

**STANDARD ALLIANCE INSURANCE PLC -
QUARTER 2**

**FINANCIAL STATEMENTS FOR THE PERIOD
ENDED JUNE 2013**

STANDARD ALLIANCE INSURANCE PLC - QUARTER 2

STATEMENT OF FINANCIAL POSITION

30 June 2013

	Notes	30 Jun 13 N	31-Dec-12 N
ASSETS			
Cash and cash equivalent	4	978,588,911	316,589,000
Financial assets at fair value thr. P & L	5	76,438,625	50,331,219
Financial assets - available for sale	6	1,913,489,875	1,913,490,000
Non-Current Assets Held for Sale	7	1,395,000,000	1,435,000,000
Trade and other receivables	8	181,300,415	1,206,008,203
Investment in associates	9	1,123,289,599	1,123,290,000
Reinsurance assets	10	776,374,399	641,965,000
Deferred commission	11	185,760,948	140,727,991
Statutory deposit	12	335,000,000	335,000,000
Property plant and equipment	19	1,848,821,461	1,750,733,000
Intangible assets	13	15,276,238	18,937,336
Total assets		8,829,340,471	8,932,071,749
LIABILITIES			
Trade and other payables	14	15,381,976	56,535,000
Other Liabilities	15	45,537,276	678,227,000
Finance lease obligation	16	53,478,298	17,765,000
Deferred tax liabilities	20	106,873,000	106,873,000
Taxation	21	441,448,330	270,414,000
Insurance contract liabilities	17	2,044,164,920	1,857,218,000
Borrowing	18	853,909,346	1,072,192,000
Total liabilities		3,560,793,146	4,059,224,000
Equity			
Share capital	22	5,996,586,725	5,996,586,725
Share premium	24	15,852,048,820	15,852,048,820
Revaluation reserve	24	896,011,000	896,011,000
Contingency reserves	24	1,076,122,772	999,663,204
Retained earnings	24	(9,814,636,992)	(10,133,877,000)
Treasury Shares		(8,737,585,000)	(8,737,585,000)
Total equities		5,268,547,325	4,872,847,749
Total liabilities and equities		8,829,340,471	8,932,071,749

STANDARD ALLIANCE INSURANCE PLC - QUARTER 2

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE

	Notes	30 Jun 13 N	31-Dec-12 N
Gross premium	25	2,368,557,735	5,496,650,000
Reinsurance cost	30	(250,350,356)	(480,958,000)
Unexpired risk charges	32	(43,881,887)	(115,417,000)
Net premium written		2,074,325,492	4,900,275,000
Commission earned	26	13,389,077	90,968,000
Underwriting income		2,087,714,569	4,991,243,000
Net claims incurred	28	(419,475,856)	(912,893,000)
Underwriting expenses	29	(798,197,050)	(1,517,454,000)
		(1,217,672,907)	(2,430,347,000)
Underwriting profit		870,041,663	2,560,896,000
Other net income	31	144,293,936	208,068,000
Net operating income		1,014,335,598	2,768,964,000
Management expenses	33	(390,819,958)	(1,577,127,000)
Impairment charges	27	-	(3,164,372,000)
Share of Profit/(loss) of Associate		-	75,637,000
Unrealised Fair Value Gain		-	10,715,000
Profit before taxation		623,515,641	(1,886,183,000)
Information technology development levy		(6,235,156)	-
Income tax expense	34	(218,230,474)	(138,047,000)
Profit after taxation		399,050,010	(2,024,230,000)
Other comprehensive income/(loss)			
Fair value loss through OCI			
Income tax relating to components of other comprehensive income		0	0
Total other comprehensive income		0	0
Total comprehensive income for the year		399,050,010	-2,024,230,000

