

INTERNATIONAL ENERGY INSURANCE PLC AND ITS SUBSIDIARY COMPANY
GROUP AND SEPERATE FINANCIAL STATEMENTS,
31 DECEMBER, 2012

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OUR VISION

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

OUR MISSION

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

OUR VALUE

Proficiency

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

Integrity

Transparent honesty in all our dealings with all our stakeholders

Innovation

Constant improvement in our way of doing things.

Dependability

We can be counted on all the time.

Friendliness

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

Corporate information

Chairman	Sir.Patrick Sule Ugboma
Managing Director	Mrs. Roseline Ekeng
Executive Director	Mr.Ifie M.P Sekibo (Resigned 17 August, 2012)
Non-Executive	Mr. Christopher Briggs (mni)
Non-Executive	Chief Glory Emeh
Non-Executive	Mr.Francis Okwedy
Non-Executive	HRH Sanusi Lamido Ado - Bayero
Non-Executive	Alhaji Shehu Badamasi
Non-Executive	Mr.Tosa Ogbomo (Appointed wef 31 May, 2012)
Non-Executive	Mr.Calistus Udakor (Appointed wef 31 May, 2012)
Company Secretary	Mr. Paul Ekpenisi
Registered office	Plot 294, Jide Oki Street, (Off Ligali Ayorinde) Victoria Island, Lagos.
Solicitors	Pius Ogene & Associates Solola & Akpana
Auditors	BDO Professional Services (Chartered Accountants) ADOL House, 15 CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929,GPO, Marina Lagos. www.bdo-ng.com
Actuaries	Alexander Forbes Nigeria Limited FRC/2012/0000000000504
Bankers	Access Bank Plc United Bank for Africa Plc Diamond Bank Plc Keystone Bank Ltd Wema Bank Plc Fidelity Bank Plc Zenith International Bank Plc
RC. No.	6126

RESULTS AT A GLANCE

	Group 2012 N'000	Group 2011 N'000	%Increase/ (Decrease)	Company 2012 N'000	Company 2011 N'000	%Increase/ (Decrease)
Gross Premium	7,542,019	5,105,760	48	6,562,631	4,369,412	50
Underwriting Profit	3,288,479	2,036,136	62	2,649,017	1,785,373	48
Net operating income	4,926,473	4,202,045	17	3,944,481	3,911,958	1
(Loss)/profit before tax	(348,654)	63,312	(651)	(787,058)	333,350	(336)
Taxation	(55,321)	(10,899)	408	(20,588)	(34,319)	(40)
(Loss)/profit after tax	(403,975)	52,413	(871)	(807,646)	299,031	(370)
Total Assets	11,137,181	8,894,557	25	10,118,754	8,454,880	20
Shareholder's funds	398,610	539,527	(26)	398,611	894,142	(55)
Net asset per share (kobo)	0.06	0.08	(26)	0.06	0.14	(55)
Earnings Per Share:						
Basic (Kobo)	(6.34)	0.58	(1,196.43)	(12.58)	4.66	(370.09)
Diluted (Kobo)	(6.34)	0.58	(1,196.43)	(12.58)	4.66	(370.09)

**Statement of Directors' Responsibilities in relation to the Financial Statements
for the Year Ended 31 December 2012**

The directors accept responsibility for the preparation of the annual consolidated financial statements that give a true and fair view of the statement of financial position of the Group and Company at the end of the year and of its profit or loss and other comprehensive income in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Insurance Act, CAP I17, 2004. The responsibilities include ensuring that the Group:

- i keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act, CAP I17, 2004.
- ii establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in compliance with:

- International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the requirements of the Insurance Act, CAP I17, LFN 2004
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
- the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004

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

In the opinion of the Directors, the Group complied with the requirements of International Financial Reporting Standards (IFRS) and in a manner specified by the provisions of the Financial Reporting Council (FRC), Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act, CAP I17, LFN 2004 and relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); however, the requirements of IFRS override the provisions of other Acts where there is conflict.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

.....
Mrs. Roseline Ekeng
Managing Director
FRC/2013/CIIN/00000005328
19 December, 2013

.....
Sir.Patrick Sule Ugboma
Chairman
FRC/2013/IODN/00000005282
19 December, 2013

INTERNATIONAL ENERGY INSURANCE PLC

RC 6126

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report together with the audited financial statements of the group for the year ended 31st December, 2012.

PRINCIPAL ACTIVITIES

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

STATE OF AFFAIRS

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

RESULTS FOR THE YEAR

	Group 31 December 2012 N'000	Company 31 December 2012 N'000
Loss before taxation	(348,654)	(787,058)
Taxation	(55,321)	(20,588)
Loss after taxation	<u>(403,975)</u>	<u>(807,646)</u>
<i>Loss after taxation attributable to owners of the parent</i>	<i>(406,860)</i>	<i>(807,646)</i>
Other comprehensive income	312,115	312,115
<i>Total comprehensive income for the year attributable to owners of the parent</i>	<u><i>(94,745)</i></u>	<u><i>(495,531)</i></u>

DIVIDEND

The Directors do not recommend payment of any dividend for the year ended 31 December, 2012 (2011: nil).

BONUS

The Directors do not recommend issue of any bonus shares for the year ended 31 December 2012 (2011: nil).

FUTURE PROSPECTS

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

DIRECTORS

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

Sir Patrick Sule Ugboma
Mrs. Roseline Ekeng

(Chairman)
Managing Director/CEO

Mr Ifie M.P Sekibo	(Resigned August 17, 2012)
Mr. Christopher Briggs	
Chief Glory Emeh	
Mr. Francis Okwedy	
HRH Sanusi Lamido Ado-Bayero	
Alhaji Shehu Badamasi	
Tosa Ogbomo	(Appointed 31 st May 2012)
Callistus Udakor	(Appointed 31 st May 2012)

DIRECTORS INTERESTS

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

	Representing	2012 No.	2011 No.
Mr. Ifie M.P Sekibo	Ski Consult	260,190,356	255,329,243
Sir Patrick Sule Ugboma	Chillet Ltd	285,357,221	285,357,221
Roseline Ekeng	-	673,334	673,334

DIRECTORS RETIRING

Alhaji Shehu Badamasi and Mr. Christopher Briggs retire by rotation and being eligible, offer themselves for re-election.

DIRECTORS RESPONSIBILITIES

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

In preparing the financial statements the directors are required to :

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

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

AGENTS AND BROKERS

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

REINSURANCE

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

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

RESEARCH AND DEVELOPMENTS

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

DISABLED PERSONS

The company believes in giving full and fair consideration to all current and prospective staff. No disabled people (2012: Nil) are currently employed by the company. There are procedures in respect for those employees who became disabled, to be assigned duties that are commensurate to their disabilities.

GIFTS AND DONATIONS

The company made charitable donations of N7,450,000 (2011: N10,800,000) during the year under review. The beneficiaries were:-

	N
Nigeria Hockey Federation	5,150,000
Nigeria Employers Consultative Association	300,000
OB Lulu-Briggs Life Foundation	1,500,000
Little Saints Orphanage	500,000
Total	<u>7,450,000</u>

HEALTH AND SAFETY AT WORK OF EMPLOYEES

The company places a high premium on the health and welfare of its employees. Medical facilities are provided for the staff and their families at private hospitals retained within the respective localities of the staff residence. Firefighting equipment have also been installed in strategic positions within the offices of the company. The company incurred N22.9 million (2011: N24.1 million) in providing such medical benefits during the year.

EMPLOYEE INVOLVEMENT AND TRAINING

In addition to in-house training, the company, where necessary sends its employees on various seminars, conference, workshops and courses both locally and abroad. The staff are encouraged to improve themselves academically in any chosen profession, which is relevant to their job. The company refunds a substantial proportion of all expenses incurred on such courses on the successful completion of the course. The company incurred N20.8 million (2011; N9.3 million).

By Order of the Board

Paul Ekpenisi Esq.
Company Secretary
FRC/2013/NBA/00000005283
Lagos, Nigeria
19 December, 2013

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

CORPORATE STRUCTURE

Shareholders Meeting

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

IEI held an Extra-Ordinary General Meeting on the 5th of June, 2012 and decisions affecting the strategic development and direction of the company were taken through a fair and transparent process under the watchful eyes of representatives of regulatory authorities such as the National Insurance Commission, Corporate Affairs Commission, Nigerian Stock Exchange, Securities and Exchange Commission and members of the press.

Board of Directors

The Board comprised of 8 directors at the first half of the year. Two (2) executive directors and six (6) non-executive directors. The later part of the year witnessed the resignation of one (1) executive director and the appointment of two (2) non-executive directors to help steer the company to the path of success. The Board meets regularly to set policies for the operation of the company, and ensures that it maintains a professional relationship with the company's Auditors to promote transparency in financial and non-financial reporting.

Role of the Board

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

The Board meets quarterly to review financial performance and report on the contribution of the various business units to overall performance and consider other matters arising. Adequate advance notice of the meeting, the agenda and reports to be considered are circulated to members. Emergency meetings are convened as the need arises. The board met eight (4) times in the course of the 2012 financial year.

DIRECTORS' ATTENDANCE.

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

BOARD COMMITTEES.

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

The Board Executive Committee

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

The Committee met four times within the year on March 12, 2012; June 11, 2012; September 10, 2012; October 8, 2012 recording full membership attendance.

Board Credit /Investment Committee

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

The members of the committee are as follows

- Mr. Francis Okwedy
- Mr. Ifie Sekibo
- Mr. Christopher Briggs
- Chief Glory Emeh
- Mr. Daniel Ephraim

The Committee met four times within the year on February 2, 2012; March 15, 2012; recording full membership attendance

Board Finance Committee

This committee is mandated with the duty of implementing safeguard measures as recommended from time to time, and to ensure an adequate platform by which the different subsidiaries of the company will protect adequately the finances of the respective subsidiaries.

The members of the committee are as follows

- Mr. Christopher Briggs
- Mr. Francis Okwedy
- HRH Sanusi Ado Bayero
- Mrs Roseline Ekeng

The Committee did not meet within the year.

Board Audit Committee

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

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

This Committee met once within the year on March 15, 2012 recording an attendance of five members.

Board General Administration Committee

This committee of the board is charged with the responsibility to review and make recommendations on all procedural manuals of the company, review and make recommendations on all staff and related matters, approve within set limits, review and make recommendations on branch expansion and/or closures, make recommendations on hiring and firing of General managers and above to the Board and determine and review executive remuneration and specific remuneration package for directors. The committee meets regularly and makes recommendations to the Board.

The members of the committee are as follows

- Chief Glory Emeh
- Mrs. Roseline Ekeng
- Mr. Francis Okwedy
- Mr. Paul Ekpenisi

This Committee met four times within the year on March 15, 2012; May 5, 2012; August 13, 2012; October 8, 2012 recording full membership attendance.

THE MANAGEMENT TEAM

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

Our People

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

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

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

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

COMPLIANCE & DISCLOSURE

We have achieved an 85.7% compliance level in respect of regulatory returns and filings. This was due to non-submission of our Audited Accounts as at June 30, 2013 to the National Insurance Commission. This infringement attracts a fine of N100,000 per week from the due date until the date of submission.

The total sum of N710,000 was paid to National Insurance Commission as infractions and infringements for late submission of monthly returns, failure to revert with information and false information given to them.

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

CORPORATE SOCIAL RESPONSIBILITY

Today's corporate existence goes beyond profitability, service delivery and return on investment. Corporate Social Responsibility (CSR) has become a topical issue in corporate policy framework the world over. This is why IEI has remained relentless through the years in championing eco- friendly projects that have impacted on life and society.

Environment

Care for the environment is at the heart of IEI, that is why in 2012, the company first partnered with the Chief Lulu Bridges Foundation in the completion of the Abalama Safe Water Project in the Kalabari Kingdom of Rivers State. IEI constructed, completed and delivered to the community a top class borehole, to enhance the provision of safe drinking water to the community.

Humanitarian

In March 2012, IEI extended its milk of kindness to the less privileged by donating cash and food items to three motherless babies' homes in Lagos. The company presented the items, including provisions, foods and other commodities to the Little Saints Orphanage at Palm Grove, the Red Cross and the Arrow of God Orphanage in Ajah, Lagos.

The Managing Director/ Chief Executive Officer of IEI, Mrs. Roseline Ekeng, stated that the donations were the company's way of showing care, which is the company's brand equity statement, and we must act it to the letter . She also reiterated the company's promise to make periodic visits to the homes as part of its way of giving back to society.

**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 report for the year ended 31st December 2012 that:

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

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

.....
Roseline Ekeng
Managing Director
FRC/2013/CIIN/00000005328

REPORT OF THE AUDIT COMMITTEE**TO THE SHAREHOLDERS OF INTERNATIONAL ENERGY INSURANCE PLC**

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, we have reviewed the audited financial statements of the Group for the year ended 31st December, 2012 and reports as follows:

- (a) The accounting and reporting policies of the company are consistent within legal requirements and agreed ethical practices.
- (b) The scope and planning of the external audit was adequate.
- (c) The company maintained effective systems of accounting and internal control during the year.
- (d) Having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management responses thereon.

Dated this 17 December 2013

MRS. 'Seyi Ifaturoti
CHAIRMAN - AUDIT COMMITTEE
FRC/2013/CIIN/00000005402

MEMBERS OF THE AUDIT COMMITTEE

- 1. Mrs Seyi Ifaturoti
- 2. Mr. Austin Anono
- 3. Mr. Eleojo Peters
- 4. Mr. Christopher Briggs
- 5. Mr. Francis Okwedy
- 6. Alhaji Shehu Badamasi

Paulinus Ekpenisi
Secretary
FRC/2013/NBA/00000005283

CORPORATE SOCIAL RESPONSIBILITY

Today's corporate existence goes beyond profitability, service delivery and return on investment. Corporate Social Responsibility (CSR), has become a topical issue in corporate policy framework the world over.

This is why IEI has remained unbent through the years in championing eco- friendly projects that have impacted on life and society.

ENVIRONMENT

Care for the environment is at the heart of IEI, that is why in 2012, the company first partnered with the Chief Lulu Bridges Foundation in the completion of the Abalama Safe Water Project in the Kalabari Kingdom of Rivers State. IEI constructed, completed and delivered to the community a top class borehole, to enhance the provision of safe drinking water to the community.

HUMANITARIAN

In March 2012, IEI extended its milk of kindness to the less privileged by donating cash and food items to three motherless babies' homes in Lagos. The company presented the items, including provisions, foods and other commodities to the Arrow of God Orphanage in Ajah, Lagos.

The Managing Director/ Chief Executive Officer of IEI, Mrs. Roseline Ekeng, stated that the donations were the company's way of showing care, which is the company's brand equity statement, and we must act it to the letter . She also reiterated the company's promise to make periodic visits to the homes as part of its way of giving back to society.

Management Discussion and Analysis

The nature of the business

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

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

Management Objectives:

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

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

Our strategies:

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

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

Our Human Resource:

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

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

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC

We have audited the separate and consolidated financial statements of International Energy Insurance Plc ("the company") and its subsidiary (together "the group") for the financial year ended 31 December 2012, which comprises of the consolidated and separate statements of financial position, consolidated and separate profit or loss and other comprehensive income statements, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Insurance Act, CAP I17, LFN 2004 and its interpretations issued by the National Insurance Commission in its industry policy guidelines. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the group's financial position as at 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004 and Insurance Act, CAP I17, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Policy Guidelines.

Report on other legal requirements

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

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

Lagos, Nigeria
14 March 2014

Chartered Accountants
FRC/2013/ICAN/00000001076

Summary of Significant Accounting Policies

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

1) Basis of preparation and compliance with IFRS

The consolidated financial statements of International Energy Insurance Plc have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) effective as at 31 December 2012 and International Financial Reporting Interpretation Committee (IFRIC) interpretations.

This is the first time that the Group has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS), having previously prepared its financial statements in accordance with Nigerian Generally Accepted Accounting Principles (Nigerian GAAPs); therefore, IFRS1- First-time adoption of International Financial Reporting Standards, has been applied.

These annual consolidated financial statements are presented in Nigerian Naira, rounded to the nearest thousand, and prepared under the historical cost convention, as modified by the revaluation of land, available-for-sale financial assets, and financial assets at fair value through profit or loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(a) Statement of compliance with IFRS and other pronouncements

These financial statements have been prepared on going concern basis and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) in force at 31 December 2012.

The group complied with the requirements of International Financial Reporting Standards (IFRS) and in a manner specified by the provisions of the Financial Reporting Council (FRC), Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act, CAP I17, LFN 2004 and relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); however, the requirements of IFRS override the provisions of other Acts where there is conflict.

2) Basis of measurement

(i) Historical cost

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

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

(ii) Going concern

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

(iii) Functional currency and translation of foreign currencies

- Functional and presentation currency

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

- Transactions and balances in Group entities

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates

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

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

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

(iv) Use of estimates and judgements

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

The critical accounting estimates and judgements applied in the preparation of these financial statements are disclosed on pages 50-52.

3) Explanation of transition to IFRSs

Implementation of IFRS

These are the first consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The opening balance sheet as at 1 January 2011 which represents the transition date has been restated accordingly. The accounting policies have been applied consistently to all periods in these financial statements.

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 value and impairment of financial assets to only be accounted for if there is objective evidence that a loss event has occurred after initial recognition but before the statement of financial position date and IAS 1 *Presentation of Financial Statements*.

Impact of transition to IFRS

The impact of the Group's transition to IFRS is summarised as follows:

- (i) Transition elections;
- (ii) Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS
- (iii) Explanation of material adjustments as at 1 January 2011 and 31 December 2011

(i) 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 summarised below:

- 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 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 transition.

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

- Designation of previously recognised 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.

The Group has designated its financial assets or financial liability as either, held to maturity, loans and recoverables, available-for-sale, held for trading, and fair value through profit and loss for those that meet the criteria in IAS 39.

(ii) Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS

See reconciliations on pages 88 to 93

(iii) Explanation of material adjustments as at 1 January 2011 and 31 December 2011

A comprehensive and 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 is provided on pages 94 to 103. This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for these periods under IFRS.

4) New and amended standards adopted by the Group

- (a) There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the group.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2012 but not currently relevant to the Group

The following new standards, amendments or interpretation did not have a material impact on the Group:

- IFRS 7 (amendment) 'Financial instruments: Disclosures', on transfer of financial assets (effective 1 July 2011)
- IFRS 1 (amendment) 'First time adoption', on hyperinflation and fixed dates (effective 1 July 2011)
- IAS 12 (amendment) 'Income taxes', on deferred tax on investment property (effective 1 January 2012)

(c) New standards, amendments and interpretations issued and not effective for the financial year beginning 1 January 2012 but early adopted by the Group

There are no IFRSs or IFRIC interpretations that have been early adopted by the Group.

(d) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

The following new standards, amendments and interpretations have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2012 and have not been early adopted by International Energy Insurance Plc. The Directors anticipate that the new standards, amendments and interpretations will be adopted in the Group financial statements when they become effective. The Group has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

The table below shows the standards and amendments issued but not yet effective for the 31 December 2012 year end and not early adopted

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
		ii) Derecognition requirements for financial assets and liabilities. However, IFRS 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the fair value of a financial liability that is designated at fair value through profit or loss (using the fair value option) that relate to changes in the reporting entity's own credit risk are normally recognised in other comprehensive income. The changes are to be applied prospectively from the date of adoption		
IFRS 9 (amended December 2011)	Amendments to IFRS 9 <i>Financial Instruments</i> Mandatory Effective Date of IFRS 9 and Transition Disclosures	Defers the effective date of IFRS 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.
IFRS 9 (amended December 2011) (cont'd)		(a) The amounts subject to an enforceable master netting agreement (or similar) not included in the amount offset under IAS 32 (i.e. (b)), being those that fail to meet the offsetting criteria as well as those related to financial collateral (b) The net of (d) less (c)		

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
		Also required is a description of the nature of the right of sett-off, in relation to amounts presented under (d) above.		
IFRS 10 (issued May 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: · Power over investee (whether or not power used in practice) · Exposure, or rights, to variable returns from investee · Ability to use power over investee to affect the entity's returns from investee. Introduces the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated. Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable. This may result in fewer instances of control. Additional guidance included to determine when decision making authority over an entity has been delegated by a principal to an agent. Factors to consider include: i) Scope of decision making authority	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
		ii) Rights held by other parties, e.g. kick-out rights iii) Remuneration and whether commensurate with services provided iv) Decision maker's exposure to variability of returns from other interests held in the investee.		
IFRS 10 (amended October 2012)	Amendment to IFRS 10 <i>Consolidated Financial Statements</i> . <i>Investment Entities</i>	The amendment defines an investment entity and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an Investment Entity, as well as four 'typical characteristics' to consider in assessing the criteria. The amendment also introduces disclosure requirements for investment entities into IFRS 12 Disclosure of Interest in Other Entities and amends IAS 27 Separate Financial Statements.	Annual reporting periods commencing on or after 1 January 2014	
IFRS 11 (issued May 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
		Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to <u>net assets</u>, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract.		
IFRS 12 (issued May 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from IAS 27 <i>Consolidated and Separate Financial Statements</i> , IAS 28 <i>Investments in Associates</i> and IAS 31 <i>Interests in Joint Ventures</i> . Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
IFRS 13 (issued May 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. IFRS 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.	Annual reporting periods commencing on or after 1 January 2013	The entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by IFRS 13. As the revised fair value measurement requirements apply prospectively from 1 January 2013, when this standard is adopted for the first time .
IAS 19 (reissued June 2011)	Employee Benefits	Main changes include: 1) Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans 2) Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on transactions and balances recognised in the financial statements because the entity has no defined benefit plans and an immaterial amount of employee benefits expected to be

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
		3) Subtle amendments to timing for recognition of liabilities for termination benefits. 4) Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.		The entity currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to IAS 19 require such liabilities to be classified on the basis of when the leave is expected to be taken, i.e. expected settlement. When this standard is first adopted for 1 January 2013 year end, annual leave liabilities will be reclassified on 31 December 2013 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period, with the amount being recalculated to include the effect of discounting. This will result in a reduction of the annual leave liabilities recognised on 31 December 2012, and a corresponding increase in retained earnings at that date.
IAS 32 (amended December 2011)	Amendment to IAS 32 <i>Financial Instruments: Presentation</i> <i>Offsetting financial assets and financial liabilities</i>	The amendment has clarified and expanded the application guidance in relation to the offsetting of financial assets and financial liabilities in respect of: i) The meaning of 'currently has a legally enforceable right of set-off' ii) The application of simultaneous realisation and settlement	Annual periods commencing on or after 1 January 2014	[Include for all where the amended application guidance in relation to the offsetting of financial assets and financial liabilities will not alter the entity's previous accounting treatment of financial assets and financial liabilities] When this amendment is first adopted for 31 December 2014 year end, there will be no impact in respect of the accounting treatment for offsetting the entity's financial assets and financial liabilities.

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
		iii) The offsetting of collateral amounts iv) The unit of account for applying the offsetting requirements.		
IAS 36 (amended May 2013)	Amendment to IAS 36 <i>Impairment of Assets</i> <i>Recoverable amount disclosures for non-financial assets</i>	- Require the disclosure of the recoverable amount of an asset (or CGU) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU) - Expand and clarify the disclosure requirements when an assets (CGUs) recoverable amount has been determined on the basis of fair value less disposal. - Specifically require the disclosure the discount rate when an asset (or CGU) has been impaired (or impairment reversed) where the recoverable amount has been determined based on fair value less costs of disposal using a present value technique.	1 January 2014	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, the amount of information disclosed regarding impairment may be reduced.

5) Consolidation

(i) Subsidiaries

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

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

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

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

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 statements of the parent entity is measured at cost.

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

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

(iv) Disposal of subsidiaries

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

6) Cash and cash equivalents

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

7) Financial Assets

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

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

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

(ii) Held-to-maturity financial assets

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

(iii) Available –for–sale investments

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

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are mainly those receivables arising from insurance contracts. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost less any impairment losses. They include receivables from Direct insured, Agents and Brokers, Co-insurance and Re-insurance companies; Other loans and receivables include staff loans and advances and other Sundry receivables which arise in the ordinary course of business.

Allowance for Impairment is recognised when there is objective evidence that the Group will not be able to collect all of the amounts due under the terms of the receivable; (evidence include significant financial difficulties on the part of the counterparty or default or significant delay in payment - over 90 days). The amount of the allowance being the difference between the carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For amounts due from policy holders and reinsurers, which are reported net, such provisions are recorded in a separate impairment account with the loss being recognised in income statement. On confirmation that the amounts receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Any subsequent recoveries are credited to the income statement in the period the recoveries are made. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

(v) Prepayments

Prepayments are carried at amortised cost.

