

**STANDARD ALLIANCE INSURANCE PLC -  
QUARTER 3**

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

**STANDARD ALLIANCE INSURANCE PLC - QUARTER 3**

**STATEMENT OF FINANCIAL POSITION**

**30 September 2013**

|                                           | Notes | 30 Sep 13<br>N       | 31-Dec-12<br>N       |
|-------------------------------------------|-------|----------------------|----------------------|
| <b>ASSETS</b>                             |       |                      |                      |
| Cash and cash equivalent                  | 4     | 847,481,939          | 316,589,000          |
| Financial assets at fair value thr. P & L | 5     | 76,279,625           | 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     | 145,226,585          | 1,206,008,203        |
| Investment in associates                  | 9     | 1,123,289,599        | 1,123,290,000        |
| Reinsurance assets                        | 10    | 815,193,119          | 641,965,000          |
| Deferred commission                       | 11    | 222,913,137          | 140,727,991          |
| Statutory deposit                         | 12    | 335,000,000          | 335,000,000          |
| Property plant and equipment              | 19    | 1,912,333,217        | 1,750,733,000        |
| Intangible assets                         | 13    | 13,445,964           | 18,937,336           |
| <b>Total assets</b>                       |       | <b>8,799,653,061</b> | <b>8,932,071,751</b> |
| <b>LIABILITIES</b>                        |       |                      |                      |
| Trade and other payables                  | 14    | 25,057,016           | 56,535,000           |
| Other Liabilities                         | 15    | 56,934,325           | 678,227,000          |
| Finance lease obligation                  | 16    | 68,182,436           | 17,765,000           |
| Deferred tax liabilities                  | 20    | 106,873,000          | 106,873,000          |
| Taxation                                  | 21    | 342,290,448          | 270,414,000          |
| Insurance contract liabilities            | 17    | 1,841,188,806        | 1,857,218,000        |
| Borrowing                                 | 18    | 853,909,346          | 1,072,192,000        |
| <b>Total liabilities</b>                  |       | <b>3,294,435,377</b> | <b>4,059,224,000</b> |
| <b>Equity</b>                             |       |                      |                      |
| 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    | 1,123,456,944        | 999,663,206          |
| Retained earnings                         | 24    | (9,625,300,805)      | (10,133,877,000)     |
| Treasury Shares                           |       | (8,737,585,000)      | (8,737,585,000)      |
| <b>Total equities</b>                     |       | <b>5,505,217,684</b> | <b>4,872,847,751</b> |
| <b>Total liabilities and equities</b>     |       | <b>8,799,653,061</b> | <b>8,932,071,751</b> |

STANDARD ALLIANCE INSURANCE PLC - QUARTER 3

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

|                                                    | Notes | 30 Sep 13<br>N       | 31-Dec-12<br>N         |
|----------------------------------------------------|-------|----------------------|------------------------|
| Gross premium                                      | 25    | 3,563,421,200        | 5,496,650,000          |
| Reinsurance cost                                   | 30    | (400,869,358)        | (480,958,000)          |
| Unexpired risk charges                             | 32    | (19,881,887)         | (115,417,000)          |
| <b>Net premium written</b>                         |       | <b>3,142,669,955</b> | <b>4,900,275,000</b>   |
| Commission earned                                  | 26    | 20,961,026           | 90,968,000             |
| <b>Underwriting income</b>                         |       | <b>3,163,630,981</b> | <b>4,991,243,000</b>   |
| Net claims incurred                                | 28    | (436,190,048)        | (912,893,000)          |
| Underwriting expenses                              | 29    | (953,329,730)        | (1,517,454,000)        |
|                                                    |       | (1,389,519,778)      | (2,430,347,000)        |
| <b>Underwriting profit</b>                         |       | <b>1,774,111,203</b> | <b>2,560,896,000</b>   |
| Other net income                                   | 31    | 168,108,621          | 208,068,000            |
| <b>Net operating income</b>                        |       | <b>1,942,219,824</b> | <b>2,768,964,000</b>   |
| Management expenses                                | 33    | (1,007,336,193)      | (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             |
| <b>Profit before taxation</b>                      |       | <b>934,883,631</b>   | <b>(1,886,183,000)</b> |
| Information technology development levy            |       | (9,348,836)          | -                      |
| Income tax expense                                 | 34    | (289,813,926)        | (138,047,000)          |
| <b>Profit after taxation</b>                       |       | <b>635,720,869</b>   | <b>(2,024,230,000)</b> |
| <b>Other comprehensive income/(loss)</b>           |       |                      |                        |
| Fair value loss through OCI                        |       |                      |                        |
| Income tax relating to components of other compreh |       | 0                    | 0                      |
| Total other comprehensive income                   |       | 0                    | 0                      |
| <b>Total comprehensive income for the year</b>     |       | <b>635,720,869</b>   | <b>-2,024,230,000</b>  |

