113)	<i>(5,327,727)</i>	(2,476,386)	46.48
Total Benefits, Claims and Other Expenses	(14,912,775)	<i>(9,986,053)</i>	(4,926,722)	49.34
Profit/(Loss) Before Taxation	995,944	<i>2,073,277</i>	(1,077,333)	(51.96)
Profit/(Loss) After Taxation	761,329	<i>1,752,076</i>	(990,747)	(56.55)
Retained Profit for the year.	761,329	<i>1,752,076</i>	(990,747)	(56.55)
Other Comprehensive Income, Net of Tax	2,348,161	<i>606,332</i>	1,741,829	287.27
Total Comprehensive Income/(Loss) for the year	3,109,490	<i>2,358,408</i>	751,082	31.85
Earnings per share	10.99	<i>25.28</i>	- 14.30	(56.55)

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

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 period ended September 30, 2013 that:

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
 - Any untrue statement of a material fact, or
 - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in the report.
- We:
 - Are responsible for establishing and maintaining internal controls.
 - Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
 - Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
 - Have present in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the company and audit committee:
 - All significant deficiency in the design or operation 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
 - Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

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.

Mr. Edwin Igbiti
Group MD/CEO

Mr. Jide Orimolade
Executive Director

Statement of Significant Accounting Policies

1.0 General Information

AIICO Insurance Plc was established in 1963 by American Life Insurance Company and was incorporated in 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) in December 1990. The Company was registered by the Federal Government of Nigeria to provide insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals. Arising from the merger in the insurance industry, AIICO Insurance Plc acquired Nigerian French Insurance Plc and Lamda Insurance Company Limited in February 2007.

The Company currently has authorized share capital of N5 billion divided into 10 billion units Ordinary Shares of 50k per share with a fully paid up capital of over N3.4 billion and shareholders' fund of over N11.7billion.

The Company, currently having its corporate head office at Victoria Island, Lagos with branches spread across major cities and commercial centers in Nigeria.

2.0 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

An explanation of how the transition to International Financial Reporting Standards (IFRS) has affected the reported financial position, financial performance and Cashflows of the Company is provided in note 3. This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for this period under IFRS.

2.1 Going Concern

These financial statements have been prepared on the going concern basis. The group has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ration and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concerns threats to the operation of the Company.

2.2 Basis of Preparation and Compliance with IFRS

The International Financial Reporting Standards (IFRS) Roadmap issued by the Financial Reporting Council of Nigeria (FRC), following a decision by the Federal Executive Council, requires all publicly listed and other significant public interest entities to adopt IFRS by the year starting 1 January 2012.

In compliance with the requirement of FRC, these financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) in issue by the International Accounting Standards Board (IASB) and effective or available as at 31 December 2012.

Statement of Significant Accounting Policies (Cont'd)

These are the first financial statement of the group prepared in accordance with IFRS and IFRS 1 – First-time Adoption of IFRS (IFRS 1) has been applied for all periods presented beginning January 1, 2011. The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied.

2.2.1 Explanation of Transition to IFRSs

Implementation of IFRSs

These are the group's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), the group publishes comparative information for the year in its financial statements, the date of transition to IFRSs is effectively, January 1, 2011, which represents the start of the earliest period of comparative information presented. The opening balance sheet as at January 1, 2011 has been restated accordingly. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the group entities.

Comparative information at December 31, 2011 is restated to take account of the requirements of all standards including IAS 32 – Financial Instruments: Presentation, IAS 39 – Financial Instruments: Recognition and Measurement and IFRSs 7 – Financial Instruments: Disclosure effective July 1, 2009.

The most significant IFRSs impact for the group originated from the implementation of IAS 39 – Financial Instruments: Recognition and Measurement which requires the valuation of financial assets and liabilities at fair values and impairment of financial assets to only be accounted if there is objective evidence that a loss events has occurred after initial recognition but before the balance sheet date, IAS 27-Consolidated and Separate Financial Statements and SIC 12 – Consolidation, Special Purpose Entities which requires the consolidated of the group's interest in the Staff Share Investment Trust and IAS 1 – Presentation of Financial Statements and the change in recognition and measurement for life contracts from fund accounting method to annual accounting method.

The effect of the group's transition to IFRS is summarized as follows:

- Transition Elections
- Explanation of material adjustments to cash and cash equivalents as at January 1, 2011 and December 31, 2011
- Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS
- Adjustments to the statement of Cashflows.

Transition Elections

In preparing these financial statements in accordance with IFRS 1, the group has applied the mandatory exceptions from full retrospective application of IFRS. The optional exemptions from full retrospective application selected by the group are summarized below:

- **Business Combinations (IFRS 3)**
Fair value or revaluation as deemed cost (IAS 16 and IAS 38)
An entity may elect to measure an item of property, plant and equipment, investment property or intangible assets at the date of transition to IFRS at its fair value and use that

Statement of Significant Accounting Policies (Cont'd)

fair value as its deemed cost at that date; or may elect to use a previous GAAP revaluation of these assets at, or before, the date of transition to IFRS as deemed cost at the date of the revaluation.

The group has property, plant and equipment and the company has an option to revalue its property, plant and equipment for the financial year ending January 1, 2011 and the revalued amount represents the deemed cost in the company's opening IFRS Statement of Financial Position under IFRS. Due to regulatory requirements, the group has broadly classified its property and equipment at cost less depreciation under NGAAP as the deemed cost under IFRS.

Investments in Subsidiaries, Jointly Controlled Entities and Associates (IAS 27)

Where a first-time adopter measures its investment in subsidiaries, jointly controlled entities and associates at cost, it shall measure that investment in its separate opening IFRS statement of financial position either at cost determined in accordance with IAS 27 or at deemed cost. The deemed cost for the first-time adopter shall be the investment's fair value (determined in accordance with IAS 39) at the entity's date of transition to IFRS in its separate financial statements or previous GAAP carrying amount at that date.

The entity has adopted to measure its investments in its subsidiary in its separate opening IFRS statement of financial position at cost determined in accordance with IAS 27.

Designation of previously recognized financial instruments (IAS 39)

IAS 39 permits a financial asset to be designated on initial recognition as available for sale or a financial instrument (provided it meets certain criteria) to be designated as a financial asset or financial liability at fair value through profit or loss. Despite this requirement exceptions apply in the following circumstances: an entity is permitted to make an available-for-sale designation at the date of transition to IFRSs. An entity is permitted to designate, at the date of transition to IFRSs, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria in paragraph 9(b) (i), 9(b)(ii) or 11A of IAS 39 at that date. AIICO has designated its financial assets or financial liability as either, held to maturity, loans and recoverable, available for sale, held for trading, fair value through profit and loss for those that meets the criteria in IAS 39.

Fair Value Measurement of Financial Assets or Financial Liabilities at Initial Recognition (IAS 39)

Provides an exemption from certain requirements from IAS 39 - instead of full retrospective application, an entity may choose to apply the requirements prospectively to certain transactions entered into after October 25, 2002 or January 1, 2004.

AIICO has designated its financial assets or financial liability as either, available for sale, held to maturity and loans and receivables (debt instruments), fair value through profit or loss for those that meets the criteria in IAS 39. The effect of measuring available-for-sale investments at fair value through equity is a net credit in the fair value reserve amounting to N475,506,000 as at 31 December 2011 (1 January 2011: 800,519,000), the net impact on the retained earnings was a debit amount of N58,261,000 (1 January 2011: Nil)."

Statement of Significant Accounting Policies (Cont'd)

De-recognition of Financial Assets and Financial Liabilities

Requires an entity to avoid retrospective application of de-recognition requirements in IAS 39 for transactions entered into before January 1, 2004.

Estimates

Requires estimates at the date of transition to be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. In short, this precludes the use of hindsight.

An entity's estimates under IFRS at the date of transition to IFRS shall be consistent with estimates made for the same date under previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. An entity may receive information after the date of transition to IFRS about estimates that it had made under previous GAAP. Under paragraph 31, an entity shall treat the receipt of that information in the same way as non-adjusting events after the reporting period under IAS 10 on Events after the Reporting Period."

An entity may need to make estimates under IFRS at the date of transition to IFRS that were not required at that date under previous GAAP. To achieve consistency with IAS 10, those estimates under IFRS shall reflect conditions that existed at the date of transition to IFRS. In particular, estimates at the date of transition to IFRS of market prices, interest rates or foreign exchange rates shall reflect market conditions at that date. The above apply to the opening IFRS statement of financial position and to the comparative period presented in the entity's first IFRS financial statements.

The estimates made by AIICO under the Nigerian GAAP at the transition date, i.e. 1 January 2011 shall be consistent with estimates made in the Company's opening IFRS statement of financial position (after adjustments to reflect any difference in accounting policies).

Explanation of Material Adjustments to Cash and Cash Equivalents As At January 1, 2011 and December 31, 2011

The net impact of application of IFRSs on cash and cash equivalents of the Group is an increase in cash and cash equivalents at January 1, 2011 of N4,975,331. There have been no material adjustments to the cash flow statements in respect of cash utilized by operating activities before tax, cash flows from investing activities and cash flows from financing activities as a result of the adoption of IFRSs.

A quantitative explanation of how the transition to International Financial Reporting Standards (IFRS) has affected the reported financial position, financial performance and cash flows of the Group and the Parent is provided in Note 48. This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for this period under IFRS.

The consolidated and separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires the

Statement of Significant Accounting Policies (Cont'd)

Directors to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 8.

Judgement Estimates and Assumptions

The preparation of financial statements requires directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 8

New Standards, Amendments and Interpretations Issued but not effective for the financial year beginning January 1, 2012 and not early adopted

IFRS 7 - Financial Instruments: Disclosures — Enhanced Disclosures on Financial Assets and Financial Liabilities (Amendment)

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS9 - Financial Instruments Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Statement of Significant Accounting Policies (Cont'd)

IFRS 10 - Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013. These amendments will not impact the Group's financial position or performance.

IFRS 11 - Joint arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 12 - Disclosures of interests in other entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

IFRS 13 - Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after 1 January 2013. The full impact of the standard is not known yet.

IAS 27 as amended, Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group's financial statements will not be impacted by the amendment. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 1 - Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (Amendment)

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

Statement of Significant Accounting Policies (Cont'd)

IAS 19 - Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. These amendments will not impact the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. This amendment will not impact the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 - Financial Instruments: Presentation (Amendment) – Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of “currently has a legally enforceable right to set off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2014.

Improvements to IFRSs

These improvements will not have an impact on the Group's financial position or performance, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

Statement of Significant Accounting Policies (Cont'd)

Annual improvements 2011

These annual improvements, address six issues in the 2009-2012 reporting cycle. It includes changes to:

- IFRS 1, 'First time adoption'
- IAS 1, 'Financial statement presentation'
- IAS 16, 'Property plant and equipment'
- IAS 32, 'Financial instruments; Presentation'
- IAS 34, 'Interim financial reporting'

2.3 Consolidation

2.3.1 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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company 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 statement of the parent entity is measured at cost.

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.

2.3.2 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 surplus or deficit arising from 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.

2.3.3 Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of specific borrowings, or lending transactions or the provision of certain benefits to employee. The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

Statement of Significant Accounting Policies (Cont'd)

2.4 Segment reporting

For management purposes, the Company is organized into business units based on their products and services and has two reportable operating segments as follows:

- The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk. It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.
- The non-life insurance segment comprises general insurance to individuals and businesses. Non-life insurance products offered include motor, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.
- Multishield segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The company became a full subsidiary of AIICO Insurance Plc on July 1, 2012.
- Pension Manager Segment was licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006 provides pension administration services to private and public sector contributors.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

No inter-segment transactions occurred in 2012 and 2011. If any transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments.

2.5 Foreign Currency Translation

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'). The consolidated financial statements are presented in thousands of Naira (NGN).

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss.

Statement of Significant Accounting Policies (Cont'd)

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

Foreign exchange gains and losses are presented in profit and loss within 'Other operating income' or 'Other operating expenses'.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the consolidated cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2.7 Trade receivables

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment.

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect the entire amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized 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 profit and loss.

Statement of Significant Accounting Policies (Cont'd)

2.8 Reinsurance Assets

The group cedes insurance risk in the normal course of business on the bases of our treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Impairment of Reinsurance assets

The Group assesses its reinsurance assets for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. 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. The impairment loss is calculated using the incurred loss model for these financial assets. These processes are described in accounting policy on note **2.13**.

Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognised based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

Investment income on these contracts is accounted for using the effective interest rate method when accrued.

2.9 Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's

Statement of Significant Accounting Policies (Cont'd)

documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial investment.

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. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Available-for-sale financial assets in the Company include investment in equity instruments (both quoted and unquoted), investments in private equity, investment in treasury bills having tenor of more than three months and investment in debt securities (bonds) issued by Federal Government of Nigeria.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value, with unrealized gains or losses recognised in other comprehensive income in the available-for-sale reserve (equity).