(vi) Impairment of financial assets**(a) Impairment of Financial assets carried at amortised cost**

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

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group from the following events:

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

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

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's

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

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

(b) Impairment of Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less allowance for impairment. An allowance for impairment is made when there is objective evidence (such as probability of insolvency 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 contract. Allowances for impairment are made based on "incurred loss model" which consider premiums outstanding and not received within six months subsequent to the year-end as lost, given default for each customer and probability of default for the sectors in which the customer belongs.

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 consolidated income statement.

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

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

(d) 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.

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.

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.

(e) Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

(f) Offsetting financial instruments

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

8) Reinsurance assets

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

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

9) Deferred acquisition costs (DAC)

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

10) Investment in subsidiaries

In the separate financial statements International Energy Insurance Plc, investments in subsidiaries is accounted for at cost.

11) Investment properties

Investment properties comprise of completed property and property under construction that are held by the group for capital appreciation.

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from

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

12) Deferred tax assets and liabilities

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

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

13) Intangible Assets

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

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

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

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

Computer software

14) Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(b) Subsequent costs

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

(c) Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated useful lives.

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

Buildings
Plant and Machinery
Furniture, fittings and office equipment
Computer equipment
Motor vehicles
Asset under lease

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

(d) De-recognition

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

(e) Impairment of non-financial assets

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

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

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

15) Statutory deposit

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

16) Insurance contracts and Insurance contract liabilities

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

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

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

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

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

Reinsurance contracts held

The Group holds the under-noted reinsurance contracts:

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

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

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

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

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

(i) Unearned premium reserve

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

(ii) Outstanding claims reserve

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

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

(iii) Liability adequacy test

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

The provisions of the Insurance Act, CAP I17 LFN 2004 require an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act No.6, 2011 gives superiority to the provisions of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act, CAP I17 LFN 2004, it supports the group's prudential concerns.

(iv) Salvage and subrogation reimbursements

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

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

17) Trade payables

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

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

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

18) Provisions and other payables

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

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

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

19) Retirement obligations and Employee benefits

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

(i) Defined contribution pension scheme

The Group operates a defined contributory pension scheme for eligible employees. Employers contribute 15% of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2004. The Group pays the contributions to a pension fund administrator. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) **Short-term benefits**

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

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

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

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

21) **Financial liabilities at amortised cost**

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

(a) **Recognition of Financial Liabilities**

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

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

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

(b) **Derecognition of Financial Liabilities**

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

22) **Borrowings**

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

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

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

23) **Borrowing costs**

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

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

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

24) Deposit for share

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

25) Share capital and Share premium

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

26) Contingency reserves

In compliance with Section 21(2) of Insurance Act, CAP I17 LFN 2004, contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

27) Dividend on ordinary shares

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

28) Revenue reserve

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

29) Related party transactions or insider dealings

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

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

30) Contingent Assets and Contingent liabilities

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

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

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

31) Premiums and Unearned Premiums

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

32) Reinsurance expenses

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

33) 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 recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, they are deferred and recognised over those future periods.

34) Claims expenses

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

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

35) Acquisition costs and other underwriting expenses

Acquisition costs represent commissions payable and other expenses related to the acquisition of insurance contract revenues written during the financial year. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the unearned premium provision (See *policy for Deferred Acquisition Cost* above). 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.

36) Investment income

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

37) Other operating expenses

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

38) Income tax expenses

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

39) Earnings per share

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



INTERNATIONAL ENERGY INSURANCE PLC

THE FINANCIAL STATEMENTS

International Energy Insurance Plc
Statement of Financial Position, 31 December 2012

		Group 31 December 2012	Group 31 December 2011	Group 1 January 2011	Company 31 December 2012	Company 31 December 2011	Company 1 January 2011
Assets	Notes	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	6	1,039,273	787,070	668,426	839,242	739,145	647,918
Held-for-trading financial assets	7(a)	179,627	151,735	381,639	179,627	151,735	381,639
Available-for-sale financial assets	7(b)	2,780,674	2,813,167	1,887,635	2,780,674	2,813,167	1,887,635
Held-to-maturity financial assets	7(e)	269,227	-	-	269,227	-	-
Trade receivables	8	1,125,594	787,142	838,360	630,318	397,866	361,860
Other receivables and prepayments	9	909,164	541,122	615,968	817,412	315,921	377,528
Reinsurance assets	10	193,395	108,410	112,325	193,395	108,410	112,325
Deferred Acquisition Cost	11	213,390	241,071	224,241	165,003	241,071	224,241
Investment in subsidiaries	12	-	-	56,130	81,360	481,821	537,951
Investment properties	13	2,025,389	1,135,956	1,135,956	2,025,389	1,135,956	1,135,956
Deferred tax asset	20(d)	31,299	18,063	-	-	-	-
Intangible Asset	14	5,384	5,395	6,474	4,316	5,395	6,474
Property, plant and equipment	15	2,015,738	1,962,624	2,141,510	1,810,291	1,741,893	1,926,030
Statutory deposit	16	349,027	342,802	342,008	322,500	322,500	322,500
Total Assets		11,137,181	8,894,557	8,410,672	10,118,754	8,454,880	7,922,057
Liabilities							
Insurance contract liabilities	17	2,910,151	2,802,318	2,452,035	2,553,461	2,398,559	2,155,999
Trade payables	18	290,935	139,766	665,647	9,891	26,582	579,424
Provisions and other payables	19	1,232,395	776,794	649,384	914,339	526,972	566,556
Current income tax liabilities	20(b)	52,772	267,319	211,803	16,171	261,385	211,803
Deferred tax Liability	20(c)	128,675	95,074	95,074	128,675	95,074	95,074
Financial liability at amortised cost	21	5,954,769	4,149,221	3,687,853	5,954,769	4,149,221	3,687,853
Deposit for share	22	168,874	124,538	30,237	142,837	102,945	30,237
Total liabilities		10,738,572	8,355,030	7,792,033	9,720,143	7,560,738	7,326,946
Net Assets		398,610	539,527	618,639	398,611	894,142	595,111
Share capital	23	3,210,214	3,210,214	3,210,214	3,210,214	3,210,214	3,210,214
Share premium	24	963,097	963,097	963,097	963,097	963,097	963,097
Statutory Contingency reserve	25	1,073,336	872,068	713,172	994,084	813,421	674,832
Capital reserve	26	5,503,223	5,503,223	5,503,223	5,503,223	5,503,223	5,503,223
Property revaluation reserve	27	302,407	-	-	302,407	-	-
Available-for-sale financial assets revaluation reserve	28	9,708	-	-	9,708	-	-
Foreign currency revaluation reserve	29	(144,749)	(134,003)	-	-	-	-
Revenue reserve	30	(10,524,082)	(9,911,153)	(9,786,497)	(10,584,122)	(9,595,813)	(9,756,255)
		393,154	503,446	603,209	398,611	894,142	595,111
Non-controlling interest	31	5,456	36,081	15,430	-	-	-
Shareholders' funds		398,610	539,527	618,639	398,611	894,142	595,111

Signed on behalf of the Board by:

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

Mrs. Roseline Ekeng
Managing Director
FRC/2013/CIIN/00000005328

Sir.Patrick Sule Ugboma
Chairman
FRC/2013/IODN/00000005282

The accounting policies on pages 22 to 44 and notes on pages 50 to 103 form part of these financial statements

Auditors' report, pages 20 and 21

International Energy Insurance Plc
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December, 2012

		Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
Income					
Gross Premium Written	32	6,972,343	5,359,482	6,022,105	4,619,631
Gross premium income	32	7,542,019	5,105,760	6,562,631	4,369,412
Re-insurance expenses	33	(1,190,912)	(877,933)	(1,013,892)	(697,648)
Net premium income		6,351,107	4,227,827	5,548,739	3,671,764
Fees and Commission received	34	106,780	55,872	106,780	55,872
Net underwriting income		6,457,887	4,283,699	5,655,519	3,727,636
Expenses					
Claims incurred	35	(1,655,739)	(991,445)	(1,533,942)	(760,104)
Acquisition cost	36	(1,114,989)	(559,108)	(1,073,880)	(485,149)
Maintenance cost	37	(398,680)	(697,010)	(398,680)	(697,010)
Underwriting expenses		(3,169,408)	(2,247,563)	(3,006,502)	(1,942,263)
Underwriting profit		3,288,479	2,036,136	2,649,017	1,785,373
Invetsment income	38	217,401	50,971	209,307	46,992
Other income	39	1,420,593	2,114,938	1,086,157	2,079,593
Net operating income		4,926,473	4,202,045	3,944,481	3,911,958
Management expenses	40	(3,251,517)	(2,248,064)	(2,307,468)	(1,954,317)
Interest payable and similar charges	41	(1,422,201)	(404,756)	(1,422,201)	(404,756)
Fair value loss on held-for-trading financial assets	7(a)	-	(229,904)	-	(229,904)
Allowance for impairment of other assets	42	(601,409)	(1,256,009)	(1,001,870)	(989,631)
(Loss)/profit before taxation		(348,654)	63,312	(787,058)	333,350
taxation	20(a)	(55,321)	(10,899)	(20,588)	(34,319)
(Loss)/profit after taxation		(403,975)	52,413	(807,646)	299,031
Non-controlling interests	31	(2,885)	(15,305)	-	-
<i>Loss/profit after tax and NCI attributable to:</i>					
Owners of the parent		(406,860)	37,108	(807,646)	299,031
Other comprehensive income:					
Items within OCI that may be reclassified to the Profit or loss:					
Net gain on valuation of Available-for-sale	28	9,708	-	9,708	-
Items within OCI that will not be reclassified to the Profit or loss:					
Net revaluation surplus on land and building	27	302,407	-	302,407	-
Other comprehensive income for the year		312,115	-	312,115	-
Total comprehensive income for the year		(94,745)	37,108	(495,531)	299,031
<i>Total comprehensive income for the year attributable to:</i>					
Owners of the parent		(94,745)	37,108	(495,531)	299,031
Non-controlling interests		-	-	-	-
		(94,745)	37,108	(495,531)	299,031
Earnings per share:					
Basic (kobo)	44	(6.34)	0.58	(12.58)	4.66
Diluted (Kobo)	44	(6.34)	0.58	(12.58)	4.66

The accounting policies on pages 22 to 44 and notes on pages 50 to 103 form part of these financial statements

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International Energy Insurance Plc.
Statement of Changes in Equity - Group
for the year ended 31 December, 2012

	Issued Share capital N'000	Share premium N'000	Statutory Contingency reserve N'000	Capital reserve N'000	Property revaluation reserve N'000	Equity revaluation reserve N'000	Foreign currency revaluation reserve N'000	Revenue reserve N'000	Total N'000	Non- controlling interest N'000	Total equity N'000
Balance 1 January, 2012	3,210,214	963,097	872,068	5,503,223	-	-	(134,003)	(9,911,153)	503,446	36,081	539,527
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	(406,860)	(406,860)	-	(406,860)
Transfer to contingency reserve	-	-	206,069	-	-	-	-	(206,069)	-	(30,625)	(30,625)
	-	-	206,069	-	-	-	-	(612,929)	(406,860)	(30,625)	(437,485)
<i>Other comprehensive income:</i>											
Changes in fair value of Available-for-sale financial assets	-	-	-	-	-	9,708	-	-	9,708	-	9,708
Changes in valuation of properties	-	-	-	-	302,407	-	-	-	302,407	-	302,407
Changes in value of foreign	-	-	-	-	-	-	(10,746)	-	(10,746)	-	(10,746)
	-	-	-	-	302,407	9,708	(10,746)	-	301,369	-	301,369
Transactions with owners recorded directly in Equity:											
Dividend declared	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	(4,801)	-	-	-	-	-	(4,801)	-	(4,801)
	-	-	(4,801)	-	-	-	-	-	(4,801)	-	(4,801)
Balance 31 December, 2012	3,210,214	963,097	1,073,336	5,503,223	302,407	9,708	(144,749)	(10,524,082)	393,154	5,456	398,610
	Issued Share capital N'000	Share premium N'000	Statutory Contingency reserve N'000	Capital reserve N'000	Property revaluation reserve N'000	Equity revaluation reserve N'000	Foreign currency revaluation reserve N'000	Revenue reserve N'000	Total N'000	Non- controlling interest N'000	Total equity N'000
Balance 1 January, 2011	3,210,214	963,097	713,172	5,503,223	-	-	-	(9,786,497)	603,209	15,430	618,639
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	37,108	37,108	-	37,108
Transfer to contingency reserve	-	-	161,764	-	-	-	-	(161,764)	-	-	-
Non-controlling interest	-	-	(2,868)	-	-	-	-	-	(2,868)	20,651	17,783
	-	-	158,896	-	-	-	-	(124,656)	34,240	20,651	54,891
<i>Other comprehensive income:</i>											
Changes in fair value of Available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Changes in value of foreign	-	-	-	-	-	-	(134,003)	-	(134,003)	-	(134,003)
	-	-	-	-	-	-	(134,003)	-	(134,003)	-	(134,003)
Transactions with owners recorded directly in Equity:											
Dividend declared	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Balance 31 December, 2011	3,210,214	963,097	872,068	5,503,223	-	-	(134,003)	(9,911,153)	503,446	36,081	539,527

International Energy Insurance Plc.
Statement of Changes in Equity - Company
for the year ended 31 December, 2012

	Issued Share capital N'000	Share premium N'000	Statutory Contingency reserve N'000	Capital reserve N'000	Property revaluation reserve N'000	Equity revaluation reserve N'000	Revenue reserve N'000	Total N'000
Balance 1 January, 2012	3,210,214	963,097	813,421	5,503,223	-	-	(9,595,813)	894,142
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	(807,646)	(807,646)
Transfer to contingency reserve	-	-	180,663	-	-	-	(180,663)	-
	-	-	180,663	-	-	-	(988,309)	(807,646)
<i>Other comprehensive income:</i>								-
Changes in fair value of Available-for-sale financial assets	-	-	-	-	302,407	9,708	-	312,115
Changes in valuation of properties	-	-	-	-	-	-	-	-
	-	-	-	-	302,407	9,708	-	312,115
Transactions with owners recorded directly in Equity:								
Dividend declared	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balance 31 December, 2012	3,210,214	963,097	994,084	5,503,223	302,407	9,708	(10,584,122)	398,611

	Issued Share capital N'000	Share premium N'000	Statutory Contingency reserve N'000	Capital reserve N'000	Property revaluation reserve N'000	Equity revaluation reserve N'000	Revenue reserve N'000	Total N'000
Balance 1 January, 2011	3,210,214	963,097	674,832	5,503,223	-	-	(9,756,255)	595,111
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	299,031	299,031
Transfer to contingency reserve	-	-	138,589	-	-	-	(138,589)	-
	-	-	138,589	-	-	-	160,442	299,031
<i>Other comprehensive income:</i>								
Changes in fair value of Available-for-sale financial assets	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Transactions with owners recorded directly in Equity:								
Dividend declared	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balance 31 December, 2011	3,210,214	963,097	813,421	5,503,223	-	-	(9,595,813)	894,142

INTERNATIONAL ENERGY INSURANCE PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

		Group 2012 N'000	Group 2011 N'000	Company 2012 N'000	Company 2011 N'000
Cashflows from operating activities	Notes				
Premium received from policy holders	32	6,972,343	5,359,482	6,022,105	4,619,631
Commission received	34	106,780	55,872	106,780	55,872
Commission Paid	36	(1,114,989)	(559,108)	(1,073,880)	(485,149)
Payment of Claims	35	(1,655,739)	(991,445)	(1,533,942)	(760,104)
Investment and other income	38,39	1,637,994	2,165,909	1,295,464	2,126,585
Operating costs and payment to employees		(5,583,413)	(4,223,263)	(4,618,309)	(3,783,659)
Tax paid	20	(269,868)	(13,371)	(265,802)	(13,371)
Net cash provided by operating activities	45	93,108	1,794,076	(67,584)	1,759,805
Cashflow from investing activities					
Purchase of property, plant and equipment	15	(40,890)	(72,725)	(27,956)	(42,880)
Purchase of intangible assets	14	(1,335)	-	-	-
Purchase of Held-to-maturity financial assets	7(e)	(269,227)	-	(269,227)	-
Purchase of Available-for-sale financial assets	7(b)	(1,000,000)	(1,700,000)	(1,000,000)	(1,700,000)
Proceeds from disposal of Available-for-sale financial assets		415,768	-	415,768	-
Proceeds from disposal of property, plant and equipment		252,944	2,992	251,704	1,594
Net cash outflows from investing activities		(642,740)	(1,769,733)	(629,711)	(1,741,286)
Cashflow from financing activities					
Working capital facility obtained	21	1,000,000	-	1,000,000	-
Payment of Term loan	21	(242,500)	-	(242,500)	-
Deposit for share	22	44,336	94,301	39,892	72,708
Net cash inflows from financing activities		801,836	94,301	797,392	72,708
Net increase in cash and cash equivalents		252,204	118,644	100,097	91,227
Cash and cash equivalents at the beginning of the year		787,070	668,426	739,145	647,918
Cash and cash equivalents at the end of the year	46	1,039,273	787,070	839,242	739,145

The accounting policies on pages 22 to 44 and notes on pages 50 to 103 form part of these financial statements

Auditors' report, pages 20 and 21

NOTES TO THE FINANCIAL STATEMENTS

1) General Information

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

Principal activities

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

2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are disclosed on pages 22 - 44. These policies have been consistently applied to all the years presented, unless otherwise stated.

3) Critical accounting estimates and judgments

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

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

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

i Income taxes

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

ii Insurance contracts

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

iii Estimates of future claims payments

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

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

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

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

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

iv **Sensitivity**

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

v **Uncertainties and judgements**

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

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

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

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

vi **Reinsurance**

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

vii **Held-to-maturity financial assets**

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

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

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

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

ix **Impairment of other assets**

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

x **Fair value estimation**

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

4) **Fair Value Hierarchy**

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

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

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

31 December 2012	Level 1	Level 2	Level 3	Total
Assets				
Held-for-trading financial assets	179,627	-	-	179,627
Available-for-sale financial assets	-	-	2,780,674	2,780,674
Total	179,627	-	2,780,674	2,960,301
Liabilities				
Financial liabilities designated at fair value	-	-	-	-
Total	-	-	-	-
Net fair value	179,627	-	2,780,674	2,960,301
31 December 2011	Level 1	Level 2	Level 3	Total
Assets				
Held-for-trading financial assets	151,735	-	-	151,735
Available-for-sale financial assets	-	-	2,813,167	2,813,167
Total	151,735	-	2,813,167	2,964,902
Liabilities				
Financial liabilities designated at fair value	-	-	-	-
Total	-	-	-	-
Net fair value	151,735	-	2,813,167	2,964,902
1 January 2011	Level 1	Level 2	Level 3	Total
Assets				
Held-for-trading financial assets	381,639	-	-	381,639
Available-for-sale financial assets	-	-	1,887,635	1,887,635
Total	381,639	-	1,887,635	2,269,274
Liabilities				
Financial liabilities designated at fair value	-	-	-	-
Total	-	-	-	-
Net fair value	381,639	-	1,887,635	2,269,274

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

5) **Management of insurance and financial risk**

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

i **Insurance risk**

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

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

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

ii **Frequency and severity of claims**

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

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

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

iii **Concentration of insurance risk**

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

Class of Business	Outstanding claims					
	2012			2011		
	Gross OCR N'000	Gross IBNR N'000	Total N'000	Gross OCR N'000	Gross IBNR N'000	Total N'000
Fire	90,862	38,989	129,851	16,443	63,081	79,524
General accident	132,795	207,984	340,779	29,723	163,773	193,496
Marine	53,616	7,229	60,845	11,319	10,734	22,053
Motor	142,400	202,300	344,700	22,281	292,018	314,299
Oil and gas	478,595	109,947	588,542	49,647	103,085	152,732
Workmen compensation	11,733	34,037	45,770	264	52,691	52,955
	910,001	600,486	1,510,487	129,677	685,382	815,059

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

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

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

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

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

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

v **Financial risk**

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

The most important components of this financial risk are:

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

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

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

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

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

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

vi **Market risk**

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

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

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

vii **Currency risk**

IEI Plc. maintains investments in IEI Ghana limited, the sole subsidiary of IEI Plc. Transactions with the subsidiary involved foreign currency, thereby being exposed to foreign currency fluctuations.

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

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

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

	Equivalent in N'000		
	Naira	Cedis	Total
As at December 31, 2012			
Assets:			
Non-current assets	7,024,530	707,001	7,731,531
Current assets	3,094,224	311,426	3,405,650
TOTAL ASSETS	10,118,754	1,018,427	11,137,181
Liabilities:			
Non-current liabilities	8,779,742	382,727	9,162,469
Current liabilities	940,401	635,702	1,576,103
TOTAL LIABILITIES	9,720,143	1,018,429	10,738,572

At December 31, 2011	Equivalent in N'000		
	Naira	Cedis	Total
Assets:			
Non-currents assets	6,500,732	338,056	6,838,788
Current assets	1,954,148	101,621	2,055,769
TOTAL ASSETS	8,454,880	439,677	8,894,557
Liabilities:			
Non-current liabilities	6,745,799	425,352	7,171,151
Current liabilities	814,939	368,940	1,183,879
TOTAL LIABILITIES	7,560,738	794,292	8,355,030

viii **Sensitivity**

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

	Ghana Cedis	
	+ 5% N'000	- 5% N'000
Impact on Results :		
- At December 31, 2012		
Cash and cash equivalents	210,033	190,029
Other Assets	859,316	777,476
Total Assets	<u>1,069,348</u>	<u>967,506</u>
- At December 31, 2011		
Cash and cash equivalents	50,321	45,529
Other Assets	411,340	372,164
Total Assets	<u>461,661</u>	<u>417,693</u>

xi **Limitations of sensitivity analysis**

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

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

ix **Interest rate risk**

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

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

	Impact on results	
	+ 1% N'000	- 1% N'000
At December 31, 2012		
- Held-to-maturity financial assets	271,919	266,535
- Bank balances and deposits	1,049,666	1,028,880
At December 31, 2011		
- Held-to-maturity financial assets	-	-
- Bank balances and deposits	794,941	779,199

x **Equity price risk**

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

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

Sensitivity

The impact on the Group's shareholders' equity, had the equity market values increased/decreased by 10% with other assumptions left unchanged, would have been as follows:

- reinsurers' share of insurance liabilities
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries.

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

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

xi **Reinsurance credit exposures**

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

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

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

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

xii **Estimates of future claims payments**

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

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

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

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

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

xiii **Sensitivity**

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

xiv **Uncertainties and judgements**

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

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

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

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

xv **Reinsurance**

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

xvi **Premium and Reinsurance Receivables**

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

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

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

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

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

5b) **Enterprise Risk Management**

Introduction and Overview

International Energy Insurance Plc has a clear and functional Enterprise Wide Risk Management (ERM) Framework that is responsible for identifying, assessing and managing the likely impact of risk faced by the group. The Group is exposed to financial risk and business risk. Financial Risk are those risks with the probability of loss inherent in financing methods which may impair the ability to provide adequate return. Business risk plus the financial risk equal total corporate risk.

Enterprise-wide Risk Management Principles

Here in International Energy Insurance Plc, we try as much as possible to balance our portfolio while maximizing our value to stakeholders through an approach that mitigate the inherent risk and reward in our business.

To ensure effective and economic use of resources, we operate strictly by the following principles

- The company will not take any action that will compromise its integrity
- The company will at all times comply with all government regulations and uphold best international practice.
- The company will build an enduring risk culture, which shall prevade the entire organisation
- The company will at all time hold a balanced portfolio and adhere to guidelines on investment issued by the regulator and Finance and Purpose Committee of the company.
- The company will ensure that there is adequate reinsurance in place for the business above its limit and also prompt payment of such premiums.

Approach to Risk Management

In International Energy Insurance Plc, there are levels of authority put in place for the oversight function and management of risk to create and promote a culture that mitigate the negative impact of risks facing the group.

The Board

The Board sets the organisation's objectives, risk appetite and approves the strategy for managing risk.

There are various committee nominated to serve of whom their various functions are geared towards minimising likelihood impacts of risks faced by the group.

The Audit Committee:

This is one of the most powerful arms of the Board which is saddled with the following functions:

- Perform oversight function on accounting and financial reporting
- Liase with the external auditors
- Ensure regulatory compliance
- Monitoring the effectiveness of internal control processes within the company.