## Statement of changes in equity

|                              | 30 September 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          | -                 | -                 | -              | -                   | -               | -               | -                   | 635,720,869       | 635,720,869     |
| Transfers for the year       | -                 | -                 | -              | -                   | -               | -               | 127,144,174         | (127,144,174)     | -               |
| Dividends to equity holders  | -                 | -                 | -              | -                   | -               | -               | -                   | -                 | -               |
| Balance at 30 September 2013 | 5,996,586,725     | -                 | 15,852,048,820 | 896,011,000         | -               | (8,737,585,000) | 1,123,456,944       | (9,625,300,805)   | 5,505,217,684   |
|                              |                   |                   |                |                     |                 |                 |                     |                   |                 |
|                              | 31 December 2012  |                   |                |                     |                 |                 |                     |                   |                 |
|                              | Share capital     | Preference shares | Share premium  | Revaluation Reserve | Capital reserve |                 | Contingency reserve | Retained earnings | Total           |
| Balance at 1 January 2012    | 5,996,586,725     | -                 | 15,852,048,820 | 896,011,000         | -               |                 | 834,764,206         | (7,944,748,000)   | 15,634,662,751  |
| 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         | -               |                 | 999,663,206         | (10,133,877,000)  | 13,610,432,751  |

**4 Cash and Cash Equivalents**

This comprises of:

|                               | <b>30 Sep 13</b>   | <b>31 Dec 12</b>   |
|-------------------------------|--------------------|--------------------|
| Bank balances                 | 77,753,640         | 82,497,000         |
| Fixed income deposit          | 129,361,537        | -                  |
| Domiciliary Account           | 114,805,191        | 139,319,000        |
| Deposits with other fin. Inst | 515,241,931        | 599,184,000        |
| Petty Cash                    | 10,319,640         | -                  |
|                               | 847,481,939        | 821,000,000        |
| Impairment                    |                    | -504,411,000       |
| <b>Total</b>                  | <b>847,481,939</b> | <b>316,589,000</b> |

**5 Financial assets at fair value through P &L**

|                                  | <b>30 Sep 13</b>  | <b>31 Dec 12</b>  |
|----------------------------------|-------------------|-------------------|
| Quoted shares                    | 334,433,219       | 334,433,219       |
|                                  | 334,433,219       | 334,433,219       |
| Fair value loss on quoted shares | -258,153,594      | -284,102,000      |
|                                  | <b>76,279,625</b> | <b>50,331,219</b> |

**6 Financial assets available for sale**

|                  | <b>30 Sep 13</b>     | <b>31 Dec 12</b>     |
|------------------|----------------------|----------------------|
| 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  | -                    | -                    |
|                  | <b>1,913,489,875</b> | <b>1,913,490,000</b> |

**7 Non-Current Assets Held for Sale**

|                                   | <b>30 Sep 13</b>     | <b>31 Dec 12</b>     |
|-----------------------------------|----------------------|----------------------|
| Non-Current Assets Held for Sales | 1,395,000,000        | 1,435,000,000        |
|                                   | <b>1,395,000,000</b> | <b>1,435,000,000</b> |