Interest earned whilst holding available-for-sale investments is reported as interest income using the EIR. Dividends earned whilst holding available-for-sale investments are recognised in the income statement as 'Investment income' when the right of the payment has been established. When the asset is derecognized the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve.

Statement of Significant Accounting Policies (Cont'd)

The group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial

measurement, loans and receivables are measured at amortized cost, using the EIR, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in 'finance income' in the income statement. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

Loans and receivables in the Company include deposits with bank and other financial institutions having maturity of more than three months; loans to employees, investment in debt securities (bonds) issued by private companies and loans to policy holders under insurance contracts.

Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortized cost, using the EIR, less impairment. The EIR amortization is included in 'investment income' in the income statement. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

Held to maturity financial assets in the company include investment in debt securities (bonds) issued by state government and other corporate entities.

Statement of Significant Accounting Policies (Cont'd)

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; **or**
- The group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The group has transferred substantially all the risks and rewards of the asset; **or**
- The group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

In that case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability the debtor will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in payment status or economic conditions that correlate with defaults.

Financial assets carried at amortized 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 that have occurred after the initial recognition of the asset (a 'loss event') 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 about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;

Statement of Significant Accounting Policies (Cont'd)

- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or”
- 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 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.

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 an individually assessed financial asset, whether significant or not, it 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 or continues 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 investments 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 through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. 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 (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's 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 (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

2.10 Available-for-sale financial investments

The Group assesses at each reporting date 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 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 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale

Statement of Significant Accounting Policies (Cont'd)

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 that financial asset previously recognised in profit or loss is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.11 Trade receivables

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision 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 Group 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 consider the loss given default for each customer, probability of default for the sectors in which the customer belongs 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 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 profit and loss.

2.12 Impairment of other non-financial assets

Assets that have an indefinite useful life – for example, land are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating

2.13 Financial assets carried at cost

For financial assets carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.14 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and

Statement of Significant Accounting Policies (Cont'd)

settle the liabilities simultaneously. Income and expense will not be offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

2.15 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any adjustment for transaction costs.

For other financial instruments other than investment in equity instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company's best estimate of the most appropriate model assumptions.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2.16 Policy Loans

The group grants cash loans to Policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 90% of the policy cash value.

The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholder upon cancellation of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted.

The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 12% per annum and it is reviewed periodically. The rate is determined after due consideration on interest rate used by then actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings.

Statement of Significant Accounting Policies (Cont'd)

They are initially recognized at cost and subsequently measured at cost plus accumulated interest outstanding. Policy loans will not impair since the policy will terminate and become void when the principal and the accumulated interest equal the cash-value of the policy.

2.17 Staff Loans

This comprise of staff auto loan, staff emergency loan, mortgage loan and other interest bearing loans.

2.18 Investment in an associate

In the consolidated financial statements, the Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group's.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the

associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

In the separate financial statement of the Company, investment in associate is accounted at cost.

Statement of Significant Accounting Policies (Cont'd)

2.19 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred tax

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Statement of Significant Accounting Policies (Cont'd)

2.20 Investment in Subsidiaries

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.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the group.

Inter-company 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 statement of the parent entity is measured at cost.

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.

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 surplus or deficit arising from 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.

2.21 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. However, this does not preclude the Company from reclassifying insurance contracts to accord with its own policy only if classification needs to be made on the basis of the contractual terms and other factors at the inception or modification date.

Statement of Significant Accounting Policies (Cont'd)

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or a liability, will be recognized as measurement period adjustments in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not be remeasured and its subsequent settlement will be accounted for within equity.

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed and net of the fair value of any previously held equity interest in the acquiree.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.22 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is

expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfer are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the group accounts

Statement of Significant Accounting Policies (Cont'd)

for such property in accordance with the policy stated under property and equipment up to the date of change in use.

When the company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statements.

2.23 Property and equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Land and buildings are measured at fair value less accumulated depreciation on leasehold land and on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case, the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Depreciation is provided on a straight line basis so as to allocate the cost/revalue amounts less their residual values over the estimated useful lives of the following classes of assets

Leasehold land and buildings	50 years or over the lease period
Furniture, fixtures and equipment	5 years
Motor vehicles	4 years
Lifts	15 years
Central Air conditioners	10 years

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

Statement of Significant Accounting Policies (Cont'd)

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.

Impairment losses on revalued assets are recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset

2.24 Other Receivables and Prepayments

Other receivables and prepayments are carried at cost less accumulated impairment losses.

Deferred expenses

Deferred acquisition costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.

DAC for life insurance are expensed as incurred. Subsequent to initial recognition, DAC for general insurance are amortized over the period in which the related revenues are earned.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

DAC are derecognized when the related contracts are either settled or disposed of.

Deferred expenses-Reinsurance commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

2.25 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as

Statement of Significant Accounting Policies (Cont'd)

changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.26 Present value of acquired in-force business (PVIF)

When a portfolio of insurance contracts is acquired, whether directly from another insurance company or as part of a business combination, the difference between the fair value and the value of the insurance liabilities measured using the Company's existing accounting policies is recognized as the value of the acquired in-force business.

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses. The intangible asset is amortized over the useful life of the acquired in-force policy during which future premiums are expected, which typically varies between five and fifty years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and they are treated as a change in an accounting estimate.

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the income statement. PVIF is also considered in the liability adequacy test for each reporting period.

PVIF is derecognized when the related contracts are settled or disposed of.

A summary of the policies applied to the Company's intangible assets is as follows:

	PVIF	Other Intangibles
Useful lives	Finite	Finite
Amortization method used	Amortized over Period of the policy	Amortized over its useful economic life

2.27 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount

Statement of Significant Accounting Policies (Cont'd)

is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset. In respect of revalued non-current assets, impairment losses are recognized in other comprehensive income and presented in the revaluation reserve within equity, to the extent that it reverses a previous revaluation surplus relating to the same asset. Any excess is recognized in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

2.28 Goodwill

Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-

generating units is less than their carrying amount an impairment loss is recognized. The Company performs its annual impairment test of goodwill as at 31 December.

The recoverable amount for the life insurance business cash generating unit has been determined based on a value in use calculation. This calculation is derived from embedded value (EV) principles together with the present value of expected profits from future new business. The EV represents the shareholder interests in the life business and is the total of the net worth of the life business and the value of the in-force business.

Statement of Significant Accounting Policies (Cont'd)

The recoverable amount of the non-life insurance cash generating unit has been determined based on a value-in-use calculation. The calculation requires the Company to make an estimate of the expected future cash flows from each of the cash-generating units and discount these amounts using a suitable rate which reflects the risk of those cash flows in order to calculate the present value of those cash flows.

Previously recorded impairment losses for goodwill are not reversed in future periods.

When goodwill forms part of a cash-generating unit (or group of cash generating units) and part of the operations within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation to determine the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.29 Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.30 Trade payables

Trade 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 amortized cost using the effective interest rate method.

Derecognition insurance payables

Insurance payables are derecognized when the obligation under the liability is settled, cancelled or expired.

2.31 Other Payables and Accruals

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. 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.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially

modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement. Gains and losses are recognised in the income statement when the liabilities are derecognized.

Statement of Significant Accounting Policies (Cont'd)

2.32 Borrowing Costs

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

Borrowing costs are capitalized 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 recognized 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 or written off. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.33 Classification of financial instruments between debt and equity

A financial instrument is classified as debt if it has a contractual obligation to:

- Deliver cash or another financial asset to another entity
- Or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

2.34 Pensions and other post employment benefits

In addition to complying with the provisions of the Pension Reforms Act of 2004, the Company operates a defined benefit gratuity plan which is not funded by the Company. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method. All actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. Actuarial gains and losses are presented in retained earnings in the statement of changes in equity.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately following the introduction of, or changes to, a pension plan, the past service cost is recognised immediately.

The defined benefit gratuity liability comprises the present value of the defined benefit obligation (using a discount rate based on Federal Government of Nigerian Treasury Bonds with terms to maturity similar to the average maturity period of the plan).

2.35 Insurance contract liabilities

Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the discounted value of the expected future benefits, claims

Statement of Significant Accounting Policies (Cont'd)

handling and policy administration expenses, policyholder options and guarantees, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is calculated adopting current financial and decrement assumptions. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for claims outstanding.

Adjustments to the liabilities at each reporting date are recorded in the income statement in 'Gross change in contract liabilities'. Profits originated from margins of adverse deviations on run-off contracts are recognized in the income statement over the life of the contract, whereas losses are fully recognized in the income statement during the first year of run-off. The liability is derecognized when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate by carrying out a liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. Discounted cash flows model is used in the valuation. The interest rate applied is based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the income statement by establishing an additional insurance liability for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation.

Non-life insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is

Statement of Significant Accounting Policies (Cont'd)

inadequate, the deficiency is recognized in the income statement by setting up a provision for premium deficiency.

Investment contract liabilities

Investment contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment, contract liabilities are measured at amortized cost.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement of financial position and are not recognised as gross premium in the consolidated income statement.

The liability is derecognized when the contract expires, is discharged or is cancelled.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position as described above.

2.36 Asset Revaluation Reserve

Subsequent to initial recognition, an item of property, plant and equipment and, in certain circumstances, an intangible asset, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which case it is recognised in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in profit or loss.

2.37 Available-for-Sale Reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of the group's available-for-sale investments. Net fair value movements are recycled to income statements if an underline available-for-sale investment is either dercognised or impaired.

2.38 Technical reserves

These are computed in compliance with the provisions of Section 20, 21, and 22 of the Insurance Act 2003 as follows:

General Insurance Contracts

Reserves for unearned premium In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Statement of Significant Accounting Policies (Cont'd)

- **Reserves for Outstanding Claims**

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test (See 20b(vii))

- **Reserves for Unexpired Risk**

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)"

Life Business

General Reserve Fund

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC 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 unexpired risk provision".

The provisions of the Insurance Act 2003 requires 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 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act 2003, it serves the company's prudential concerns well.

2.39 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Statement of Significant Accounting Policies (Cont'd)

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Contingent rentals are recognized as an expense in the period in which they are incurred.

Company as a lessor

Leases in which the Company does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.40 Equity movements

Ordinary share capital

The Company's issued ordinary shares are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

2.41 Contingency Reserves

Non-life business

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, 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.

Life business

In compliance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

2.42 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 excluding treasury shares held by the Group.

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.

Statement of Significant Accounting Policies (Cont'd)

2.43 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2.44 Product classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Financial guarantee contracts such as performance bonds, advance payment guarantees and custom bonds are classified as insurance contract liabilities.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Derivatives embedded in an insurance contract are separated and fair valued through the income statement unless the embedded derivative is itself an insurance contract. The derivative is also not separated if the host insurance contract is measured at fair value through the income

statement. Policyholder option to surrender a contract for a cash surrender value specified in a schedule is not separated and measured at fair value through the income statement.

Statement of Significant Accounting Policies (Cont'd)

2.45 Revenue recognition

Gross premium

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Reinsurance premium

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts.

Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

Investment income

Interest income is recognized in the 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 recognized as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

Statement of Significant Accounting Policies (Cont'd)

Realized gains and losses

Realized gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties.

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

2.46 Benefits, claims and expenses recognition

Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included.

Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

Reinsurance Expenses

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

2.47 Underwriting Expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/ contract. These expenses are charged in the accounting year in which they are incurred.

2.48 Other Operating Expenses

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

Statement of Significant Accounting Policies (Cont'd)

2.49 Deficits and Surpluses on Actuarial Valuation

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising there from are charged to the profit and loss account while the surplus is appropriated to the shareholders and credited to the income statement.