Board Risk Committee

This is more of technical committee that oversee the business process. Their functions include;

- Reviewing of Group's risk appetite
- Oversee management's process for the identification of significant risk across the company and the adequacy of prevention detection and reporting mechanisms.
- Review underwriting risks especially above limit for adequacy of reinsurance and company's participation.
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

Board Investment Committee

- Set the investments limit and the type of business the company should invest in
- Reviews and approves the above Group's investment policy
- Approves investments over and above managements' approval limit
- Ensures that there is optimal asset location in order to meet the targeted goals of the company.

The second level is the management of the companies. This comprises of Managing Director and the management staff of the companies.

They are responsible for strategy implementation of the Enterprise Risk Management policies and guidelines set both by the regulator, government and the board for risk mitigation. This is achieved through the business unit they supervised.

The last level is that of independent assurance. This comprises the internal audit function that provides independent and objective assurance of the effectiveness of the Group's systems of internal control established by the first and second lines of defence in management of enterprise risks across the organisation.

Risk Categorisation

As a business entity and an underwriter, International Energy Insurance Plc is exposed to an array of risk through its operations. The company has identified and categorised its exposure to these broad risks as listed below.

- Financial risk
- Business risk
- Operational risk
- Hazard risk
- Underwriting risk

Financial risk comprises of market, liquidity and credit risk.

Market risks are sub-divided into interest-rate risk, exchange risk, property price risk and equity risk.

The liquidity risk includes; liquidation value risk, affiliated investment risk and capital funding risk.

The credit risk: This includes default risk, downgrade or mitigation risk, indirect credit or spread risk and concentration risk. Business risk relates to the potential erosion of our market position. This includes customer risk, innovation risk and brand reputation risk.

Operational Risk

This is the risk of loss resulting from inadequacy or failure of internal processing arising from people, systems and or from external events.

Hazard Risk

These are risk which are rare in occurrence but likely impact may be major on the company. Examples of these are natural disaster, terrorism, health and environmental risk, employee injury and illness, property damage and third-party liability.

Insurance/underwriting Risk

Our activities involve various range of risk arising from the business itself. This manifest from underwriting, re-insurance, claims management, reserve development risk, premium default, product design and pricing risk. Our company has a pragmatic approach in identifying, assessing and mitigating risk of such approaches as stated above.

The risk categorization are presented in the next 6 pages.

FINANCIAL RISK REGISTER						TABLE I
S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT	INHERENT R	RISK DRIVER	DESCRIPTION OF EXISTING
			DESCRIPTION	RATING	DESCRIPTIONS	CONTROLS
i	Market	a) interest rate risk	a) losses resulting from movement in interest rates to the extent that future cash flows from asset and liabilities are not well matched	extreme	where interest rate fluctuates in relation to existing commitments as a result of change in economic & monetary policies and CBN reserve deposits	setting of metrics to measure exposure to interest rate risk factors, setting appropriate limit structure to control exposures to interest rate risk, document appropriate alternative products to hedge exposures against interest rate risk, use stress testing to determine the potential effect of economic shifts, market events on interest rate
		b) equity risk	b) losses resulting from movement of market values of equities; to the extent that the insurer makes capital investments, which exposes its portfolio to sustained declines in market values	extreme	where equity prices fluctuates widely as a result of speculations and industry induced factors, while the company is forced to sell to meet emerging commitments, thus, incurring losses from fall in value of equity	setting of metrics to measure exposure to equity value risk factors, setting appropriate limit structure to control exposures to equity value risk, document appropriate alternative products to hedge exposures against equity value risk, use stress testing to determine the potential effect of economic shifts and market events on equity value
		c) real estate	c) losses resulting from movement of market values of real estates and other assets; to the extent that the insurer makes capital investments in real estate by which it becomes exposed to sustained declines in market values	high	where real estate prices fall in response to various market conditions	setting of metrics to measure exposure to real estate risk factors, setting appropriate limit structure to control exposures to real estate risk, document appropriate alternative products to hedge exposures against real estate risk, use stress testing to determine the potential effect of economic shifts and market events on real estate
		d) currency risk	d) losses resulting from movements in exchange rates; to the extent that cash flows, assets and liabilities are denominated in different currencies	high	where the naira fluctuates in response to limited intervention from CBN and oil majors	set appropriate limits for foreign currency holding
ii	Credit	a) Default risk	a) non- receipt or delayed receipt of cash flow or assets to which it is entitled due to default in one or more obligation by the other party	extreme	where premium are not received on time or interest and principal are delayed or become irrecoverable	credit is extended only on secured basis, where credit is unsecured a limit structure is established. Transactions and exposures involving affiliated entities must receive special approval and portfolio diversification
		b) Downgrade or Mitigation risk	b) changes in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today	low	where insurance premium owed overtime is to be rediscounted for payment	set appropriate premium credit limit structure
		c) Indirect credit or spread risk	c) Risk as a result of market perception of increased risk on either a macro or micro basis	low	where the insured and insurance intermediaries increasingly request for premium credit or staggered premium payment	set appropriate premium credit limit structure
		d) Concentration risk	d) losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties	extreme	where the company's investment portfolio is skewed towards a particular instrument or issuer, where premium generated is predominantly from one or two intermediaries	diversification of investment portfolio and premium base
iii	Liquidity	a) liquidation value risk	a) unexpected timing or amounts of needed cash may require the liquidation of assets when market conditions could result in loss of realised value	high	where fund is not available to meet emerging but urgent claims and other statutory payments as a result of deterioration of the economy and abnormally volatile or stressed market	set appropriate limits
		b) affiliated investment risk	b) investment in a member company of the conglomerate or group may be difficult to sell, or that affiliates may create a drain on the financial or operating resources from the insurer	extreme	where investment in affiliate company is not easily realisable when needed as a result of economic shifts or unquoted nature of the investment	set appropriate limits
		c) capital funding risk	c) inability to obtain sufficient outside funding, as its assets are illiquid, at the time it needs it (to meet an unanticipated large claim)	medium	where additional funding is difficult to obtain or raising of equity is laborious and long as a result of deterioration of the economy or stressed market	set appropriate limits

STRATEGIC RISK REGISTER						
TABLE II						
S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Business	customer risk, innovations risk & brand reputation risk	losses resulting from any incident or circumstance which dramatically alters customer preference, or deployment of new innovative products by competitors which induces a heavy reduction in company's customer base or renders company's product obsolete	medium	where extensive market rumours arise, where severe regulatory sanction arises, where competitors introduce a revolutionary innovative product, and where economic shift result in severe changes in customer taste & preferences	customer relationship management, monitoring of industry and market changes, continuous product innovations & development
ii	Reputational	corporate governance breaches, reputational risk management process and event	losses resulting from any incidence or circumstance which ultimately results in reputation risk- the risk that the company's reputation may be damaged through negative publicity of its business practices, conduct or financial conditions	extreme	where the company suffers negative publicity, impaired public confidence which may result in costly litigation or decline in its customer base or business revenue	effective reputation risk management process, institution of good corporate governance, adequate management of reputation events
iii	Compliance	proposed regulatory changes, corporate positioning	losses resulting from forced merger and acquisition bid or the inability to anticipate fundamental changes in operative legislation	medium	where the company could not access capital funding to meet new legislation requirement	progressively build up share capital and share holders fund, establish media to anticipate new legislations, regularly monitor industry and market changes

HAZARD RISK REGISTER						
TABLE III						
S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Natural Disasters, Terrorism & Vandalism	Fundamental perils, Acts of Terrorism, Riot & Commotion	losses arising out of any one event or series of event caused by the occurrence of earthquake, civil war, riots or acts of terrorism that may result in damage to company's property or injury to staff or lead to a third party liability.	medium	where company is located near the source of a fundamental peril	insurance
ii	Health safety & Envir	Pollution, Contagious	losses arising out of any one event	medium	where hazardous substances or materials are used in work processes or where pollution is prevalent around the work environment or where an employee with a contagious disease is not restricted	removal of hazardous processes and substances from work environment, restriction of access to employees in hazardous areas, wearing of protective devices for hazardous processes, restriction of employees with contagious disease to specified areas
iii	Employee injury & illness	Workplace accident, Hazardous Processes, Suffocation, Electrical shocks & burns	losses arising out of any one event or series of event caused by accident, electrical shocks & burns, resulting in illness, injury or permanent disability to the employee	medium	where hazardous processes are engaged or work environment is badly structured or where the company has a poor maintenance culture	removal of hazardous processes, effective maintenance system and decent work environment
iv	Property damage	fire, explosion, robbery, accidental damage	losses arising out of any one event or series of events caused by fire, explosion, robbery and accidental damage which may result in loss of property or injury to employees and third parties	medium	where the company has a poor maintenance culture, poor house-keeping and weak security system	good house-keeping, good security system
v	Third-Party Liability	Slipping / tripping/ falling risk, falling Objects	losses arising out of any one event or series of events caused by slipping, tripping or falling objects which may result in loss of property or injury to third parties	medium	where the company has a poor maintenance culture, poor house-keeping and weak security system	good house-keeping, good security system

INSURANCE RISK REGISTER						TABLE IV
S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Insurance Underwriting	Risk Assessment & Risk Rating, Process & Control deficiency, System Risk	weaknesses in the system of underwriting and control which exposes the company to more than normal risks or limits the ability of the company to charge equitable premium	extreme	where material information necessary for prudent underwriting is ambiguous without the underwriter getting clarifications, where necessary risk survey and inspection are not carried out, where risks are written at ridiculous rates and where system error compounds the underwriting process	existence of underwriting policy, rating guides, and functional reporting & supervision system
ii	Re-insurance	a) Inadequate reinsurance arrangement	weaknesses in the reinsurance process which may result in omission of risks exposures from current reinsurance coverage or exhaustion of reinsurance covers through multiple losses	high	where there is failed process or errors of omission by staff or system error	existence of reinsurance policy and procedure, functional reporting & supervision system, rendition of quarterly account
		b) Reinsurers selection error / failure	weakness in the reinsurance management process which overlooks the strength, capacity and performance as necessary factors in selection of reinsurers from time to time : insufficient consideration for the possibility of insolvency of the reinsurer or its inability to respond to cash calls during the year	medium	where the reinsurers are not regularly appraised and evaluated	annual pre-qualifications for reinsurers, standard parameters established for reinsurers participation in companys' accounts
iii	Claims Management	illiquidity, Failed Process, Fraud	weaknesses in the underwriting & Claims management process which may hinder or prevent the company from fulfilling its contractual obligation to policy holders; illiquidity arising out of huge outstanding premium, or inability to liquidate assets or obtain funding; or inability to discover claims fraud	extreme	where the underwriting is poorly done, where the company has illiquidity problems or where claims consultants collude with staff to defraud the company, or where the process is laborious	existence of claim management policies & procedures, existence off internal SLAs, functional reporting & supervision system
iv	Reserve Development risk	Computation error, Solvency & System error	weakness in reserving method which results in insurance reserve being less than the net amount payable when the risks crystallise, such weaknesses may include, calculation error, system error, people error or a sign of the impending insolvency of the company	extreme	where calculation error, system error, people error exists or where the company is tending toward insolvency	statutory basis for reserve calculation, internal & external audit checks
v	Premium default	Agent default, Brokers default & Fraud	weakness in the management system that allows agent and brokers to freely owe or defraud the company	extreme	where there are huge outstanding premium due to uncollectable premium from agents, brokers or direct insured; where there is collusion between staff members and such intermediaries; where there is pressure to meet production target	defined basis for premium recognition, pre-qualification for premium credit, establishment of credit control
vi	Product Design & Pricing risk	Product recall / default, Pricing Defect	the possibility that a newly developed product may be wrongly priced or not accepted in the market	extreme	where new product is not based	step by step procedure for new product development, new product emerge only through a committee comprising members from different departments

		OPERATIONAL RISK REGISTER			TABLE V	
S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	People	a) Discrimination	a)Gender discrimination, Tribe discrimination+ Qualification discrimination(B.Sc/ HND).	High	a)where HR employs more males than females, or B.sc, is given precedence over HND, or one tribe is predominantly employed.	a)Recruitment & Selection is strictly on merit, minimum qualifications are specified for every position in the organisation, deliberate policy of the company is to engage a minimum number of physically challenged people
		b) Demotivated & Disgruntled workforce	b)Poor conditions of service, Bad Management, Delayed gratuity payment, poor work environment	Medium	b) where Salary, Promotion & confirmation of Staff are delayed, Where Salary & emoluments are not regularly reviewed	b) review of salaries & emoluments in line with inflation, adherence to employees union agreements, agreed timeline for payment of salaries & emoluments
		c) Employee Health & safety	c)Unconducive work environment, staff constant exposure to harzadous pollutants	Medium	c) where adequate provision is not made for Health maintenance of employees, where work environment is tight & untidy	c) Availability of Health Insurance, retained Medical clinics for emergencies, Decent & well lighted work environment
		d) Misappropriation of assets	d)Conversion of company's asset for personal use, theft.	High	d) where assets are not properly labelled, where assets register is poorly maintained, and where assets movement & control are inadequate.	d) regularly updated assets register, adequately labelled & asset inscription, strict security checks, documented asset movement
		e) Internal fraud	e)Ghost workers, forgery, Aiding and Abating, financial collusions, over invoicing, delayed retirement of advances & IOU	High	e) where financial control is loose, where regular audit is far in between, where filing & access to financial documents / department is free	e) Regular Audit, , regular monitoring of compliance with financial controls, regular updating of financial controls, secure financial documents & checks, establishment of comprehensive control administrative & accounting procedure, strict adherence to functional reporting.
		f) High Staff attrition	f) High turn-over of Staff, forced & Voluntary resignations, Abadonment	Medium	f) where there is the absence of Staff forum, where there is poor management-staff relationship, where there is poor internal communication and where there is under-employment of Staff	f) competitive remuneration package, comprehensive Learning & Development program, continously improved work environment, fully engaged employees
		g) Sudden Resignation of Key employee	g) Efficient employees leaving, key employees leaving	High	g) where employees productivity is not matched with reward, where there is poor Management-Staff relationship, where Management integrity is absent, where Manageent & Board is wasteful	g) regular management-key employees dialogue, comprehensive training & development program, adequate motivation
ii	Process	a)Clientele Service/ Interaction	a)Poor customer relations management, Unable to meet customers promised deadlines	High	where there is delayed response to customers enquiries and requests arising out of process breakdown and poor interpersonal relations and abridged communication	matching employees skills with roles, comprehensive Human Capital Learning & Development programs, Customer Relationship Management training, Service Level Agreements
		b) Documentation Errors	b) flaws in documentation, flaws in marketing & promotion literature, errors in policy documentation, failure to maintain proper records.	High	where employees are poorly trained, sentimentally recruited & supervision is weak, where functional manuals are not made available, where manual record keeping is still prevalent	automation of processes, re-engineering of processes, enforcement of strong supervisory controls, zero tolerance for process errors, introduction of self assessment programs, Training & development
		c) Miscommunication / Misreporting	c) issuance of factually incorrect or misleading information to internal &external customers, errors in policy wordings & financial statements, unauthorised disclosure of confidential information	High	where functional supervision is loose, where functional reporting is not strictly enforced, where there is no comprehensive control administrative procedure	establishment of central communication center at corporate & functional levels, enforcement of strong supervisory control
		d) Transaction & Payment processing error	d)Manual data entry errors, design & specification errors, casting errors, omissions	High	where record keeping is still largely manual, where there is no comprehensive control accounting procedures, where financial controls are weak, and where employees are poorly trained	enforcement of comprehensive control and accounting procedure, automation of processes, pre-payment audit
		e) Sales advise / practice errors	e) Mis-selling & negligent sales advisory services	High	where customers frequently return policies and endorsements, where sales people oversell company's products, and where policies are prematurely terminated or not renewed	training & employees capacity building in sales & marketing management, customer retention as a KPI for Sales/ Marketing employees

iii.	System	Hardware failure, software failure, utility disruptions	system hang, system hacking, electricity disruption, software design failure, data corruption, viruses, theft of information, security breaches	extreme	where disruption is caused to service delivery for internal & external customers because of system failure, telecommunication failure, security breaches and frequent down-time	standardised propriety hardware, robust software deployment, availability of maintenance contract, strict adherence to security control system, adequate system & data Back-up, controlled infrastructure and dependable telecommunications network
iv	External events	a) legislative & regulatory risk	a) non compliance, delayed compliance & inability to fully comply with regulatory & legislative procedures	extreme	where penalties are paid for non-compliance or delayed compliance of regulatory procedures	establishment of compliance unit, enforcement of compliance requirement
		b) damage to company's assets	b) loss of company assets due to terrorism, riots and civil commotion and other fundamental perils	extreme	where the company loses one of its assets due to the occurrence of a fundamental peril	asset insurance, authorised movement of assets
		c) external fraud	c) Theft of information, financial collusion & forgery, impersonation, fraudulent claims, fraudulent billing by suppliers	extreme	where signatures are forged by third parties, where fraudulent billings are presented and where policy claims are manipulated	secured storage of company's financial documents, pre & post audit of supplies, pre audit of claims payment
		d) Third party liabilities.	d) outsourcing delivery failure, actions by third party against the company	medium	where services outsourced to third parties are impaired, and where third parties make claims on the company for negligence or breach of contract	enforceable outsourcing contract, imposition of by-laws within company premises
v	Legal/ Litigation	Contracts & documentation, outsourcing, fiduciary breaches	a) missing or incomplete legal documentation, poor contract staff management, risk relating to tax legislation, either general taxation or VAT, claims dispute	extreme	where contracts are not carefully drafted, where policy documents are ambiguous, where existing legislation is hard to comply with	centralisation of all contracts with legal, functional supervision of policy documents

Aside from this, the Group train and re-train the personnel in risk handling technique which has put the company as one of the leading underwriters with proven track records over the years.

5c) **Capital Management**

The main objectives of the Group when managing capital are:

- to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.

This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Group's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Insurance Act CAP I17, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e in respect of outstanding claims liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

As part of its plan to continue to meet the required capital base set by NAICOM and to maintain the statutory asset cover based on its underwritten risks, the company intends to do the following to strengthen its financial position:

- a) Dispose of its shares in its affiliated companies: This action would improve liquidity while any gain would improve the company's solvency.
- b) Completion of exchange transaction with Suburban telecommunications: The Company is in the process of completing this exchange transaction which would increase its asset base.
- c) Private placement: The company wishes to bring fresh capital into the company through a special private placement for N1 billion during the 2013 financial year.
- d) Recoveries from trade and other debtors: The Company has engaged the services of solicitors and recovery agents to help it make substantial recoveries in the coming years.
- e) Debt Conversion: The Company is in discussion with two institutions to which it owes in order to reduce the debt and in one case convert a significant portion of such debt into equity security.

The Group is also subject to a solvency requirement under the Insurance Act CAP I17, LFN 2004 and is required to maintain its solvency at the minimum capital required at all times. Solvency margin is the excess of admissible assets in Nigeria over admissible liabilities in in Nigeria and shall not be less than the minimum paid-up capital or 15% of the gross premium income less reinsurance premiums paid out during the year, whichever is higher in accordance with section 24 of Insurance Act CAP I17 LFN, 2004

The Company's capital requirement of N3,000,000,000 was not maintained as at the end of the financial year, while the Solvency margin was also below the requirements of the Insurance Act CAP I17, LFN 2004 as a result of the restriction on the admissibility of certain assets.

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	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
6 Cash and cash equivalents						
Cash in hand	900	1,012	205	384	71	205
Balances with banks (see 'a' below)	295,696	322,253	223,245	239,571	306,296	210,240
Short-term liquid instruments (see 'b' below)	766,226	493,368	447,614	656,291	475,850	440,111
Treasury bills	33,455	13,509	-	-	-	-
	<u>1,096,277</u>	<u>830,142</u>	<u>671,064</u>	<u>896,246</u>	<u>782,217</u>	<u>650,556</u>
Impairment allowance of balances with banks (c)	(2,994)	(2,994)	(2,638)	(2,994)	(2,994)	(2,638)
Impairment allowance of short term deposits (d)	(54,010)	(40,078)	-	(54,010)	(40,078)	-
	<u>1,039,273</u>	<u>787,070</u>	<u>668,426</u>	<u>839,242</u>	<u>739,145</u>	<u>647,918</u>
Current	1,039,273	787,070	668,426	839,242	739,145	647,918
Non-current	-	-	-	-	-	-

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

(a) Balances with banks

This represents the company's deposit with banks and other financial institutions as the reporting dates as detailed below:

	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
<i>Banks and other financial institutions</i>			
Bank PHB plc	54,373	26,888	23,600
Diamond bank plc	74,652	144,664	31,110
FCMB Bank Plc	8,926	13,377	10,560
Access bank plc	6,719	13,124	3,927
U.B.A plc	2,026	3,063	3,814
Wema bank plc	-	5,617	4,479
First bank plc	40,420	16,450	12,434
Eco bank nigeria plc	31,746	43,603	28,454
GT bank plc	-	11,450	1,125
Unity bank plc	1,817	9,880	-
Skye bank plc	63	782	782
Zenith bank plc	15,393	10,605	82,461
Fidelity bank	-	1,471	-
Standard Chartered Bank Plc.	-	-	246
Others	3,436	5,322	7,248
	<u>239,571</u>	<u>306,296</u>	<u>210,240</u>

(b) Short-term liquid instruments

This represents the company's placement with banks and other financial institutions as at the reporting dates as detailed below:

	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
<i>Banks and other financial institutions</i>			
Access bank Plc.	-	35,493	33,780
Spring bank	87,639	18,401	17,652
FCMB plc	30,357	14,874	19,541
Unity bank	20,000	20,000	1,336
Fidelity	63,460	10,620	16,750
Wema Bank Plc	5,055	-	-
Afribank plc	54,841	45,093	41,442
Profound securities ltd	4,073	858	6,450
UBA plc	22,644	20	20
Ecobank plc	13,947	336	10,014
Skye bank nig Plc	56,247	44,675	44,144
Diamond bank plc	-	20,265	-
Sterling bank plc	9,246	14,690	10,900
Midis energy	-	290	-
Capital trust investment	8,118	8,118	7,238
Eurocomm securities	200,180	200,180	189,073
Zenith bank plc	21,017	17	-
Continental leasing ltd	33,410	37,910	38,045
Aquila capital limited	1,853	1,853	1,853
Smadac securities ltd	1,873	1,873	1,873

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(c) *Movement in impairment allowance of balances with banks:*

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	2,994	2,638	2,638	2,994	2,638	2,638
charged to profit or loss during the year (note 42)	-	356	-	-	356	-
Balance at the end of the year	2,994	2,994	2,638	2,994	2,994	2,638

(d) *Movement in impairment allowance of short term deposits:*

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	40,078	-	-	40,078	-	-
charged to profit or loss during the year (note 42)	13,932	40,078	-	13,932	40,078	-
Balance at the end of the year	54,010	40,078	-	54,010	40,078	-

Impairment allowance of balances with banks and short term deposits represent allowances for impairment of deposits with some defunct banks and other financial institutions that are long overdue.

