

**STANDARD ALLIANCE INSURANCE PLC -
QUARTER 2**

**FINANCIAL STATEMENT FOR THE PERIOD
ENDED 30TH JUNE, 2014**

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2014
STATEMENT OF FINANCIAL POSITION

		Jun-14	Dec-13
		2014	2013
		=N='000	=N='000
ASSETS	NOTES		
Cash and Cash Equivalents	3	367,495	230,396
Financial Assets	4	3,090,601	3,017,908
Trade Receivables	5	52,418	7,673
Reinsurance Assets	6	426,639	241,093
Deferred Acquisition Costs	7	236,676	420,840
Other Receivables and Prepayments	8	145,706	98,513
Non-Current Assets Held for Sale	9	1,435,000	1,435,000
Investments in Associates	10	1,204,278	1,081,612
Intangible Assets	11	9,293	11,544
Property, Plant and Equipment	12	1,930,245	1,909,303
Statutory Deposits	13	335,000	335,000
TOTAL ASSETS		9,233,351	8,788,881
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Insurance Contract Liabilities	14	2,414,555	2,000,759
Trade Payables	15	168,048	49,463
Other Payables and Accruals	16	260,109	481,734
Borrowing	17	658,585	857,766
Finance Lease Obligation	18	52,742	49,953
Employee Benefit Liabilities	19	36,098	36,098
Taxation	20	277,599	277,599
Deferred Tax Liabilities	21	294,036	294,035
TOTAL LIABILITIES		4,161,772	4,047,408
SHAREHOLDERS' EQUITY			
ORDINARY SHARE CAPITAL	22	5,996,587	5,996,587
SHARE PREMIUM		15,852,049	15,852,049
TREASURY SHARES	23	(8,737,585)	(8,737,585)
CONTINGENCY RESERVE	24	1,189,179	1,113,426
RETAINED EARNINGS	25	(10,762,520)	(10,930,515)
OTHER RESERVES	26	1,533,870	1,447,512
TOTAL SHAREHOLDERS' EQUITY		5,071,579	4,741,474
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,233,351	8,788,881

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2014
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Jun-14 2014 =N='000	Dec-13 2013 =N='000
REVENUE			
Gross Premium income	27	2,525,113	3,779,635
Reinsurance premium expenses	28	(151,792)	(683,716)
Net premium income		2,373,322	3,095,919
Commission earned on reinsurance	29	2,120	33,799
Underwriting income		2,375,442	3,129,718
Claims expenses	30	(1,150,784)	(1,166,515)
Claims expenses recoveries from reinsurers		15,623	95,625
Net Claims expenses		(1,135,161)	(1,070,890)
Underwriting expenses	31	(580,099)	(1,103,204)
Total underwriting expenses		(1,715,260)	(2,174,094)
Underwriting results		660,181	1,005,363
Investment income	32	33,382	335,212
Net operating income		693,563	1,340,575
Management expenses	33	(543,173)	(1,497,228)
Results of operating activities		150,390	(156,653)
Finance charges	34	(15,643)	(137,084)
Write back of impaired deposit			
Impairment charges on other account balances	35	-	(297,351)
Unrealised Fair value gains/(losses)	4.1	(13,665)	41,093
Share of profit/(loss) of associates	10.2	122,666	(239,741)
(Loss)/Profit before taxation		243,748	(789,736)
Income tax	20	-	(64,879)
Deferred tax	21	-	(26,327)
(Loss)/Profit after taxation		243,748	(880,943)
Other comprehensive income			
Can subsequently be reclassified to Profit or loss:			
- Fair value gains on quoted shares (Available for sale)	26	86,358	641,102
Fair value gains on defined benefit plan valuation		-	
Total other comprehensive income		86,358	641,102
Total comprehensive (loss) income for the year		330,106	(239,841)
Earnings per share: Basic/ Diluted (Kobo)		2.75	(7.35)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2014
Statement of changes in equity