Statement of changes in equity

	30 June 2013								
	Share capital	Preference shares	Share premium	Revaluation Reserve	Capital reserve	Treasury Shares	Contingency reserve	Retained earnings	Total
Balance at 1 January 2013	5,996,586,725	-	15,852,048,820	896,011,000	-	(8,737,585,000)	996,312,770	(10,133,877,000)	4,869,497,315
Profit for the year	-	-	-	-	-	-	-	399,050,010	399,050,010
Transfers for the year	-	-	-	-	-	-	79,810,002	(79,810,002)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Balance at 30 June 2013	5,996,586,725	-	15,852,048,820	896,011,000	-	(8,737,585,000)	1,076,122,772	(9,814,636,992)	5,268,547,325
	31 December 2012								
	Share capital	Preference shares	Share premium	Revaluation Reserve	Capital reserve	Treasury Shares	Contingency reserve	Retained earnings	Total
Balance at 1 January 2012	5,996,586,725	-	15,852,048,820	896,011,000	-	-	834,764,204	(7,944,748,000)	15,634,662,749
Profit for the year	-	-	-	-	-	-	-	(2,024,230,000)	(2,024,230,000)
Transfers for the year	-	-	-	-	-	-	164,899,000	(164,899,000)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Balance at 31 December 2012	5,996,586,725	-	15,852,048,820	896,011,000	-	-	999,663,204	(10,133,877,000)	13,610,432,749

4 Cash and Cash Equivalents

This comprises of:

	30 Jun 13	31 Dec 12
Bank balances	374,317,958	82,497,000
Fixed income deposit	37,739,160	-
Domiciliary Account	35,254,484	139,319,000
Deposits with other fin. Inst	529,567,279	599,184,000
Petty Cash	1,710,030	-
	978,588,911	821,000,000
Impairment		-504,411,000
Total	978,588,911	316,589,000

5 Financial assets at fair value through P &L

	30 Jun 13	31 Dec 12
Quoted shares	334,433,219	334,433,219
	334,433,219	334,433,219
Fair value loss on quoted shares	-257,994,594	-284,102,000
	76,438,625	50,331,219

6 Financial assets available for sale

	30 Jun 13	31 Dec 12
Managed funds	1,714,678,029	1,714,678,000
Transcorp shares	198,811,846	198,812,000
	1,913,489,875	1,913,490,000
Fair value loss		0
	1,913,489,875	1,913,490,000

7 Non-Current Assets Held for Sale

	30 Jun 13	31 Dec 12
Non-Current Assets Held for Sales	1,395,000,000	1,435,000,000
	1,395,000,000	1,435,000,000

8 Trade and other receivables

The balance is analysed as

(i) follow:

	<u>30 Jun 13</u>	<u>31 Dec 12</u>
Prepayment	36,413,920	20,282,000
Interbranch current account	1,580,058	506,997,203
Premium debtors	-	642,257,000
Staff debtors	22,645,828	30,170,000
Other receivables	<u>120,660,609</u>	<u>6,302,000</u>
	181,300,415	1,206,008,203
Impairment	-	-
	<u>181,300,415</u>	<u>1,206,008,203</u>

9 Investment in associates

This comprises of:

	<u>30 Jun 13</u>	<u>31 Dec 12</u>
Standard Alliance Life Assurance Limite	1,905,000,000	1,905,000,000
Standard Alliance Pension Limited	260,000,000	260,000,000
Standard Alliance Properties Limited	275,000,000	275,000,000
Standard Alliance Capital and Asset	399,999,600	400,000,000
Share of loss of associates	<u>-1,716,710,000</u>	<u>-1,716,710,000</u>
	<u>1,123,289,599</u>	<u>1,123,290,000</u>

Share of loss of associates

This is analysed as follow:

	30 Jun 13	31 Dec 12
Stnadard Alliance Life Limited	-853,678,000	-853,678,000
Standard Alliance Pension Limited	-260,000,000	-260,000,000
Standard Alliance Properties Ltd	-249,523,000	-249,523,000
Standard Alliance Capital Limited	-353,509,000	-353,509,000
	<u>-1,716,710,000</u>	<u>-1,716,710,000</u>

10 Reinsurance assets

	30 Jun 13	31 Dec 12
Reinsurance assets	776,374,399	641,965,000
	<u>776,374,399</u>	<u>641,965,000</u>

11 Deferred Commision

	30 Jun 13	31 Dec 12
Motor vehicles	51,795,330	39,238,887
Aviation	7,404,157	5,609,210
Engineering	28,516,357	21,603,301
Fire	31,611,763	23,948,305
General accident	32,567,907	24,672,657
Marine	18,385,664	13,928,533
Bonds	9,405,858	7,125,650
Oil & Gas	6,073,911	4,601,448
	<u>185,760,948</u>	<u>140,727,991</u>

12 Statutory deposit

This represents the mandatory deposit maintained with the Central Bank of Nigeria in accordance with the Insurance Act of 2004.