7 Financial assets

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Held-for-trading financial assets (a)	179,627	151,735	381,639	179,627	151,735	381,639
Available -for-sale financial assets (b)	2,780,674	2,813,167	1,887,635	2,780,674	2,813,167	1,887,635
Held-to-maturity financial assets (d)	269,227	-	-	269,227	-	-
	3,229,528	2,964,902	2,269,274	3,229,528	2,964,902	2,269,274

(a) Held-for-trading financial assets

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	151,735	381,639	514,189	151,735	381,639	514,189
addition during the year	-	-	7,812	-	-	7,812
disposal during the year	-	-	(60,178)	-	-	(60,178)
Balance at the end of the year	151,735	381,639	461,823	151,735	381,639	461,823
Fair value gain/(loss) during the year (note 39)	27,892	(229,904)	(80,184)	27,892	(229,904)	(80,184)
Market value at the end of the year	179,627	151,735	381,639	179,627	151,735	381,639
Current	179,627	151,735	381,639	179,627	151,735	381,639
Non-current	-	-	-	-	-	-

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

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

	N'000	N'000	N'000	N'000	N'000	N'000
ACCESS BANK PLC.	7,923	-	49,400	7,923	-	49,400
ALUMACO	2	2	2	2	2	2
AT&T GLOBAL INFORMATION	-	-	-	-	-	-
BANK PHB	-	-	19,250	-	-	19,250
BERGER PAINTS NIG	471	503	438	471	503	438
BOND BANK (SKYE BANK)	-	1,223	2,933	-	1,223	2,933
C & I LEASING	49,606	59,527	151,795	49,606	59,527	151,795
CADBURY	2,380	903	-	2,380	903	-
DIAMOND BANK PLC	5,434	2,112	8,250	5,434	2,112	8,250
DUNLOP	500	500	500	500	500	500
FBN	8,740	938	8,348	8,740	938	8,348
FCMB	44,168	41,820	76,500	44,168	41,820	76,500
FIRST ALUM	1,376	1,376	2,009	1,376	1,376	2,009
FIRST INLAND	-	-	1,146	-	-	1,146
GT BANK PLC	871	590	673	871	590	673
INTENEGINS	167	167	143	167	167	143
INTERCONTINENTAL BANK PLC	-	530	896	-	530	896

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	N'000	N'000	N'000	N'000	N'000	N'000
LINKAGE	6,763	6,763	6,763	6,763	6,763	6,763
LIVESTOCK	1,440	690	650	1,440	690	650
NAMPAK NIGERIA PLC	-	234	219	-	234	219
NCR NIG PLC	-	423	440	-	423	440
NESTLE NIG PLC	12,231	9,776	-	12,231	9,776	-
NIG ENEMAL WARES PLC	8,656	5,003	5,897	8,656	5,003	5,897
OANDO	452	427	2,060	452	427	2,060
OCEANIC	-	-	7,500	-	-	7,500
RT BRISCO	27	22	24	27	22	24
SCOA NIG PLC	843	859	1,288	843	859	1,288
SKYE BANK	6,593	4,404	10,560	6,593	4,404	10,560
TRANSCORP	1,575	825	750	1,575	825	750
UAC OF NIG PLC	1,052	750	947	1,052	750	947
UBA	13,736	7,294	18,014	13,736	7,294	18,014
UNILEVER	-	707	-	-	707	-
UBN	350	505	642	350	505	642
UNIVERSAL	3,653	2,500	2,500	3,653	2,500	2,500
WEST AFRICAN GLASS	315	315	315	315	315	315
Others	13	49	34	13	49	34
	179,627	151,735	381,639	179,627	151,735	381,639

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
(b) Available -for-sale financial assets						
(i) Unlisted equities:						
Cost at the beginning of the year	4,379,302	2,679,302	1,989,302	4,379,302	2,679,302	1,989,302
addition during the year (see note 7b(v),(ix) below)	1,000,000	1,700,000	-	1,000,000	1,700,000	-
disposal during the year	(280,000)	-	(10,000)	(280,000)	-	(10,000)
Reclassification from Management-Buy-Out (see note 9c) See 7b(x)	-	-	700,000	-	-	700,000
Equity exchanged for investment properties (note 13) and note 7b(xi) below	(1,596,778)	-	-	(1,596,778)	-	-
Cost at the end of the year	3,502,524	4,379,302	2,679,302	3,502,524	4,379,302	2,679,302
less: allowance for impairment (note 7c)	(721,850)	(1,566,135)	(791,667)	(721,850)	(1,566,135)	(791,667)
Fair value determined at the end of the year	2,780,674	2,813,167	1,887,635	2,780,674	2,813,167	1,887,635
Current	-	-	-	-	-	-
Non-current	2,780,674	2,813,167	1,887,635	2,780,674	2,813,167	1,887,635

Available-for-sale financial assets represent the Group's investments in unlisted securities and long term placements in other corporate entity. The investment is carried at fair value based on the net asset value of the group's investments in the other corporate entities.

(ii) *Analysis of the cost of investments in unlisted entities as at the end of the year is shown below:*

	N'000	N'000	N'000	N'000	N'000	N'000
IEI Investment Limited (see 'iii' below)	1,700,000	1,700,000	-	1,700,000	1,700,000	-
IEI Anchor Pensions Manager Limited	1,700,000	700,000	700,000	1,700,000	700,000	700,000
Equity life (Now Crystal life assurance plc.)	-	280,000	280,000	-	280,000	280,000
Pabod breweries limited	102,500	102,500	102,500	102,500	102,500	102,500
Air liquid	24	24	24	24	24	24
Suburban telecommunications	-	1,596,778	1,596,778	-	1,596,778	1,596,778
	3,502,524	4,379,302	2,679,302	3,502,524	4,379,302	2,679,302

(iii) This is an investment in IEI Investment Limited. IEI Investment Limited was the Special Purpose Vehicle (SPV) for facilitating the Investment in Heritage Bank Limited. The Note issued to IEI Plc by IEI Investment Limited is redeemable or convertible on 31 December 2013. The Notes gives the holder a right to surrender 100% of the note certificate or part thereof for conversion into ordinary shares of Heritage Bank Limited, the post acquisition entity that emerged from Societe Generale Bank Ltd at the end of the tenor. The conversion of the Note is meant to be at 15% premium on the net asset value of Heritage Bank.

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

	N'000	N'000	N'000	N'000	N'000	N'000
IEI Anchor Pensions Manager Limited	670,954	700,000	700,000	670,954	700,000	700,000
Suburban telecommunications	-	798,389	-	-	798,389	-
Equity life (Now Crystal life assurance plc.)	-	6,012	42,200	-	6,012	42,200
Pabod breweries limited	50,872	61,710	49,443	50,872	61,710	49,443
Air liquid	24	24	24	24	24	24
	721,850	1,566,135	791,667	721,850	1,566,135	791,667

(v) The Company's initial investment in IEI Anchor Pension Limited was 799,820,000 ordinary shares of N1.00 each valued at N700,000,000. This investment was fully impaired as at 1 January 2011. The Company made an additional investment of N1,000,000,000 being 1,000,000,000 ordinary shares of N1.00 each in August 2012, making the total investment of 1,799,820,000 ordinary shares at a cost of N1,700,000,000. The impairment of N700,000,000 is yet to be fully recovered. The fair value of the investment was determined to be N1,029,045,608 (producing a fair value gain of N29,045,608) as at 31 December, 2012.

(vi) The analysis of the fair value gain of N29,045,608 on investment with IEI Anchor Pension Limited as at 31 December 2012 is as follow:

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	N'000	N'000	N'000	N'000	N'000	N'000
Estimated value of the equity at the end of the year (see (vi) below)	1,029,046	-	-	1,029,046	-	-
Less: carrying amount of equity at the end of the year (see (vii) below)	1,000,000	-	-	1,000,000	-	-
	29,046	-	-	29,046	-	-

(vii) *Estimated value of the equity at the end of the year:*

	N'000	N'000	N'000	N'000	N'000	N'000
Net asset of IEI Anchor Pension (N)	1,270,427	-	-	1,270,427	-	-
total share of IEI Anchor Pension (number)	2,222,000	1,000,000	1,000,000	2,222,000	1,000,000	1,000,000
Net asset/share	0.57	-	-	0.57	-	-
	Number	Number	Number	Number	Number	Number
Unit of equity held by IEI Plc (number)	1,799,820	700,000	700,000	1,799,820	700,000	700,000
Net asset/share of IEI Anchor Pension	0.57	-	-	0.57	-	-
Valued @ net asset/per share of IEI Anchor Pension	1,029,046	-	-	1,029,046	-	-

Subsequent to the year ended 31 December 2012, IEI Plc has entered into an agreement to sell 51% of its holding in IEI Anchor Pension Limited. It has thus far received N227.50 million from the purchasers. (Refer to post statement of financial position events of note 49).

	Group	Group	Group	Company	Company	Company
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
(viii) Carrying amount at the beginning of the year	-	-	700,000	-	-	700,000
addition during the year (see note 7b(v) above)	1,000,000	-	-	1,000,000	-	-
Less impairment during the year (see (x) below)	-	-	(700,000)	-	-	(700,000)
Carrying amount at the end of the year	1,000,000	-	-	1,000,000	-	-

(ix) The addition during the year 2011 of N1,700,000,000 represents the recovery from Management buy-out debt transferred to investment in Heritage Bank Limited. In addition to this recovery, the Group recovered N100 million being payment to IEI Plc. by the management immediately on acceptance of the deal. Subsequent to the year ended 31 December, 2011 \$1.5million, which is equivalent to N240 million was in addition recovered from the deal.

(x) The N700,000,000 represents investment in IEI Anchor Pension Limited which was initially taken as part of Due from Management Buy-Out. See note 9c. The investment was fully impaired as at 1 January 2011 (i.e the transition date) considering the insolvent position of IEI Anchor Pension Limited as at that date.

(xi) The equity exchanged for investment properties represents equity investment in Suburban Broadband Limited exchanged for land as disclosed in note 1:

(c) *Movement in impairment allowance of unlisted equities:*

	Group	Group	Group	Company	Company	Company
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,566,135	791,667	91,667	1,566,135	791,667	-
addition during the year (note 28)	-	810,656	700,000	-	810,656	791,667
write back during the year (note 28)	(39,885)	(36,188)	-	(39,885)	(36,188)	-
impairment allowance on equity exchanged for investment property (note 13)	(798,389)	-	-	(798,389)	-	-
impairment recovered on investment disposed (note 39)	(6,011)	-	-	(6,011)	-	-
Balance at the end of the year	721,850	1,566,135	791,667	721,850	1,566,135	791,667

	Group	Group	Group	Company	Company	Company
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
(d) Held-to-maturity financial assets						
13% FGN Treasury bills	269,227	-	-	269,227	-	-

Held-to-maturity financial assets represent investment in Federal Government of Nigeria Treasury bills made by the company through Associated Discount House Limited. The Company has positive intent and ability to hold the financial assets to maturity and the financial assets are being carried at amortised cost. The detail of the Held-to-maturity financial assets is as follow:

(i) Financial assets	Face value	Discount rate	Effective Date	Maturity Date	Maturity value
FGN Treasury Bills	N300,000,000	13% PA	15/10/2012	15/10/2013	N300,000,000

The value of the Held-to-maturity financial assets of N269,227,000 as at December, 2012 represents its amortised cost.

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	Group	Group	Group	Company	Company	Company
	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
8 Trade receivables						
Amount due from Insurance brokers	2,133,719	3,088,883	4,034,959	1,638,443	2,419,437	3,544,667
Amounts due from Insurance companies	73,810	861,175	156,200	73,810	861,175	156,200
Amount due from direct insured	2,847,893	774,388	571,908	2,847,893	774,388	571,908
Amount due from re-insurance companies	3,616	1,331	-	3,616	1,331	-
	5,059,038	4,725,777	4,763,067	4,563,762	4,056,331	4,272,775
Less: impairment allowance of trade receivables (note 8a)	(3,933,444)	(3,938,635)	(3,924,707)	(3,933,444)	(3,658,465)	(3,910,915)
	1,125,594	787,142	838,360	630,318	397,866	361,860
Current	1,125,594	787,142	838,360	630,318	397,866	361,860
Non-current	-	-	-	-	-	-

Trade receivables are receivables from insurance contracts as at the year end and are carried at amortised cost less impairment loss.

(a) Movement in impairment allowance of trade receivables:

	Group	Group	Group	Company	Company	Company
	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Balance at the beginning of the year	3,938,635	3,924,707	799,260	3,658,465	3,910,915	799,260
impairment allowance during the year (note 42)	274,979	266,378	3,125,447	274,979	-	3,111,655
impairment allowance written back (note 39)	(280,170)	(252,450)	-	-	(252,450)	-
Balance at the end of the year	3,933,444	3,938,635	3,924,707	3,933,444	3,658,465	3,910,915

The Group's allowances for impairment are made based on "incurred loss model" See Policy on impairment of trade receivables.

(b) The following trade receivables were received subsequent to the year end:

	Group	Group	Group	Company	Company	Company
	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Insurance Agents/Brokers	362,301	233,211	192,577	362,301	233,211	192,577
Direct insured	215,558	107,813	109,304	215,558	107,813	109,304
Insurance Companies	52,459	56,842	59,979	52,459	56,842	59,979
	630,318	397,866	361,860	630,318	397,866	361,860

9 Other receivables and prepayments

	Group	Group	Group	Company	Company	Company
	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Due from related parties (a)	642,137	-	10,624	642,137	-	10,624
Staff debtors (b)	159,710	182,972	184,801	142,537	163,807	171,372
Prepayments	54,291	150,088	169,894	28,635	142,954	161,343
Other debtors (c)	53,026	208,062	250,649	4,103	9,160	34,189
	909,164	541,122	615,968	817,412	315,921	377,528
Current	909,164	541,122	615,968	817,412	315,921	377,528
Non-current	-	-	-	-	-	-

(a) Due from related parties

	Group	Group	Group	Company	Company	Company
	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Due from IEI Limited - Ghana	-	-	-	74,057	74,057	74,057
Due from IEI Assets Limited/Anchor Pension	71,000	11,500	7,000	71,000	11,500	7,000
Due from TMC Savings and loans	3,624	3,624	3,624	3,624	3,624	3,624
	74,624	15,124	10,624	148,681	89,181	84,681
Less: impairment allowance of due from related parties (see 'i' below)	(74,624)	(15,124)	-	(148,681)	(89,181)	(74,057)
	-	-	10,624	-	-	10,624
<i>Other receivable from related party:</i>						
Placement with IEI Assets Limited (see note 9(ii))	1,152,137	1,152,137	1,152,137	1,152,137	1,152,137	1,152,137
less: allowance for impairment (see 'iii' below)	(510,000)	(1,152,137)	(1,152,137)	(510,000)	(1,152,137)	(1,152,137)
	642,137	-	-	642,137	-	-
	642,137	-	10,624	642,137	-	10,624

Due from related companies represents those expenditures incurred on behalf of the related companies which the Group considered recoverable as at the year end. The group makes allowance for impairment of the due from related companies when the Group considers the recoveries of the receivables doubtful.

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(i) *Movement in impairment allowance of due from related parties:*

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	15,124	-	-	89,181	74,057	-
addition during the year (note 42)	59,500	15,124	-	59,500	15,124	74,057
Balance at the end of the year	74,624	15,124	-	148,681	89,181	74,057

- (ii) Placement with IEI Assets represent the Group's deposit with an asset management company - IEI Assets limited (a related company) at an agreed interest rate. The deposit was fully allowed for impairment as at 1 January, 2011 because of the financial constraint of IEI Assets limited (the investee company) which made the fund unavailable for use at its maturity date. The Company however recovered N642,137,000 from the placement subsequent to the year ended 31 December 2012. (Refer to post statement of financial position events of note 49).

(iii) *Movement in impairment allowance of other receivable from related party:*

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,152,137	1,152,137	-	1,152,137	1,152,137	-
addition/(write back)(note 39)	(642,137)	-	1,152,137	(642,137)	-	1,152,137
Balance at the end of the year	510,000	1,152,137	1,152,137	510,000	1,152,137	1,152,137

(b) **Staff debtors**

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Due from staff at the beginning	182,972	184,801	271,844	163,807	171,372	243,384
additional loans and advances granted to staff	100,379	-	-	102,371	-	-
recovery from staff during the year	-	(1,554)	(87,043)	-	(7,290)	(72,012)
	283,351	183,247	184,801	266,178	164,082	171,372
less: impairment allowance (see (i) below)	(123,641)	(275)	-	(123,641)	(275)	-
	159,710	182,972	184,801	142,537	163,807	171,372

Due from staff or staff debtors are outstandings as at the year end arisen from loans and advances granted to staff during the year.

Prepayments are the prepaid rents as at the reporting date.

(i) *Movement in impairment allowance of due from staff:*

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	275	-	-	275	-	-
impairment allowance during the year (note 42)	123,366	275	-	123,366	275	-
Balance at the end of the year	123,641	275	-	123,641	275	-

Impairment allowance of due from staff represents impairment loss incurred on loans and advances granted to staff who are no longer in the service to the company.

(c) **Other receivables**

	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Due from Management Buy-Out	-	-	3,294,305	-	-	3,294,305
Reclassified to Available-for-sale (see 'ii' below)	-	-	(700,000)	-	-	(700,000)
Other debtors (see 'iii' below)	217,361	242,765	250,649	168,438	43,863	34,189
	217,361	242,765	2,844,954	168,438	43,863	2,628,494
Less: impairment allowance (see 'iv' below)	(164,335)	(34,703)	(2,594,305)	(164,335)	(34,703)	(2,594,305)
	53,026	208,062	250,649	4,103	9,160	34,189

- (i) Management buy-out represents investments in IEI Assets limited, TMC Savings and loans limited and IEI Anchor Pension Limited divested through management buy-out mechanism in compliance with regulatory requirements in 2010. The value of these investment has been fully provided for as at 1 January, 2011 considering its irrecoverability from the management as at this date.

- (ii) This represents investment in IEI Anchor Pension Limited to the tune of N700,000,000 which was initially taken as part of 'Due from Management Buy-Out' (see 'i' above) now been reclassified to Available-for-sale financial assets. See note 7b(i).
- (iii) Other debtors represents receivables from persons other than customers and staff and other various prepaid expenses as at the reporting date. The detail is as follow:

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	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
<i>Other debtors:</i>						
Incorporation expenses of Heritage bank ltd	146,699	21,434	-	146,699	21,434	-
Loan to agent and brokers	747	1,347	-	747	1,347	-
Other receivables from IEI Ghana	-	-	84,355	-	-	-
Advances to equity life assurance	10,000	10,000	10,000	10,000	10,000	10,000
Other prepayments	59,915	209,984	156,294	10,992	11,082	24,189
	<u>217,361</u>	<u>242,765</u>	<u>250,649</u>	<u>168,438</u>	<u>43,863</u>	<u>34,189</u>

- (iv) *Movement in impairment allowance of other receivables:*

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance at the beginning of the year	34,703	-	-	34,703	-	-
impairment allowance during the year (note 42)	129,632	34,703	-	129,632	34,703	-
Balance at the end of the year	<u>164,335</u>	<u>34,703</u>	<u>-</u>	<u>164,335</u>	<u>34,703</u>	<u>-</u>

10 Re-insurance assets	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Outstanding claims recoverable at beginning	108,410	112,325	-	108,410	112,325	-
Increase/(Decrease) during the year (note 35)	84,985	(3,915)	112,325	84,985	(3,915)	112,325
Balance, end of the year	<u>193,395</u>	<u>108,410</u>	<u>112,325</u>	<u>193,395</u>	<u>108,410</u>	<u>112,325</u>

(a) **Outstanding claims recoverable**

	N'000	N'000	N'000	N'000	N'000	N'000
Recoverable on Outstanding claims	63,863	-	-	63,863	-	-
Recoverable on IBNR	92,626	108,410	112,325	92,626	108,410	112,325
	<u>156,489</u>	<u>108,410</u>	<u>112,325</u>	<u>156,489</u>	<u>108,410</u>	<u>112,325</u>

Re-insurance assets represent the extent of credit risk related to the reinsurance and its obligations to policy holders. Re-insurance assets are carried at amortised cost. The carrying amount is not significantly different from the fair value.

11 Deferred acquisition costs	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance at the beginning of the year	241,071	224,241	236,356	241,071	224,241	236,356
Increase/(Decrease) during the year	(27,681)	16,830	(12,115)	(76,068)	16,830	(12,115)
Balance at the end of the year	<u>213,390</u>	<u>241,071</u>	<u>224,241</u>	<u>165,003</u>	<u>241,071</u>	<u>224,241</u>
Current	213,390	241,071	224,241	165,003	241,071	224,241
Non-current	-	-	-	-	-	-

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

Analysis of Deferred Acquisition Cost by class of business is as follows:

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Fire	17,407	16,383	24,299	13,460	16,383	24,299
General Accident	20,143	22,756	64,131	10,049	22,756	64,131
Marine	13,410	15,150	27,138	13,259	15,150	27,138
Motor	99,399	115,575	50,737	28,412	115,575	50,737
Oil and Energy	60,144	67,946	54,579	99,066	67,946	54,579
Working Compensation	2,887	3,261	3,357	757	3,261	3,357
	<u>213,390</u>	<u>241,071</u>	<u>224,241</u>	<u>165,003</u>	<u>241,071</u>	<u>224,241</u>

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	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
12 Investment in subsidiaries						
IEI Saotome and Principe limited	48,160	48,160	48,160	48,160	48,160	48,160
IEI Cote D' Ivoire Limited	7,970	7,970	7,970	7,970	7,970	7,970
	56,130	56,130	56,130	56,130	56,130	56,130
IEI Ghana limited (Ordinary shares)	-	-	-	481,821	481,821	481,821
IEI Ghana limited (Deposit for shares)	-	-	-	84,355	84,355	84,355
	56,130	56,130	56,130	622,306	622,306	622,306
Less: impairment allowance (see 'a' below)	(56,130)	(56,130)	-	(540,946)	(140,485)	(84,355)
	-	-	56,130	81,360	481,821	537,951
Current	-	-	-	-	-	-
Non-current	-	-	56,130	81,360	481,821	537,951

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

IEI Ghana limited (Ordinary shares) represents International Energy Insurance Plc holdings in IEI Ghana limited. IEI Plc has 95% holding of the ordinary shares of IEI Ghana limited as at 31 December, 2012. IEI Ghana Limited operates non-life insurance business as the parent company does.

IEI Ghana limited (Deposit for shares) represents various expenditures incurred on behalf of IEI Ghana which the parent company intended to have the equity of the subsidiary company in lieu of. The expenditures incurred has however been fully allowed for impairment as at 1 January, 2011

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

	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	56,130	-	-	140,485	84,355	-
addition during the year (note 42)	-	56,130	-	400,461	56,130	84,355
Balance at the end of the year	56,130	56,130	-	540,946	140,485	84,355

(b) Detail of investment in subsidiaries impaired:

	N'000	N'000	N'000	N'000	N'000	N'000
IEI Saotome and Principe limited	48,160	48,160	-	48,160	48,160	-
IEI Cote D' Ivoire Limited	7,970	7,970	-	7,970	7,970	-
IEI Ghana limited (Deposit for shares)	-	-	-	84,355	84,355	84,355
IEI Ghana limited (Ordinary shares)	-	-	-	400,461	-	-
	56,130	56,130	-	540,946	140,485	84,355

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

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Total Assets	1,099,789	813,883	879,629
Total Liabilities	1,018,429	794,294	545,024
Shareholders fund	81,360	19,589	334,605
Gross Premium	891,435	772,502	747,203
Net Premium earned	802,367	556,066	520,708
Underwriting profit/(loss)	19,318	(345,677)	718
Profit before taxation	81,678	(306,355)	31,873
Profit/(loss) after taxation	57,699	(282,935)	32,139
Total comprehensive income	57,699	(282,935)	32,139

IEI Plc has 95% holding of the ordinary shares of IEI Ghana limited as at 31 December, 2012. IEI Ghana Limited operates non-life insurance business as the parent company does.

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
13 Investment properties						
At valuation:						
Investment properties at the beginning of the year (a)	1,135,956	1,135,956	1,135,956	1,135,956	1,135,956	1,135,956
Fair value gain (note 39) See 'a' below	91,044	-	-	91,044	-	-
Equity exchanged for investment property (note 7(b) above) See (b) below	1,596,778	-	-	1,596,778	-	-

Balance at the end of the year	2,823,778	1,135,956	1,135,956	2,823,778	1,135,956	1,135,956
impairment allowance on equity exchanged for investment property (note 7c)	(798,389)	-	-	(798,389)	-	-
	<u>2,025,389</u>	<u>1,135,956</u>	<u>1,135,956</u>	<u>2,025,389</u>	<u>1,135,956</u>	<u>1,135,956</u>
Current	-	-	-	-	-	-
Non-current	2,823,778	1,135,956	1,135,956	1,135,956	1,135,956	1,135,956
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**Notes to the Consolidated financial statements
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(a) *Investment properties at the beginning*

The company investment properties represent land and buildings held for capital appreciation. The properties were professionally valued on 27 November 2012 by an Independent valuer Messrs.Obi Nwanchukwu and Associates with FRCN registration number FRC/2013/NIESV/00000005295 on the basis of their open market values. The valuation produced a surplus amount of N91,044,000. See detail below.

The detail of the properties on which valuation was carried out is as follow:

	Cost	Fair value	Revaluation surplus
	N,000	N,000	N,000
(i) Properties - Land and building			
(ii) IEI Estate, Liberty road, Opposite Liberty Stadium, Ibadan, Oyo State	833,220	900,000	66,780
No.1 Onikoyi Street, Ikoyi, Lagos	302,736	327,000	24,264
	<u>1,135,956</u>	<u>1,227,000</u>	<u>91,044</u>

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

(b) *Equity exchanged for investment property*

This represents the equity given up in exchange for landed property. The landed property was acquired by IEI Plc from Suburban Broadband Limited in consideration for its 230,000,000 unit of shares held in Suburban Broadband Limited. The cost of the equity was N1,596,778,000. A provision for impairment to the tune of N798,389,000, representing 50% of the cost of N1,596,778,000, has been made and incorporated in these financial statements making the carrying amount of the property to be N798,389,000 as at 31 December 2012. The landed property is located in Abuja.