**8 Trade and other receivables**

The balance is analysed as

(i) follow:

|                                         | <b>30 Sep 13</b>   | <b>31 Dec 12</b>     |
|-----------------------------------------|--------------------|----------------------|
| Prepayment                              | 6,427,196          | 20,282,000           |
| Interbranch current account             | 1,580,058          | 506,997,203          |
| Premium debtors                         | -                  | 642,257,000          |
| Staff debtors                           | 19,343,690         | 30,170,000           |
| Other receivables                       | 117,875,641        | 6,302,000            |
|                                         | 145,226,585        | 1,206,008,203        |
| Provision for doubtful debts and others |                    |                      |
|                                         | <b>145,226,585</b> | <b>1,206,008,203</b> |

**9 Investment in associates**

This comprises of:

|                                          | <b>30 Sep 13</b>     | <b>31 Dec 12</b>     |
|------------------------------------------|----------------------|----------------------|
| Standard Alliance Life Assurance Limited | 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              | -1,716,710,000       | -1,716,710,000       |
|                                          | <u>1,123,289,599</u> | <u>1,123,290,000</u> |

**Share of loss of associates**

This is analysed as follow:

|                                      | <b>30 Sep 13</b>      | <b>31 Dec 12</b>      |
|--------------------------------------|-----------------------|-----------------------|
| Standard Alliance Life Limited       | -853,678,000          | -853,678,000          |
| Standard Alliance Capital Limited    | -353,509,000          | -353,509,000          |
| Standard Alliance Pension Limited    | -260,000,000          | -260,000,000          |
| Standard Alliance Properties Limited | -249,523,000          | -249,523,000          |
|                                      | <u>-1,716,710,000</u> | <u>-1,467,187,000</u> |

**10 Reinsurance assets**

|                    | <b>30 Sep 13</b>   | <b>31 Dec 12</b>   |
|--------------------|--------------------|--------------------|
| Reinsurance assets | 815,193,119        | 641,965,000        |
|                    | <u>815,193,119</u> | <u>641,965,000</u> |

**11 Deferred Commission**

|                  | <b>30 Sep 13</b>   | <b>31 Dec 12</b>   |
|------------------|--------------------|--------------------|
| Motor vehicles   | 62,154,396         | 39,238,887         |
| Aviation         | 8,884,989          | 5,609,210          |
| Engineering      | 34,219,629         | 21,603,301         |
| Fire             | 37,934,115         | 23,948,305         |
| General accident | 39,081,489         | 24,672,657         |
| Marine           | 22,062,796         | 13,928,533         |
| Bonds            | 11,287,030         | 7,125,650          |
| Oil & Gas        | 7,288,694          | 4,601,448          |
|                  | <u>222,913,137</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

|                                 |                   |
|---------------------------------|-------------------|
| <b>Cost</b>                     |                   |
| <b>Beginning of year</b>        | 36,605,469        |
| Additions                       | -                 |
| Disposals                       |                   |
| <b>End of year</b>              | <u>36,605,469</u> |
| <b>Accumulated amortisation</b> |                   |
| <b>Beginning of year</b>        | -                 |
| Amortisation                    | 23,159,505        |
| Disposals                       |                   |
| <b>End of year</b>              | <u>23,159,505</u> |
| Net book                        |                   |
| <b>30 September 2013</b>        | <u>13,445,964</u> |
| <b>31 December 2012</b>         | <u>18,937,336</u> |

### 14 Trade creditor and other payables

This is analysed as follow:

|                              | <u>30 Sep 13</u>  | <u>31 Dec 12</u>  |
|------------------------------|-------------------|-------------------|
| Premium deposit              | 25,036,746        | 56,535,000        |
| Premium payable - brown card | 20,270            | -                 |
|                              | <u>25,057,016</u> | <u>56,535,000</u> |

### 15 Other Liabilities

This is analysed as follow:

|                                         | <u>30 Sep 13</u>  | <u>31 Dec 12</u>   |
|-----------------------------------------|-------------------|--------------------|
| Bank Overdraft                          | -                 | 95,264,000         |
| Payroll creditors                       | 3,543,033         | -                  |
| Salary control account                  | 6,176,121         | -                  |
| Withholding tax                         | 1,360,247         | -                  |
| Accrued expenses                        | 10,703,149        | 32,011,000         |
| Commission payable                      | -14,922,172       | -                  |
| Other credit balances                   | 13,552,765        | 112,502,000        |
| Information technology development levy | 8,160,728         | -                  |
| Withholding tax                         | 5,869,347         | 24,038,000         |
| Value added tax                         | -29,142           | -                  |
| 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               | 1,606,750         | -                  |
| Subsidiary creditors                    | -110,872          | -                  |
|                                         | <u>56,934,325</u> | <u>678,227,000</u> |