2.50 Finance cost

Interest paid is recognized in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Group Statements of Financial Position

		Group			Parent		
		30 Sept. 2013	31 Dec. 2012	30 Sept. 2012	30 Sept. 2013	31 Dec. 2012	30 Sept. 2012
	Notes	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and Cash Equivalents	4	10,834,663	9,721,659	7,162,234	9,325,599	8,584,780	5,620,578
Trade Receivable	5	2,176,856	2,184,434	4,664,440	2,176,856	2,184,434	4,664,440
Reinsurance Assets	6	476,060	689,735	564,695	476,060	689,735	564,695
Deferred acquisition cost	7	1,496,041	508,137	552,825	1,496,041	508,137	552,825
Financial Assets:							
Available For Sale Financial Assets	8a	14,955,278	9,465,000	10,067,486	14,936,217	9,448,439	10,050,715
Loans and Receivables	8b	1,203,831	1,191,337	2,251,888	1,203,831	1,297,113	2,251,888
Held To Maturity Financial Assets	8c	2,098,124	1,787,288	1,721,451	2,098,124	1,787,288	1,721,451
Investment in Associate		-	-	-	-	-	-
Deferred Tax Asset	10c	1,509,916	1,502,062	1,302,517	1,310,408	1,305,111	1,086,182
Investment In Subsidiaries	11	-	-	-	1,619,479	1,557,945	1,536,932
Investment Properties	12	877,250	760,000	718,000	877,250	760,000	718,000
Property and Equipment	13	4,707,443	4,745,310	4,773,722	4,528,939	4,582,294	4,635,512
Other Receivables and Prepayments	14	2,572,106	1,055,714	1,031,932	2,224,191	776,376	887,167
Statutory Deposit	15	500,000	500,000	500,000	500,000	500,000	500,000
Goodwill and Other Intangible Assets	16	903,119	894,005	864,039	894,438	886,436	857,201
Total Assets		44,310,687	35,004,680	36,175,229	43,667,433	34,868,088	35,647,586
Liabilities and Equity							
Liabilities							
Trade Payables	17	1,092,517	387,047	906,930	766,239	308,620	906,930
Other Payables and Accruals	18	1,295,527	969,394	2,080,480	1,145,329	905,894	1,963,711
Book Overdraft	19	834,252	187,177	576,727	833,474	187,177	576,727
Current Tax Payable	10a	359,306	648,089	661,880	364,822	623,542	657,671
Dividend Payable	20	34,131	10,041	10,041	10,018	10,041	10,041
Deferred Tax Liability		29,382	34,957	805	26,717	31,917	16,551
Retirement Benefit Obligations	21	655,039	695,303	386,152	655,039	695,303	386,152
Investment Contract Liabilities	22	5,086,914	4,983,089	4,263,957	5,086,914	4,983,089	4,263,957
Insurance Contract Liabilities	23	20,736,854	15,576,898	15,198,754	20,682,685	15,532,629	15,198,754
Total liabilities		30,123,922	23,491,995	24,085,726	29,571,237	23,278,212	23,980,494
Equity							
Issued Share Capital	24	3,465,102	3,465,102	3,465,102	3,465,102	3,465,102	3,465,102
Share Premium	25	2,824,389	2,824,389	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation Reserves	26	1,029,009	1,029,009	1,029,009	1,029,009	1,029,009	1,029,009
Available-For-Sale Reserve	27	3,815,077	1,461,683	1,081,838	3,842,731	1,459,645	1,081,838
Contingency Reserve	28	2,259,431	2,065,726	2,080,536	2,259,430	2,065,726	2,080,536
Retained Earnings	29	606,866	528,387	1,492,592	675,535	746,005	1,186,219
Total equity shareholders of the Group		13,999,874	11,374,297	11,973,466	14,096,197	11,589,876	11,667,092
Non-Controlling Interest	11	186,891	138,387	116,037	-	-	-
Total liabilities and equity		44,310,687	35,004,680	36,175,229	43,667,433	34,868,088	35,647,586

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Group Statement of Comprehensive Income

	Notes	Group		Parent	
		30 Sept 2013 N'000	30 Sept 2012 N'000	30 Sept 2013 N'000	30 Sept 2012 N'000
Gross Premium Written	30	18,165,638	14,775,718	17,103,244	14,775,718
Gross Premium Income	31a	14,676,332	12,427,081	13,613,938	12,427,081
Reinsurance Expenses	31b	(2,633,040)	(2,738,067)	(2,633,040)	(2,738,067)
Net Premium Income	31	12,043,292	9,689,014	10,980,898	9,689,014
Fees and Commission Income					
Insurance contract	32	1,405,334	567,414	653,825	355,518
Net Underwriting Income		13,448,626	10,256,428	11,634,723	10,044,532
Claims Expenses:					
Claims expenses (Gross)	33	9,613,747	5,412,376	9,613,747	5,412,376
Claims expenses recovered from reinsurer	33b	(2,505,085)	(754,050)	(2,505,085)	(754,050)
Claims expenses (Net)	33b	7,108,662	4,658,326	7,108,662	4,658,326
Underwriting Expenses	34	4,180,311	2,346,247	3,156,544	2,338,122
Total underwriting expenses		11,288,973	7,004,573	10,265,206	6,996,448
Underwriting Profit		2,159,653	3,251,855	1,369,517	3,048,084
Investment Income	35	2,002,833	1,216,714	1,913,652	1,196,312
Net Realised Gains/(Losses)	36	266,187	96,082	265,787	96,082
Net Fair Value Gains/(Losses) on Financial Assets		-	-	-	-
Other Operating Income	37	191,073	482,672	191,073	481,195
Depreciation and Amortisation	38	(296,701)	(254,528)	(265,731)	(242,083)
Management Expenses	39	(2,780,556)	(2,255,002)	(2,146,510)	(2,061,694)
Finance cost		(12,015)	-	-	-
Impairment Loss on Investments		(178,031)	(171,745)	(178,031)	(184,738)
Impairment on Trade & Reinsurance Receivables		(356,499)	(300,205)	(356,499)	(480,105)
Profit/(Loss) Before share of associate profit		995,944	2,065,843	793,258	1,853,053
Share of associate profit		-	7,434	-	-
Profit/(Loss) Before Taxation		995,944	2,073,277	793,258	1,853,053
Income Taxes	40a	(234,615)	(321,201)	(234,615)	(321,201)
Profit/(Loss) After Taxation		761,329	1,752,076	558,643	1,531,852
Attributable to Shareholders		707,592	1,743,719	558,643	1,531,852
Attributable to Non-Controlling Interest		53,737	8,357	-	-
		761,329	1,752,076	558,643	1,531,852
Other Comprehensive Income, Net of Tax					
Items within OCI that may be reclassified to the P&L					
* Net gain/(loss) on available-for-sale asset	43	2,348,161	606,332	2,383,086	606,332
* Actuarial loss on defined benefit plan	43	-	-	-	-
* Income tax relating to other comprehensive	40b	-	-	-	-
Total Other Comprehensive Income	43	2,348,161	606,332	2,383,086	606,332
Total Comprehensive Income/(Loss) for the year		3,109,490	2,358,408	2,941,729	2,138,184
Attributable to Shareholders		3,050,520	2,358,408	2,941,729	2,138,184
Attributable to Non-Controlling Interest		58,970	-	-	-
		3,109,490	2,358,408	2,941,729	2,138,184
Earnings per share					
Basic Earnings Per Share (Kobo)	42	10.99	25.28	8.1	22.10

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Group Statement of Changes in Equity

For the year ended 30 September 2012	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Minority Interest	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1 2013	3,465,102	2,824,389	528,388	2,065,726	1,461,683	1,029,009	138,387	11,512,684
Profit for the year	-	-	707,592	-	-	-	53,737	761,329
Other comprehensive income	-	-	-	-	2,353,394	-	5,233	2,348,161
Total Comprehensive Income for the year	-	-	707,592	-	2,353,394	-	48,504	3,109,490
Transfer	-	-	(193,704)	193,704	-	-	-	-
Dividend paid	-	-	(435,409)	-	-	-	-	(435,409)
At September 30 2013	3,465,102	2,824,389	606,866	2,259,431	3,815,077	1,029,009	186,891	14,186,765

For the year ended 31 December 2012	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Minority Interest	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1 2012	3,465,102	2,824,389	146,011	1,665,923	475,506	1,029,009	83,320	9,689,260
Additions/ Negative goodwill	-	-	63,500	-	-	-	38,553	102,053
Profit for the year	-	-	1,305,625	-	-	-	15,038	1,320,663
Other comprehensive income	-	-	(171,133)	-	986,177	-	1,476	816,520
Total comprehensive income	-	-	1,197,992	-	986,177	-	55,067	2,239,236
Transfer	-	-	(399,803)	399,803	-	-	-	-
Dividend paid	-	-	(415,812)	-	-	-	-	(415,812)
At December 31 2012	3,465,102	2,824,389	528,388	2,065,726	1,461,683	1,029,009	138,387	11,512,684

For the year ended 30 September 2012	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Minority Interest	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1 2011	3,465,102	2,824,389	146,011	1,665,923	475,506	1,029,009	83,320	9,689,260
Profit for the year	-	-	1,743,719	-	-	-	8,357	1,752,076
Other comprehensive income	-	-	17,475	-	606,332	-	24,360	648,167
Total comprehensive income	-	-	1,761,194	-	606,332	-	32,717	2,400,243
Transfer	-	-	(414,613)	414,613	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
At September 30 2012	3,465,102	2,824,389	1,492,592	2,080,536	1,081,838	1,029,009	116,037	12,089,503

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Parent Statement of Changes in Equity

For the year ended 30 September 2013	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1 2013	3,465,102	2,824,389	746,006	2,065,726	1,459,645	1,029,009	11,589,877
Profit for the year	-	-	558,643	-	-	-	558,643
Other comprehensive income	-	-	-	-	2,383,086	-	2,383,086
Total Comprehensive Income for the year	-	-	558,643	-	2,383,086	-	2,941,729
Transfer	-	-	(193,704)	193,704	-	-	-
Dividend paid	-	-	(435,409)	-	-	-	(435,409)
At September 30 2013	3,465,102	2,824,389	675,535	2,259,430	3,842,731	1,029,009	14,096,197

For the year ended 31 December 2012	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1 2012	3,465,102	2,824,389	484,791	1,665,923	475,506	1,029,009	9,944,720
Profit for the year	-	-	1,247,963	-	-	-	1,247,963
Other comprehensive income	-	-	(171,133)	-	984,139	-	813,006
Total comprehensive income	-	-	1,076,830	-	984,139	-	2,060,969
Transfer	-	-	(399,803)	399,803	-	-	-
Effect of rearrangement	-	-	-	-	-	-	-
Dividend paid	-	-	(415,812)	-	-	-	(415,812)
At December 31 2012	3,465,102	2,824,389	746,006	2,065,726	1,459,645	1,029,009	11,589,877

For the year ended 30 September 2012	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1 2012	3,465,102	2,824,389	484,791	1,665,923	475,506	1,029,009	9,944,720
Profit for the year	-	-	1,531,852	-	-	-	1,531,852
Other comprehensive income	-	-	-	-	606,332	-	606,332
Total comprehensive income	-	-	1,531,852	-	606,332	-	2,138,184
Transfer	-	-	(414,613)	414,613	-	-	-
Effect of rearrangement	-	-	-	-	-	-	-
Dividend paid	-	-	(415,812)	-	-	-	(415,812)
At September 30, 2012	3,465,102	2,824,389	1,186,219	2,080,536	1,081,838	1,029,009	11,667,092

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Group Statements of Cash Flows

	Group		Parent	
	30 Sept 2013 N'000	31 Dec. 2012 N'000	30 Sept 2013 N'000	31 Dec. 2012 N'000
Operating activities:				
Premium received on insurance contract	17,823,216	19,957,158	16,760,822	19,400,838
Commission received	1,405,334	983,493	653,825	522,755
Commission paid	(4,075,861)	(3,089,790)	(3,579,778)	(2,838,969)
Reinsurance premium paid	(2,419,365)	(5,568,234)	(2,419,365)	(5,568,234)
Gross benefits and claim paid net of recoveries	(7,108,662)	(3,991,769)	(7,108,662)	(3,991,768)
Payments to employees	(1,265,113)	(1,617,050)	(888,611)	(1,231,141)
Other operating cash payments	(2,780,556)	(2,972,888)	(2,561,385)	(2,758,289)
Other income received	191,073	538,501	191,073	531,900
Tax paid	(498,851)	(587,920)	(493,335)	(584,461)
Cashflow from operating activities	1,271,215	3,651,501	554,584	3,482,631
Investing activities:				
Investment income received	2,002,833	1,899,677	1,913,652	1,802,062
Purchase of property and equipment	(285,060)	(1,052,053)	(244,770)	(891,535)
Proceed from sale of property and equipment	29,378	6,143	28,978	2,941
Purchase of investments	(2,341,119)	(3,175,721)	(3,373,881)	(3,078,281)
Disposals of investments in associates	-	-	-	-
Purchase of Investments in Subsidiaries	(61,534)	-	(61,534)	(1,072,406)
Proceed from sale of investments	285,626	2,133,655	265,787	2,172,826
Proceed from sale of investment property	-	-	-	-
Net cash flows from investing activities	(369,876)	(188,299)	(1,471,768)	(1,064,393)
Financing activities:				
Dividend paid to equity holders	(435,409)	(415,812)	(435,409)	(415,812)
Net cash flows from financing activities	(435,409)	(415,812)	(435,409)	(415,812)
Net increase/(decrease)in cash and cash equivalents	465,930	3,047,390	(1,352,593)	2,002,426
Cash and cash equivalents at 1 January	9,534,480	6,487,090	8,397,603	6,395,177
Cash and cash equivalents at 31 December	10,000,410	9,534,480	7,045,010	8,397,603

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	Group		Parent	
	30 Sept 2013 N'000	30 Sept 2012 N'000	30 Sept 2013 N'000	30 Sept 2012 N'000
Summary of Cash and Cash Equivalent				
Cash and Cash Equivalent as per Financial Position	10,834,663	9,721,658	9,325,599	8,584,780
Less: Book Overdraft as per Financial Position	(834,252)	(187,177)	(833,474)	(187,177)
	10,000,410	9,534,482	8,492,125	8,397,603

3.0 Segment Information

For management purposes, the Company is organized into business units based on their products and services and has two reportable operating segments as follows:

- The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk. It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.
- The non-life insurance segment comprises general insurance to individuals and businesses. Non-life insurance products offered include motor, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.
- Multishield segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The company became a full subsidiary of AIICO Insurance Plc on July 1, 2012.
- Pension Manager Segment was licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006 provides pension administration services to private and public sector contributors.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

No inter-segment transactions occurred in 2012 and 2011. If any transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments.