	31 December 2013							
<u>2013</u>	Ordinary Share capital =N='000	Share premium =N='000	Revaluation reserve =N='000	Fair value reserve =N='000	Treasury shares =N='000	Contingency Reserve =N='000	Retained earnings =N='000	Total =N='000
At 1 January 2013	5,996,587	15,852,049	703,401	103,009	(8,737,585)	999,663	(9,935,810)	4,981,314
Loss for the year	-	-	-	-	-	-	(880,943)	(880,943)
Appropriation for Contingency reserve for the year	-	-	-	-	-	113,762	(113,762)	-
Fair value gain on quoted shares (Available for sale)	-	-	-	641,102	-	-	-	641,102
Revaluation surplus on building	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-
Transfers for the year	-	-	-	-	-	-	-	-
At 31 December 2013	5,996,587	15,852,049	703,401	744,111	(8,737,585)	1,113,425	(10,930,515)	4,741,473
	30 June 2014							
<u>2014</u>	Ordinary Share capital =N='000	Share premium =N='000	Revaluation reserve =N='000	Fair value reserve =N='000	Treasury shares =N='000	Contingency Reserve =N='000	Retained earnings =N='000	Total =N='000
At 1 January 2014	5,996,587	15,852,049	703,401	744,111	(8,737,585)	1,113,425	(10,930,515)	4,741,473
Profit for the year	-	-	-	-	-	-	243,748	243,748
Appropriation for Contingency reserve for the year	-	-	-	-	-	75,753	(75,753)	-
Fair value gain on quoted shares (Available for sale)	-	-	-	86,358	-	-	-	86,358
Revaluation surplus on building	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-
Transfers for the year	-	-	-	-	-	-	-	-
At 30 June 2014	5,996,587	15,852,049	703,401	830,469	(8,737,585)	1,189,179	(10,762,520)	5,071,579

STANDARD ALLIANCE INSURANCE PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2012****STATEMENT OF CASH FLOW**

	Jun-14 2014	Dec-13 2013
	=N='000	=N='000
CASH-FLOWS FROM OPERATING ACTIVITIES		
Premium received from policy holders	2,480,369	4,414,220
Interest received on investments	33,382	134,088
Dividend received	-	700
Rent and sundry income	13,744	17,507
Claim paid (net of recoveries)	(791,010)	(939,791)
Fees and commission	2,120	33,799
Cash payments for reinsurance	(151,792)	(683,716)
Brokers commissions and allowances	(204,825)	(1,067,538)
Agents allowances and commissions	(374,780)	14,073
Cash payments to employees, suppliers and others	(462,555)	(1,679,611)
	544,653	243,730
Tax paid: Income tax	-	(57,694)
Value Added Tax (VAT)	-	(27,581)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	544,653	179,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property plant and Equipment	(139,990)	(282,632)
Purchase of Intangible assets	-	-
Proceeds from sale of Property, Plant and Equipment	-	1,729
NET CASH INFLOWS FROM INVESTING ACTIVITIES	(139,990)	(280,903)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance charges	(15,643)	(137,084)
Repayment of borrowing - Daewoo securities bond	(196,469)	(104,026)
Lease financing (net)	(52,742)	(87,494)
Payment of preference dividend		(175,000)
NET CASH OUTFLOWS TO FINANCING ACTIVITIES	(264,853)	(503,604)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	139,811	(604,793)
Cash and cash equivalent at 1 January	120,943	725,736
NET CASH AND CASH EQUIVALENTS AT 31 DECEMBER	260,754	120,943
NET CASH AND CASH EQUIVALENTS COMPRISE:		
Current and domiciliary accounts balances	258,705	132,076
Short term deposits - Local banks	108,790	98,319
Bank overdrafts	(106,741)	(109,452)
	260,754	120,943

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

1 THE COMPANY

Please see the description of the Company as presented on page 10 of these financial statements

2 ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of these financial statements and which have been consistently applied over the periods are as fully disclosed

3 CASH AND CASH EQUIVALENTS

	Jun-14	Dec-13
	2014 =N='000	2013 =N='000
Cash at hand		626
Current accounts	228,004	44,027
Domiciliary accounts	30,701	87,424
	258,705	132,076
Short term deposits with other Financial Institutions	108,790	98,319
	367,495	230,396
Impairment provision (Note 3.1)	(0)	-
	367,495	230,396

3.1 Impairment provision

At 1 January	0	504,411
Impairment charged for the year (Note 35)		
Impairment charges written back		(162,848)
Impairment provision now written off		(341,563)
At 30 June 2014	-	-

4 FINANCIAL ASSETS

At fair value through Profit or loss (Note 4.1)	77,759	91,424
Available for sale (Note 4.2)	3,012,842	2,926,483
	3,090,601	3,017,908

4.1 Financial assets at fair value through Profit or loss

Quoted securities

Cost	334,433	334,433
Fair value changes	(256,674)	(243,009)
Market value	77,759	91,424

The fair value changes are further analysed thus:

At 1 January	(243,009)	(284,102)
Fair value gains/(losses) during the year	(13,665)	41,093
At 30 June 2014	(256,674)	(243,009)

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

	Jun-14	Dec-13
4.2 Available for sale financial assets	2014	2013
	=N='000	=N='000
Standard Alliance Properties Limited (Note 4.3.1)	1,800,412	1,800,412
Quoted shares in Transcorp Plc (Note 4.3.2)	1,049,582	963,224
Oil and Energy Pool (Note 4.3.3)	-	0
5% 5year Redeemable Preference Shares in Lagoon Homes Savings and Loans Ltd (Note 4.2.4)	162,848	162,848
	3,012,842	2,926,483
4.3.1 Loan to Associate		
At 1 January	1,800,412	1,714,678
Interest income for the year	-	85,734
Acquisition of buildings for resale	-	-
At 30 June 2014	1,800,412	1,800,412
Amount represents investment by the Company in Standard Alliance Properties Limited under a joint venture arrangement for property business. The terms of the arrangement include annual interest income and share of profit.		
4.3.2 Investment in quoted shares		
Cost		
At 1 January	147,235	95,158
Addition during the year		52,077
At 30 June 2014	147,235	147,235
Fair Value Gain	902,347	815,989
Market Value	1,049,582	963,224
4.3.3 Oil and Energy Pool		
Gross investment	6,618	6,618
Impairment allowance	-	-
Impairment allowance now written off	(6,618)	(6,618)
	-	-
At 1 January	6,618	6,618
Impairment allowance for the year (Note 35)	-	-
Impairment allowance now written off	(6,618)	(6,618)
At 30 June 2014		

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2014

NOTES TO THE FINANCIAL STATEMENTS

	Jun-14 2014 =N='000	Dec-13 2013 =N='000
4.3.4 5% 5year Redeemable Preference Shares in Lagoon Homes Savings and Loans Ltd	162,848	162,848
During the year, the Company converted its term deposits with Lagoon Homes Savings and Loans Limited to preference shares holding in the bank		
5 TRADE RECEIVABLES		
Premium receivable (Note 37)		
Dues from brokers	52,418	7,673
Impairment allowance	-	
	52,418	7,673
Age Analysis of Premium receivables		
0 - 90 Days	52,418	7,673
91 - 180 Days		
Over 180 Days		
	52,418	7,673
6 REINSURANCE ASSETS		
Claims recoverable	362,809	177,263
Deferred reinsurance cost	63,830	63,830
	426,639	241,093
All of the above amounts are of current tenor.		
7 DEFERRED ACQUISITION COSTS		
Motor	62,694	111,478
Aviation	5,271	9,372
Engineering	22,807	40,554
Fire	25,148	44,716
General Accident	46,084	81,943
Marine	32,516	57,818
Bond	6,879	12,232
Oil & Gas	35,277	62,727
	236,676	420,840
The movement in deferred acquisition cost are:		
At 1 January	420,840	140,728
Additions during the year		420,840
Amortization for the year	(184,164)	(140,728)
At 30 June	236,676	420,840

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

	Jun-14	Dec-13
	2014	2013
8 OTHER RECEIVABLES AND PREPAYMENTS		
Prepayments	28,934	81,816
Loans and Receivables (Note 8.1)	112	112
Staff debtors	22,936	8,598
Sundry	93,724	7,987
	145,706	98,513
All of the above amounts are of current tenor.		
8.1 Loans and Receivables		
Current account with related companies		-
Others	-	
Write off during the year		
Impairment allowance	-	-
	-	-
9 NON CURRENT ASSETS HELD FOR SALE		
At 1 January	1,435,000	1,435,000
Additions during the year	-	0
At 30 April	1,435,000	1,435,000
These comprise the following properties:		
1. 250 Hecters of farmland at Mydumbi Village, Kaduna - Zaria Road	40,000	40,000
2. Twin Duplex, Plot 58B, Block AA in Parkview Estate, Ikoyi - Laqos	350,000	350,000
3. 11 units of '4-Bedroom terrace houses at New County Estate at Lekki	1,045,000	1,045,000
	1,435,000	1,435,000

The valuation of the landed properties in Parkview Estate, Ikoyi - Lagos and the 11 units of '4-Bedroom terrace houses at New County Estate at Lekki as at 31 December 2012 which put their fair values at =N=350million and =N=1.045 billion respectively was done by Osaro Eguasa & Co (FRC/2013/0000000000423), an industry specialist in valuing these type of properties.