**16 Finance lease obligation**

This is analysed as follow:

|                | <b>30 Sep 13</b>  | <b>31 Dec 12</b>     |
|----------------|-------------------|----------------------|
| Unpaid capital | 68,182,436        | 17,765,000           |
|                | <b>68,182,436</b> | <b>17,765,000.00</b> |

**17 Insurance contract liabilities**

This is analysed as follow:

|                           | <b>30 Sep 13</b>     | <b>31 Dec 12</b>     |
|---------------------------|----------------------|----------------------|
| <b>Unexpired Risk</b>     |                      |                      |
| Engineering               | 110,042,116          | 117,610,000          |
| Fire                      | 100,038,288          | 93,804,000           |
| General accident          | 150,057,431          | 117,871,000          |
| Marine                    | 130,049,774          | 120,224,000          |
| Motor                     | 380,145,493          | 370,583,000          |
| Aviation                  | 10,003,829           | 19,119,000           |
| Bond                      | 30,011,486           | 27,891,000           |
| Oil & Gas                 | 90,034,459           | 43,261,000           |
|                           | <b>1,000,382,875</b> | <b>910,363,000</b>   |
| <b>Outstanding Claims</b> |                      |                      |
| Engineering               | 73,502,697           | 24,151,000           |
| Fire                      | 204,805,912          | 417,920,000          |
| General accident          | 82,714,587           | 81,007,000           |
| Marine                    | 40,193,464           | 52,440,000           |
| Motor                     | 118,063,192          | 93,977,000           |
| Aviation                  | 67,258,230           | 49,607,000           |
| Bond                      | 5,500,000            | 8,099,000            |
| Oil & Gas                 | 248,767,850          | 212,602,000          |
|                           | <b>840,805,931</b>   | <b>939,803,000</b>   |
| Outstanding Claims-IBNR   |                      | 7,052,000            |
|                           | <b>1,841,188,806</b> | <b>1,857,218,000</b> |

**18 Borrowing**

This is analysed as follow:

|                            | <b>30 Sep 13</b>   | <b>31 Dec 12</b>     |
|----------------------------|--------------------|----------------------|
| Daewoo securities JPY bond | 853,909,346        | 1,072,192,000        |
|                            | <b>853,909,346</b> | <b>1,072,192,000</b> |

## 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°                   |
| <b>1 January 2013</b>           |                    |                      |                       |                               |                               |                   |                      |
| Cost                            | 285,000,000        | 1,397,000,000        | 385,822,000           | 119,929,000                   | 211,585,000                   |                   | 2,399,336,000        |
| Additions                       | -                  | -                    | 153,211,852           | 1,822,943                     | 31,293,957                    | 20,201,700        | 206,530,452          |
| Reclassification                | -                  | -                    | -                     | -                             | -                             |                   | -                    |
| Disposals                       | -                  | -                    | -17,818,000           | -                             | -                             |                   | -17,818,000          |
| <b>30 September 2013</b>        | <u>285,000,000</u> | <u>1,397,000,000</u> | <u>521,215,852</u>    | <u>121,751,943</u>            | <u>242,878,957</u>            | <u>20,201,700</u> | <u>2,588,048,452</u> |
| <b>Accumulated depreciation</b> |                    |                      |                       |                               |                               |                   |                      |
| <b>1 January 2013</b>           | -                  | 60,790,000           | 323,760,000           | 57,406,000                    | 161,734,000                   |                   | 603,690,000          |
| Depreciation expenses           | -                  | 20,954,995           | 42,378,230            | 8,031,511                     | 17,548,498                    |                   | 88,913,235           |
| Disposals                       | -                  | -                    | -16,888,000           | -                             | -                             |                   | -16,888,000          |
| <b>30 September 2013</b>        | <u>-</u>           | <u>81,744,995</u>    | <u>349,250,230</u>    | <u>65,437,511</u>             | <u>179,282,498</u>            | <u>-</u>          | <u>675,715,235</u>   |
| <b>30 September 2013</b>        | <u>285,000,000</u> | <u>1,315,255,005</u> | <u>171,965,621</u>    | <u>56,314,432</u>             | <u>63,596,459</u>             | <u>20,201,700</u> | <u>1,912,333,217</u> |
| <b>31 December 2012</b>         | <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    |
|-------------------------------|--------------------|----------------------|--------------------|
| <b>Deferred tax asset</b>     |                    |                      |                    |
| Opening Balance               | 106,873,000        | -                    | 106,873,000        |
| Provision for staff gratuity  | -                  | -                    | -                  |
| <b>Deferred tax liability</b> | <u>106,873,000</u> | <u>0</u>             | <u>106,873,000</u> |