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Notes to the Financial Statements

	Life Business	General Business	Multishield Limited	AIICO Pension Managers	30 Sept 2013
	N'000	N'000	N'000	N'000	N'000
Gross Premium Written	9,530,051	7,573,193	1,062,394	-	18,165,638
Gross Premium Income	7,540,308	6,073,630	1,062,394	-	14,676,332
Premiums ceded to reinsurers	(158,158)	(2,474,882)	-	-	(2,633,040)
Net premium Income	7,382,150	3,598,748	1,062,394	-	12,043,292
Fees and commission income					
Insurance Contract	47,420	606,405	277,341	-	931,166
Pension Contract	-	-	-	474,167	474,167
Net Underwriting Income	7,429,570	4,205,153	1,339,735	474,167	13,448,625
Claims Expenses:					
Claims expenses (Gross)	6,542,475	3,071,272	-	-	9,613,747
Claims expenses recovered from reinsurer	(1,646,916)	(858,169)	-	-	(2,505,085)
Claims expenses (Net)	4,895,559	2,213,103	-	-	7,108,662
Underwriting Expenses	1,935,965	1,220,583	998,860	24,908	4,180,316
Total underwriting expenses	6,831,524	3,433,686	998,860	24,908	11,288,978
Underwriting Profit	598,046	771,467	340,875	449,259	2,159,649
Investment income	1,272,675	640,977	30,948	58,233	2,002,833
Net realised gains and losses	224,651	41,134	-	400	266,185
Fair value gains and losses	-	-	-	-	-
Other operating revenue	79,754	111,319	-	-	191,073
Depreciation and amortisation	(103,487)	(162,243)	-	(30,970)	(296,700)
Management expenses	(935,729)	(1,210,781)	(279,485)	(366,566)	(2,792,561)
Finance costs	-	-	-	-	-
Impairment loss on investments	(63,140)	(114,888)	-	-	(178,028)
Impairment provision on trade and reinsurance receivables	(6,501)	(350,000)	-	-	(356,501)
Profit before tax	1,066,269	-273,015	92,338	110,356	995,948
Income tax expense	(175,573)	(59,042)	-	-	(234,615)
Profit for the year	890,696	332,057	92,338	110,356	761,333
Attributable to Shareholders of the parents	890,696	332,057	84,951	64,006	707,603
Attributable to Non-Controlling Interest	-	-	7,387	46,350	53,737
Other Comprehensive Income					
Net gain/(loss) on available-for-sale asset	2,407,486	(24,400)	(34,925)	-	2,348,161
Actuarial loss on defined benefit plan	-	-	-	-	-
Income tax relating to other comprehensive income	-	-	-	-	-
Other comprehensive income for the year, net of tax	2,407,486	(24,400)	(34,925)	-	2,348,161
Total comprehensive income for the year, net of tax	3,298,182	(356,457)	57,413	110,356	3,109,494

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Notes to the Financial Statements

4 Cash and Cash Equivalents

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N000	N000	N000	N000	N000	N000
Cash at hand and bank	1,832,799	1,040,541	2,541,527	1,053,735	1,040,541	2,541,527
Short-term deposits (Note 4b)	7,355,590	6,547,955	4,620,707	6,625,590	6,547,955	3,079,051
Investment in Trading Securities	1,646,274	189,500	-	1,646,274	189,500	-
Total Cash and Cash Equivalents	10,834,663	7,777,996	7,162,234	9,325,599	7,777,996	5,620,578
For Shareholders						
Cash at Hand and Bank (Note 4ai)	105,144	421,468	121,593	104,791	421,468	121,593
Foreign Bank Balances (Note 4aii)	64,208	85,735	1,706,448	64,208	85,735	1,706,448
Short Term Deposits (Note 4bii)	730,000	-	1,541,656	-	-	-
For Policyholders:						
Local Bank Balances (Note 4ai)	1,663,447	533,338	713,486	884,736	533,338	713,486
Short Term Deposits (Note 4bi)	6,625,590	6,547,955	3,079,051	6,625,590	6,547,955	3,079,051
Investment in Trading Securities	-	189,500	-	-	189,500	-
Total Cash and Cash Equivalents	9,188,389	7,777,996	7,162,234	7,679,325	7,777,996	5,620,578

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. All deposits are subject to an average interest rate of 12%.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N000	N000	N000	N000	N000	N000
4a Cash at Hand and Bank	119,139	130,106	132,654	60,670	130,106	132,654
4ai For Policy Holders	34,775	2,817	2,815	34,775	2,817	2,815
Access Bank Plc	-	-	19,152	-	-	19,152
Diamond Bank Plc	21,632	29,192	15,122	18,845	29,192	15,122
Ecobank Nigeria Plc	-	1,389	-	-	1,389	-
Enterprise Bank Limited	8,882	15,289	26,768	8,882	15,289	26,768
FCMB Plc	147,046	165,817	-	142,215	165,817	-
First Bank Nigeria Plc	2	46,050	95,964	2	46,050	95,964
Guaranty Trust Bank Plc	1,653	1,028	-	1,653	1,028	-
Mainstreet Bank Limited	30,866	196,220	-	30,866	196,220	-
Nigerian International Bank (NIB)	472,792	30,920	264,466	6,570	30,920	264,466
Skye Bank Plc	-	25,142	420	-	25,142	420
Stanbic IBTC Plc	45,344	-	115,704	45,344	-	115,704
Standard Chartered Bank Limited	82,510	16,296	-	81,913	16,296	-
Sterling Bank Plc	41,535	747	40,419	36,791	747	40,419
United Bank for Africa Plc	208,723	46,441	-	208,509	46,441	-
Union Bank of Nigeria Plc	18,542	-	2	45	-	2
Wema Bank Plc	430,006	238,644	-	207,656	238,644	-
Zenith Bank Plc	1,663,447	946,098	713,486	884,736	946,098	713,486

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
4aai For Shareholders:						
Barclays Bank, London UK	-	-	594,684	-	-	594,684
FBN (UK) Limited	64,208	85,735	1,111,763	64,208	85,735	1,111,763
	64,208	85,735	1,706,447	64,208	85,735	1,706,447
4b Short-term deposits	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
4bi For Policy Holders						
Placements with Local Banks	6,625,590	6,547,955	3,079,051	6,625,590	6,547,955	3,079,051
Investments in Trading Securities	1,646,274	189,500	-	1,646,274	189,500	-
	8,271,864	6,737,455	3,079,051	8,271,864	6,737,455	3,079,051
4bii For Shareholders						
Placements with Other Financial Institutions	730,000	87,652	1,541,656	-	-	-
Investment in Trading Securities	-	-	-	-	-	-
	730,000	87,652	1,541,656	-	-	-

5 Trade Receivables

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
At 1 January	2,184,434	2,050,888	2,050,888	2,184,434	2,050,888	2,050,888
Gross premium written (Note 30)	17,103,244	20,716,780	14,775,718	17,103,244	20,716,780	14,775,718
Premium Received (Note 30a)	(16,760,822)	(19,400,838)	(11,682,061)	(16,760,822)	(19,400,838)	(11,682,061)
Impairment charged during the year (Note 5d)	(350,000)	(1,182,396)	480,105.00	(350,000)	(1,182,396)	(480,105)
At 30 September	2,176,856	2,184,434	4,664,440	2,176,856	2,184,434	4,664,440

5a Trade Receivables

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
Due from Insurance brokers	2,625,190	2,468,651	4,025,868	2,625,190	2,468,651	4,025,868
Due from Insurance companies	1,369,929	1,167,789	795,758	1,369,929	1,167,789	795,758
Due from Agents	714,670	696,040	950,537	714,670	696,040	950,537
Due from Direct insured	1,087,108	1,121,995	1,860,623	1,087,108	1,121,995	1,860,623
Allowance for impairment	(3,620,041)	(3,270,041)	(2,968,346)	(3,620,041)	(3,270,041)	(2,968,346)
Total insurance receivables	2,176,856	2,184,434	4,664,440	2,176,856	2,184,434	4,664,440

5b Analysis of Trade Receivables

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
Life contract trade receivables	483,345	483,345	576,519	483,345	483,345	576,519
Non-Life contract trade receivable	1,693,511	1,701,089	4,087,921	1,693,511	1,701,089	4,087,921
	2,176,856	2,184,434	4,664,440	2,176,856	2,184,434	4,664,440

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

5c Life Business

Outstanding premium of Life business represents Net Premium Due as at December 31, 2012. This was advised by Hymans Robertson (HR) Limited (Actuary and Consultants) per their report of March 2012. The movement in Net due Premium is adjusted for as unearned premium reserve.

	Group			Parent		
Net due Premium	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
At 1 January	483,345	576,519	576,519	483,345	576,519	576,519
Changes	0	93,174	-	-	(93,174)	-
At 31 December	483,345	483,345	576,519	483,345	483,345	576,519

5d Non-life business

Due from Insurance brokers	2,468,651	1,767,903	1,510,149	2,625,190	2,468,651	4,025,868
Due from Insurance companies	1,167,789	1,378,212	982,710	1,369,929	1,167,789	795,758
Due from Agents	696,040	494,824	333,240	714,670	696,040	950,537
Due from Direct insured	638,650	502,465	400,719	603,763	638,650	1,284,104
	4,971,130	4,143,404	3,226,818	5,313,552	4,971,130	7,056,267

Less: impairment for receivables

From Insurance brokers	1,574,472	1,574,472	1,555,960	1,924,472	1,574,472	1,555,960
From Insurance companies	810,183	810,183	630,256	810,183	810,183	630,256
From Agents	464,537	464,537	444,514	464,537	464,537	444,514
From Direct Insured	420,849	420,849	337,616	420,849	420,849	337,616
	3,270,041	3,270,041	2,968,346	3,620,041	3,270,041	2,968,346

Non-life business (Net Outstanding)

Insurance brokers	894,179	193,431	(45,811)	700,718	894,179	2,469,908
Insurance companies	357,606	568,029	352,454	559,746	357,606	165,502
Agents	231,503	30,287	(111,274)	250,133	231,503	506,023
Direct Insured	217,801	81,616	63,103	182,914	217,801	946,488
	1,701,089	873,362	258,472	1,693,511	1,701,089	4,087,921

5e Impairment of trade receivables

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N'000	<i>N'000</i>	<i>N'000</i>
At 1 January	3,270,041	2,669,035	2,669,035	3,270,041	2,669,035	2,669,035
Additions, during the year	350,000	1,182,396	299,311	350,000	1,182,396	299,311
Prior year debts written off during the year	-	(581,390)	-	-	(581,390)	-
At 30 September	3,620,041	3,270,041	2,968,346	3,620,041	3,270,041	2,968,346

5f The age analysis of trade receivable as required in the NAICOM 2012 Operational guidelines. These are as follows:

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N'000	<i>N'000</i>	<i>N'000</i>
Under 90 days	-	2,204,364	3,128,983	-	2,204,364	3,128,983
91-180 days	-	587,817	834,376	-	587,817	834,376
Above 180 days	-	2,178,949	3,092,908	-	2,178,949	3,092,908
	-	4,971,130	7,056,267	-	4,971,130	7,056,267

AIICO INSURANCE PLC
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Notes to the Financial Statements (Cont'd)

6 Reinsurance Assets

The movement in prepaid reinsurance is as follows

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at January 1,	689,735	204,467	204,467	689,735	204,467	204,467
Changes during the year	(213,675)	485,268	360,228	(213,675)	485,268	360,228
Balance at September 30	476,060	689,735	564,695	476,060	689,735	564,695

At the reporting date, the Group conducted an impairment review of the reinsurance assets and recognised an impairment loss in income statement. The carrying amount disclosed above is the fair value at the reporting date.