The Group has decided to adopt fair value model for the valuation of its properties and the properties are to be valued annually. All the properties are located in Nigeria.

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	Group	Group	Group	Company	Company	Company
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Intangible Assets						
Cost:						
Balance at beginning of year	10,790	10,790	10,790	10,790	10,790	10,790
Additions	1,335	-	-	-	-	-
Disposal	-	-	-	-	-	-
Balance at end of the year	<u>12,125</u>	<u>10,790</u>	<u>10,790</u>	<u>10,790</u>	<u>10,790</u>	<u>10,790</u>
Amortisation:						
Balance at beginning of year	5,395	4,316	3,237	5,395	4,316	3,237
Charge during the year	1,346	1,079	1,079	1,079	1,079	1,079
Disposal	-	-	-	-	-	-
Balance at end of the year	<u>6,741</u>	<u>5,395</u>	<u>4,316</u>	<u>6,474</u>	<u>5,395</u>	<u>4,316</u>
Net Book Value						
At the end of the year	<u>5,384</u>	<u>5,395</u>	<u>6,474</u>	<u>4,316</u>	<u>5,395</u>	<u>6,474</u>

Intangible assets are purchased computer software being used by the Group. IEI Plc is presently using "perfect accounting" which was purchased in year 2007. Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

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(a) Property, plant and equipment (Group)

Cost/valuation	Improvement to land and building N'000	Land and Buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furnitures & equipments N'000	Total N'000
At 1 January, 2012	1,433,262	512,370	119,989	438,486	224,753	2,728,860
Additions	3,681	686	861	25,011	10,652	40,890
Revaluation (note 27)	1,218,000	485,000	-	-	-	1,703,000
Disposals	-	(209,723)	(6,360)	(4,769)	(725)	(221,577)
Transfer to the revaluation (note 27)	(1,050,664)	(512,369)	-	-	-	(1,563,033)
At 31 December, 2012	1,604,279	275,964	114,490	458,728	234,680	2,688,140
<u>Depreciation</u>						
At 1 January, 2012	150,255	36,724	106,018	388,185	85,054	766,236
Additions	25,755	10,247	8,190	45,473	22,302	111,967
Transfer to the revaluation (note 27)	(162,250)	(33,791)	-	-	-	(196,041)
Disposals	-	-	(5,700)	(3,529)	(531)	(9,760)
At 31 December, 2012	13,760	13,180	108,508	430,129	106,825	672,402
<u>Net book value at:</u>						
31 December, 2012	1,590,519	262,784	5,982	28,599	127,854	2,015,738
31 December, 2011	1,283,007	475,646	13,971	50,301	139,699	1,962,624

Property, plant and equipment are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses (if any). The value of the Group's Property, plant and equipment as at 31 December, 2012 of N2,015,738,000 represents their net book value.

(b) Property, plant and equipment (Parent)

Cost/valuation	Improvement to land & building N'000	Land and Buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furnitures & equipments N'000	Total N'000
At 1 January, 2012	1,286,493	512,370	113,335	350,144	179,447	2,441,789
Additions	3,681	-	861	13,666	9,748	27,956
Revaluation (note 27)	1,218,000	485,000	-	-	-	1,703,000
Disposals	-	(209,723)	(6,360)	(120)	(725)	(216,928)
Transfer to the revaluation (note 27)	(1,050,664)	(512,369)	-	-	-	(1,563,033)
At 31 December, 2012	1,457,510	275,278	107,836	363,690	188,470	2,392,784
<u>Depreciation</u>						
At 1 January, 2012	150,255	36,724	101,761	340,159	70,997	699,896
Additions	25,755	10,247	6,804	23,651	18,532	84,989
Transfer to the revaluation (note 27)	(162,250)	(33,791)	-	-	-	(196,041)
Disposals	-	-	(5,700)	(120)	(531)	(6,351)
At 31 December, 2012	13,760	13,180	102,865	363,690	88,998	582,493
<u>Net book value at:</u>						
31 December, 2012	1,443,750	262,098	4,971	-	99,472	1,810,291
31 December, 2011	1,136,238	475,646	11,574	9,985	108,450	1,741,893

The Parent company head office's land and building were professionally valued on 31 December 2007 by an Independent valuer Messrs. Obi Nwanchukwu and Associates with Financial Reporting Council of Nigeria registration number FRC/2013/NIESV/00000005295 on the basis of their open market values. The valuation produced a surplus amount of N234,933,000 which was transferred to property, plant and equipment revaluation reserve and subsequently, upon adoption of IFRS, was transferred to revenue reserve account at the transition date of 1 January, 2011. See note 27.

Subsequently to the year 2007, within the months of October and November 2012, the Company carried out valuation of four of its land and buildings (including buildings under construction). The valuation was professionally done by Obi Nwachukwu & Associates, Estate Surveyors and Valuers.

The valuation, which was based on an open market value between a willing buyer and a willing seller, produced a surplus amount of N302,407,266,000 which has been credited to property, plant and equipment revaluation reserve account. As a result of the valuation, the revised value of the properties as at 31 December 2012 is N1,703,000,000.

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The detail of the properties on which valuation was carried out is as follow:

Properties - Land and building	Cost N,000	Accumulated Depreciation N,000	Fair value N,000	Revaluation surplus N,000
(i) Head office - Plot 294 Jide Oki Street, Victoria Island Annex Lagos	550,249	32,953	600,000	82,704
(ii) Plot No. 5 Ribadu Street, off swimming pool road, Kaduna	45,150	2,258	60,000	17,108
(iii) No. 8 Ohaeto Street, D-line Port-harcourt and No. 14 Aba Road, Port-harcourt	967,634	160,830	1,043,000	236,196
	1,563,033	196,041	1,703,000	336,008
Capital gain tax (10% of gross revaluation surplus)	-	-	-	(33,601)
	1,563,033	196,041	1,703,000	302,407

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

(c) Property, plant and equipment (Group)

Cost/valuation	Improvement to land & building N'000	Land and Buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furnitures & equipments N'000	Total N'000
At 1 January, 2011	1,431,964	512,369	114,756	428,732	190,455	2,678,276
Additions	1,298	1	5,233	31,895	34,298	72,725
Disposals	-	-	-	(22,141)	-	(22,141)
At 31 December, 2011	1,433,262	512,370	119,989	438,486	224,753	2,728,860
Depreciation						
At 1 January, 2011	-	31,085	83,077	359,531	63,073	536,766
Additions	150,255	5,639	22,941	49,397	21,981	250,213
Disposals	-	-	-	(20,743)	-	(20,743)
At 31 December, 2011	150,255	36,724	106,018	388,185	85,054	766,236
Net book value at:						
31 December, 2011	1,283,007	475,646	13,971	50,301	139,699	1,962,624
1 January, 2011	1,431,964	481,284	31,679	69,201	127,382	2,141,510

(d) Property, plant and equipment (Parent)

Cost/valuation	Improvement to land & building N'000	Land and Buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furnitures & equipments N'000	Total N'000
At 1 January, 2011	1,286,493	512,369	108,102	359,020	151,571	2,417,555
Additions	-	1	5,233	9,770	27,876	42,880
Disposals	-	-	-	(18,646)	-	(18,646)
At 31 December, 2011	1,286,493	512,370	113,335	350,144	179,447	2,441,789
Depreciation						
At 1 January, 2011	-	31,085	79,970	325,741	54,729	491,525
Additions	150,255	5,639	21,791	33,064	16,268	227,017
Disposals	-	-	-	(18,646)	-	(18,646)
At 31 December, 2011	150,255	36,724	101,761	340,159	70,997	699,896
Net book value at:						
31 December, 2011	1,136,238	475,646	11,574	9,985	108,450	1,741,893
1 January, 2011	1,286,493	481,284	28,132	33,279	96,842	1,926,030

The Group had no capital commitments of its property, plant and equipment as at the statement of financial position date (31 December, 2011: Nil).

**Notes to the Consolidated financial statements
for the year ended 31 December, 2012**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
16 Statutory deposit						
Balance at the beginning of the year	342,802	342,008	342,008	322,500	322,500	322,500
addition during the year	6,225	794	-	-	-	-
Balance at the end of the year	349,027	342,802	342,008	322,500	322,500	322,500

This represents the minimum deposit with the Central Bank of Nigeria as at 1 January, 2011 in accordance with the provision of section 9(1) and 10(3) of the Insurance Act, CAP I 17, LFN 2004.

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
17 Insurance liabilities						
Reserve for unearned premium (see 'a' below)	1,299,839	1,869,515	1,615,793	1,042,974	1,583,500	1,333,281
Reserve for outstanding claims (see 'b' below)	1,610,312	932,803	836,242	1,510,487	815,059	822,718
	2,910,151	2,802,318	2,452,035	2,553,461	2,398,559	2,155,999
Current	2,910,151	2,802,318	2,452,035	2,553,461	2,398,559	2,155,999
Non-current	-	-	-	-	-	-

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

(a) Reserve for unexpired risks	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Fire	88,402	105,737	159,813	70,933	89,560	131,871
Motor	340,505	1,091,603	491,901	273,217	924,600	405,895
General accident	72,758	149,591	440,449	58,380	126,705	363,439
Marine	89,828	97,718	167,410	72,077	82,768	138,139
Oil and gas	701,985	401,092	330,719	563,264	339,729	272,895
Workmen compensation	6,360	23,775	25,501	5,103	20,138	21,042
	1,299,839	1,869,515	1,615,793	1,042,974	1,583,500	1,333,281

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance at the beginning of the year	1,869,515	1,615,793	1,660,386	1,583,500	1,333,281	1,436,312
Movement during the year	(569,676)	253,722	(44,593)	(540,526)	250,219	(103,031)
Balance at the end of the year	1,299,839	1,869,515	1,615,793	1,042,974	1,583,500	1,333,281

(b) **Reserve for outstanding claims**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Fire	96,633	18,818	36,175	90,862	16,443	35,590
General accident	140,085	34,017	66,370	132,795	29,723	65,297
Marine	55,026	12,954	25,453	53,616	11,319	25,041
Motor	150,750	25,500	49,021	142,400	22,281	48,228
Oil and gas	509,589	56,819	61,393	478,595	49,647	60,400
Workmen compensation	12,615	302	-	11,733	264	-
	964,697	148,410	238,412	910,001	129,677	234,556
Gross IBNR	645,615	784,393	597,830	600,486	685,382	588,162
	1,610,312	932,803	836,242	1,510,487	815,059	822,718

(i) *The movement in the reserve for outstanding claims during the year is as follows:*

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance at the beginning of the year	932,803	836,242	1,660,386	815,059	822,718	208,101
Movement during the year	677,509	96,561	(824,144)	695,428	(7,659)	614,617
Balance at the end of the year	1,610,312	932,803	836,242	1,510,487	815,059	822,718

(ii) *The age analysis of reserve for outstanding claims is as analysed below:*

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
0 - 90 days	574,066	62,265	210,691	533,939	43,532	210,691
91 - 180 days	124,960	21,037	27,721	116,225	21,037	23,865
181 - 360 days	29,371	48,000	-	27,318	48,000	-
360 days and above	236,300	17,108	-	232,519	17,108	-
IBNR	645,615	784,393	597,830	600,486	685,382	588,162
	1,610,312	932,803	836,242	1,510,487	815,059	822,718

**Notes to the Consolidated financial statements
for the year ended 31 December, 2012**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(c) Hypothecation of investments						
Cash and cash equivalents	1,039,273	787,070	668,426	839,242	739,145	647,918
Held-for-trading financial assets	179,627	151,735	381,639	179,627	151,735	381,639
Held-to-maturity financial assets	269,227	-	-	269,227	-	-
	1,488,127	938,805	1,050,065	1,288,096	890,880	1,029,557
	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
18 Trade payables						
Amounts due to re-insurance companies	109,149	139,766	579,424	9,891	26,582	579,424
Amounts due to co-insurance companies	181,786	-	86,223	-	-	-
	290,935	139,766	665,647	9,891	26,582	579,424
Current	290,935	139,766	665,647	9,891	26,582	579,424
Non-current	-	-	-	-	-	-
The carrying amounts of trade payables as at 31 December, 2012 approximate their fair values. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.						
	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
19 Provisions and other payables						
Staff pension	216,478	210,557	165,242	216,478	210,557	165,242
Accruals	505,320	125,656	249,298	365,911	31,949	226,883
Other creditors - costain	164,604	164,604	164,604	164,604	164,604	164,604
Provision for contingent liabilities	68,497	68,497	-	68,497	68,497	-
NAICOM Levy	34,765	34,765	-	34,765	34,765	-
Sundry creditors	242,732	172,715	70,240	64,084	16,600	9,827
	1,232,395	776,794	649,384	914,339	526,972	566,556
Current	1,232,395	776,794	649,384	914,339	526,972	566,556
Non-current	-	-	-	-	-	-
	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
20 Taxation						
(a) Per income statement						
Income tax	34,733	-	15,926	-	-	15,926
Education tax	-	-	3,533	-	-	3,533
Minimum tax	20,588	40,253	-	20,588	34,319	-
Deferred taxation (note (c) below)	-	(29,354)	54,771	-	-	54,771
	55,321	10,899	74,230	20,588	34,319	74,230
	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(b) Per balance sheet						
Balance at the beginning of the year	267,319	211,803	309,626	261,385	211,803	309,626
Income tax	34,733	-	15,926	-	-	15,926
Education tax	-	-	3,533	-	-	3,533
Minimum tax	20,588	40,253	-	20,588	34,319	-
Payments during the year	(269,868)	(13,371)	(117,282)	(265,802)	(13,371)	(117,282)
Adjustment (reclassification to other creditors)(iv)	-	28,634	-	-	28,634	-
Balance at the end of the year	52,772	267,319	211,803	16,171	261,385	211,803
Current	52,772	267,319	211,803	16,171	261,385	211,803
Non-current	-	-	-	-	-	-
(i) The amount provided as income tax on the results for the year has been computed on the basis of minimum tax in accordance with the Companies Income Tax Act, CAP C21, LFN 2004 (as amended).						
(ii) Education tax is computed at 2% of assessable profit in line with Education Tax Act CAP E4, LFN 2004 (as amended).						
(iii) Information Technology Development						
The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April 2007, Section 12(12a) of the Act stipulates 'that, specified companies contribute 1% of the their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Group has not provided for NITDA levy at the balance sheet date because it made a loss before taxation.						
(c) Deferred taxation						
	2012 N'000	2011 N'000	2011 N'000	2012 N'000	2011 N'000	2011 N'000
Balance at the beginning of the year	95,074	95,074	14,199	95,074	95,074	14,199
Provision for the year (note 20(a) above)	-	-	54,771	-	-	54,771
	95,074	95,074	68,970	95,074	95,074	68,970
Capital gains tax	33,601	-	26,104	33,601	-	26,104
	128,675	95,074	95,074	128,675	95,074	95,074
Current	-	-	-	-	-	-
Non-current	128,675	95,074	95,074	128,675	95,074	95,074

**Notes to the Consolidated financial statements
for the year ended 31 December, 2012**

- (i) A deferred tax asset to the tune of N1,345,292,000 was assessed as at 31 December 2012 based on the adjusted losses of the previous years and the current results for the year ended 31 December 2012. The Company has however not incorporated this asset in the financial statements as at 31 December 2012 because of the present financial status of the company which casts doubt as to the availability of future taxable profits on which the deferred tax asset could be utilised in the foreseeable future.

Deferred tax assets	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance as the end of the year	31,299	18,063	-	-	-	-

21 <u>Financial liability at amortised cost</u>	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Borrowings (see 'a' below)	1,689,760	818,608	659,007	1,689,760	818,608	659,007
Daewoo Securities - Bond facilities (see 'b')	4,265,009	3,330,613	3,028,846	4,265,009	3,330,613	3,028,846
	5,954,769	4,149,221	3,687,853	5,954,769	4,149,221	3,687,853

(a) **Borrowings**

	N'000	N'000	N'000	N'000	N'000	N'000
Working capital facility (see 'i' below)	1,000,000	-	-	1,000,000	-	-
Term loans (see 'ii' below)	645,000	780,000	650,000	645,000	780,000	650,000
Bank Overdrafts	44,760	38,608	9,007	44,760	38,608	9,007
	1,689,760	818,608	659,007	1,689,760	818,608	659,007
Current	1,044,760	38,608	9,007	1,044,760	38,608	9,007
Non-current	645,000	780,000	650,000	645,000	780,000	650,000

- (i) The working capital facility of N1 billion is the facility that the company obtained from Associated Discount House Limited to finance the recapitalisation of IEI Anchor Pension Managers Limited. The facility has a tenure of 180 days. Refer to note 7b(iv).

- (ii) The term loans and overdrafts to IEI Plc. were granted by Pan African Capital Plc. (formerly Spring Capital Plc.) and were secured by way of a negative pledge over the fixed and floating assets of the company. The original amount of the term loan which was obtained in July 2008 is N500million. Interest accrued on this loan at the rate of 15% par anum.

- (iii) *The movement in term loans during the year is as follows:*

	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	780,000	650,000	647,945	780,000	650,000	647,945
Accrued interest	107,500	130,000	2,055	107,500	130,000	2,055
Repayment during the year	(242,500)	-	-	(242,500)	-	-
Balance at the end of the year	645,000	780,000	650,000	645,000	780,000	650,000

Subsequent to year ended 31 Decembe 2012, N680 million was paid in full and final settlement of the term loan.

	N'000	N'000	N'000	N'000	N'000	N'000
(b) Daewoo Securities - Europe limited (see 'i')	4,265,009	3,330,613	3,028,846	4,265,009	3,330,613	3,028,846

(i) <u>Liability due</u>	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Bond facility	2,025,417	2,025,417	2,025,417	2,025,417	2,025,417	2,025,417
Exchange loss	288,553	615,635	583,249	288,553	615,635	583,249
Default interest on facility	919,028	-	-	919,028	-	-
Interest due on redemption	1,032,011	689,561	420,180	1,032,011	689,561	420,180
	4,265,009	3,330,613	3,028,846	4,265,009	3,330,613	3,028,846
Current	-	-	-	-	-	-
Non-current	4,265,009	3,330,613	3,028,846	4,265,009	3,330,613	3,028,846

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

(b) **Options**

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

(c) **Initial fund received**

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

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

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22 Deposit for shares

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance at the beginning of the year	124,538	30,237	30,237	102,945	30,237	30,237
Additions during the year	44,336	94,301	-	39,892	72,708	-
Balance at the end of the year	168,874	124,538	30,237	142,837	102,945	30,237

Deposit for shares is made by the following persons:

	N'000	N'000	N'000	N'000	N'000	N'000
By directors	10,000	10,000	-	10,000	10,000	-
By staff	113,477	73,585	10,877	113,477	73,585	10,877
By other creditors	45,397	40,953	19,360	19,360	19,360	19,360
	168,874	124,538	30,237	142,837	102,945	30,237

Deposit for share is recognised at cost, being the amount of deposit received from potential share holders of the group. The deposit is derecognised when the Group's equity instruments have been issued to the depositors or when refund of the deposit is made to the depositors. The company however plan to allocate shares to the depositors in the year 2013

23 Share capital

(a) Authorised:

17,000,000,000 ordinary shares
of 50 kobo each

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000

(b) Issued and fully paid:

6,420,427,449 ordinary shares of
50kobo each

	N'000	N'000	N'000	N'000	N'000	N'000
	3,210,214	3,210,214	3,210,214	3,210,214	3,210,214	3,210,214

24 Share premium

Balance at the beginning and end of the year

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
	963,097	963,097	963,097	963,097	963,097	963,097

25 Statutory contingency reserve

Balance at the beginning of the year
Transfer from revenue reserve (note 30)
Non-controlling interest
Balance at the end of the year

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
	872,068	713,172	539,955	813,421	674,832	537,686
	206,069	161,764	173,217	180,663	138,589	137,146
	(4,801)	(2,868)	-	-	-	-
	1,073,336	872,068	713,172	994,084	813,421	674,832

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

26 Capital reserve

Balance at the beginning and end of the year

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
	5,503,223	5,503,223	5,503,223	5,503,223	5,503,223	5,503,223

(a) After the conclusion of a court ordered meeting of the shareholders, the Federal High Court approved the shares reconstruction scheme on 4 December 2007. The court at that date, directed that the sum of N5,503,223,588 representing the surplus value arising from the share reconstruction exercise be credited to the capital reserve of IEI Plc. The company intends to utilise the reserve as follows:

- to defray share issue expenses;
- to finance script issue; and
- to finance the proposed year 2013 share reconstruction.

27 Property, plant and equipment revaluation reserve

Balance at the beginning of the year (see 'a' below)
transferred to revenue reserve at transition (see note 30)
Transfer from fixed assets:
-cost (Note 15)
-accumulated depreciation (Note 15)
Revaluation amount (note 15)
Gross revaluation surplus
Capital Gain Tax (See note 20(v))
Net revaluation surplus at the end of the year

	Group 31 December 2012	Group 31 December 2011	Group 1 January 2011	Company 31 December 2012	Company 31 December 2011	Company 1 January 2011
	-	-	234,933	-	-	234,933
	-	-	(234,933)	-	-	(234,933)
	(1,563,033)	-	-	(1,563,033)	-	-
	196,041	-	-	196,041	-	-
	1,703,000	-	-	1,703,000	-	-
	336,008	-	-	336,008	-	-
	(33,601)	-	-	(33,601)	-	-
	302,407	-	-	302,407	-	-

(a) The balance at the beginning of the year represents surplus on revaluation of the head office land and building of IEI Plc. carried out on 21 December, 2007 by Messrs Obi Uwanchukwu. This has been transferred to revenue reserve at the transition date of 1 January, 2011.

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	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
28 Available-for-sale financial assets revaluation reserve						
Balance at the beginning of the year	-	-	-	-	-	-
Fair value gain on available-for-sale (note 7b(v) & 7c)	39,885	36,188	-	39,885	36,188	-
Fair value loss on available-for-sale (note 7c)	-	(810,656)	-	-	(810,656)	-
Excess fair value loss transferred to profit or loss		774,468			774,468	
Fair value gain realised on Available-for-sale financial assets disposed transferred to profit or loss (note 39)	(30,177)	-	-	(30,177)	-	-
Balance at the end of the year	9,708	-	-	9,708	-	-

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
29 Foreign currency revaluation reserve						
Balance at the beginning of the year	(134,003)	-	-	-	-	-
foreign exchange movement during the year	(10,746)	(134,003)	-	-	-	-
Balance at the end of the year	(144,749)	(134,003)	-	-	-	-

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
30 Revenue reserve						
Balance at the beginning of the year:						
- as previously stated	(9,911,153)	(9,786,497)	(1,324,910)	(9,595,813)	(9,756,255)	(1,127,516)
Transfer from Property, plant and equipment revaluation reserve (note 27)	-	-	234,933	-	-	234,933
IFRS adjustment	-	-	(8,268,024)	-	-	(8,426,436)
- as restated	(9,911,153)	(9,786,497)	(9,358,001)	(9,595,813)	(9,756,255)	(9,319,019)
Transfer from statement of comprehensive income	(406,860)	37,108	(255,279)	(807,646)	299,031	(300,090)
Transfer to contingency reserve (Note 25)	(206,069)	(161,764)	(173,217)	(180,663)	(138,589)	(137,146)
Balance at the end of the year	(10,524,082)	(9,911,153)	(9,786,497)	(10,584,122)	(9,595,813)	(9,756,255)

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
31 Non-controlling interest						
Share capital	25,925	25,925	25,359	-	-	-
Profit and loss attributable to minority	2,885	15,305	259	-	-	-
Accumulated deficit brought forward attributable to minority	(28,155)	(8,017)	(10,188)	-	-	-
Contingency reserve	4,801	2,868	-	-	-	-
	5,456	36,081	15,430	-	-	-

Non-controlling interests represent 5% holding of IEI Ghana Limited.