**21 Taxation**

|                                                      | 30 Sep 13          | 31 Dec 12          |
|------------------------------------------------------|--------------------|--------------------|
| This is analysed as follow:                          |                    |                    |
| At 1 January                                         | 270,414,000        | 189,222,000        |
| The movement in income tax in the year is as follow: |                    |                    |
| Payment during the year                              | -217,937,477       | -39,000,000        |
| Education tax                                        |                    |                    |
| Tax expense for the year                             | <u>289,813,926</u> | <u>120,192,000</u> |
|                                                      | <u>342,290,448</u> | <u>270,414,000</u> |

**22 Share capital**

|                             | 30 Sep 13            | 31 Dec 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>-</u>      |

The movement in share capital is as follow:

|                            |          |          |
|----------------------------|----------|----------|
| Balance, beginning of year | -        | -        |
| Addition during the year   | -        | -        |
| Balance, end of year       | <u>-</u> | <u>-</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      | 1,123,456,944         | 996,312,000            |
| (vi) Retained earnings         | <u>-9,498,156,131</u> | <u>-10,133,874,000</u> |
|                                | <u>-7,478,688,187</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           | 635,720,869           | -2,024,230,000         |
| Transfer from ret. Earnings   | -                     | -                      |
| Fair Value Gain               | -                     | -164,899,000           |
| Preference dividend due       | -                     | -                      |
| <b>Balance end of year</b>    | <u>-9,498,156,131</u> | <u>-10,133,877,000</u> |

| 25 Gross premium                                | 30 Sep 13            | 31 Dec 12             |
|-------------------------------------------------|----------------------|-----------------------|
| Aviation                                        | 520,417,628          | 184,280,000           |
| Engineering                                     | 135,810,947          | 273,383,000           |
| Fire                                            | 296,302,354          | 394,423,000           |
| General accident                                | 420,728,059          | 1,355,770,000         |
| Marine                                          | 268,377,932          | 969,542,000           |
| Motor accident                                  | 759,779,573          | 1,347,281,000         |
| Bonds                                           | 41,380,621           | 66,168,000            |
| Oil & gas                                       | 268,693,236          | 876,350,000           |
|                                                 | <u>2,711,490,351</u> | <u>5,467,197,000</u>  |
| <b>Inward reinsurance premium</b>               |                      |                       |
| Engineering                                     | 42,670,827           | 5,720,000             |
| Fire facultative                                | 93,096,078           | 4,255,000             |
| General accident                                | 132,189,743          | 15,343,000            |
| Marine facultative                              | 84,322,424           | 1,571,000             |
| Motor facultative                               | 238,717,300          | 2,564,000             |
| Special risk                                    | 260,934,477          | -                     |
|                                                 | 851,930,849          | 29,453,000            |
|                                                 | <u>3,563,421,200</u> | <u>5,496,650,000</u>  |
| <br>                                            |                      |                       |
| 26 Commission earned                            | 30 Sep 13            | 31 Dec 12             |
| Aviation                                        | 585,135              | 9,170,000             |
| Engineering                                     | 572,409              | 7,150,000             |
| Fire                                            | 2,226,167            | 12,899,000            |
| General accident                                | 4,379,210            | 8,157,000             |
| Marine                                          | 2,181,133            | 19,889,000            |
| Motor                                           | 5,370,785            | 6,500,000             |
| Bond treaty                                     | 35,795               | 5,659,000             |
| Oil & gas treaty                                | 5,610,391            | 21,544,000            |
|                                                 | <u>20,961,026</u>    | <u>90,968,000</u>     |
| <br>                                            |                      |                       |
| 27 Impairment charges                           | 30 Sep 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> |
| <br>                                            |                      |                       |
| 28 Net claims incurred                          | 30 Sep 13            | 31 Dec 12             |
| Claim paid                                      | - 693,848,388        | -770,840,000          |
| Outstanding Claims increase/(decrease)          | 222,858,001          | -595,128,000          |
|                                                 | - 470,990,387        | -1,365,968,000        |
| Claims recoveries                               | 34,800,338           | 454,609,000           |
| Claims incurred but not reported                |                      | -1,534,000            |
|                                                 | <u>- 436,190,048</u> | <u>-912,893,000</u>   |