All the properties are intended for sale by the Company in the short - term.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENTS IN ASSOCIATES

The Company has equity investments in the following entities: Standard Alliance Life Assurance Limited (47.47%), Standard Alliance Properties Limited (36.67%), Standard Alliance Capital and Assets Limited (40%) and Standard Alliance Pension Limited (40%),

The movement on the equity Investment accounting during the year are as follows:

SA Life Ltd.

	Jun-14 2014 =N='000	Dec-13 2013 =N='000
Cost	1,905,000	1,905,000
Share of post acquisition reserves (Note 10.1)	(738,690)	(860,973)
Carrying amount at 30 June	1,166,310	1,044,027

SA Properties Ltd.

Cost	275,000	275,000
Share of post acquisition reserves (Note 10.1)	(244,234)	(244,505)
Carrying amount at 30 June	30,766	30,495

SA Capital and Assets Ltd.

Cost	400,000	400,000
Share of post acquisition reserves (Note 10.1)	(392,797)	(392,909)
Carrying amount at 30 June	7,203	7,090

Total Carrying amount at 30 June	1,204,278	1,081,613
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10.1 Share of post acquisition profits or losses

Standard Alliance Life Assurance Ltd

At 1 January	(860,973)	(658,608)
Share of current year Profit(Loss) (Note 10.2)	122,283	(202,365)
At 30 June	(738,690)	(860,973)

SA Properties Ltd.

At 1 January	(244,505)	(246,529)
Share of current year profit/ (Loss) (Note 10.2)	271	2,024
At 30 June	(244,234)	(244,505)

SA Capital and Assets Ltd.

At 1 January	(392,909)	(353,509)
Share of current year loss (Note 10.2)	112	(39,400)
At 30 June	(392,797)	(392,909)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

		Jun-14	Dec-13
		2014	2013
		=N='000	=N='000
10.2 Summarised financial statements of associates:			
Standard Alliance Life Assurance Ltd	47.47%		
Property, plant and equipments		147,032	147,032
Investment properties		1,807,762	1,807,762
Other assets		4,873,489	4,949,362
Liabilities		(3,437,339)	(4,796,327)
Net Assets		3,390,944	2,107,829
Revenue		1,596,035	3,406,742
Profit/(Loss) before taxation		175,801	(406,915)
Profit/(Loss) after taxation		257,601	(426,300)
47.47% thereof (Note 10.1)		122,283	(202,365)
SA Properties Ltd.	40%		
Property, plant and equipments		11,123	11,123
Non-current assets held for sale		2,404,280	2,362,518
Other assets		479,972	95,000
Liabilities		(308,842)	(469,257)
Long term Intercompany loan		-	(239,999)
Long term deposit		(1,800,411)	(1,800,411)
Net Assets		786,122	786,122
Revenue		136,973	565,000
Profit/(Loss) before taxation		507	10,966
Profit/(Loss) after taxation		676	5,059
Adjustment for unrealised profit			-
Adjusted profit/(loss) after taxation		676	5,059
40% thereof		271	2,024
SA Capital and Assets Ltd.	40%		
Property, plant and equipments		168,443	163,326
Other assets		292,633	33,306
Long term Investments		125,746	191,834
liabilities		(202,459)	(117,367)
Net Assets		384,363	271,099
Revenue		768	18,427
Profit/(Loss) before taxation		335	(98,501)
Profit/(Loss) after taxation		280	(98,501)
40% thereof (Note 10.1)		112	(39,400)
Total share of profit/(loss) for the year		122,666	(239,741)

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

	Jun-14	Dec-13
	2014	2013
	=N='000	=N='000
11 INTANGIBLE ASSET		
COMPUTER SOFTWARE		
COST		
AT 1 January	36,605	36,605
Additions	-	
At 30 June	36,605	36,605
AMORTISATION		
AT 1 January	25,062	16,754
Amortisation for the year	2,250	8,308
At 30 June	27,312	25,062
CARRYING AMOUNT		
At 30/6/2014	9,293	11,544

The intangible asset above relate to the Company's accounting software packages (Turnquest) bought fr Turnkey Africa, a Company registered in Nairobi, Kenya.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS
12 PROPERTY, PLANT AND EQUIPMENT