7 Deferred Acquisition Cost

The analysis of deferred acquisition costs (DAC) which represents commission paid during the period on unearned premium received among different classes of business is shown below:

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at January 1,	508,137	563,341	563,341	508,137	563,341	563,341
Expenses Incurred	3,620,944	258,368	10,516	3,620,944	258,368	(10,516)
Amortisation	(2,633,040)	(313,572)	-	(2,633,040)	(313,572)	-
Balance at September 30, (Note 7a)	1,496,041	508,137	552,825	1,496,041	508,137	552,825

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
7b Deferred Expenses By Class						
Fire	374,010	140,835	97,732	374,010	140,828	138,206
Motor	508,654	191,536	132,915	508,654	75,368	187,961
Workmen compensation	59,842	22,534	15,637	59,842	12,259	22,113
Marine	224,406	84,501	58,639	224,406	15,735	82,924
Personal accident	104,723	39,434	27,365	104,723	25,144	38,698
Casualty accident	149,604	84,501	58,639	149,604	34,210	55,283
	74,802	-	-	74,802	204,593	27,641
	1,496,041	563,341	390,927	1,496,041	508,137	552,825

8 Financial Assets

The Company's financial assets are summarised by categories as follows:

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
Available-for-Sale Financial Assets	14,955,278	9,465,210	10,067,486	14,936,217	9,448,439	10,050,715
Loans and receivables	1,203,831	1,297,113	2,251,888	1,203,831	1,297,113	2,251,888
Held to maturity financial assets	2,098,124	1,561,374	1,721,451	2,098,124	1,787,288	1,721,451
Total financial instruments other than derivative financial instruments	18,257,233	12,323,697	14,040,825	18,238,172	12,532,840	14,024,054

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

8a Available-for-Sale Financial Assets

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
Equity securities	6,483,911	4,344,520	3,730,119	6,468,625	4,327,749	3,718,348
Debt securities	8,151,413	4,783,783	5,609,049	8,151,413	4,783,783	5,609,049
Total at fair value	14,635,324	9,128,303	9,339,168	14,620,038	9,111,532	9,327,397
Equity securities at cost	319,954	336,907	728,318	316,179	336,907	723,318
Total available-for-sale financial assets	14,955,278	9,465,210	10,067,486	14,936,217	9,448,439	10,050,715

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
8ai Available-for-Sale Financial Assets						
For Policyholders:						
Quoted Equities	6,468,625	4,327,749	3,718,348	6,468,625	4,327,749	3,718,348
Debt securities	3,284,596	3,835,818	1,892,059	3,284,596	3,835,818	1,892,059
Total at Fair Value	9,753,221	8,163,567	5,610,407	9,753,221	8,163,567	5,610,407
Unquoted Equities at Cost	316,179	-	486,330	316,179	-	486,330
Total available-for-sale financial assets	10,069,400	8,163,567	6,096,737	10,069,400	8,163,567	6,096,737

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
8aii Available-for-Sale Financial Assets						
For Shareholders:						
Quoted Equities	15,286	-	11,771	-	-	-
Debt securities	4,866,817	947,965	3,716,990	4,866,817	947,965	3,716,990
Total at Fair Value	4,882,103	947,965	3,728,761	4,866,817	947,965	3,716,990
Unquoted Equities at Cost	3,775	336,907	241,988	-	336,907	236,988
Total available-for-sale financial assets	4,885,878	1,284,872	3,970,749	4,866,817	1,370,691	3,953,978

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
8b Loans and receivables						
Amortised cost						
Loans to policyholders	528,060	744,579	1,788,927	528,060	744,579	1,788,927
Other loans	675,771	552,534	462,961	675,771	552,534	462,961
Total loans and receivables	1,203,831	1,297,113	2,251,888	1,203,831	1,297,113	2,251,888
Fair value						
Loans to policyholders	528,060	744,579	1,788,927	528,060	744,579	1,788,927
Other loans	569,995	552,534	462,961	675,771	533,558	462,961
Total loans and receivables	1,098,055	1,297,113	2,251,888	1,203,831	1,278,137	2,251,888

AIICO INSURANCE PLC

UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

8bi Policy Loans

The Group grants cash loans to policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 90% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholder upon cancellation of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted.

The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 12% per annum and it is reviewed periodically. The rate is determined after due consideration on the interest rate used by the actuary for premium benefit calculation, allowance for documentation and other margin for contingencies and profit loadings.

Policy Loans are not impaired as balances are set-off against benefits accruable to the policyholder.

8bii Other Loans

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
Staff Mortgage Loans	313,940	178,935	176,227	313,940	178,935	176,227
Lease & Guarantee stock	196,233	325,750	102,347	302,009	325,750	102,347
Staff Personal, Car and Emergency Loans	59,822	47,849	184,387	59,822	47,849	184,387
	569,995	552,534	462,961	675,771	552,534	462,961

The Group grants loans to staff at below market rate (4%) per annum, these loans were remeasured at transition date at amortize cost using average prime lending rate issued by Central Bank of Nigeria. The difference between the fair value using average prime lending rate and the rate at which the loan was granted is debited to employee cost and credited to profit or loss account.

8c Held to Maturity Financial Assets

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
Amortised cost						
Debt securities	2,098,124	1,861,374	1,721,451	2,098,124	1,787,288	1,721,451
Inter-group indebtedness (convertible loan stocks)	-	(300,000)	-	-	-	-
Total held to maturity financial assets	2,098,124	1,561,374	1,721,451	2,098,124	1,787,288	1,721,451

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
Fair value						
Debt securities	2,056,162	1,288,399	1,721,451	2,056,162	1,288,399	1,721,451
Total held to maturity financial assets	2,056,162	1,288,399	1,721,451	2,056,162	1,288,399	1,721,451

The fair values of the held to maturity financial assets have been estimated by comparing current market interest rates for similar debt securities to the rates offered when the debt securities were first recognised together with appropriate market credit adjustments.

For the held to maturity financial assets that are traded in active market, their fair values are determined using the unadjusted market quotes.

8ci Held to Maturity Financial Assets

For Policyholders:

Amortised Cost

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
State Govt. and Corporate Bonds	872,403	1,787,288	1,277,513	872,403	1,787,288	1,277,513
Total Held to Maturity Financial Assets	872,403	1,787,288	1,277,513	872,403	1,787,288	1,277,513

8cii Held to Maturity Financial Assets

For Shareholders:

Amortised Cost

	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
State Govt. and Corporate Bonds	1,225,721	-	443,938	1,225,721	-	443,938
Total Held to Maturity Financial Assets	1,225,721	-	443,938	1,225,721	-	443,938

Notes to the Financial Statements (Cont'd)

8d Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements (i.e. held to maturity and loans and receivables).

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months), demand deposits and savings accounts without a specific maturity, the carrying amounts approximate to their fair value.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were initially recognised with current market rates for similar financial instruments.

The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debt securities, the fair values are determined based on quoted market prices. For those debt securities where quoted market prices are not available a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

8e Determination of fair value and fair values hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

? Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

? Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

And

? Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

About of the total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy;

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

	Group			Parent		
Assets Representing Policyholders' Fund	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
Cash and Cash Equivalents	N'000	<i>N'000</i>	<i>N'000</i>	N'000	<i>N'000</i>	<i>N'000</i>
Bank Balance	884,736	1,465,195	713,486	884,736	1,465,195	713,486
Short Term Investments	6,625,590	6,547,955	3,079,051	6,625,590	6,547,955	3,079,051
Treasury Bills	1,646,274	189,500	-	1,646,274	189,500	-
Available For Sale Investments						
Quoted Equities	6,468,625	4,327,749	3,718,348	6,468,625	4,327,749	3,718,348
Treasury Bills and Bonds	3,284,596	3,835,818	1,892,059	3,284,596	3,835,818	1,892,059
Unquoted Equities	-	-	-	-	-	-
Held To Maturity Investments:						
State Govt. and Corporate Bonds	872,403	1,787,288	1,277,513	872,403	1,787,288	1,277,513
Investment Property	760,000	<i>760,000</i>	<i>724,199</i>	760,000	<i>760,000</i>	<i>724,199</i>
Leasehold and Building	1,602,213	<i>1,602,213</i>	<i>2,831,686</i>	1,602,213	<i>1,602,213</i>	<i>2,831,686</i>
	22,144,437	<i>20,515,718</i>	<i>14,236,342</i>	22,144,437	<i>20,515,718</i>	<i>14,236,342</i>

9 Investment In Associate

The Company has a 20% interest in Multishield Limited, which is involved in health management insurance. It is a private entity that is not listed on any public exchange and there are no published price quotations for the fair value of this investment. In accordance with IAS 27, this investment is stated at cost.

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N'000	<i>N'000</i>	<i>N'000</i>
Balance at January 1,	-	23,386	20,770	-	20,770	20,770
Additions	-	-	-	-	-	-
Fair value Changes	-	-	-	-	-	-
Transfer to Subsidiary Company	-	(23,386)	(20,770)	-	(20,770)	(20,770)
Balance at September 30,	-	<i>-</i>	<i>-</i>	-	<i>-</i>	<i>-</i>

	Group			Parent		
10 Taxation	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N'000	<i>N'000</i>	<i>N'000</i>
10a Current tax payable						
At 1 January	623,542	478,148	482,357	623,542	478,148	478,148
Amounts recorded in the income statements	234,615	729,855	321,201	234,615	729,855	321,201
Payments made on-account during the year	(498,851)	(584,461)	(141,678)	(493,335)	(584,461)	(141,678)
At 30 September,	359,306	<i>623,542</i>	<i>661,880</i>	364,822	<i>623,542</i>	<i>657,671</i>

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
10b Deferred tax expense						
Statement of Comprehensive Income						
Employee benefit deficit	-	(84,354)	(130,931)	-	(84,354)	(130,931)
Accelerated capital allowances	-	(743)	243	-	(743)	243
Losses carried forward	-	-	-	-	-	-
Provision and other temporary differences	-	-	(2,857)	-	-	(2,857)
Total deferred tax expense	-	(85,097)	(133,545)	-	(90,297)	(133,545)

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
10c Deferred tax asset						
Statement of Financial Position						
Employee benefit deficit	-	242,317	413,985	-	242,317	413,985
Accelerated capital allowance	-	(214,697)	(102,929)	-	(221,548)	(102,929)
Losses carried forward	199,508	1,444,444	1,025,201	-	1,311,373	808,866
Provision and other temporary differences	1,310,408	32,304	(33,740)	1,310,408	(27,031)	(33,740)
Deferred tax asset	1,509,916	1,504,368	1,302,517	1,310,408	1,305,111	1,086,182
10d Reflected in the statement of financial position:						
Deferred tax assets	199,508	1,311,373	808,866	1,310,408	1,311,373	808,866
Deferred tax liabilities	(29,382)	(166,324)	(805)	(26,717)	(166,324)	16,551
	170,126	1,145,049	808,061	1,283,691	1,145,049	825,417

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
10e Reconciliation of Deferred Tax Asset						
Balance brought forward	1,214,499	1,214,499	1,214,499	1,214,499	1,214,499	1,214,499
Amounts recorded in the income statement	90,612	90,612	133,545	90,612	90,612	133,545
Amounts recorded in other comp. income	-	-	-	-	-	-
Balance carried forward	1,305,111	1,305,111	1,080,954	1,305,111	1,305,111	1,080,954

A deferred tax asset is recognised for a tax loss carry forward only to the extent that realisation of the related tax benefit is probable. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
11 Investment in Subsidiaries						
Balance at January 1,	-	-	-	1,557,945	464,769	464,769
Increase/(Decrease) in the year	-	-	-	61,534	1,093,176	1,072,163
Consolidation adjustments	-	-	-	-	-	-
Balance at December 31	-	-	-	1,619,479	1,557,945	1,536,932
11a Summary of Investment in Subsidiaries						
AIICO Pension Fund Administrator Limited	-	-	-	1,189,769	1,189,769	1,189,769
Multishield Health Management Organisation	-	-	-	429,710	368,176	347,163
	-	-	-	1,619,479	1,557,945	1,536,932

AIICO INSURANCE PLC **UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013**

Notes to the Financial Statements (Cont'd)

11b AIICO Pension Fund Managers Limited

Balance at January 1,	-	-	-	1,189,769	464,769	464,769
Additions (Irredeemable Preference Shares)	-	-	-	-	725,000	725,000
Disposals	-	-	-	-	-	-
Balance at December 31,	-	-	-	1,189,769	1,189,769	1,189,769

The Company has 58% interest in AIICO Pension Managers Limited, which is involved in Pension Administration Services to private and public sector contributors. AIICO Pension was incorporated as a Limited Liability Company on February 1, 2005 under the Company and Allied Matter Act, 1990 and licenced as a Pension Fund Administrator by National Pension Commission on April 13, 2006. AIICO Pension Manager is domiciled in Nigeria and its registered and its registered office is at Plot 2 Oba Akran Avenue, Ikeja Lagos.

In the course of the year 2012, and in response to National Pension Commission's directive for PFAs to increase their minimum share capital to N1 billion, the Company increase its invetsment by N775 million by converting existing N300 million 5% convertible loans and additional injection of N475million investment in the newly issued 9% irredeemable preference share. The irredeemable preference shares rank ahead of ordinary share in the event of a liquidation.

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
11c Multishield Health Managmt Organisation						
Balance at January 1,	-	-	-	368,176	-	20,770
Transfer from Associates Company	-	-	-	-	20,770	-
Additions	-	-	-	61,534	347,406	326,393
Disposals	-	-	-	-	-	-
Balance at December 31,	-	-	-	429,710	368,176	347,163

The Company has increase her initial interest from 20% to 92% in Multishield Limited by injection of additional investment of N347million in response to National Health Insurance Scheme directives effective April 1, 2012. Multishield Limited is involved in health management insurance. It is a private entity that is not listed on any public exchange and there are no published price quotations for the fair value of this investment. In accordance with IAS 27, this investment is stated at cost.