| <b>29 Underwriting expenses</b>         | <b>30 Sep 13</b>    | <b>31 Dec 12</b>      |
|-----------------------------------------|---------------------|-----------------------|
| Aviation                                | - 15,940,844        | -100,875,000          |
| Engineering                             | - 36,254,870        | -85,979,000           |
| Fire                                    | - 56,201,398        | -98,700,000           |
| General accident                        | - 84,939,130        | -185,479,000          |
| Marine                                  | - 59,078,264        | -165,248,000          |
| Motor                                   | - 90,725,439        | -335,338,000          |
| Bond                                    | - 7,729,497         | -74,353,000           |
| Oil & gas                               | - 2,047,285         | -96,813,000           |
| Business Acquisition Expenses           | - 208,688,863       | -16,444,000           |
| Business Development/Marketing exp      | - 390,443,170       | -393,621,000          |
|                                         | - 952,048,760       | -1,552,850,000        |
| Aviation                                | -                   | -                     |
| Engineering                             | - 251,345           | -                     |
| Fire                                    | - 81,750            | -                     |
| General accident                        | - 947,875           | -                     |
| Marine                                  | -                   | -                     |
| Motor                                   | -                   | -                     |
| Bond                                    | -                   | -                     |
| Oil & gas                               | -                   | -                     |
| Deferred Commission                     |                     | 35,396,000            |
|                                         | -1,280,970          | 35,396,000            |
|                                         | <u>-953,329,730</u> | <u>-1,517,454,000</u> |
| <b>30 Re-insurance outward</b>          | <b>30 Sep 13</b>    | <b>31 Dec 12</b>      |
| Aviation                                | -9,012,664          | -50,658,000           |
| Engineering                             | -15,054,307         | -36,706,000           |
| Fire                                    | -54,968,179         | -67,889,000           |
| General accident                        | -70,285             | -42,931,000           |
| Marine                                  | -77,633,321         | -104,680,000          |
| Motor                                   | -513,928            | -33,500,000           |
| Motor Private                           | -2,451,626          | -                     |
| Oil and gas                             | -239,059,539        | -114,809,000          |
| Bonds Treaty                            | -2,105,508          | -29,785,000           |
|                                         | - 400,869,358       | -480,958,000          |
| <b>31 Other net income</b>              | <b>30 Sep 13</b>    | <b>31 Dec 12</b>      |
| Other Ins. Exps - Motor Insurance Cert. | -                   | -                     |
| Other Ins. Exp. Ecovas Brown Card       | -                   | -                     |
| Other Underwriting Expenses             | -                   | -                     |
| Interest income                         | 41,903,052          | 183,563,000           |
| Lease Rental Income                     | -                   | 10,000,000            |
| Dividend                                | -                   | 973,000               |
| Other income                            | 6,501,177           | 13,532,000            |
| Exchange gain/loss                      | 119,704,391         | -                     |
|                                         | <u>168,108,621</u>  | <u>208,068,000</u>    |