							Jun-14 2014	Dec-13 2013
	Land	Building	Motor vehicles	Furniture and fittings	Computer and other equipments	Work in Progress	Total	Total
COST	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
At 1/1/2013	285,000	1,431,857	450,958	122,705	246,702	76,226	2,613,448	2,354,424
Additions	-	77,026	49,685	3,821	9,457	-	139,990	282,632
Revaluation surplus (Note 25)	-	-	-	-	-	-	0	-
Reclassification	-	-	-	-	-	- 76,226	(76,226)	-
Disposals	-	-	-	-	-	-	-	(23,608)
At 30/6/2014	<u>285,000</u>	<u>1,508,883</u>	<u>500,643</u>	<u>126,526</u>	<u>256,159</u>	<u>-</u>	<u>2,677,212</u>	<u>2,613,448</u>
DEPRECIATION								
At 1/1/2013	-	88,730	360,850	68,141	186,424	-	704,145	603,690
Charge for the year	-	10,326	19,942	3,433	9,120	-	42,820	122,051
Disposals	-	-	-	-	-	-	-	21,596
At 30/6/2014	<u>-</u>	<u>99,056</u>	<u>380,792</u>	<u>71,574</u>	<u>195,545</u>	<u>-</u>	<u>746,967</u>	<u>704,145</u>
CARRYING AMOUNT								
30-Jun-14	<u>285,000</u>	<u>1,409,828</u>	<u>119,851</u>	<u>54,952</u>	<u>60,614</u>	<u>-</u>	<u>1,930,245</u>	<u>1,909,303</u>
31 December 2013	<u>285,000</u>	<u>1,343,127</u>	<u>90,108</u>	<u>54,564</u>	<u>60,277</u>	<u>76,226</u>		<u>1,909,303</u>
31 December 2012	<u>285,000</u>	<u>1,301,773</u>	<u>62,601</u>	<u>62,523</u>	<u>39,376</u>	<u>-</u>	<u>1,750,734</u>	

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

	Jun-14 2014 =N='000	Dec-13 2013 =N='000
13 STATUTORY DEPOSIT	335,000	335,000
14 INSURANCE CONTRACT LIABILITIES		
Unearned Premium reserve (Note 14.1)	954,244	922,803
Outstanding claims (Note 14.2)	1,460,312	1,077,956
	2,414,555	2,000,759
The insurance contract liabilities balances above are covered by the Company's dedicated assets as thus:		
Cash and cash equivalent (Note 3)	367,495	225,396
Financial assets (Note 4)	1,049,582	963,224
Non-current assets held for sale (Note 9)	1,395,000	812,139
	2,812,077	2,000,759
14.1 Unearned Premium Reserve		
Aviation	11,746	14,578
Bond	27,436	19,134
Engineering	123,115	48,768
Fire	95,718	109,910
General Accident	138,511	151,043
Marine	119,790	115,472
Motor	351,407	317,586
Oil & Gas	86,521	146,312
	954,244	922,803
14.2 Outstanding Claims		
Outstanding Claims provision (Note 14.2.1)	1,116,161	772,010
Claims incurred but not reported (IBNR) (Note 14.2.2)	344,151	305,946
	1,460,312	1,077,956
14.2.1 Outstanding Claims provision		
At 1 January	772,010	939,805
Reported claims in the current year	1,150,783	867,621
Claims paid during the year	(806,633)	(1,035,416)
At 30 June	1,116,161	772,010

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

	Jun-14	Dec-13
	2014	2013
	=N='000	=N='000
14.2.2 Claims incurred but not reported (IBNR)		
At 1 January	305,946	7,052
Movement charged to claims expenses	38,205	298,894
At 30 June	344,151	305,946
The breakdown of the outstanding claims per class of general business is:		
Aviation	67,341	40,344
Bond	29,749	8,099
Engineering	56,295	63,578
Fire	249,417	208,151
General Accident	111,782	70,131
Marine	99,171	37,192
Motor	130,627	57,451
Oil & Gas	371,779	287,063
	1,116,161	772,010
15 TRADE PAYABLES		
Due to Reinsurers	168,048	49,463
The trade payables are wholly of current maturities.		
16 OTHER PAYABLES AND ACCRUALS		
Due to Government Agencies	24,704	25,007
Lease rent received in advance (Note 16.1)	22,011	22,011
Other credit balances	38,393	259,717
Preference dividend payable (Note 16.2)	175,000	175,000
	260,109	481,734
The above amounts are further analysed as:		
Current	238,098	469,723
Non-Current	22,011	12,011
	260,109	481,734
16.1 Lease rent received in advance		
The Company leased out three floors (ground, 1st and 2nd) of its Head-office building to Standard Alliance Properties Limited at an annual rent of =N=10 million effective July 2011. This is to ensure professional management of the lease agreements with non-related tenants of the floors. Standard Alliance Properties Limited made an advance payment of rent of =N=47million in 2011.		
16.2 Preference dividend payable		
At 1 January	175,000	350,000
Paid during the year		(175,000)
Due for the year	-	
At 30 June	175,000	175,000