11d Non-Controlling Interest

	Group			Company		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
Aiico Pension	158,491	95,902	116,037	-	-	-
Multishield	28,399	41,009	-	-	-	-
Balance as at 31 December	186,890	136,912	116,037	-	-	-

11di AIICO Pension Manager Limited

	Group			Company		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
% of control	42%					
Share Capital	336,000	336,000	336,000	-	-	-
Share Premium	10,362	16,953	16,464	-	-	-
Share of pre-acquisition profit and reserves	-	-	-	-	-	-
Net assets acquired	346,362	352,953	352,464	-	-	-
Share of Post acquisition profit and reserves	(187,871)	(257,051)	(236,427)	-	-	-
Balance as at 31 December	158,491	95,902	116,037	-	-	-

11di Multishield Limited

	Group			Company		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
% of control	8%					
Share Capital	20,000	32,000	20,500	-	-	-
Share Premium	2,375	3,800	1,029	-	-	-
Share of pre-acquisition profit and reserves	-	1,738	-	-	-	-

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

12 Investment Properties For Policy Holders	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000
Opening Balance	760,000	718,000	718,000	760,000	718,000	718,000
Additions during the year	117,250	-	-	117,250	-	-
Revaluation Surplus	-	52,000	-	-	52,000	-
Revaluation Deficit	-	(10,000)	-	-	(10,000)	-
Disposals during the year	-	-	-	-	-	-
	877,250	760,000	718,000	877,250	760,000	718,000

12a Investment Properties						
Investment Properties in Awolowo Towers, Ikoyi	360,000	360,000	348,000	360,000	360,000	348,000
Investment Properties in Safecourt, Lekki	517,250	400,000	360,000	517,250	400,000	360,000
Rynel Properties Limited, Enugu State	-	-	10,000	-	-	10,000
	877,250	760,000	718,000	877,250	760,000	718,000

Investment properties are stated at fair value, which has been determined based on valuations performed by Niyi Fatokun & Co. with FRC registration number (FRC/2013/NIESV/00000001217), an estate surveyors and valuers/project managers as at December 2012, 2011 and 2010. Niyi Fatokun & Co. is an industry specialist in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable, willing buyers and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by international valuation standards committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the income statement.

This is an investment in land and buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the company. This is carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years.

13 Property and Equipment - Group

	Leasehold Land & Buildings N'000	Construction in Progress N'000	Furniture & Equipment N'000	Motor Vehicles N'000	Total N'000
Cost					
At 1 January 2012	3,498,397	196,562	1,349,226	660,300	5,704,485
Additions	592,301	26,379	193,681	239,692	1,052,053
Disposals	-	(134,272)	(57,303)	(64,856)	(256,431)
At 31 December 2012	4,090,698	88,669	1,485,604	835,136	6,500,107
Additions	-	46,320	147,027	91,713	285,060
Disposals	-	(17,377)	(16,040)	(50,231)	(83,648)
At 30 September 2013	4,090,698	117,612	1,616,591	876,618	6,701,519
Accumulated depreciation					
At 1 January 2012	114,512	-	993,415	407,928	1,515,855
Depreciation charge for the year	70,606	-	147,674	137,627	355,907
Disposals	-	-	(57,352)	(59,614)	(116,965)
At 31 December 2012	185,118	-	1,083,738	485,942	1,754,797
Depreciation for the period	75,398	-	125,502	93,799	294,699
Disposals	-	-	(13,638)	(41,782)	(55,420)
At 30 September 2013	260,516	-	1,195,602	537,959	1,994,076
Net book value					
At 30 September 2013	3,830,182	117,612	420,990	338,660	4,707,443
At 31 December 2012	3,905,580	88,669	401,867	349,195	4,745,310
At 1 January 2012	3,383,885	196,562	355,811	252,372	4,188,630

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

13a Property and Equipment - Parent

	Leasehold Land & Buildings	Construction in Progress	Furniture & Equipment	Motor Vehicles	Total
Cost	N'000	N'000	N'000	N'000	N'000
At 1 January 2012	3,498,397	196,562	1,235,256	585,921	5,516,135
Additions	577,894	23,379	154,482	132,780	888,535
Disposals	-	(134,272)	(56,705)	(12,771)	(203,748)
At 31 December 2012	4,076,291	85,669	1,333,033	705,930	6,200,922
Additions	-	46,320	111,532	86,918	244,770
Disposals	-	(17,377)	(16,040)	(50,131)	(83,548)
At 30 September 2013	4,076,291	88,669	1,333,033	705,930	6,362,144
Accumulated depreciation					
At 1 January 2012	114,512	-	904,467	345,851	1,364,830
Depreciation charge for the year	62,245	-	131,734	121,544	315,523
Disposals	-	-	(13,638)	(41,782)	(55,420)
At 31 December 2012	176,757	-	1,022,563	425,613	1,624,933
Depreciation for the period	75,398	-	94,865	93,429	263,692
Disposals	-	-	(13,638)	(41,782)	(55,420)
At 30 September 2013	252,155	-	1,103,790	477,260	1,833,205
Net book value					
At 30 September 2013	3,824,136	88,669	229,243	228,670	4,528,939
At 31 December 2012	3,899,534	85,669	310,470	280,317	4,575,989
At 1 January 2012	3,383,885	196,562	330,789	240,070	4,151,305

The Company's leasedhold properties were professionally valued in 31st December 2012, 31st December 2011 and 31st December 2010 by Adewale Fatokun & Co (Chartered Surveyors and valuer) based on the open market value of the properties. The revaluation surpluses arising therefrom were taken to revaluation reserve.

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
14 Other Receivables and Prepayments						
At 1 January 2013	1,055,714	670,899	670,899	776,376	543,231	543,231
Changes during the period	1,516,392	384,815	361,033	1,447,815	233,145	343,936
At 30 September 2013	2,572,106	1,055,714	1,031,932	2,224,191	776,376	887,167
	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N'000	N'000	N'000
14a Other Receivables and Prepayments						
Rent and Other Prepaid	157,119	65,439	55,416	84,018	65,439	55,416
Agents/Staff Advances	229,142	219,955	99,813	176,967	187,054	99,813
Stocks	9,617	7,026	9,288	8,083	7,026	9,288
Fee receivable	312,089	115,228	137,204	236,332	-	137,204
Deposit for Shares & Other Receivables	1,864,139	648,066	730,211	1,718,791	516,857	585,446
	2,572,106	1,055,714	1,031,932	2,224,191	776,376	887,167

The fair value of other receivables approximate their fair value.

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Notes to the Financial Statements (Cont'd)

15 Statutory Deposit

This represents the amount deposited with the Central Bank of Nigeria as at 30 September, 2013 (31 December, 2012 : 500,000,000 30 September, 2012 :500,000,000) in accordance with section 9(1) and section 10(3) of Insurance Act 2003.

Interest income earned on this deposit is included in the investment income.

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Amount Deposited	500,000	<i>500,000</i>	<i>500,000</i>	500,000	<i>500,000</i>	<i>500,000</i>
	500,000	<i>500,000</i>	<i>500,000</i>	500,000	<i>500,000</i>	<i>500,000</i>

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
16 Goodwill and Other Intangible Assets						
Intangible Assets (Note 16a)	102,256	<i>93,142</i>	<i>63,176</i>	93,575	<i>85,573</i>	<i>56,338</i>
Goodwill (Note16b)	800,863	<i>800,863</i>	<i>800,863</i>	800,863	<i>800,863</i>	<i>800,863</i>
	903,119	<i>894,005</i>	<i>864,039</i>	894,438	<i>886,436</i>	<i>857,201</i>

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
16a Intangible Assets						
Computer Software						
Cost						
Opening Balance	188,020	<i>143,065</i>	<i>147,469</i>	94,291	<i>57,457</i>	<i>50,916</i>
Additions during the year	13,155	<i>44,955</i>	<i>-</i>	3,500	<i>36,834</i>	<i>-</i>
Derecognition in the year	-	<i>-</i>	<i>6,541</i>	-	<i>-</i>	<i>6,541</i>
Closing Balance	201,175	<i>188,020</i>	<i>154,010</i>	97,791	<i>94,291</i>	<i>57,457</i>
Amortisation						
Opening Balance	94,878	<i>88,140</i>	<i>90,291</i>	2,177	<i>576</i>	<i>576</i>
Amortisation	4,041	<i>6,737</i>	<i>543</i>	2,039	<i>1,601</i>	<i>543</i>
On derecognition	-	<i>-</i>	<i>-</i>	-	<i>-</i>	<i>-</i>
Impairment Loss	-	<i>-</i>	<i>-</i>	-	<i>-</i>	<i>-</i>
Closing Balance	98,919	<i>94,878</i>	<i>90,835</i>	4,216	<i>2,177</i>	<i>1,119</i>
Carrying amount	102,256	<i>93,142</i>	<i>63,176</i>	93,575	<i>92,114</i>	<i>56,338</i>

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
16b Goodwill						
Cost:						
At 31 December	1,166,610	<i>1,166,610</i>	<i>1,166,610</i>	1,166,610	<i>1,166,610</i>	<i>1,166,610</i>
Accumulated impairment						
At 1 January	365,747	<i>365,747</i>	<i>365,747</i>	365,747	<i>365,747</i>	<i>365,747</i>
Impairment loss	-	<i>-</i>	<i>-</i>	-	<i>-</i>	<i>-</i>
At December	365,747	<i>365,747</i>	<i>365,747</i>	365,747	<i>365,747</i>	<i>365,747</i>
Carrying amount						
At 30 September	800,863	<i>800,863</i>	<i>800,863</i>	800,863	<i>800,863</i>	<i>800,863</i>

Goodwill has been allocated to the two individual cash-generating units: AIICO Life Insurance and AIICO General Insurance. The carrying amount of goodwill allocated to each of the cash-generating units is as shown above.

AIICO INSURANCE PLC

UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

Life insurance units

The recoverable amounts for the life insurance business cash generating units have been determined based on a value in use calculation. The calculation is based on the value in use of the business, together with the present value of expected future profits from new business over a five year period. The value in use result was significantly lower than its carrying value, including goodwill. The result shows that the assets of life business are impaired to the tune of N14 billion. However, paragraph 105 of IAS 36, requires that in allocating an impairment loss, no individual asset should have its carrying value reduced below the highest of (a) its fair value less costs to sell (b) its value in use and (c) zero. It is assumed that the fair value less cost to sell of individual asset within Life business Cash Generating Unit (CGU) is not lower than the carrying value. Hence, only Goodwill of N365,747,386.38 allocated to Life CGU will be impaired.

The key assumptions used for the value in use impairment calculation for the Life Insurance were:

The shareholder interest in the life business is based on projected cash flows of the business including expected average investment returns of 13.16 %.

Risk-adjusted discount rates used for calculation of embedded value are calculated using a risk margin of 18% , based on the operating segment's weighted average cost of capital.

Economic assumptions are based on market yields on risk-free fixed interest rates for the relevant currencies at the end of each reporting year.

New business contribution represents the present value of projected future distributable profit generated from business written in a period. This is initially based on the most recent five-year business plans approved by the senior management.

Growth rate represents the rate used to extrapolate new business contributions beyond the business plan period, and is based on management's estimate of future growth of 8%, which is in line with the average growth rate of life insurance industry.

And

A pre-tax company-specific risk adjusted discount rate of 18 % (2011: 18 %) is used to discount expected profits from future new business.

Non-life insurance unit

The recoverable amount of the non-life business has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. A pre-tax company-specific risk-adjusted discount rate of 18 % (2011: 18 %) is used. The projected cash flows beyond the five years excluding expenses have been extrapolated using a steady average growth rate of 8 % (2011: 8 %), not exceeding the long-term average growth rate for the market in which the units operate. The projected cash flows are determined by budgeted margins

No impairment loss has been recognised in 2011 and 2010 on non-life insurance business, as a result of the impairment reviews on its cash generating units.

The key assumptions used for the value in use impairment calculation are:

Investment market conditions – Investment market conditions are based on market research and published statistics.

Management plans assume modest investment growth of 13.16 %, which is lower than the anticipated market growth forecast.

Policy lapses – The Group has retained records of policy lapses since its inception and is, therefore, able to predict trends over the coming years. Management plans assume no change from recent experiences.

Expenses – Estimates are obtained from published indices of inflation and market research. The financial budget plans assume that expenses will broadly increase in line with inflation.

Premiums and margins – Premium income is based on average values achieved in the three years preceding the start of the budget period. A factor of 8% per annum was applied for non-life insurance.

Gross margins are based on average percentages for the last three years while taking into account anticipated efficiency improvements, known expected expenditures and inflation. A factor of 8% per annum applied for non-life insurance.

Sensitivity to changes in assumptions

With regard to the assessment of value in use for the non-life insurance cash generating unit, management does not believe a reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amounts.

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Notes to the Financial Statements (Cont'd)

17 Trade Payables

This represents the amount payable to reinsurance companies. The carrying amounts disclosed above approximate fair value at the reporting date.