| <b>32 Unexpired risk charges</b>         | <b>30 Sep 13</b>      | <b>31 Dec 12</b>      |
|------------------------------------------|-----------------------|-----------------------|
| Engineering                              | - 2,494,063           | 24,306,000            |
| Fire                                     | - 867,156             | 4,442,000             |
| General accident                         | - 9,351,519           | 34,270,000            |
| Marine/Aviation                          | 196,302               | -12,785,000           |
| Motor                                    | 8,688,154             | -75,379,000           |
| Aviation                                 | 3,340,707             | -19,119,000           |
| Bonds                                    | 206,063               | -27,891,000           |
| Oil & gas                                | - 19,600,374          | -43,261,000           |
|                                          | <u>- 19,881,887</u>   | <u>-115,417,000</u>   |
| <b>33 Management expenses</b>            | <b>30 Sep 13</b>      | <b>31 Dec 12</b>      |
| Salaries and allowance                   | -242,316,588          | -397,134,000          |
| Other staff cost                         | -49,626,743           | -74,927,000           |
| Directors fees and allowances            | -41,262,375           | -30,616,000           |
| Insurance Expenses                       | -9,711,621            | -24,826,000           |
| Rent and Rates                           | -21,837,242           | -22,602,000           |
| Repairs and Maintenance                  | -133,534,270          | -211,092,000          |
| Depreciation                             | -88,913,180           | -139,723,000          |
| Amortisation of computer software        | -5,490,820            | -                     |
| Professional Fees                        | -72,097,777           | -73,220,000           |
| Finance and Other charges                | -92,607,451           | -243,672,000          |
| Taxation                                 | -6,294,395            | -                     |
| Printing and Stationery                  | -10,111,978           | -20,134,000           |
| Advertisement                            | -8,241,285            | -10,221,000           |
| Books and Periodicals                    | -831,900              | -952,000              |
| Entertainment                            | -2,684,137            | -                     |
| Telephone and Postages                   | -27,810,340           | -26,365,000           |
| Other Administrative Expenses            | -60,669,738           | -69,417,000           |
| Supervisory levies                       | -17,919,327           | -38,440,000           |
| Staff Training and Development           | -16,799,577           | -19,225,000           |
| Audit fees                               | -                     | -9,000,000            |
| Corporate Expenses                       | -15,875,009           | -59,857,000           |
| Travelling, Outstation and Hotel expense | -79,492,400           | -95,234,000           |
| Annual General Meeting Expenses          | -3,208,041            | -10,470,000           |
|                                          | <u>-1,007,336,193</u> | <u>-1,577,127,000</u> |
| <b>34 Income tax</b>                     | <b>30 Sep 13</b>      | <b>31 Dec 12</b>      |
| Education tax                            | 18,697,673            | -13,144,000           |
| Company income tax                       | -280,465,089          | -107,048,000          |
| Deferred tax expense                     | -28,046,509           | -17,855,000           |
| <b>Income tax</b>                        | <u>-289,813,926</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<br>=N='000 | Engineering<br>=N='000 | Fire<br>=N='000 | General<br>Accident<br>=N='000 | Marine<br>=N='000 | Motor<br>=N='000 | Bond<br>=N='000 | Oil<br>& Gas<br>=N='000 | SEPT<br>2013<br>=N='000 | SEPT<br>2012<br>=N='000 |
|---------------------------------------------------------|---------------------|------------------------|-----------------|--------------------------------|-------------------|------------------|-----------------|-------------------------|-------------------------|-------------------------|
| <b>Premium Income</b>                                   |                     |                        |                 |                                |                   |                  |                 |                         |                         |                         |
| Premium written                                         | 520,417             | 178,480                | 389,398         | 552,917                        | 352,699           | 998,496          | 302,318         | 268,693                 | <b>3,563,418</b>        | 5,160,400               |
| (Increase)/Decrease in Unearned premium                 | 3,340               | (2,494)                | (867)           | (9,357)                        | 196               | 8,688            | 206             | (19,600)                | <b>(19,888)</b>         | (159,392)               |