13 Intangible

Cost	
Beginning of year	36,605,469
Additions	
Disposals	
End of year	<u>36,605,469</u>
Accumulated amortisation	
Beginning of year	-
Amortisation	21,329,231
Disposals	
End of year	<u>21,329,231</u>
Net book	
30 June 2013	<u>15,276,238</u>
31 December 2012	<u>18,937,336</u>

14 Trade creditor and other payables

This is analysed as follow:

	30 Jun 13	31 Dec 12
Premium deposit	<u>15,361,706</u>	<u>56,535,000</u>
Premium payable - brown card	<u>20,270</u>	<u>-</u>
	<u>15,381,976</u>	<u>56,535,000</u>

15 Other Liabilities

This is analysed as follow:

	30 Jun 13	31 Dec 12
Bank Overdraft	<u>-44,411,308</u>	<u>95,264,000</u>
Payroll creditors	54,774,648	-
Salary control account	-20,162,307	-
Withholding tax	1,045,726	-
Accrued expenses	15,703,149	32,011,000
Commission payable	-29,268,923	-
Other credit balances	33,791,720	112,502,000
Information technology development lev	8,548,393	-
Withholding tax	15,885,931	24,038,000
Value added tax	-	-
Preference dividend payable	-	350,000,000
Staff gratuity	28,424,301	36,098,000
Term Loan	-7,399,931	28,314,000
Taxation fees provision	-	-
Directors current account	-11,283,250	-
Subsidiary creditors	<u>-110,872</u>	<u>-</u>
	<u>45,537,276</u>	<u>678,227,000</u>

16 Finance lease obligation

This is analysed as follow:

	30 Jun 13	31 Dec 12
Unpaid capital	53,478,298	17,765,000
	<u>53,478,298</u>	<u>17,765,000</u>

17 Insurance contract liabilities

This is analysed as follow:

	30 Jun 13	31 Dec 12
Unexpired Risk		
Engineering	107,855,109	117,610,000
Fire	98,050,099	93,804,000
General accident	147,075,148	117,871,000
Marine	127,465,128	120,224,000
Motor	372,590,375	370,583,000
Aviation	9,805,010	19,119,000
Bond	29,415,030	27,891,000
Oil & Gas	88,245,089	43,261,000
	<u>980,500,988</u>	<u>910,363,000</u>
Outstanding Claims		
Engineering	68,843,403	24,151,000
Fire	211,125,161	417,920,000
General accident	131,023,935	81,007,000
Marine	51,446,522	52,440,000
Motor	165,971,327	93,977,000
Aviation	67,258,230	49,607,000
Bond	8,733,818	8,099,000
Oil & Gas	359,261,536	212,602,000
Others		-
	<u>1,063,663,932</u>	<u>939,803,000</u>
Outstanding Claims-IBNR		7,052,000
	<u>2,044,164,920</u>	<u>1,857,218,000</u>

18 Borrowing

This is analysed as follow:

	30 Jun 13	31 Dec 12
Daewoo securities JPY Bond	853,909,346	1,072,192,000
	<u>853,909,346</u>	<u>1,072,192,000</u>

19 Property, plants and equipments

	Land - Cost	Building - Cost	Motor Vehicles - Cost	Furniture and fittings - Cost	Computer and other equipments	Building WIP	Total
	N	N	N	N	N	N	N
01-Jan-13							
Cost	285,000,000	1,397,000,000	385,822,000	119,929,000	211,585,000		2,399,336,000
Additions	-	-	108,704,059	1,362,943	3,405,509	5,000,000	118,472,511
Reclassification	-	-	-	-	-		-
Disposals	-	-	-17,818,000	-	-		-17,818,000
30 June 2013	<u>285,000,000</u>	<u>1,397,000,000</u>	<u>476,713,059</u>	<u>121,291,943</u>	<u>214,990,509</u>	<u>5,000,000</u>	<u>2,499,990,511</u>
Accumulated depreciation							
01-Jan-13	-	60,790,000	323,760,000	57,406,000	161,734,000		603,690,000
Depreciation expenses	-	13,969,995	29,246,231	5,346,514	10,809,310		59,372,050
Disposals	-	-	-16,888,000	-	-		-16,888,000
30 June 2013	<u>-</u>	<u>74,759,995</u>	<u>336,118,231</u>	<u>62,752,514</u>	<u>172,543,310</u>	<u>-</u>	<u>646,174,050</u>
30 June 2013	<u>285,000,000</u>	<u>1,322,240,005</u>	<u>140,594,828</u>	<u>58,539,429</u>	<u>42,447,199</u>	<u>5,000,000</u>	<u>1,853,821,461</u>
30 December 2013	<u>285,000,000</u>	<u>1,301,773,000</u>	<u>62,061,000</u>	<u>62,523,000</u>	<u>39,376,000</u>	<u>-</u>	<u>1,750,733,000</u>

20 Deferred tax asset

Movements in temporary differences during the year

	Opening	Recognised in equity	Closing balance
Deferred tax asset			
Opening Balance	106,873,000	-	106,873,000
Provision for staff gratuity	-	-	-
Deferred tax liability	<u>106,873,000</u>	<u>0</u>	<u>106,873,000</u>

21 Taxation

This is analysed as follow:

	30 Jun 13	31 Dec 12
At 1 January	270,414,000	189,222,000
The movement in income tax in the year is as follow:		
Payment during the year	-47,196,144	-39,000,000
Education tax	-	-
Tax expense for the year	<u>218,230,474</u>	<u>120,192,000</u>
	<u>441,448,330</u>	<u>270,414,000</u>

22 Share capital

	30 Jun 13	30 Jun 12
(a) Authorised shares	8,500,000,000	8,500,000,000
Ordinary shares of 50k each		
Share capital	<u>5,996,586,725</u>	<u>5,996,586,725</u>

The movement in share capital is as follow:

Balance, beginning of year	5,996,586,725	5,996,586,725
Addition during the year	-	-
Balance, end of year	<u>5,996,586,725</u>	<u>5,996,586,725</u>

(b) Authorised shares	8,500,000,000	8,500,000,000
Irredeemable Preference shares of N1 each		
Preference shares	<u>-</u>	<u>0</u>

The movement in share capital is as follow:

Balance, beginning of year	-	0
Addition during the year	-	-
Balance, end of year	<u>-</u>	<u>0</u>

23 Share premium

The movement in share premium is as follow:

	<u>15,852,048,820</u>	<u>15,852,048,820</u>
Balance, beginning of year	15,852,048,820	15,852,048,820
Addition during the year	-	-
Balance, end of year	<u>15,852,048,820</u>	<u>15,852,048,820</u>

24 Other reserves

This comprises of:

(i) Assets revaluation reserve	896,011,000	896,011,000
(ii) Capital reserve	-	-
(iii) Contingency reserve	1,014,912,066	996,312,000
(vi) Retained earnings	<u>-9,734,826,990</u>	<u>-10,133,874,000</u>
	<u>-7,823,903,924</u>	<u>-8,241,551,000</u>

The movement in retained earnings is as follow:

Balance beginning of the year	-10,133,877,000	-7,944,748,000
Profit for the year	399,050,010	-2,024,230,000
Transfer from ret. Earnings	-	-
Fair Value Gain	-	-164,899,000
Preference dividend due	-	-
Balance end of year	<u>-9,734,826,990</u>	<u>-10,133,877,000</u>

25 Gross premium	30 Jun 13	31 Dec 12
Aviation	501,690,802	184,280,000
Engineering	96,088,802	273,383,000
Fire	233,348,251	394,423,000
General accident	326,601,566	1,355,770,000
Marine	154,510,958	969,542,000
Motor accident	483,848,601	1,347,281,000
Bonds	9,322,370	66,168,000
Oil & gas	54,518,251	876,350,000
	<u>1,859,929,601</u>	<u>5,467,197,000</u>

Inward reinsurance premium

Engineering	26,277,053	5,720,000
Fire facultative	63,812,891	4,255,000
General accident	89,314,534	15,343,000
Marine facultative	42,253,546	1,571,000
Motor facultative	132,316,304	2,564,000
Special risk	154,653,806	-
	<u>508,628,134</u>	<u>29,453,000</u>
	<u>2,368,557,735</u>	<u>5,496,650,000</u>