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
At 1 January	966,645	906,930	211,049	308,620	211,049	211,049
Changes during the year	125,872	59,715	695,881	457,619	97,571	695,881
At 30 September 2013	1,092,517	966,645	906,930	766,239	308,620	906,930

18 Other Payables and Accruals

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
At 1 January	969,394	1,146,511	1,146,511	1,105,809	1,388,538	1,388,538
Changes during the year	326,133	(177,117)	933,969	39,520	(282,729)	575,173
At 30 September 2013	1,295,527	969,394	2,080,480	1,145,329	1,105,809	1,963,711

18a Other Payables and Accruals

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Accrued Expenses	156,615	267,355	16,490	38,649	253,020	16,490
Agents Provident Fund	71,541	114,589	31,202	71,541	114,589	31,202
Deposit for New Business	933,084	26,459	234,801	933,084	26,459	234,801
Other payables	134,287	560,991	1,797,987	102,055	511,826	1,681,218
	1,295,527	969,394	2,080,480	1,145,329	905,894	1,963,711

The carrying amounts disclosed above reasonably approximate fair value at the reporting date. All amounts are payable within one year.

19 Book Overdraft

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
At 1 January	187,177	412,760	412,760	187,177	412,760	412,760
Changes during the year	647,075	(225,583)	163,967	646,297	(225,583)	163,967
At 30 September	834,252	187,177	576,727	833,474	187,177	576,727

The Group has a cash management system under which overdrawn book balances exist at the reporting date due to unposted lodgement and uncleared cheques.

20 Dividend Payable

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
At 1 January	10,041	10,041	10,041	10,041	10,041	10,041
Addition during the year	24,113	-	-	-	-	-
Paid during the year	(23)	-	-	(23)	-	-
At 30 September	34,131	10,041	10,041	10,018	10,041	10,041

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Notes to the Financial Statements (Cont'd)

21 Retirement Benefit Obligations

The Company has a defined benefit gratuity scheme covering all of its employee who have spent an average minimum number of five years. The scheme is not funded and as such no contribution is made to any fund.

The amounts recognised in the income statement (other operating and administrative expenses) are as follows:

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Current service cost	-	50,663	-	-	50,663	-
Interest cost on benefit obligation	-	52,338	-	-	52,338	-
	-	103,001	-	-	103,001	-

The amounts recognised in the statement of financial position at the reporting date are as follows:

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Present value of the defined benefit obligation	655,039	376,942	386,152	655,039	695,303	386,152
Total defined benefit obligation	655,039	376,942	386,152	655,039	695,303	386,152

The movement in the defined benefit obligation is, as follows:

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
At 1 January	695,303	376,942	376,942	695,303	376,942	376,942
Current service cost	-	50,663	9,210	-	50,663	9,210
Interest cost	-	52,338	-	-	52,338	-
Benefits paid	(40,264)	(29,116)	-	(40,264)	(29,116)	-
Actuarial gains - Due to change in assumption	-	19,388	-	-	19,388	-
Actuarial losses - Due to experience adjustment	-	225,088	-	-	225,088	-
At 30 September	655,039	695,303	386,152	655,039	695,303	386,152

The principal actuarial assumptions used in determining the pension benefit obligation for the Company's plan are as follows:

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Average pay increase	13.00	13.00	12.00	13.00	13.00	12.00
Average rate of inflation	10.00	10.00	10.00	10.00	10.00	10.00
Discount rate	14.00	14.00	12.00	14.00	14.00	12.00
Mortality rate	0.00	0.00	0.00	-	-	-
Less than or equal to 30	3.00	3.00	3.00	3.00	3.00	3.00
31-39	2.00	2.00	2.00	2.00	2.00	2.00
40-44	2.00	2.00	2.00	2.00	2.00	2.00
45-50	0.00	0.00	0.00	-	-	0.00

The discount rate is the assumption that has the largest impact on the value of the obligation. A 1% increase in this rate would reduce the present value of the defined benefit obligation.

The mortality base table used for the schemes is A49/52 Ultimate Tables, published jointly by the Institute and Faculty Actuaries in the United Kingdom.

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Notes to the Financial Statements (Cont'd)

Amounts for the current and previous three period from the date of transition to IFRS are as follows:

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N000	N000	N000
Defined benefit obligation	655,039	695,303	386,152	655,039	695,303	386,152
Experience adjustments on plan liabilities	-	225,088	-	-	225,088	-
	655,039	920,391	386,152	655,039	920,391	386,152

22 Investment contract liabilities

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N000	N000	N000
Deposit administration	3,000,625	2,896,800	2,694,515	3,000,625	2,896,800	2,694,515
Other investment contract liabilities	2,086,289	2,086,289	1,569,442	2,086,289	2,086,289	1,569,442
Total investment contract liabilities	5,086,914	4,983,089	4,263,957	5,086,914	4,983,089	4,263,957

22a Deposit administration is stated at amortised cost and this is analysed as follows:

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N000	N000	N000
At 1 January	2,896,800	2,648,118	2,648,119	2,896,800	2,648,118	2,648,119
Deposits	1,930,996	1,929,137	822,694	1,930,996	1,929,137	822,694
Withdrawals	(1,906,506)	(1,788,693)	827,480	(1,906,506)	(1,788,693)	(827,480)
Fees and other deductions	(58,860)	(68,087)	24,681	(58,860)	(68,087)	(24,681)
Credit of interest and other income	138,195	176,325	75,863	138,195	176,325	75,863
At 30 September	3,000,625	2,896,800	2,694,515	3,000,625	2,896,800	2,694,515

22b Other investment contract liabilities are stated at amortised cost and the amount is analysed as follows:

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N000	N000	N000
At 1 January	2,086,289	1,569,442	1,569,442	2,086,289	1,569,442	1,569,442
Movements	-	516,847	-	-	516,847	-
At 30 September	2,086,289	2,086,289	1,569,442	2,086,289	2,086,289	1,569,442

23 Insurance Contract Liabilities

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N000	N000	N000
Life insurance contract	14,559,104	11,562,482	11,361,238	14,504,935	11,562,482	11,361,238
Non-life insurance contract	6,177,750	4,140,190	3,837,516	6,177,750	4,140,190	3,837,516
Total insurance contract liabilities	20,736,854	15,702,672	15,198,754	20,682,685	15,702,672	15,198,754

23a Insurance contract liabilities

	Group			Parent		
	Sept. 2013	Dec. 2012	Sept. 2012	Sept. 2013	Dec. 2012	Sept. 2012
	N'000	N'000	N'000	N000	N000	N000
Insurance contract fund	13,436,350	12,557,097	12,890,122	13,382,181	12,508,690	12,838,301
Contract outstanding claim provision	1,122,754	3,193,982	2,360,453	1,122,754	3,193,982	2,360,453
	14,559,104	15,751,079	15,250,574	14,504,935	15,702,672	15,198,754

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Notes to the Financial Statements (Cont'd)

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23ai Life insurance contract fund

At 1 January	10,474,096	7,729,824	7,729,825	10,474,096	7,729,824	7,729,825
Movement in the period	2,962,254	2,744,272	3,323,372	2,908,085	2,744,272	3,323,372
At 30 September	13,436,350	10,474,096	11,053,197	13,382,181	10,474,096	11,053,197

23aii Life contract outstanding claim provision

At 1 January	918,343	748,300	239,668	918,343	748,300	239,668
Claims incurred in the current period/year	5,624,132	3,852,063	1,746,190	5,624,132	3,852,063	1,746,190
Claims paid during the year	(5,419,721)	(3,682,020)	1,677,817	(5,419,721)	(3,682,020)	(1,677,817)
At 30 September	1,122,754	918,343	308,041	1,122,754	918,343	308,041

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
23b Non-life insurance contract liabilities						
Provision for reported claims by policyholders	2,403,266	1,914,178	1,865,829	2,403,266	1,914,178	1,865,829
Provision for claims incurred but not reported (IBNR)	240,327	191,418	186,583	240,327	191,418	186,583
Outstanding claims provision	2,643,593	2,105,596	2,052,412	2,643,593	2,105,596	2,052,412
Provision for unearned premiums	3,197,742	1,698,179	1,785,104	3,197,742	1,698,179	1,785,104
Provision for premium deficiency	336,415	336,415	-	336,415	336,415	-
Total non life insurance contract liabilities	6,177,750	4,140,190	3,837,516	6,177,750	4,140,190	3,837,516

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
23bi Outstanding claims provision						
At 1 January	2,105,595	1,665,232	1,665,232	2,105,595	1,665,232	1,665,232
Claims incurred in the current accident period/year	2,817,322	2,864,780	1,715,868	2,817,322	2,864,780	1,715,868
Claims paid during the period/year	(2,279,324)	(2,424,417)	(1,328,688)	(2,279,324)	(2,424,417)	(1,328,688)
At 30 September	2,643,593	2,105,595	2,052,412	2,643,593	2,105,595	2,052,412

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
23bii Provision for unearned premiums						
Balance brought forward	1,698,179	1,630,562	1,630,562	1,698,179	1,630,562	1,630,562
Changes in Health Insurance Unearned Premiums	-	-	-	-	-	-
Premiums written in the period/year	7,573,193	9,631,783	8,140,369	7,573,193	9,631,783	8,140,369
Premiums earned during the period/year	(6,073,630)	(9,564,166)	(7,985,827)	(6,073,630)	(9,564,166)	(7,985,827)
Balance carried forward	3,197,742	1,698,179	1,785,104	3,197,742	1,698,179	1,785,104

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
23biii Provision for premium deficiency						
Balance brought forward	-	-	-	-	-	-
Incurred during the period/year	-	336,415	-	-	336,415	-
Utilised during the period/year	-	-	-	-	-	-
Balance carried forward	-	336,415	-	-	336,415	-

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24 Issued Share Capital

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Authorised shares						
10,000,000,000 Ordinary Shares of 50 kobo each	5,000,000	<i>5,000,000</i>	<i>5,000,000</i>	5,000,000	<i>5,000,000</i>	<i>5,000,000</i>
	5,000,000	<i>5,000,000</i>	<i>5,000,000</i>	5,000,000	<i>5,000,000</i>	<i>5,000,000</i>

Ordinary shares issued and fully paid

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
At 1 January	3,465,102	<i>3,465,102</i>	<i>3,465,102</i>	3,465,102	<i>3,465,102</i>	<i>3,465,102</i>
Effect of rearrangement	-	-	-	-	-	-
At 30 September	3,465,102	<i>3,465,102</i>	<i>3,465,102</i>	3,465,102	<i>3,465,102</i>	<i>3,465,102</i>

25 Share Premium

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
At 1 January	2,824,389	<i>2,824,389</i>	<i>2,824,389</i>	2,824,389	<i>2,824,389</i>	<i>2,824,389</i>
Effect of rearrangement	-	-	-	-	-	-
At 30 September	2,824,389	<i>2,824,389</i>	<i>2,824,389</i>	2,824,389	<i>2,824,389</i>	<i>2,824,389</i>

All ordinary shares issued are fully paid. All ordinary shares are held by external, non-related parties and companies to the Company.

26 Revaluation Reserves

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Opening Balance	1,029,009	<i>1,029,009</i>	<i>1,029,009</i>	1,029,009	<i>1,029,009</i>	<i>1,029,009</i>
Remeasurement Adjustment	-	-	-	-	-	-
Reclassification Adjustment	-	-	-	-	-	-
Statement of Comprehensive Income	-	-	-	-	-	-
Closing Balance	1,029,009	<i>1,029,009</i>	<i>1,029,009</i>	1,029,009	<i>1,029,009</i>	<i>1,029,009</i>

27 Available-For-Sale Reserve

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Opening Balance	1,461,683	<i>475,506</i>	<i>475,506</i>	1,459,645	<i>475,506</i>	<i>475,506</i>
Other Comprehensive Income	2,353,394	<i>984,139</i>	<i>606,332</i>	2,383,086	<i>984,139</i>	<i>606,332</i>
Closing Balance	3,815,077	<i>1,459,645</i>	<i>1,081,838</i>	3,842,731	<i>1,459,645</i>	<i>1,081,838</i>

28 Contingency Reserve

	Group			Parent		
	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>	Sept. 2013	<i>Dec. 2012</i>	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	<i>N'000</i>	N000	<i>N000</i>	<i>N000</i>
Opening Balance	2,065,726	<i>1,665,923</i>	<i>1,665,923</i>	2,065,726	<i>1,665,923</i>	<i>1,665,923</i>
Transfer from retained Earnings	193,704	<i>399,803</i>	<i>414,613</i>	193,704	<i>399,803</i>	<i>414,613</i>
Closing Balance	2,259,431	<i>2,065,726</i>	<i>2,080,536</i>	2,259,431	<i>2,065,726</i>	<i>2,080,536</i>

Contingency reserve is calculated, in the case of non-life business, at the rate of the higher of 3% of total premium receivable during the period or 20% of the net profits in accordance with Section 21(2) of Insurance Act, 2003 and, in respect of Life Insurance Business, at the rate of the higher of the higher of 1% of the gross premium and 10% of net profits, in accordance with Section 22(1)(b) of the Insurance Act 2003.