| <b>Gross Premium written in the year</b>                | <b>523,757</b>      | <b>175,986</b>         | <b>388,531</b>  | <b>543,560</b>                 | <b>352,895</b>    | <b>1,007,184</b> | <b>302,524</b>  | <b>249,093</b>          | <b>3,543,530</b>        | 5,001,008               |
| <b>Reinsurance premium expenses</b>                     | <b>(9,012)</b>      | <b>(15,054)</b>        | <b>(54,968)</b> | <b>(70)</b>                    | <b>(77,633)</b>   | <b>(2,964)</b>   | <b>(2,105)</b>  | <b>(239,059)</b>        | <b>(400,865)</b>        | (210,809)               |
| <b>Net premium written</b>                              | <b>514,745</b>      | <b>160,932</b>         | <b>333,563</b>  | <b>543,490</b>                 | <b>275,262</b>    | <b>1,004,220</b> | <b>300,419</b>  | <b>10,034</b>           | <b>3,142,665</b>        | 4,790,199               |
| Commission received on reinsurance                      | 585                 | 572                    | 2,226           | 4,379                          | 2,181             | 5,370            | 35              | 5,613                   | <b>20,961</b>           | 63,829                  |
| <b>Underwriting income</b>                              | <b>515,330</b>      | <b>161,504</b>         | <b>335,789</b>  | <b>547,869</b>                 | <b>277,443</b>    | <b>1,009,590</b> | <b>300,454</b>  | <b>15,647</b>           | <b>3,163,626</b>        | 4,854,028               |
| <b>Less Expenses</b>                                    |                     |                        |                 |                                |                   |                  |                 |                         |                         |                         |
| <b>Claims</b>                                           |                     |                        |                 |                                |                   |                  |                 |                         |                         |                         |
| Claim paid                                              |                     | 13,518                 | 139,243         | 97,632                         | 41,520            | 305,658          | 3,233           | 93,044                  | <b>693,848</b>          | 645,363                 |
| (Decrease)/Increase in provision for outstanding claims | (572)               | (499)                  | (24,275)        | (4,216)                        | (20,840)          | (29,783)         |                 | (142,672)               | <b>(222,858)</b>        |                         |
|                                                         | (572)               | 13,019                 | 114,968         | 93,416                         | 20,680            | 275,875          | 3,233           | (49,628)                | <b>470,990</b>          | 16,120                  |
| Claims expenses recoveries from reinsurers              |                     | 41                     | 6               | 24,863                         |                   | 9,890            |                 |                         | <b>34,800</b>           | (88,257)                |
| Net Claims expenses                                     | (572)               | 12,978                 | 114,962         | 68,553                         | 20,680            | 265,985          | 3,233           | (49,628)                | <b>436,190</b>          | 573,226                 |
| <b>Underwriting expenses</b>                            |                     |                        |                 |                                |                   |                  |                 |                         |                         |                         |
| Commission paid less deferred cost                      | 15,940              | 36,505                 | 56,282          | 85,886                         | 59,078            | 90,725           | 7,729           | 2,053                   | <b>354,198</b>          | 781,090                 |
| Other business acquisition cost                         | 114,991             | 30,009                 | 65,471          | 92,964                         | 59,301            | 167,881          | 9,144           | 59,370                  | <b>599,131</b>          | 298,670                 |
| <b>Total underwriting expenses</b>                      | <b>130,931</b>      | <b>66,514</b>          | <b>121,753</b>  | <b>178,850</b>                 | <b>118,379</b>    | <b>258,606</b>   | <b>16,873</b>   | <b>61,423</b>           | <b>953,329</b>          | 1,079,760               |
| Total Expenses                                          | 130,359             | 79,492                 | 236,715         | 247,403                        | 135,542           | 524,591          | 20,106          | 15,319                  | 1,389,526               | 1,652,986               |
| <b>Underwriting profit 2013</b>                         | <b>384,971</b>      | <b>82,012</b>          | <b>99,074</b>   | <b>300,466</b>                 | <b>141,901</b>    | <b>484,999</b>   | <b>280,348</b>  | <b>328</b>              | <b>1,774,100</b>        | 3,201,042               |