26 Commission earned	30 Jun 13	31 Dec 12
Aviation	679,537	9,170,000
Engineering	647,680	7,150,000
Fire	2,442,971	12,899,000
General accident	434,091	8,157,000
Marine	2,430,735	19,889,000
Motor	69,781	6,500,000
Bond	27,970	5,659,000
Oil & gas treaty	6,656,311	21,544,000
	<u>13,389,077</u>	<u>90,968,000</u>

27 Impairment charges	30 Jun 13	31 Dec 12
Impairment charges is made up of the following:		
Provision for bad and doubtful debt	-	-
Provision for diminution in value	-	-2,805,413,000
Provision - others	-	-358,959,000
	<u>-</u>	<u>-3,164,372,000</u>

28 Net claims incurred	30 Jun 13	31 Dec 12
Claim paid	-359,691,369	-770,840,000
Outstanding Claims increase/(decrease)	-85,700,088	-595,128,000
	<u>-445,391,457</u>	<u>-1,365,968,000</u>
Claims recoveries	25,915,601	454,609,000
Claims incurred but not reported		-1,534,000
	<u>-419,475,856</u>	<u>-912,893,000</u>

29 Underwriting expenses	30 Jun 13	31 Dec 12
Aviation	-11,926,647	-100,875,000
Engineering	-25,301,913	-85,979,000
Fire	-39,963,946	-98,700,000
General accident	-211,430,024	-185,479,000
Marine	-29,200,315	-165,248,000
Motor	-53,384,508	-335,338,000
Bond	-759,814	-74,353,000
Oil & gas	-286,334	-96,813,000
Business Acquisition Expenses	-264,887,980	-16,444,000
Business Development/Marketing exp	-159,774,598	-393,621,000
	<u>-796,916,080</u>	<u>-1,552,850,000</u>
Aviation	-	-
Engineering	-251,345	-
Fire	-81,750	-
General accident	-947,875	-
Marine	-	-
Motor	-	-
Bond	-	-
Oil & gas	-	-
Deferred Commission	-	35,396,000
	<u>-1,280,970</u>	<u>35,396,000</u>
	<u>-798,197,050</u>	<u>-1,517,454,000</u>
30 Re-insurance outward	30 Jun 13	31 Dec 12
Aviation	-6,332,600	-50,658,000
Engineering	-9,349,348	-36,706,000
Fire	-33,628,410	-67,889,000
General accident	-68,161	-42,931,000
Marine	-48,078,564	-104,680,000
Motor	-385,591	-33,500,000
Motor Private	-	-
Oil and gas	-150,465,798	-114,809,000
Bonds	-2,041,883	-29,785,000
	<u>-250,350,356</u>	<u>-480,958,000</u>
31 Other net income	30 Jun 13	31 Dec 12
Other Ins. Exps - Motor Insurance Cert.	-	-
Other Ins. Exp. Ecowas Brown Card	-	-
Other Underwriting Expenses	-	-
Interest income	22,630,357	183,563,000
Lease Rental Income #		10,000,000
Dividend #		973,000
Other income	2,040,438	13,532,000
Exchange gain/loss	119,623,140	-
	<u>144,293,936</u>	<u>208,068,000</u>