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UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Notes to the Financial Statements (Cont'd)

29 Retained Earnings	Group			Parent		
	Sept. 2013 N'000	Dec. 2012 N'000	Sept. 2012 N'000	Sept. 2013 N000	Dec. 2012 N000	Sept. 2012 N000
Opening Balance	528,388	146,011	146,011	746,006	484,791	484,791
Dividend Paid	(435,409)	(415,812)	(415,812)	(435,409)	(415,812)	(415,812)
Other Comprehensive Income	-	(171,133)	-	-	(171,133)	-
Transfer to Contingency Reserse	(193,704)	(399,803)	(414,613)	(193,704)	(399,803)	(414,613)
Negative goodwill on consolidation	-	63,500	-	-	-	-
Statement of Comprehensive Income	707,592	1,305,625	1,743,719	558,643	1,247,963	1,531,852
Closing Balance	606,867	528,388	1,059,305	675,535	746,006	1,186,219

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

30 Gross Premium Written	Group		Parent	
	Sept. 2013 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Sept. 2012 N'000
Total Gross Premium Written	18,165,638	14,775,718	17,103,244	14,775,718

Gross premium on life is recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date on which the policy is effective. Gross general insurance premium written comprises the total premium receivable for the whole period of cover provided by contracts entered into during the accounting period. The are recognized on the date on which the policy commences.

30a Premium received	Group		Parent	
	Sept. 2013 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Sept. 2012 N'000
Gross written premium per income statement	18,165,638	14,775,718	17,103,244	14,775,718
Less increase in trade receivables	7,578	2,480,006	7,578	(2,613,552)
Impairment of insurance receivable charged during the year	(350,000)	(1,182,396)	(350,000)	(480,105)
	17,823,216	16,073,328	16,760,822	11,682,061
Premium Deposit on Investment contract	-	-	-	-
	17,823,216	16,073,328	16,760,822	11,682,061

31 Net Premium Income

31a Gross Premiums on Insurance Contracts	Group		Parent	
	Sept. 2013 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Sept. 2012 N'000
Gross Premium Written	18,165,638	14,775,718	17,103,244	14,775,718
Change in Unearned Premiums	(3,489,306)	(2,348,637)	(3,489,306)	(2,348,637)
Gross Premium Income	14,676,332	12,427,081	13,613,938	12,427,081

31b Premiums Ceded to Reinsurers on Insurance Contracts

	Group		Parent	
	Sept. 2013 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Sept. 2012 N'000
Reinsurance Cost	(2,633,040)	(2,738,067)	(2,633,040)	(2,738,067)
Premium Ceded to Reinsurers	(2,633,040)	(2,738,067)	(2,633,040)	(2,738,067)
Net Premium Income	12,043,292	9,689,014	10,980,898	9,689,014

Notes to the Financial Statements (Cont'd)

AIICO INSURANCE PLC
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	Group		Parent	
	Sept. 2013 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Sept. 2012 N'000
32 Fees and commission income				
Policyholder administration and investment management services	751,509	211,896	-	-
Reinsurance commission income	653,825	355,518	653,825	355,518
Total fees and commission income	1,405,334	567,414	653,825	355,518
33 Gross benefits and claims				
33a Gross benefits and claims paid				
Life insurance contracts	5,419,721	2,035,853	5,419,721	2,035,853
Non-life insurance contracts	2,279,324	2,574,205	2,279,324	2,574,205
Total gross benefits and claims paid	7,699,045	4,610,058	7,699,045	4,610,058
33b Gross change in outstanding claims reseve				
Change in life outstanding claims reserve	1,122,754	485,088	1,122,754	485,088
Change in non-life outstanding claims provision	791,948	317,230	791,948	317,230
Total gross change in contract liabilities	1,914,702	802,318	1,914,702	802,318
Gross Benefits and Claims	9,613,747	5,412,376	9,613,747	5,412,376
33c Claims ceded to reinsurers				
Life insurance contracts	(1,646,916)	(719,647)	(1,646,916)	(719,647)
Non-life insurance contracts	(858,169)	(34,403)	(858,169)	(34,403)
Total claims ceded to reinsurers	(2,505,085)	(754,050)	(2,505,085)	(754,050)
Net Benefits and Claims	7,108,662	4,658,326	7,108,662	4,658,326
34 Underwriting Expenses				
Acquisition Costs	3,398,891	2,045,401	2,591,874	2,037,276
Maintenance Expenses	781,420	300,846	564,670	300,846
34a Acquisition Costs				
Commission Paid	2,077,713	1,696,535	2,077,713	1,696,535
Excess of Losses	912	46,948	912	46,948
Providers capitation fee and other direct expenses	807,017	8,125	-	-
Underwriting Salaries	513,249	293,793	513,249	293,793
	3,398,891	2,045,401	2,591,874	2,037,276
34b Maintenance Expenses				
Vat on Commission	56,242	49,151	56,242	49,151
Policy Administration Expenses	188,225	42,764	188,225	42,764
Tracking Expenses	38,923	27,884	38,923	27,884
Service Charge	242,003	18,494	32,785	18,494
Business Promotion	256,027	162,553	248,494	162,553
	781,420	300,846	564,669	300,846

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UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

35 Investment Income

Investment Income Attributable to Policyholders' Funds
Investment Income Attributable to Shareholders' Funds

Group		Parent	
Sept. 2013 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Sept. 2012 N'000
859,155	518,582	859,155	518,582
1,143,678	698,132	1,054,497	677,730
2,002,833	1,216,714	1,913,652	1,196,312

35a Investment Income Attributable to Policyholders' Funds

Interest income on loans to policyholders
Cash and cash equivalents interest income
Available for sale interest income
Available for sale dividend income

Group		Parent	
Sept. 2013 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Sept. 2012 N'000
2,235	-	2,235	-
58,883	51,786	58,883	51,786
637,928	130,896	637,928	130,896
160,109	335,900	160,109	335,900
859,155	518,582	859,155	518,582

35b Investment Income Attributable to Shareholders' Funds

Rental income from investment properties
Cash and cash equivalents interest income
Held to maturity financial assets interest income
Interest on statutory deposit
Profit from Deposit Administration
Loans and receivables interest income

55,943	31,491	55,943	31,491
711,346	264,527	622,165	244,125
401,451	300,225	401,451	300,225
65,588	59,983	65,588	59,983
(168,835)	35,198	(168,835)	35,198
78,185	6,708	78,185	6,708
1,143,678	698,132	1,054,497	677,730

36 Net Realised Gains and Losses

Property and equipment:

Realised gains

Available-for-sale financial assets:

Realised gains:

Equity securities

Debt securities

Realised losses:

Equity securities

Debt securities

Total net realised gains and losses for available-for-sale financial asset

Total net realised gains and losses

Group		Parent	
Sept. 2013 N'000	Sept. 2012 N'000	Sept. 2013 N'000	Sept. 2012 N'000
(450)	59	(850)	59
266,637	96,023	266,637	96,023
-	-	-	-
-	-	-	-
-	-	-	-
266,637	96,023	266,637	96,023
266,187	96,082	265,787	96,082

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

Notes to the Financial Statements (Cont'd)

AIICO INSURANCE PLC
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	Group		Parent	
	Sept. 2013	Sept. 2012	Sept. 2013	Sept. 2012
	N'000	N'000	N'000	N'000
37 Other Operating Income				
Sundry income	191,073	482,672	191,073	481,195
Exchange gains	-	-	-	-
Total finance cost	191,073	482,672	191,073	481,195

	Group		Parent	
	Sept. 2013	Sept. 2012	Sept. 2013	Sept. 2012
	N'000	N'000	N'000	N'000
38 Depreciation and Amortisation Expense				
Depreciation of Property and Equipment	321,357	251,835	263,692	241,540
Amortisation of Intangible Assets	6,343	2,693	2,031	543
	327,700	254,528	265,723	242,083

	Group		Parent	
	Sept. 2013	Sept. 2012	Sept. 2013	Sept. 2012
	N'000	N'000	N'000	N'000
39 Management Expenses				
Auditors' Remuneration	3,750	1,831	-	-
Employee Benefits Expense (Note 39a)	1,310,680	534,564	928,875	413,985
Other Management Expenses (Note 39b)	1,466,126	1,718,608	1,217,635	1,647,709
	2,780,556	2,255,002	2,146,510	2,061,694

	Group		Parent	
	Sept. 2013	Sept. 2012	Sept. 2013	Sept. 2012
	N'000	N'000	N'000	N'000
39a Employee benefits expense				
Salaries	1,265,113	450,128	888,611	347,006
Defined contribution pension costs	45,567	75,227	40,264	57,769
Defined benefit retirement gratuity costs	-	9,210	-	9,210
Total employee benefits expense	1,310,680	534,564	928,875	413,985

	Group		Parent	
	Sept. 2013	Sept. 2012	Sept. 2013	Sept. 2012
	N'000	N'000	N'000	N'000
39b Other Management Expenses				
Travel and Representation	217,920	241,799	167,826	229,395
Advertising	97,473	42,762	68,407	36,438
Occupancy Expenses	244,409	315,230	196,094	299,495
Communication and Postages	53,147	34,870	33,141	31,516
Data Processing	73,637	43,357	56,585	39,687
Office Supply and Stationery	44,070	52,098	37,077	50,031
Fees and Assessments	296,074	284,805	263,206	275,040
Furnitures, Equipments and Miscellaneous Expenses	439,396	703,688	395,299	686,107
	1,466,126	1,718,608	1,217,635	1,647,709

40 Income tax expense

The major components of income tax expense for the period ended 30 September 2013 and 30 September 2012 are:

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Notes to the Financial Statements (Cont'd)

40a Current tax year charge

	Group		Parent	
	Sept. 2013	<i>Sept. 2012</i>	Sept. 2013	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	N'000	<i>N'000</i>
Current tax				
Company income tax	234,615	321,201	234,615	321,201
Education tax	-	-	-	-
Other taxes	-	-	-	-
Prior year adjustment	-	-	-	-
Total current tax	234,615	321,201	234,615	321,201
Deferred tax				
Origination of temporary differences	-	-	-	-
Total deferred tax	-	-	-	-
Total Income Tax Expense	234,615	321,201	234,615	321,201

	Group		Parent	
	Sept. 2013	<i>Sept. 2012</i>	Sept. 2013	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	N'000	<i>N'000</i>
40b Tax recorded in other comprehensive income				
Current tax	-	-	-	-
Total tax charge to other comprehensive income	-	-	-	-

	Group		Parent	
	Sept. 2013	<i>Sept. 2012</i>	Sept. 2013	<i>Sept. 2012</i>
	N'000	<i>N'000</i>	N'000	<i>N'000</i>
40c Reconciliation of tax charge				
Profit before tax	995,944	2,073,277	793,258	1,853,053
Tax at Nigerian's statutory income tax rate of 30%	298,783	621,983	237,977	555,916
Education tax @ 2% of assessable profit	(15,865)	(37,061)	(15,865)	(37,061)
Adjustment to tax charge in respect of prior years	12,503	(267,396)	12,503	(267,396)
Total tax charge for the year	295,421	317,526	234,615	251,459

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders other than tax withheld on payments of the dividend.

Notes to the Financial Statements (Cont'd)

AIICO INSURANCE PLC
UNAUDITED GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30,2013

41 Dividend paid and proposed

	Group		Parent	
	Sept. 2013 N'000	<i>Sept. 2012 N'000</i>	Sept. 2013 N'000	<i>Sept. 2012 N'000</i>
Declared and paid during the year	-	-	-	-
Equity dividends on ordinary shares:	-	-	-	-
Final dividend for 2011: 6 kobo (2010: 5 kobo)	-	-	-	-
	-	-	-	-
Proposed for approval at AGM (not recognised as a liability as equity dividends on ordinary shares at 31 December:	-	-	-	-
Final dividend for 2012: 8k (2011: 6k)	-	-	-	-

42 Earnings per share

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

The following reflects the income and share data used in the basic earnings per share computations:

	Group		Parent	
	Sept. 2013 N'000	<i>Sept. 2012 N'000</i>	Sept. 2013 N'000	<i>Sept. 2012 N'000</i>
Net profit attributable to ordinary shareholders for basic and diluted earnings	707,592	1,743,719	558,643	1,531,852
Weighted average number of ordinary shares for basic earnings per share	6,930,204	6,930,204	6,930,204	6,930,204
Basic earnings per ordinary share (kobo)	10.21	25.16	8.06	22.10

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

43 Components of other comprehensive income

	Group		Parent	
	Sept. 2013 N'000	<i>Sept. 2012 N'000</i>	Sept. 2013 N'000	<i>Sept. 2012 N'000</i>
Actuary loss on defined benefit plan	-	-	-	-
Available-for-sale financial assets:	-	-	-	-
Gains/(losses) arising during the year	2,383,086	596,827	2,383,086	606,331
Reclassification adjustments for gains included in the income statement	3,725	9,504	-	-
	2,386,811	606,331	2,383,086	606,331
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income for the year, net of tax	2,386,811	606,331	2,383,086	606,332