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
32 Gross premium written				
Direct Premium	6,963,224	5,369,645	6,012,986	4,629,794
Inward Premium	9,119	(10,163)	9,119	(10,163)
Gross Premium Written	6,972,343	5,359,482	6,022,105	4,619,631
Gross premium income				
Unearned premium brought forward	1,869,515	1,615,793	1,583,500	1,333,281
Premium written during the year	6,972,343	5,359,482	6,022,105	4,619,631
	8,841,858	6,975,275	7,605,605	5,952,912
Unearned premium carried forward (see note 17a)	(1,299,839)	(1,869,515)	(1,042,974)	(1,583,500)
	7,542,019	5,105,760	6,562,631	4,369,412

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
33 Reinsurance expenses				
Outward Reinsurance	1,190,912	877,933	1,013,892	697,648
Increase/(decrease) in prepaid re-insurance	-	-	-	-
	1,190,912	877,933	1,013,892	697,648

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

**Notes to the Consolidated financial statements
for the year ended 31 December, 2012**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
34 <u>Fees and Commission received</u>	106,780	55,872	106,780	55,872

Fees and commission represent the amount charged on policies ceded to reinsurance companies and other insurance companies.

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
35 <u>Claims incurred</u>				
Gross claims paid	1,063,215	890,969	923,499	763,848
(Decrease)/increase in outstanding claims (see note 17b)	677,509	96,561	695,428	(7,659)
Gross claims incurred	1,740,724	987,530	1,618,927	756,189
Change in re-insurance assets (see note 10)	(84,985)	3,915	(84,985)	3,915
Net claims incurred	1,655,739	991,445	1,533,942	760,104

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
36 <u>Acquisition cost</u>				
Deferred acquisition cost b/f	241,071	224,241	241,071	224,241
Commission for the year	1,087,308	575,938	997,812	501,979
Gross commission	1,328,379	800,179	1,238,883	726,220
Deferred acquisition cost c/f (see note 11)	(213,390)	(241,071)	(165,003)	(241,071)
	1,114,989	559,108	1,073,880	485,149

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
37 <u>Maintenance cost</u>				
Maintenance expenses	398,680	697,010	398,680	697,010

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
38 <u>Investment income</u>				
Short term investment income	33,486	22,971	25,407	22,055
Interest on bank and statutory deposit	37,612	9,981	37,597	6,918
Profit on disposal of Available-for-sale financial assets	135,768	-	135,768	-
Interest on FGN Treasury bill	8,227	-	8,227	-
Dividend income	2,308	18,019	2,308	18,019
	217,401	50,971	209,307	46,992

Allocation

Attributable to policy holders	79,325	32,952	71,231	28,973
Attributable to shareholders	138,076	18,019	138,076	18,019
	217,401	50,971	209,307	46,992

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
39 <u>Other income</u>				
fair value gain on held-for-trading financial assets (note 7a)	27,892	-	27,892	-
Provision for MBO debt recovered (note 7b(ix))	240,000	1,800,000	240,000	1,800,000
impairment recovered on available-for-sale financial assets disposed (note 7c)	6,011	-	6,011	-
Allowance for impairment of receivables recovered (note 8a)	280,170	252,450	-	252,450
Allowance for impairment of Placement recovered (note 9a)	642,137	-	642,137	-
Fair value gain on investment properties (see note 13)	91,044	-	91,044	-
Fair value gain realised on Available-for-sale financial assets disposed (note 28)	30,177	-	30,177	-
Profit on disposal of property, plant and equipment	41,127	1,594	41,127	1,594
Unrealised exchange gain	7,769	45,385	7,769	11,852
other impaired assets recovered	-	13,697	-	13,697
Sundry and other income	54,266	1,812	-	-
	1,420,593	2,114,938	1,086,157	2,079,593

**Notes to the Consolidated financial statements
for the year ended 31 December, 2012**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
40 Management expenses				
Personnel cost	1,290,345	1,211,713	1,048,946	1,010,316
Directors' emoluments	108,532	152,815	63,895	102,910
Auditors remuneration	14,369	18,682	9,350	14,116
Depreciation	111,967	251,783	84,989	227,017
Amortisation	1,346	1,079	1,079	1,079
Bad debts written off	101,885	32,304	-	1,498
Legal and other professional fees	536,261	91,221	523,076	91,221
Motor running expenses	76,213	47,635	54,639	47,635
Subscription and donations	55,063	69,489	54,839	69,489
Corporate gift and miscellaneous	30,627	11,537	20,404	11,537
Exchange loss	170,745	-	170,745	-
Repairs and maintenance	30,307	30,647	25,216	30,647
Rent and rates	44,351	39,233	33,311	39,233
Postage and telephone	16,640	15,008	11,636	15,008
Transport and travelling	52,722	31,665	45,278	31,665
Advertisements	41,574	29,450	23,681	29,450
AGM Expenses	13,051	15,049	9,977	15,049
Printing and stationery	25,903	21,989	23,501	21,989
Security expenses	13,602	20,089	13,488	20,089
Oil and Diesel	37,912	35,171	36,594	35,171
Insurance and license	19,826	61,624	5,908	61,624
State and local government levy	14,462	12,925	14,462	26,425
Other operating expenses	443,813	46,955	32,453	51,150
	<u>3,251,517</u>	<u>2,248,064</u>	<u>2,307,468</u>	<u>1,954,317</u>

Management expenses are accounted for on accrual basis and recognized in the consolidated income statement upon utilization of the services or at the date of their origin.

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
41 Interest payable and similar charges				
Interest on loans and overdraft	152,500	130,000	152,500	130,000
Default interest on Daewoo facility (see note 21b)	919,028	-	919,028	-
Interest due on redemption (See (a) below)	<u>310,063</u>	<u>236,994</u>	<u>310,063</u>	<u>236,994</u>
	1,381,591	366,994	1,381,591	366,994
Bank charges	<u>40,610</u>	<u>37,762</u>	<u>40,610</u>	<u>37,762</u>
	<u>1,422,201</u>	<u>404,756</u>	<u>1,422,201</u>	<u>404,756</u>

(a) Interest due on redemption represents interest due on bond issued by the Company to Daewoo Securities (Europe) Limited valued at 1,850,000,000 Japanese Yen (JPY).

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
42 Allowances for impairment of other assets				
Impairment allowance of balances with banks (note 6c)	-	356	-	356
Impairment allowance of short term deposits (note 6d)	13,932	40,078	13,932	40,078
Provision for premium debtors (note 8a)	274,979	266,378	274,979	-
impairment of due from related parties (Note 9a(i))	59,500	15,124	59,500	15,124
impairment of receivable from staff (Note 9b(i))	123,366	275	123,366	275
impairment of other receivable (Note 9c(iv))	129,632	34,703	129,632	34,703
impairment of investments in subsidiary (Note 12a)	-	56,130	400,461	56,130
Excess fair value loss transferred to profit or loss (note 28)	-	774,468	-	774,468
Provision for contingent liabilities	-	68,497	-	68,497
	<u>601,409</u>	<u>1,256,009</u>	<u>1,001,870</u>	<u>989,631</u>

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
43 Profit before taxation				
(i) Profit before taxation is arrived at after charging:				
Depreciation of property, plant and equipment	111,967	251,783	84,989	227,017
Amortisation of intangible asset	1,346	1,079	1,079	1,079
Directors' remuneration	108,532	152,815	63,895	102,910
Auditors' fees	<u>14,369</u>	<u>18,682</u>	<u>9,350</u>	<u>14,116</u>
and after crediting:				
Profit on disposal of property, plant and equipment	41,127	1,594	41,127	1,594
Unrealised exchange gain	<u>7,769</u>	<u>45,385</u>	<u>7,769</u>	<u>11,852</u>

**Notes to the Consolidated financial statements
for the year ended 31 December, 2012**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
(ii) Emoluments of Directors and employees				
The aggregate emoluments of the directors were:				
(a) Fees	36,000	31,000	36,000	31,000
Other emoluments	-	72,283	-	72,283
	<u>36,000</u>	<u>103,283</u>	<u>36,000</u>	<u>103,283</u>
(b) The emoluments of the Chairman				
Chairman's fees	-	7,676	-	7,676
(c) The emoluments (excluding pension contributions) of the Chairman				
	<u>-</u>	<u>7,676</u>	<u>-</u>	<u>7,676</u>

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

	Group 2012 Number	Group 2011 Number	Company 2012 Number	Company 2011 Number
1,000,000 - 5,000,000	-	4	-	-
5,000,001 - 10,000,000	6	6	6	6
10,000,001 - 15,000,000	1	-	1	-
15,000,001 - 25,000,000	-	3	-	2
25,000,001 - 35,000,000	-	-	-	-

(e) Staff number and costs

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

	Group 2012 Number	Group 2011 Number	Company 2012 Number	Company 2011 Number
Administration	86	64	79	57
Technical	151	161	141	151
General services	226	168	88	109
	<u>463</u>	<u>393</u>	<u>308</u>	<u>317</u>

The aggregate payroll costs of these persons were as follows:

	Group 2012 N'000	Group 2011 N'000	Company 2012 N'000	Company 2011 N'000
Staff costs (see 'g' below)	<u>1,320,110</u>	<u>1,211,713</u>	<u>1,048,946</u>	<u>1,010,316</u>

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

N	Group 2012 Number	Group 2011 Number	Company 2012 Number	Company 2011 Number
500,001 - 600,000	102	100	80	81
600,001 - 1,000,000	26	22	24	16
1,000,001 - 2,000,000	95	81	42	44
2,000,001 - 3,000,000	64	48	45	48
3,000,001 - 4,000,000	91	79	58	71
4,000,001 - 5,000,000	55	45	44	45
5,000,001 - 8,000,000	10	12	10	8
8,000,001 - 10,000,000	3	1	1	-
10,000,001 - and above	17	5	4	4
	<u>463</u>	<u>393</u>	<u>308</u>	<u>317</u>

(g) Staff costs

	N'000	N'000	N'000	N'000
Wages and salaries	1,190,683	1,102,267	926,519	912,301
Medical	38,301	33,474	31,301	24,130
Staff training	22,285	9,302	22,285	9,302
Pension (see 'h' below)	68,841	66,670	68,841	64,583
	<u>1,320,110</u>	<u>1,211,713</u>	<u>1,048,946</u>	<u>1,010,316</u>

(h) Pension

	Group 2012 N'000	Group 2011 N'000	Company 2012 N'000	Company 2011 N'000
Balance at the beginning of the year	225,224	165,242	223,137	165,242
Provision during the year	68,841	66,670	68,841	64,583
Payment during the year	(62,920)	(6,688)	(62,920)	(6,688)
Balance at the end of the year	<u>231,145</u>	<u>225,224</u>	<u>229,058</u>	<u>223,137</u>

**Notes to the Consolidated financial statements
for the year ended 31 December, 2012**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
44 Basic profit per ordinary share				
Basic profit per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.				
Profit for the year attributable to shareholders	(406,860)	37,108	(807,646)	299,031
	Unit	Unit	Unit	Unit
Weighted average number of ordinary shares of 50 kobo each in issue ('000)	6,420,427	6,420,427	6,420,427	6,420,427
Basic profit per share (kobo)	(6.34)	0.58	(12.58)	4.66
Diluted profit per share (kobo)	(6.34)	0.58	(12.58)	4.66

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
45 Reconciliation of profit after tax to net cash provided by operating activities				
Profit after tax	(406,860)	37,108	(807,646)	299,031
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	111,967	250,213	84,989	227,017
Amortisation of intangible assets	1,346	1,079	1,079	1,079
Profit on disposal of Available-for-sale financial assets	(135,768)	-	(135,768)	-
Profit on disposal of property, plant and equipment	(41,127)	(1,594)	(41,127)	(1,594)
Provision for trade receivables	(5,191)	13,928	274,979	(252,450)
Revaluation surplus on Investment Properties	(91,044)	-	(91,044)	-
Fair value (gain)/loss on Held-for-trading financial assets	(27,892)	229,904	(27,892)	229,904
Fair value gain on Available-for-sale financial assets	-	-	-	-
Impairment of Available-for-sale financial assets	(45,896)	774,468	(45,896)	774,468
Revaluation surplus on Property, plant and equipment	(336,008)	-	(336,008)	-
Property revaluation reserve	302,407	-	302,407	-
Available-for-sale financial assets revaluation reserve	9,708	-	9,708	-
Foreign currency revaluation reserve	(10,746)	(134,003)	-	-
Non-controlling interest	(35,426)	17,783	-	-
<i>Net cashflow from operating activities before changes in working capital</i>	<i>(710,530)</i>	<i>1,188,886</i>	<i>(812,219)</i>	<i>1,277,455</i>
changes in working capital				
Decrease in other receivables and prepayments	(368,042)	74,846	(501,491)	61,607
Decrease/(increase) in deferred acquisition costs	27,681	(16,830)	76,068	(16,830)
Increase in deferred tax assets	(13,236)	(18,063)	-	-
(increase)/decrease in re-insurance assets	(84,985)	3,915	(84,985)	3,915
(Increase)/decrease in trade receivables	(333,261)	37,290	(507,431)	216,444
Increase in financial liability at amortised cost	1,048,048	461,368	1,048,048	461,368
Increase/(decrease) in trade payables	151,169	(525,881)	(16,691)	(552,842)
Increase in insurance contract liabilities	107,833	350,283	154,902	242,560
Investment in subsidiaries	-	56,130	400,461	56,130
Interest income on statutory deposit	(6,225)	(794)	-	-
(Decrease)/increase in tax payable	(180,946)	55,516	(211,613)	49,582
Increase/(decrease) in provisions and other payables	455,601	127,410	387,367	(39,584)
Cashflow from operating activities	93,108	1,794,076	(67,584)	1,759,805

46 Cash and cash equivalents

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

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Cash at bank and in hand	293,602	320,271	220,812	236,961	303,373	207,807
Short term deposit	712,216	453,290	447,614	602,281	435,772	440,111
Treasury bill	33,455	13,509	-	-	-	-
Cash and cash equivalents at 31 December (note 6)	1,039,273	787,070	668,426	839,242	739,145	647,918

47 Contingency and commitments

There were no commitments to capital expenditure at the statement of financial position date (2011 : Nil).

48 Comparative figures

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

**Notes to the Consolidated financial statements
for the year ended 31 December, 2012**

49 Event after reporting period

Subsequent to the year ended 31 December 2012, IEI Plc has entered into an agreement to sell 51% of its holding in IEI Anchor Pension Limited. It has thus far received N227.50 million from the purchasers (note 7b(vii)). Also, the Company recovered N642,137,000 from its placement with IEI Assets Limited subsequent to the year ended 31 December 2012. (note 9a(ii)).

50 Related party transactions

Transactions with the subsidiary

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

Transactions with key management personnel

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

- (a) Related parties include the Board of Directors, the Group Managing Director, Group Finance Director, Management, Director, close family members and companies which are controlled by these individuals.
- (b) Total remuneration of related parties recognised in the profit or loss and other comprehensive income statement are as disclosed in Note 38 (ii) a-d to the financial statements.
- (c) Total amount incurred during the year in respect of services rendered by related party was N330 million.
- (d) The Company invested N1 billion in a related party - IEI Anchor Pension Limited during the year.
- (e) During the year, the IEI Plc. conducted transactions with its related companies, IEI Assets Limited/Anchor Pension and also International Energy Company Limited Ghana. The transactions were conducted at arm's length.

51 Guarantees and other financial commitments

In common with the insurance industry in general, the Company is subject to litigation arising in the normal course of conducting its insurance business.

52 Contravention of laws and regulations

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

Section	Number of times	Penalty(N'000)
Nil	-	-

- (b) No applicable penalties for non-compliance had been assessed and paid subsequent to the year ended 31 December 2012

International Energy Insurance Plc

Reconciliation of equity - Group

Equity at the date of transition 1 January 2011 can be reconciled to the amounts reported under the previous GAAP as follows:

1 January 2011						
	Notes	Previous GAAP	Reclassification	Re-measurement	Recognition/ (derecognition)	IFRS
Assets		N'000	N'000	N'000	N'000	N'000
Cash and bank balances	(i)	220,812	(220,812)	-	-	-
Cash and cash equivalents	a(i,ii)	-	668,426	-	-	668,426
Short-term investments	(ii)	1,599,751	(1,599,751)	-	-	-
Long-term investments	(iii)	2,360,941	(2,360,941)	-	-	-
Held-for-trading financial assets	b(iii)	-	381,639	-	-	381,639
Available-for-sale financial assets	b(ii,iii)	-	2,679,302	(791,667)	-	1,887,635
Premium debtors	iv	3,563,165	(3,563,165)	-	-	-
Trade receivables	c(iv)	-	3,719,752	(2,881,392)	-	838,360
Other debtors and prepayments	v	4,460,852	(4,460,852)	-	-	-
Other receivables and prepayments	d(v)	-	4,912,989	(4,297,021)	-	615,968
Re-insurance assets	e	-	-	-	112,325	112,325
Deferred acquisition costs	f	219,723	-	4,518	-	224,241
Investment in subsidiaries	g	56,130	-	-	-	56,130
Investment properties	h	1,135,956	-	-	-	1,135,956
Deferred tax assets	i	-	-	-	-	-
Intangible assets	j(vi)	-	6,474	-	-	6,474
Property, plant and equipment	(vi)	2,147,984	(6,474)	-	-	2,141,510
Statutory deposit	k	342,008	-	-	-	342,008
Total Assets		16,107,322	156,587	(7,965,562)	112,325	8,410,672
Liabilities						
Insurance funds	(vii)	1,909,506	(1,909,506)	-	-	-
Insurance contract liabilities	l(vii)	-	1,909,506	542,529	-	2,452,035
Creditors and accruals	(viii)	1,394,614	(1,394,614)	-	-	-
Trade payables	m(iv,viii)	-	242,810	-	422,837	665,647
Provisions and other payables	m(viii)	-	649,384	-	-	649,384
Taxation payable	(ix)	211,803	(211,803)	-	-	-
Current income tax liabilities	n(ix)	-	211,803	-	-	211,803
Deferred tax liabilities	o	95,074	-	-	-	95,074
Long term borrowings	(x)	3,579,425	(3,579,425)	-	-	-
Financial liability at amortised cost	p(viii,x)	-	4,238,432	(550,579)	-	3,687,853
Deposit for share	q	30,237	-	-	-	30,237
Total Liabilities		7,220,659	156,587	(8,050)	422,837	7,792,033
Net Assets/Liabilities		8,886,663	-	(7,957,512)	(310,512)	618,639
Equities						
Share capital	r	3,210,214	-	-	-	3,210,214
Share premium	s	963,097	-	-	-	963,097
Statutory Contingency reserve	t	713,172	-	-	-	713,172
Capital reserve	u	5,503,223	-	-	-	5,503,223
Property, plant & equipm revaluation reserve	v(xi)	234,933	(234,933)	-	-	-
Available-for-sale financial assets revaluation reserve	w	-	-	-	-	-
Foreign currency revaluation reserve	x	-	-	-	-	-
Revenue reserve	y(xi)	(1,753,406)	234,933	(7,957,512)	(310,512)	(9,786,497)
		8,871,233	-	(7,957,512)	(310,512)	603,209
Non-controlling interest	z	15,430	-	-	-	15,430
Total equities		8,886,663	-	(7,957,512)	(310,512)	618,639

International Energy Insurance Plc

Reconciliation of equity - Group

Equity as at 31 December, 2011 can be reconciled to the amounts reported under the previous GAAP as follows:

	Notes	31 December 2011				
		Previous GAAP	Reclassification	Re-measurement	Recognition/ (derecognition)	IFRS
Assets		N'000	N'000	N'000	N'000	N'000
Cash and bank balances	(i)	320,271	(320,271)	-	-	-
Cash and cash equivalents	a(i,ii,iii)	-	787,070	-	-	787,070
Short-term investments	(ii)	466,799	(466,799)	-	-	-
Long-term investments	(iii)	3,654,920	(3,654,920)	-	-	-
Held-for-trading financial assets	b(iii)	-	151,735	-	-	151,735
Available-for-sale financial assets	b(iii)	-	2,351,548	461,619	-	2,813,167
Premium debtors	iv	2,314,528	(2,314,528)	-	-	-
Trade receivables	c(iv)	-	2,314,528	(1,527,386)	-	787,142
Other debtors and prepayments	v	1,299,619	(1,299,619)	-	-	-
Other receivables and prepayments	d(v)	-	2,451,256	(1,910,134)	-	541,122
Re-insurance receivables	e	-	-	-	108,410	108,410
Deferred acquisition costs	f	200,040	-	41,031	-	241,071
Investment in subsidiaries	g	-	-	-	-	-
Investment properties	h	1,135,956	-	-	-	1,135,956
Deferred tax assets	i	18,063	-	-	-	18,063
Intangible assets	j(vi)	1,772	5,395	-	(1,772)	5,395
Property, plant and equipment	(vi)	1,966,247	(5,395)	-	1,772	1,962,624
Statutory deposit	k	342,802	-	-	-	342,802
Total Assets		11,721,017	-	(2,934,870)	108,410	8,894,557
Liabilities						
Insurance funds	(vii)	1,970,494	(1,970,494)	-	-	-
Insurance contract liabilities	l(vii)	-	1,970,494	831,824	-	2,802,318
Creditors and accruals	(viii)	1,735,168	(1,735,168)	-	-	-
Trade payables	m(viii)	-	139,766	-	-	139,766
Provisions and other payables	m(viii)	-	776,794	-	-	776,794
Taxation payable	(ix)	267,319	(267,319)	-	-	-
Current income tax liabilities	n(ix)	-	267,319	-	-	267,319
Deferred tax liabilities	o	95,074	-	-	-	95,074
Long term borrowings	(x)	3,848,805	(3,848,805)	-	-	-
Financial liability at amortised cost	p(viii,x)	-	4,667,413	(518,192)	-	4,149,221
Deposit for share	q	124,538	-	-	-	124,538
Total Liabilities		8,041,398	-	313,632	-	8,355,030
Net Assets/Liabilities		3,679,619	-	(3,248,502)	108,410	539,527
Equities						
Share capital	r	3,210,214	-	-	-	3,210,214
Share premium	s	963,097	-	-	-	963,097
Statutory Contingency reserve	t	872,067	-	-	-	872,067
Capital reserve	u	5,503,223	-	-	-	5,503,223
Property, plant & equipm revaluation reserve	v(xi)	234,933	(234,933)	-	-	-
Available-for-sale financial assets revaluation reserve	w	13,197	-	(13,197)	-	-
Foreign currency revaluation reserve	x	(134,003)	-	-	-	(134,003)
Revenue reserve	y(xi)	(7,019,190)	234,933	(3,235,305)	108,410	(9,911,152)
		3,643,538	-	(3,248,502)	108,410	503,446
Non-controlling interest	z	36,081	-	-	-	36,081
Total equities		3,679,619	-	(3,248,502)	108,410	539,527

International Energy Insurance Plc
Reconciliation of equity - Company

Equity at the date of transition 1 January 2011 can be reconciled to the amounts reported under the previous GAAP as follows:

		1 January 2011				
	Notes	Previous GAAP N'000	Reclassification N'000	Re-measurement N'000	Recognition/ (derecognition) N'000	IFRS N'000
Assets						
Cash and bank balances	(i)	207,807	(207,807)	-	-	-
Cash and cash equivalents	a(i,ii)	-	647,918	-	-	647,918
Short-term investments	(ii)	1,592,248	(1,592,248)	-	-	-
Long-term investments	(iii)	2,360,941	(2,360,941)	-	-	-
Held-for-trading financial assets	b(iii)	-	381,639	-	-	381,639
Available-for-sale financial assets	b(ii,ii,v)	-	2,679,302	(791,667)	-	1,887,635
Premium debtors	iv	3,086,665	(3,086,665)	-	-	-
Trade receivables	c(iv)	-	3,243,252	(2,881,392)	-	361,860
Other debtors and prepayments	v	4,296,469	(4,296,469)	-	-	-
Other receivables and prepayments	d(v)	-	4,748,606	(4,371,078)	-	377,528
Re-insurance assets	e	-	-	-	112,325	112,325
Deferred acquisition costs	f	219,723	-	4,518	-	224,241
Investment in subsidiaries	g	622,306	-	(84,355)	-	537,951
Investment properties	h	1,135,956	-	-	-	1,135,956
Deferred tax assets	i	-	-	-	-	-
Intangible assets	j(vi)	-	6,474	-	-	6,474
Property, plant and equipment	(vi)	1,932,504	(6,474)	-	-	1,926,030
Statutory deposit	k	322,500	-	-	-	322,500
Total Assets		15,777,119	156,587	(8,123,974)	112,325	7,922,057
Liabilities						
Insurance funds	(vii)	1,613,470	(1,613,470)	-	-	-
Insurance contract liabilities	l(vii)	-	1,613,470	542,529	-	2,155,999
Creditors and accruals	(viii)	1,225,563	(1,225,563)	-	-	-
Trade payables	m(iv,viii)	-	156,587	-	422,837	579,424
Provisions and other payables	m(viii)	-	566,556	-	-	566,556
Taxation payable	(ix)	211,803	(211,803)	-	-	-
Current income tax liabilities	n(ix)	-	211,803	-	-	211,803
Deferred tax liabilities	o	95,074	-	-	-	95,074
Long term borrowings	(x)	3,579,425	(3,579,425)	-	-	-
Financial liability at amortised cost	p(viii,x)	-	4,238,432	(550,579)	-	3,687,853
Deposit for share	q	30,237	-	-	-	30,237
Total Liabilities		6,755,572	156,587	(8,050)	422,837	7,326,946
Net Assets/Liabilities		9,021,547	-	(8,115,924)	(310,512)	595,111
Equities						
Share capital	r	3,210,214	-	-	-	3,210,214
Share premium	s	963,097	-	-	-	963,097
Statutory Contingency reserve	t	674,832	-	-	-	674,832
Capital reserve	u	5,503,223	-	-	-	5,503,223
Property, plant & equipm revaluation reserve	v(xi)	234,933	(234,933)	-	-	-
Available-for-sale financial assets revaluation reserve	w	-	-	-	-	-
Foreign currency revaluation reserve	x	-	-	-	-	-
Revenue reserve	y(xi)	(1,564,752)	234,933	(8,115,924)	(310,512)	(9,756,255)
		9,021,547	-	(8,115,924)	(310,512)	595,111
Non-controlling interest	z	-	-	-	-	-
Total equities		9,021,547	-	(8,115,924)	(310,512)	595,111

International Energy Insurance Plc

Reconciliation of equity - Company

Equity as at 31 December, 2011 can be reconciled to the amounts reported under the previous GAAP as follows:

		31 December 2011				
	Notes	Previous GAAP	Reclassification	Re-measurement	Recognition/ (derecognition)	IFRS
		N'000	N'000	N'000	N'000	N'000
Assets						
Cash and bank balances	(i)	303,373	(303,373)	-	-	-
Cash and cash equivalents	a(i,ii,iii)	-	739,145	-	-	739,145
Short-term investments	(ii)	435,772	(435,772)	-	-	-
Long-term investments	(iii)	3,654,920	(3,654,920)	-	-	-
Held-for-trading financial assets	b(iii)	-	151,735	-	-	151,735
Available-for-sale financial assets	b(iii)	-	2,351,548	461,619	-	2,813,167
Premium debtors	iv	1,925,252	(1,925,252)	-	-	-
Trade receivables	c(iv)	-	1,925,252	(1,527,386)	-	397,866
Other debtors and prepayments	v	1,074,418	(1,074,418)	-	-	-
Other receivables and prepayments	d(v)	-	2,226,055	(1,910,134)	-	315,921
Re-insurance assets	e	-	-	-	108,410	108,410
Deferred acquisition costs	f	200,040	-	41,031	-	241,071
Investment in subsidiaries	g	566,177	-	(84,355)	-	481,822
Investment properties	h	1,135,956	-	-	-	1,135,956
Deferred tax assets	i	-	-	-	-	-
Intangible assets	j(vi)	-	5,395	-	-	5,395
Property, plant and equipment	(vi)	1,747,288	(5,395)	-	-	1,741,893
Statutory deposit	k	322,500	-	-	-	322,500
Total Assets		11,365,696	-	(3,019,225)	108,410	8,454,881
Liabilities						
Insurance funds	(vii)	1,566,735	(1,566,735)	-	-	-
Insurance contract liabilities	l(vii)	-	1,566,735	831,824	-	2,398,559
Creditors and accruals	(viii)	1,372,162	(1,372,162)	-	-	-
Trade payables	m(viii)	-	26,582	-	-	26,582
Provisions and other payables	m(viii)	-	526,972	-	-	526,972
Taxation payable	(ix)	261,385	(261,385)	-	-	-
Current income tax liabilities	n(ix)	-	261,385	-	-	261,385
Deferred tax liabilities	o	95,074	-	-	-	95,074
Long term borrowings	(x)	3,848,805	(3,848,805)	-	-	-
Financial liability at amortised cost	p(viii,x)	-	4,667,413	(518,192)	-	4,149,221
Deposit for share	q	102,945	-	-	-	102,945
Total Liabilities		7,247,106	-	313,632	-	7,560,738
Net Assets/Liabilities		4,118,590	-	(3,332,857)	108,410	894,143
Equities						
Share capital	r	3,210,214	-	-	-	3,210,214
Share premium	s	963,097	-	-	-	963,097
Statutory Contingency reserve	t	813,420	-	-	-	813,420
Capital reserve	u	5,503,223	-	-	-	5,503,223
Property, plant & equipm revaluation reserve	v(xi)	234,933	(234,933)	-	-	-
Available-for-sale financial assets revaluation reserve	w	13,197	-	(13,197)	-	-
Foreign currency revaluation reserve	x	-	-	-	-	-
Revenue reserve	y(xi)	(6,619,494)	234,933	(3,319,660)	108,410	(9,595,811)
		4,118,590	-	(3,332,857)	108,410	894,143
Non-controlling interest	z	-	-	-	-	-
Total equities		4,118,590	-	(3,332,857)	108,410	894,143

Reconciliation of total comprehensive income (Group)

Total comprehensive income for the reporting period ended 31 December 2011 can be reconciled to the amounts reported under previous GAAP as follows:

			Effect of transition to IFRS		
	Notes	NGAAP N'000	Reclassification N'000	Re-measurement N'000	IFRS N'000
Income					
Gross premium written		5,359,482			5,359,482
Gross premium income	aa(vii)	5,275,404		(169,644)	5,105,760
Reinsurance expenses		(877,933)			(877,933)
Net premium income		4,397,471			4,227,827
Commission received		55,872			55,872
Net Underwriting income		4,453,343			4,283,699
Expenses					
Claims incurred	ab	(867,878)		(123,566)	(991,444)
Acquisition cost	ac(f)	(595,621)		36,513	(559,108)
Maintenance cost		(697,010)			(697,010)
Underwriting expenses		(2,160,509)			(2,247,562)
Underwriting profit		2,292,834			2,036,137
Investment income	xii	44,052	6,918		50,970
Other income	ad(xii)	55,709	(6,918)	2,066,147	2,114,938
Net operating income		2,392,595			4,202,045
Management expenses	xiii	(2,215,677)	(32,387)		(2,248,064)
Interest payable and similar charges	ae(xiii)	(437,143)	32,387		(404,756)
Fair value loss on held-for-trading financial assets	af(xiv)	(1,557,658)	1,327,754		(229,904)
Allowance for impairment of other assets	ag	(2,837,097)		1,581,088	(1,256,009)
Profit before tax		(4,654,980)			63,312
taxation		(10,899)			(10,899)
Profit after tax		(4,665,879)			52,413
Non-controlling interests		(15,305)			(15,305)
Attributable to the owners of the parent		(4,681,184)			37,108
Other comprehensive income					
Net gain on valuation of Available-for-sale	ah(xiv)	-	(1,327,754)	1,327,754	-
Total comprehensive income		(4,681,184)			37,108
<i>attributable to:</i>					
Owners of the parent		(4,681,184)			37,108
Non-controlling interests		-			-
		(4,681,184)			37,108

Reconciliation of total comprehensive income (Company)

Total comprehensive income for the reporting period ended 31 December 2011 can be reconciled to the amounts reported under previous GAAP as follows:

	Notes	Effect of transition to IFRS		
		NGAAP N'000	Reclassification N'000	IFRS N'000
Income				
Gross premium written		4,619,631		4,619,631
Gross premium income	aa(vii)	4,539,056		4,369,412
Reinsurance expenses		(697,648)		(697,648)
Net premium income		3,841,408		3,671,764
Commission received		55,872		55,872
Net Underwriting income		3,897,280		3,727,636
Expenses				
Claims incurred	ab	(636,538)		(760,104)
Acquisition cost	ac(f)	(521,662)		(485,149)
Maintenance cost		(697,010)		(697,010)
Underwriting expenses		(1,855,210)		(1,942,263)
Underwriting profit		2,042,070		1,785,373
Investment income	xii	40,074	6,918	46,992
Other income	ad(xii)	20,364	(6,918)	2,079,593
Net operating income		2,102,508		3,911,958
Management expenses	xiii	(1,921,929)	(32,387)	(1,954,317)
Interest payable and similar charges	ae(xiii)	(437,143)	32,387	(404,756)
Fair value loss on held-for-trading financial assets	af(xiv)	(1,557,658)	1,327,754	(229,904)
Allowance for impairment of other assets	ag	(2,644,776)		(989,631)
Profit before tax		(4,458,998)		333,350
taxation		(34,319)		(34,319)
Profit after tax		(4,493,317)		299,031
<i>attributable to:</i>				
Owners of the parent		(4,493,317)		299,031
Non-controlling interests		-		-
		(4,493,317)		299,031
Other comprehensive income				
Gain/(loss) on valuation of Available-for-sale	ah(xiv)	-	(1,327,754)	-
Total comprehensive income		(4,493,317)		299,031
<i>attributable to:</i>				
Owners of the parent		(4,493,317)		299,031
Non-controlling interests		-		-
		(4,493,317)		299,031

Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS

Explanations of material adjustments as at 1 January 2011 and 31 December 2011

a Cash and cash equivalents

Under Nigerian GAAP, the Group recognised fixed deposits with maturity period of 3 months or less, which the group uses for the purpose of meeting its short term commitments, as short-term investments and disclosed them as such on its balance sheet. Under IFRS, the short-term investments are recognised as cash equivalents and therefore have been reclassified as Cash equivalents. Also, the Group's balances of cash in hand and cash at bank have been reclassified as cash and cash equivalents in line with the IFRS. As a result, a reclassification of the sum of N220,812,000 (Company: N207,807,000) and N1,599,751,000 (Company: N1,592,248,000) representing the balances of cash in hand and deposit at bank and short-term investments has been made to cash and cash equivalents as at 1 January 2011.

Likewise, a sum of N320,271,000 (Company: N303,373,000) and N466,799,000 (Company: N435,772,000) being balances of cash in hand and cash at bank and of short-term investments as at 31 December 2011 have been reclassified as cash and cash equivalents and are being disclosed as such on the Group's statement of financial position as at 31 December, 2011.

However, out of the sum of N1,599,751,000 (Company: 1,592,248,000), being short-term investments reclassified as Cash and cash equivalents as at 1 January 2011, a sum of N1,152,137,000 has been reclassified to Other receivables. The sum of N1,152,137,000 represents a placement with IEI Assets Limited which was not available for the Group's management use at the maturity of the placement as a result of financial difficulty of the sister company.

The reclassification as a result of IFRS adoption is as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Cash and cash equivalents</u>				
Reclassified cash and bank balance	320,271	220,812	303,373	207,807
Reclassified short-term investments	466,799	1,599,751	435,772	1,592,248
	787,070	1,820,563	739,145	1,800,055
Reclassification to Other receivables (see note (d) below)	-	(1,152,137)	-	(1,152,137)
Cash and cash equivalents as per IFRS (See note 6 to the financial statements)	787,070	668,426	739,145	647,918

b Financial assets (Investments)

Under Nigerian GAAP, the Group recognised investments of no maturity or with maturity of more than one accounting year as Long term investments. Under IFRS, these investments are recognised as financial assets and have been reclassified as such. This resulted in the reclassification of the sum of N2,360,941,000 as at 1 January, 2011 and N3,654,920,000 as at 31 December, 2011 being Long term investments as Financial Assets in line with IFRS.

However, the financial assets have been further reclassified accordingly as Held-for-trading and Available-for-sale financial assets based on the purposes for which the investments were acquired by the Group, in line with the international standards.

The reclassification as a result of IFRS adoption is as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Financial Assets:</u>				
<i>Held-for-trading financial assets</i>	151,735	381,639	151,735	381,639
Long-term investments reclassified as Held-for-trading financial assets (see note 7 to the financial statements)	151,735	381,639	151,735	381,639
<i>Available-for-sale financial assets:</i>	N'000	N'000	N'000	N'000
Long-term investments reclassified as Available-for-sale	3,503,185	1,979,302	3,503,185	1,979,302
Reclassification from Management Buy-out receivables (see 'iii' & note (d) below)		700,000		700,000
Reclassification to Other receivables (see 'ii' & note (d) below)	(1,151,637)	-	(1,151,637)	-
	2,351,548	2,679,302	2,351,548	2,679,302
Impairment write-back/(allowance) of Available-for-sale financial assets (see (ii) below)	461,619	(791,667)	461,619	(791,667)
Available-for-sale financial assets as per IFRS (See note 7 to the financial statements)	2,813,167	1,887,635	2,813,167	1,887,635

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

- (ii) Out of the sum of N3,503,185,000 being long-term investments reclassified to Available-for-sale financial assets as at 31 December 2011, a net sum of N1,151,637,000 was reclassified to Other receivables. The sum being a placement (of N1,152,137,000 less a recovery of N500,000) with IEI Assets Limited. See note 'a' above.
- (iii) In addition to the above reclassification, a reclassification from Management Buy-out receivables being an investment in IEI Anchor Pension Limited to the tune of N700,000,000 (which was initially taken as part of 'Due from Management Buy-Out') was made from Other receivables to Available-for-sale financial assets.
- (iv) At the transition date of 1 January 2011, an impairment loss to the tune of N791,667,000 was made on Available-for-sale financial assets. The impairment allowance represents Impairment of investment in IEI Anchor Pension Limited of N700,000,000 and an additional impairment allowance of N91,667,000 on unlisted equities designated as Available-for-sale to reflect the fair value of these investments as at the transition date.
- (v) The movement in impairment loss on Available-for-sale financial assets as per IFRS is as follows:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance at the beginning of the year	791,667	-	791,667	-
Impairment allowance on investment in IEI Anchor Pension Limited	(700,000)	700,000	(700,000)	700,000
Impairment allowance on other unlisted equities	-	91,667	-	91,667
Impairment allowance on investment in suburban telecommunications	798,389	-	798,389	-
Reversal of provision for unlisted equities made in 2011 under NGAAP. This has been previously made in 2010 under IFRS (see note (v)-i below)	(1,327,754)	-	(1,327,754)	-
Write-back of impairment allowance on other unlisted equities as a result of fair value gain (see note (v)-ii below)	(23,921)	-	(23,921)	-
Balance at the end of the year	(461,619)	791,667	(461,619)	791,667

(v) Impairment recovered and written back on Available-for-sale financial assets

-i Reversal of provision for unlisted equities of N1,327,754,000 made in 2011 made under NGAAP

The provision of N1,327,754,000 comprises of provision for doubtful investments and provision for Placement with IEI Assets Limited made for year ended 31 December 2011 under the NGAAP financial statements. The provision was reversed because, under the IFRS, an allowance for impairment to the tune of N91,667,000 has been made for the doubtful investments while placement with IEI Assets has been reclassified to Cash and cash equivalents with full provision of N1,152,137,000

-ii Write-back of impairment allowance on other unlisted equities - N23,921,000

This represents fair value gain on the Available-for-sale financial assets (i.e. the unlisted equities) which has been allowed for impairment to the tune of N91,667,000 in year 2010. See (iv)-i above. The valuation was based on the value of the net asset per share of the company's investment in the investee company as at 31 December, 2011.

c Trade receivables

Under Nigerian GAAP, the Group recognised all premium due from policy holders, agents and brokers, co-insurance and re-insurance companies as premium debtors and were being disclosed as such on its balance sheet. Under IFRS, these insurance contract receivables are termed 'trade receivables' and therefore, have been reclassified as trade receivables. As a result, a sum of N3,563,165,000 (Company: N3,086,665,000) and N2,314,528,000 (Company: N1,925,252,000) being balances of premium debtors as at 1 January, 2011 and 31 December, 2011 was reclassified as trade receivables.

Also, a reclassification of N156,587,000 from trade receivables as at 1 January, 2011 was made to trade payables; the amount, been a credit balance in the schedule of 'premium receivable from re-insurances'. Subsequent to this, the trade receivables were reviewed for impairment.

The effect of the reclassification and re-measurement is as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Trade receivables:</u>				
Reclassified premium debtor	2,314,528	3,563,165	1,925,252	3,086,665
Reclassification to trade payable (see note 'm(i)' below)	-	156,587	-	156,587
	2,314,528	3,719,752	1,925,252	3,243,252
Additional allowance for impairment of trade receivables (ii)	(1,527,386)	(2,881,392)	(1,527,386)	(2,881,392)
trade receivables as per IFRS (See note 8 to the financial statements)	787,142	838,360	397,866	361,860

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

- (ii) The Group uses "incurred loss model" of impairment - the model which considers premium outstanding and not received within six months subsequent to the year-end as lost. Based on the model, an additional allowance for impairment loss to the tune of N2,881,392,000 was made to the balance of allowance for impairment as at 1 January, 2011. The Group however recovered N252,450,000 out of its impairment loss as at 31 December, 2011 as a result of debt recovered subsequent to the year end.

See the detail in the movement of impairment loss on trade receivables below:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(iii) The movement in impairment loss on trade receivables as per IFRS				
Balance at the beginning of the year	2,881,392	-	2,881,392	-
Impairment allowance on trade receivables	-	2,881,392	-	2,881,392
Reversal of provision for doubtful debts as per NGAAP. This has	(1,101,556)	-	(1,101,556)	-
Write-back of impairment allowance of trade receivables as a result	(252,450)	-	(252,450)	-
Balance at the end of the year	<u>1,527,386</u>	<u>2,881,392</u>	<u>1,527,386</u>	<u>2,881,392</u>

(iv) Impairment recovered and written back on Trade receivables

- i *Reversal of provision for doubtful debt as per NGAAP of N1,101,556,000 in year 2011*

The provision represents provision for doubtful debt which was made under the NGAAP financial statements for the year ended '31 December, 2011. The provision was reversed because, under the IFRS, an allowance for impairment of trade receivables to the tune of N2,881,392,000 has been made in the year 2010 in lieu of the provision made in year 2011 under NGAAP therefore, the reversal has been done to avoid double-counting or over provision.

- ii *Write-back of impairment allowance of trade receivables of N252,450,000*

This represents reversal of part of the provision for impairment of trade receivables of N2,881,392,000 made 2010. See (iv)-i above. This is as a result of debts recovered, subsequent to the year end, from insurance brokers, re-insurance companies, co-insurance companies and the insured.

d Other receivables and prepayments

Under the Nigerian GAAP, the Group classified all other receivables such as due from staff loans and advances, due from related parties and prepayments as other debtors and prepayments. Under IFRS, other debtors and prepayments has been reclassified as "other receivables and prepayments". As a result, a sum of N4,460,852,000 (Company: N4,296,469,000) and N1,299,619,000 (Company: N1,074,418,000) being balances of other debtors and prepayments as at 1 January, 2011 and 31 December, 2011 have been reclassified as other receivables and prepayments. However, the other receivables and prepayments were reviewed for impairment and necessary adjustments were made (see (ii) below).

The effect of the reclassification and adjustment is as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Other receivables and prepayments</u>				
Reclassified other debtors and prepayments	1,299,619	4,460,852	1,074,418	4,296,469
Reclassification (being MBO reclassified to Available-for-sale financial assets (see note b(i) above)	-	(700,000)	-	(700,000)
Reclassification from Cash and cash equivalents (being placement with IEI Assets Ltd) See note 'a' above	<u>1,151,637</u>	<u>1,152,137</u>	<u>1,151,637</u>	<u>1,152,137</u>
	2,451,256	4,912,989	2,226,055	4,748,606
Impairment loss on other receivables and prepayments (ii)	<u>(1,910,134)</u>	<u>(4,297,021)</u>	<u>(1,910,134)</u>	<u>(4,371,078)</u>
Other receivables and prepayments as per IFRS (see note 9 to the financial statements)	<u>541,122</u>	<u>615,968</u>	<u>315,921</u>	<u>377,528</u>

- (ii) At the transition date, the amount due of from Management Buy out debtor of N2,594,305,000 was fully impaired considering its irrecoverability from the management as at 1 January, 2011 'the transition date'. Also, an amount presented as due from IEI Ghana Limited of N74,057,000 which formed part of other receivables was written off to retained earnings. The amount represents expenses incurred on behalf of the subsidiary. In addition, Deferred exchange loss of N550,579,000 was written off to retained earnings. The Deferred exchange loss represents exchange loss on long term foreign currency monetary item (bond issued by the IEI Plc.) which was being deferred by the company under NGAAP. The deferred exchange loss is considered as 'incurred loss' under IFRS which ought to have been written off to income statement in the period incurred. In addition, a full impairment of N1,152,137,000 was allowed on the company's placement with IEI Assets Limited (a sister company) which was reclassified from short-term investments. See note 'a' above.

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(iii) The movement in impairment loss on other receivables and				
Balance at the beginning of the year	4,297,021	-	4,371,078	-
Impairment loss of Management Buy-out debtors	-	2,594,305	-	2,594,305
Write off of amount due from related company (IEI Ghana Ltd)	-	-	-	74,057
Write off of Deferred exchange loss	-	550,579	-	550,579
Allowance for impairment of placement with IEI Assets Limited	-	1,152,137	-	1,152,137
Impairment allowance on investment in IEI Achor Pension Limited	700,000	-	700,000	-
Write back of provision for amount due from IEI Ghana as per	-	-	(74,057)	-
Write back of provision for due from Management Buy-out Debtors as per NGAAP. This has been previously made in 2010 under IFRS (see note (iv)-i below)	(1,254,000)	-	(1,254,000)	-
Reversal of amortised deferred exchange loss (see (iv)-ii below)	(32,387)	-	(32,387)	-
Recovery from Management Buy-out debtors (see (iv)-iii below)	(1,800,000)	-	(1,800,000)	-
Impairment on other reclassified placement recovered	(500)	-	(500)	-
Balance at the end of the year	1,910,134	4,297,021	1,910,134	4,371,078

(iv) Impairment recovered and written back on Management buy-out (other receivables)

- i *Write back of provision for due from IEI Ghana as per NGAAP of N74,057,000 and Write back of provision for due from Management Buy-out Debtors as per NGAAP of N1,254,000,000*

This represents provision for amount receivables from IEI Ghana Limited doubtful of recovery and from the Management buy-out debtors which was made under the NGAAP financial statements for the year ended 31 December, 2011. The provision was reversed because, under the IFRS, an allowance for impairment of receivables from IEI Ghana limited and an allowance for impairment of receivables from Management buy-out debtors to the tune of N74,057,000 and N2,594,305,000 respectively have been made in the year 2010 in lieu of the provisions made in year 2011 under NGAAP therefore, the reversals have been done to avoid double-counting or over provision.

- ii *Reversal of amortised deferred exchange loss*

The deferred exchange loss amortised for the year ended 31 December 2011 was reversed because the total exchange loss of N550,579,000 has been written off to retained earnings as an 'incurred loss' in the year 2010 . See note d(ii) above.

- iii *Recovery from Management Buy-out debtors*

This represents amount realised by the management from the management buy-out arrangement. The N1,800,000,000 form part of N2,594,305,000 allowed for impairment in year 2010. See (iv)-i above. The debt was realised through the management to acquire holdings in Heritage Bank Limited.

e Re-insurance receivables

The amount N112,325,000 and N108,410,000 represent recovery on IBNR recognised as at 1 January, 2011 and 31 December, 2011 based on actuarial valuation. This is detailed as follows:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Recovery on IBNR as at the beginning of the year	112,325	-	112,325	-
Decrease in recovery on IBNR during the year	(3,915)	112,325	(3,915)	112,325
Recovery on IBNR as at the end of the year	108,410	112,325	108,410	112,325

The recovery on IBNR as at the beginning and as at the end of the year is arrived at as the difference between the Gross IBNR and the Net IBNR as determined by the Actuary.

f Deferred Acquisition Cost

As at 1 January, 2011 Deferred acquisition cost was adjusted by N4,518,000 to reflect the Actuarial valuation of the DAC. Also, as at 31 December, 2011 an additional adjustment to the tune of N36,513,000 was made, making the total adjustment to the balance of the Deferred acquisition cost as per NGAAP to be N41,031,000.