32 Unexpired risk charges	30 Jun 13	31 Dec 12
Engineering	-5,504,719	24,306,000
Fire	-1,913,926	4,442,000
General accident	-20,640,007	34,270,000
Marine/Aviation	433,264	-12,785,000
Motor	19,175,875	-75,379,000
Aviation	7,373,371	-19,119,000
Bonds	454,807	-27,891,000
Oil & gas	-43,260,551	-43,261,000
	<u>-43,881,887</u>	<u>-115,417,000</u>
33 Management expenses	30 Jun 13	31 Dec 12
Salaries and allowance	-149,635,041	-397,134,000
Other staff cost	-32,127,655	-74,927,000
Directors fees and allowances	-14,994,167	-30,616,000
Insurance Expenses	-7,076,531	-24,826,000
Rent and Rates	-15,556,322	-22,602,000
Repairs and Maintenance	-90,119,311	-211,092,000
Depreciation	-59,371,994	-139,723,000
Amortisation of computer software	-3,660,547	-
Professional Fees	-53,641,378	-73,220,000
Finance and Other charges	-50,338,194	-243,672,000
Taxation	-5,869,019	-
Printing and Stationery	-6,981,008	-20,134,000
Advertisement	-6,941,285	-10,221,000
Books and Periodicals	-542,150	-952,000
Entertainment	-1,421,998	-
Telephone and Postages	-19,170,626	-26,365,000
Other Administrative Expenses	-45,396,453	-69,417,000
Supervisory levies	-	-38,440,000
Staff Training and Development	-7,754,532	-19,225,000
Audit fees	-	-9,000,000
Corporate Expenses	-15,028,109	-59,857,000
Travelling, Outstation and Hotel expense	-51,985,595	-95,234,000
Annual General Meeting Expenses	-3,208,041	-10,470,000
	<u>-640,819,958</u>	<u>-1,577,127,000</u>
34 Income tax	30 Jun 13	31 Dec 12
Education tax	-12,470,313	-13,144,000
Company income tax	-187,054,692	-107,048,000
Deferred tax expense	-18,705,469	-17,855,000
Income tax	<u>-218,230,474</u>	<u>-138,047,000</u>

35 BUSINESS SEGMENT INFORMATION

The Company currently identifies product lines as its operating segments. These operating segments are monitored by the company's Managing Director who makes strategic decisions on the basis of segment operational needs and results.

The Company operates principally in non life general insurance business. Its major products are aviation, engineering, fire, general accident, marine, motor, bond and oil and gas policies.

The results of the segments' operations for the year which includes items directly attributable to each segment as well as those items that can be allocated on a reasonable basis are highlighted below:

	Aviation =N='000	Engineering =N='000	Fire =N='000	General Accident =N='000	Marine =N='000	Motor =N='000	Bond =N='000	Oil & Gas =N='000	JUNE 2013 =N='000	JUNE 2012 =N='000
Premium Income										
Premium written	501,691	122,365	297,160	415,915	196,763	616,164	9,322	209,171	2,368,551	3,933,661
(Increase)/Decrease in Unearned premium	7,373	(5,505)	(1,914)	(20,640)	433	19,176	455	(43,261)	(43,883)	(74,203)
Gross Premium written in the year	509,064	116,860	295,246	395,275	197,196	635,340	9,777	165,910	2,324,668	3,859,458
Reinsurance premium expenses	(6,332)	(9,349)	(33,628)	(68)	(48,078)	(385)	(2,041)	(150,465)	(250,346)	(104,214)
Net premium written	502,732	107,511	261,618	395,207	149,118	634,955	7,736	15,445	2,074,322	3,755,244
Commission received on reinsurance	679	647	2,442	434	2,430	69	27	6,656	13,388	49,680
Underwriting income	503,411	108,158	264,060	395,641	151,548	635,024	7,763	22,101	2,087,710	3,804,924
Less Expenses										
Claims										
Claim paid		13,126	48,237	42,329	24,167	199,261		32,568	359,688	347,145
(Decrease)/Increase in provision for outstanding claims	368	857	22,282	3,700	1,074	2,571		54,848	85,700	27,643
	368	13,983	70,519	46,029	25,241	201,832	-	87,416	445,388	374,788
Claims expenses recoveries from reinsurers		(73)		(19,627)		(6,215)			(25,915)	(68,457)
Net Claims expenses	368	13,910	70,519	26,402	25,241	195,617	-	87,416	419,473	306,331
Underwriting expenses										
Commission paid less deferred cost	11,927	25,553	40,044	212,378	29,200	53,385	759	286	373,532	507,746
Other business acquisition cost	114,548	21,939	53,279	74,571	35,278	110,474	2,128	12,448	424,664	311,240
Total underwriting expenses	126,475	47,492	93,323	286,949	64,478	163,859	2,887	12,734	798,196	818,986
Total Expenses	126,843	61,402	163,842	313,351	89,719	359,476	2,887	100,150	1,217,669	1,125,317
Underwriting profit 2013	376,568	46,756	100,218	82,290	61,829	275,548	4,876	(78,049)	870,041	2,679,607