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

g Investment in subsidiaries

The amount N84,355,000 being presented as Deposit for share in IEI Ghana Limited in the books of IEI Plc represents some expenses incurred by IEI Plc on behalf of the subsidiary which is planned by IEI Plc to be converted to equity holding in the subsidiary. The amount has been considered for impairment because the subsidiary is yet to agree with the plan.

The effect of the adjustment is as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Investments in subsidiaries</u>				
Balance as per NGAAP	-	56,130	566,177	622,306
Impairment allowance on deposit for share in IEI Ghana Ltd	-	-	(84,355)	(84,355)
<i>Investments in subsidiaries as per IFRS (see note 12 to the financial statements)</i>	-	56,130	481,822	537,951

h Investment properties

Same as in NGAAP

i Dfferred tax assets

Same as in NGAAP

j Intangible assets

Under Nigerian GAAP, the Group recognised computer software as part of Property, plant and equipment; under IFRS, software is recognised as an intangible asset. This has resulted in purchased software (a software acquired in 2007) been reclassified from property, plant and equipment to intangible assets. Hence, N6,474,000 and N5,395,000 representing the net book value of the computer software as at 1 January, 2011 and 31 December, 2011 respectively, has been reclassified from the net book value of property, plant & equipment to intangible assets.

The effect of the reclassification and measurement is as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Intangible assets (net book value)</u>				
Balance as per NGAAP	1,772	-	-	-
Computer software derecognised	(1,772)	-	-	-
Reclassification from Property, plant and equipments (ii)	5,395	6,474	5,395	6,474
<i>Intangible assets as per IFRS (see note 14 to the financial statements)</i>	5,395	6,474	5,395	6,474
(ii) <u>Property, plant and equipments (net book value)</u>				
Balance as per NGAAP	1,966,247	2,147,984	1,747,288	1,932,504
Computer software derecognised (i) above	1,772	-	-	-
Reclassification to Intangible assets (i) above	(5,395)	(6,474)	(5,395)	(6,474)
<i>Property, plant and equipments as per IFRS (see note 15 to the financial statements)</i>	1,962,624	2,141,510	1,741,893	1,926,030

k Statutory deposit

Same as in NGAAP

l Insurance contract liabilities

Under Nigerian GAAP, the Group recognised its liabilities on insurance contract as Insurance fund and are being disclosed as such on its balance sheet. Under IFRS, these liabilities are reclassified as 'Insurance contract liabilities'. As a result, the balances of N1,909,506,000(Company: N1,613,470,000) and N1,970,494,000(Company: N1,566,735,000) as at 1 January, 2011 and 31 December, 2011 have been reclassified as Insurance contract liabilities and are being disclosed as such on the face of the statement of financial position.

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

The reclassification as a result of IFRS adoption is as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Insurance contract liabilities</u>				
Insurance funds:				
Outstanding claims reserves	248,446	271,536	130,702	258,012
Unearned premium reseves	1,722,048	1,637,970	1,436,033	1,355,458
Reclassified as insurance contract liabilities as per IFRS	1,970,494	1,909,506	1,566,735	1,613,470

- (ii) In addition to the reclassification above, based on Actuarial valuation of the insurance contract liabilities, an adjustments to the tune of N564,706,000 was made to Outstanding Claims reserve and (N22,177,000) to Unearned premium reserve. Also in year 2011, further adjustment to the tune of N119,651,000 and N169,644,000 was made to the outstanding claims and unexpired risk reserve respectively. These adjustments were made to reflect the actuarial valuation figures as at 1 January, 2011 and 31 December, 2011 respectively.

The detail of the adjustments is as follows:

	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
(iii) <i>Outstanding claims reserves as per NGAAP (see (i) above)</i>	248,446	271,536	130,702	258,012
2010 IFRS adjustment	564,706	-	564,706	-
Adjustment based on Actuarial valuation	119,651	564,706	119,651	564,706
<i>Outstanding claims reserves as per IFRS/Actuarial valuation</i>	932,803	836,242	815,059	822,718
(iv) <i>Unearned premium reseves as per NGAAP (see (i) above)</i>	1,722,048	1,637,970	1,436,033	1,355,458
2010 IFRS adjustment	(22,177)	-	(22,177)	-
Adjustment based on Actuarial valuation	169,644	(22,177)	169,644	(22,177)
<i>Unearned premium reserves as per IFRS/Actuarial valuation</i>	1,869,515	1,615,793	1,583,500	1,333,281

- (v) **The summary of the insurance contract liabilities is as follow:**

Outstanding claims reserves as per IFRS/Actuarial valuation	932,803	836,242	815,059	822,718
Unearned premium reserves as per IFRS/Actuarial valuation	1,869,515	1,615,793	1,583,500	1,333,281
<i>Insurance contract liabilities as per IFRS (see note 17 to the financial statements)</i>	2,802,318	2,452,035	2,398,559	2,155,999

m Creditors and accruals

Under Nigerian GAAP, the Group shows its creditors and accruals as a line item and in total on the face of its balance sheet. They are usually presented in sub-headings such as Term loans, bank overdraft, other creditors and accruals in the notes to the financial statements. Under IFRS, these creditors and accruals have been reclassified as Trade payables, Financial liability measured at amortised cost, Provisions and Other payables and are being disclosed as such on the face of the statement of financial position.

The reclassification and adjustment made as a result of IFRS adoption is as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Trade payables</u>				
Reclassification from Creditors and accruals	139,766	86,223	26,582	-
Reclassification from trade receivable (see note 'c(i)' above)	-	156,587	-	156,587
Retrospective restatement of payable to re-insurer (Prior year	-	422,837	-	422,837
<i>Trade payables as per IFRS (see note 18 to the financial statements)</i>	139,766	665,647	26,582	579,424

- (ii) The retrospective restatement is in respect of the prior year adjustment to revenue reserve as at year ended 31 December, 2011 which represents a re-insurance premium ceded out to AON Plc. in 2009 in respect of Addax Petroleum Limited transaction. The transaction which is being treated as prior year adjustment as per NGAAP in the year 2011 has been reversed and restated appropriately at the transition date, being the earliest possible period.

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

(iii) Provisions and other payables

Reclassification from Creditors and accruals

Provisions and other payables as per IFRS (see note 19 to the financial statements)

Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
776,794	649,384	526,972	566,556
776,794	649,384	526,972	566,556

n Current income tax liabilities

Under Nigerian GAAP, the Group recognised and termed its Current income tax liabilities as Taxation payable. This has however been reclassified as Current income tax liabilities under IFRS. As a result, the taxation payable of N211,803,000 (Company: N211,803,000) as at 31 December, 2010 and N267,319,000 (Company: N261,385,000) as at 31 December, 2011 have been reclassified as Current income tax liability respectively.

The effect of the reclassification and adjustment is as follow:

(i) Current income tax liabilities

Reclassification from tax payable

Current income tax liabilities as per IFRS (see note 20 to the financial statements)

Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
267,319	211,803	261,385	211,803
267,319	211,803	261,385	211,803

o Deferred tax liabilities

Same as in NGAAP

p Financial liability measured at amortised cost

Under Nigerian GAAP, the Group recognised a contractual obligation to pay cash at the maturity of a long-term bond issued by the IEI Plc. as Long-term borrowing. Under IFRS, this obligation is recognised as a financial liability. This has resulted in reclassifying a sum of N3,579,425,000 and N3,848,805,000 being the balances of the long-term borrowing as at 1 January, 2011 and 31 December, 2011 as financial liability measured at amortised cost. However, the amount of N550,579,000 and N518,192,000 being deferred exchange loss carried as part of the financial liability as at 1 January, 2011 and 31 December, 2011 has been derecognised because the amounts have been considered as incurred loss. See note 'd' above.

The effect of the adjustment is as follow:

(i) Financial liability measured at amortised cost

Reclassified long term borrowing

Deferred exchange loss written back

Reclassification from Creditors and accruals (see note 'm' above)

Financial liabilities as per IFRS (see note 21 to the financial statements)

Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
3,848,805	3,579,425	3,848,805	3,579,425
(518,192)	(550,579)	(518,192)	(550,579)
818,608	659,007	818,608	659,007
4,149,221	3,687,853	4,149,221	3,687,853

q Deposit for share

Same as in NGAAP

r Share capital

Same as in NGAAP

s Share premium

Same as in NGAAP

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

t Statutory contingency reserve

Same as in NGAAP

u Capital reserve

Same as in NGAAP

v Property, plant and equipment revaluation reserve

The reclassification of N234,933,000 made from property, plant and equipment revaluation reserve to revenue reserve represents a revaluation surplus produced on valuation of the company's head office building in 2007. Upon adoption of IFRS, at transition, the revaluation surplus was transferred to revenue reserve.

w Available-for-sale financial assets revaluation reserve

Some adjustments on change in the fair value of Available-for-sale financial assets passed through Available-for-sale financial assets revaluation reserve. The detail of the adjustment is as follows:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
(i) <u>Revaluation adjustments</u>				
Fair value gain on Available-for-sale financial assets	36,188	-	36,188	-
Fair value loss on Available-for-sale financial assets	(810,656)	-	(810,656)	-
Transfer of excess fair value loss to profit or loss	774,468	-	774,468	-
	-	-	-	-

x Foreign currency revaluation reserve

Same as in NGAAP

y Revenue reserves

- (i) The NGAAP revenue reserve can be reconciled with IFRS revenue reserve as at 1 January, 2011 and 31 December, 2011 as follow:

	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Revenue reserve as per NGAAP	(7,019,190)	(1,753,406)	(6,619,494)	(1,564,752)
Impairment loss on Available-for-sale financial assets (see b(iii))	461,619	(791,667)	461,619	(791,667)
Additional allowance for impairment of trade receivables (see c(i))	(1,527,386)	(2,881,392)	(1,527,386)	(2,881,392)
Impairment loss on other receivables (see d(ii) above)	(1,910,134)	(4,297,021)	(1,910,134)	(4,371,078)
Recovery on IBNR (see note 'e' above)	108,410	112,325	108,410	112,325
Increase in valuation of Deferred acquisition cost (note 'f')	41,031	4,518	41,031	4,518
Impairment allowance of investment in subsidiary (see g(i) above)	-	-	(84,355)	(84,355)
Adjustment to valuation of outstanding claims reserve (note l(iii))	(564,706)	(564,706)	(564,706)	(564,706)
Additional adjustment to valuation of outstanding claims reserve (see note l(iii) above)	(119,651)	-	(119,651)	-
Adjustment to valuation of unearned premium reserve (note l(iv))	22,177	22,177	22,177	22,177
Additional adjustment to valuation of unearned premium reserve (see note l(iv) above)	(169,644)	-	(169,644)	-
Retrospective restatement of Trade payables (see m(i) above)	-	(422,837)	-	(422,837)
Deferred exchange loss written back (see note p(i) above)	518,192	550,579	518,192	550,579
Property, plant and equipment revaluation surplus transferred to	234,933	234,933	234,933	234,933
Transfer of surplus in value of held-for-trading financial assets from revaluation reserve to other income See ad(ii) below)	13,197		13,197	-
Revenue reserve as per IFRS	(9,911,152)	(9,786,497)	(9,595,811)	(9,756,255)

z Non-controlling interest

Same as in NGAAP

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

aa Gross premium income

The amount of N169,644,000 represents an adjustment made to the premium income and unearned premium reserve to reflect the actuarial valuation of the Unexpired premium reserve as at 31 December, 2011 as follow:

(i)	Group Premium income N'000	Group Unearned premium reserve N'000	Company Premium income N'000	Company Unearned premium reserve N'000
amount/balance as per NGAAP	5,275,404	1,722,048	4,539,056	1,436,033
2010 IFRS adjustment (see l(iv) above)	-	(22,177)	-	(22,177)
additional premium based on actuarial report (see 'i' above)	(169,644)	169,644	(169,644)	169,644
amount/balance at the year end as per IFRS/actuarial report	<u>5,105,760</u>	<u>1,869,515</u>	<u>4,369,412</u>	<u>1,583,500</u>

ab Claims incurred

The amount of N123,566,000 represents the adjustment made to claims paid, re-insurance assets and outstanding claims reserve to show the actuarial valuation of the re-insurance receivables and the outstanding claims reserve as at 31 December 2011 as follow:

	Group		
	Claims paid	Re-insurance assets	Outstanding claims
	N'000	N'000	N'000
(i) amount/balance as per NGAAP	867,878	-	248,446
2010 IFRS adjustment (see 'i' above)	-	112,325	564,706
additional claims adjustment based on actuarial report (see 'i' & 'e' above)	123,566	(3,915)	119,651
amount/balance at the year end as per IFRS/actuarial report	<u>991,444</u>	<u>108,410</u>	<u>932,803</u>

	Company		
	Claims paid	Re-insurance assets	Outstanding claims
	N'000	N'000	N'000
(ii) amount/balance as per NGAAP	636,538	-	130,702
2010 IFRS adjustment (see 'i' above)	-	112,325	564,706
additional claims adjustment based on actuarial report (see 'i' & 'e' above)	123,566	(3,915)	119,651
amount/balance at the year end as per IFRS/actuarial report	<u>760,104</u>	<u>108,410</u>	<u>815,059</u>

ac Acquisition expenses

The amount of N36,513,000 represents an adjustment made to the acquisition expenses and Deferred acquisition cost to reflect the actuarial valuation of the Deferred acquisition cost as at 31 December, 2011 as follow:

	Group Acquisition expenses N'000	Group Deferred acquisition cost N'000	Company Acquisition expenses N'000	Company Deferred acquisition cost N'000
(i) amount/balance as per NGAAP	595,621	200,040	521,662	200,040
2010 IFRS adjustment (see 'e' above)	-	4,518	-	4,518
additional Deferred acquisition cost based on actuarial report (see 'e')	(36,513)	36,513	(36,513)	36,513
amount/balance at the year end as per IFRS/actuarial report	<u>559,108</u>	<u>241,071</u>	<u>485,149</u>	<u>241,071</u>

ad Investment income

- (i) The amount N6,918,000 represents a reclassification of 'interest on bank and statutory deposit' from other income to investment income.

**Explanations of material adjustments
as at 1 January 2011 and 31 December 2011**

(ii) **Other income**

The amount N2,066,147,000 represents recovery of impairments detail as follows:

	Group N'000	Company N'000
Recovery from placement during the year (note (b(i) above)	500	500
Write-back of impairment allowance of trade receivables (note c(iii) above)	252,450	252,450
Recovery from Management But-out debtors)note d(ii) above)	1,800,000	1,800,000
Reclassification/transfer of surplus in value of held-for-trading financial assets from	13,197	13,197
	<u>2,066,147</u>	<u>2,066,147</u>

ae **Management expenses**

The amount N32,387,000 represents reclassification of deferred exchange loss amortised for the year on Deawoo facility.

af **Fair value loss on held-for-trading financial assets**

The amount N1,327,754,000 represents a reclassification of the fair value loss on Available-for-sale financial assets from the allowance for impairment of held-for-trading financial assets.

ag **Allowance for impairment of other assets**

The amount N1,655,145,000 (Company: N1,581,088,000) represents recovery and reversal of impairments detail as follows:

	Group N'000	Company N'000
(i) Reversal of provision for doubtful debt as per NGAAP (see c(iii) above)	1,101,556	1,101,556
Write back of provision for due from IEI Ghana as per NGAAP (see note d(ii) above)	-	74,057
Write back of provision for due from Management But-out Debtors as per NGAAP (see note d(ii) above)	1,254,000	1,254,000
Excess fair value loss transferred to profit or loss (see note w(i) above)	(774,468)	(774,468)
	<u>1,581,088</u>	<u>1,655,145</u>

ah **Gain/loss on valuation of Available-for-sale financial assets**

The amount of N1,327,754,000 represents reversal of impairment allowance on available-for-sale.

Presentation differences

Certain presentation differences between previous GAAP and IFRS have no impact on reported profit or total equity.

Some assets and liabilities have been reclassified into another line item under IFRS at the date of transition while some line items are described differently (renamed) under IFRS compared to previous GAAP, though the assets and liabilities included in

these line items are unaffected. These line items are as follows (with previous GAAP descriptions in brackets):

- i) Other receivables and prepayments (Other debtors and prepayments)
- ii) Trade payables, Provisions and other payables and Borrowings (Creditors and accruals)
- iii) Insurance contract liabilities (Insurance fund)



APPENDIX TO THE FINANCIAL STATEMENTS

INTERNATIONAL ENERGY INSURANCE PLC

GENERAL BUSINESS REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

REVENUE	Fire N'000	Motor N'000	General Accident N'000	Workmen compensation N'000	Marine N'000	Oil & Energy N'000	Total 2012 N'000	Total 2011 N'000
Direct Premium	375,835	1,665,392	1,279,656	119,813	420,803	2,151,487	6,012,986	4,629,794
Inward Premium	-	-	5,863	-	3,256	-	9,119	(10,163)
Gross Premium Written	375,835	1,665,392	1,285,519	119,813	424,059	2,151,487	6,022,105	4,619,631
Decrease/(increase) in Unearned Premium	19,094	209,551	216,057	(507)	55,571	40,760	540,526	(250,219)
Gross Premium Earned	394,929	1,874,943	1,501,576	119,306	479,630	2,192,247	6,562,631	4,369,412
Outward Reinsurance	(159,378)	-	(96,639)	(22,648)	(137,314)	(597,913)	(1,013,892)	(697,648)
Net Premium Earned	235,551	1,874,943	1,404,937	96,658	342,316	1,594,334	5,548,739	3,671,764
Commision received	40,736	131	28,719	5,662	31,532	-	106,780	55,872
Net underwriting profit	276,287	1,875,074	1,433,656	102,320	373,848	1,594,334	5,655,519	3,727,636
<u>EXPENSES</u>								
Gross claims paid	(25,721)	325,920	202,026	6,622	30,764	383,888	923,499	763,848
Increase/(Decrease) in outstanding claims	50,327	30,401	147,284	(7,185)	38,792	435,809	695,428	(7,659)
Gross claims incurred	24,606	356,321	349,310	(563)	69,556	819,697	1,618,927	756,189
Reinsurance claims recovery	(34,290)	4,607	(13,676)	35	(15,169)	(26,492)	(84,985)	3,915
Net claims (recovered)/incurred	(9,684)	360,928	335,634	(528)	54,387	793,205	1,533,942	760,104
Acquisition costs	75,733	220,562	303,938	1,836	92,736	379,075	1,073,880	485,149
Maintenance expenses	26,032	118,796	91,873	8,540	30,229	123,210	398,680	697,010
Total underwriting expenses	92,081	700,286	731,445	9,848	177,352	1,295,490	3,006,502	1,942,263
Underwriting profit	184,206	1,174,788	702,211	92,472	196,496	298,844	2,649,017	1,785,373

INTERNATIONAL ENERGY INSURANCE PLC

FINANCIAL STATEMENTS, 31 DECEMBER 2012

STATEMENT OF VALUE ADDED - (Group)

	2012 N'000	%	2011 N'000	%
Gross premium earned	7,542,019		5,105,760	
Investment, commission and other income	1,744,774		2,221,781	
Re-insurance, claims, commission and services - local	<u>(6,606,402)</u>		<u>(5,250,009)</u>	
Value (absorbed)/added	<u>2,680,392</u>	<u>100</u>	<u>2,077,532</u>	<u>100</u>
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	1,290,345	48	1,211,713	58
To providers of capital:				
Interest expense	1,422,201	53	404,756	19
To pay government:				
Taxation	55,321	2	10,899	1
Retained for replacement of assets and expansion of business:				
Depreciation of property, plant and equipment	111,967	4	250,213	12
Amortisation of intangible asset	1,348	0	1,079	0
Contingency reserve	206,069	8	161,764	8
Profit for the year	<u>(406,860)</u>	<u>(15)</u>	<u>37,108</u>	<u>2</u>
	<u>2,680,392</u>	<u>100</u>	<u>2,077,532</u>	<u>100</u>

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

INTERNATIONAL ENERGY INSURANCE PLC

FINANCIAL STATEMENTS, 31 DECEMBER 2012

STATEMENT OF VALUE ADDED - (Company)

	2012 N'000	%	2011 N'000	%
Gross premium earned	6,562,631		4,369,412	
Investment, commission and other income	1,402,244		2,182,457	
Re-insurance, claims, commission and services - local	<u>(6,014,055)</u>		<u>(4,436,762)</u>	
Value (absorbed)/added	<u>1,950,820</u>	<u>100</u>	<u>2,115,107</u>	<u>100</u>
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	1,048,946	54	1,010,316	48
To providers of capital:				
Interest expense	1,422,201	73	404,756	19
To pay government:				
Taxation	20,588	1	34,319	2
Retained for replacement of assets and expansion of business:				
Depreciation of property, plant and equipment	84,989	4	227,017	11
Amortisation of intangible asset	1,079	0	1,079	0
Contingency reserve	180,663	9	138,589	7
Profit for the year	<u>(807,646)</u>	<u>(41)</u>	<u>299,031</u>	<u>14</u>
	<u>1,950,820</u>	<u>100</u>	<u>2,115,107</u>	<u>100</u>

International Energy Insurance Plc

Consolidated Financial Statements, 31 December, 2012

5-Year Financial Summary (Company)

	IFRS			NGAAP	
	2012	2011	2010	2009	2008
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	839,242	739,145	647,918	1,692,268	969,703
Held-for-trading financial assets	179,627	151,735	381,639	514,189	1,907,312
Available-for-sale financial assets	2,780,674	2,813,167	1,887,635	1,989,302	546,874
Heil-to-maturity financial assets	269,227	-	-	-	-
Trade receivables	630,318	397,866	361,860	3,486,666	2,429,855
Other receivables and prepayments	817,412	315,921	377,528	559,532	5,957,851
Reinsurance assets	193,395	108,410	112,325	-	-
Deferred Acquisition Cost	165,003	241,071	224,241	-	-
Investment in subsidiaries	81,360	481,821	537,951	3,895,938	2,144,535
Investment properties	2,025,389	1,135,956	1,135,956	1,135,956	268,750
Deferred tax asset	-	-	-	-	-
Intangible Asset	4,316	5,395	6,474	-	-
Property, plant and equipment	1,810,291	1,741,893	1,926,030	2,032,753	1,951,338
Statutory deposit	322,500	322,500	322,500	322,500	322,500
Total assets	10,118,754	8,454,880	7,922,057	15,629,104	16,498,718
Liabilities					
Insurance contract liabilities	2,553,461	2,398,559	2,155,999	1,644,412	857,815
Trade payables	9,891	26,582	579,424	-	-
Provisions and other payables	914,339	526,972	566,556	478,259	171,529
Current income tax liabilities	16,171	261,385	211,803	309,626	312,449
Deferred tax Liability	128,675	95,074	95,074	40,303	123,150
Financial liability at amortised cost	5,954,769	4,149,221	3,687,853	3,834,867	3,285,014
Deposit for share	142,837	102,945	30,237	-	-
Total liabilities	9,720,143	7,560,738	7,326,946	6,307,467	4,749,957
Net Assets	398,611	894,142	595,111	9,321,637	11,748,761
Share capital	3,210,214	3,210,214	3,210,214	3,210,214	2,751,612
Share premium	963,097	963,097	963,097	963,097	1,421,699
Statutory Contingency reserve	994,084	813,421	674,832	537,686	396,336
Capital reserve	5,503,223	5,503,223	5,503,223	5,503,223	5,503,223
Property, plant and equipment revaluation reserve	302,407	-	-	234,933	234,933
Equity revaluation reserve	9,708	-	-	-	575,352
Dividend reserve	-	-	-	-	275,161
Revenue reserve	(10,584,122)	(9,595,813)	(9,756,255)	(1,127,516)	590,445
	398,611	894,142	595,111	9,321,637	11,748,761
Non-controlling interest	-	-	-	-	-
Shareholders' fund	398,611	894,142	595,111	9,321,637	11,748,761
PROFIT AND LOSS ACCOUNT					
Gross premium earned	6,562,631	4,369,412	4,652,379	4,007,984	3,022,552
(Loss)/Profit before taxation	(787,058)	333,350	(225,860)	(1,600,620)	1,089,046
Taxation	(20,588)	(34,319)	(74,230)	24,009	(293,126)
Profit/(loss) after taxation	(807,646)	299,031	(300,090)	(1,576,611)	795,920
Contingency reserve	(180,663)	(138,589)	(137,146)	(141,350)	(159,184)
Result for the year	(988,309)	160,442	(437,236)	(1,717,961)	636,736
Basic earning/(loss) per share (kobo)	(12.58)	4.66	(4.67)	(24.56)	14.46
Net asset per share (kobo)	0.06	0.14	0.09	1.45	2.13