STANDARD ALLIANCE INSURANCE PLC
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17 FINANCIAL LIABILITIES/BORROWINGS

Daewoo Securities Bond (Note 17.1)

Access bank Plc - Term Loan(Note 17.2)

Bank Overdrafts

	Jun-14 2014 =N='000	Dec-13 2013 =N='000
Daewoo Securities Bond (Note 17.1)	551,844	748,314
Access bank Plc - Term Loan(Note 17.2)	-	-
Bank Overdrafts	106,741	109,452
	658,585	857,766

17.1 Daewoo Securities Bond

The company received a capital inflow of JPY 650,000,000 (\$7,397,516) zero coupon bond raised from Daewoo Securities in December 2009

The bond was tenored originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest at 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested for the full redemption of the bond in 2011 following which the company went into a negotiation with it for a repayment plan. During the year 2012, the Company concluded the negotiation of the payment plan with the bondowners for the outstanding balance of JPY 515,712,031 under the following terms:

- Non-payment of dividend to shareholders until 2014.
- Outstanding balance and interest to be paid over five years starting from 2013 and as detailed hereunder:

Payment due date	Principal JPY'000	Interest JPY'000	Total JPY'000
December 14, 2013	131,173	44,767	175,940
December 14, 2014	103,234	18,641	121,875
December 14, 2015	107,622	14,253	121,875
December 14, 2016	112,196	9,699	121,895
December 14, 2017	115,552	4,911	120,463
	569,777	92,271	662,048

The maturity profiles of the outstanding sums are:

	Principal JPY'000	Interest JPY'000	Total JPY'000	Jun-14 2014 =N='000	Dec-13 2013 =N='000
At 1 January	500,010	6,052	506,062	748,314	1,072,192
Interest accrued during the year				-	36,006
Foreign exchange differences			-	(1)	(188,083)
Payments during the year	(121,856)		(121,856)	(196,469)	(171,801)
At 30 June	378,154	6,052	384,206	551,844	748,314
Current maturities			2014 JPY'000		=N='000
Interest		6,052	10,883		8,949
Principal		131,173	235,880		243,453
Total current maturities		137,225	246,763		252,402
Balance, non current principal maturity		246,981	444,131		495,912
		384,206	690,894		748,314

Daewoo Securities still has the option up to year 2029 to subscribe to the equity shares of the Company at a strike price of the average six months market price.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

			Jun-14 2014 =N='000	Dec-13 2013 =N='000
18	FINANCE LEASE OBLIGATIONS		52,742	49,953
	The Company obtained lease facilities totalling =N=48,836,000 at 21% rate of interest from Diamond Bank Plc to finance the acquisition of motor vehicles during 2013			
	These motor vehicles are included in the property, plant and equipment of the Company as at 30 April 2014.			
	The rentals due as at 30 April are further analysed as follows:			
	Less than 3 months		12,701	995
	Between 3 and 6 months		40,041	1,160
	Between 6 and 12 months			31,058
				33,213
	Over 12 months		52,742	16,740
				49,953
19	EMPLOYEE BENEFIT LIABILITIES			
	At 1 January		36,098	36,098
	Charge for the year		-	-
	Gain Valuation		-	-
	At 30 June		36,098	36,098
	The above liability represents the Company's provisions for gratuity of its employees based on length of service.			
20	TAXATION PAYABLE	Company Tax =N='000	Educa-tion =N='000	=N='000
	Per Statement of Comprehensive Income			
	Provision for the year		-	-
				64,879
	Charged for the year	-	-	-
				64,879

STANDARD ALLIANCE INSURANCE PLC
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			Jun-14 2014 =N='000	Dec-13 2013 =N='000
Per Statement of Financial Position				
At 1 January	259,373	18,226	277,599	270,414
The movement in income tax during the year is as follows:				0
Payment during the year	-	-	-	(57,694)
Tax expense for the year	0	0	-	64,879
At 31 December	259,373	18,226	277,599	277,599
21 DEFERRED TAX LIABILITIES				
At 1 January			294,036	196,475
Charge for the year (Note 21.1)			-	97,561
At 30 June			294,036	294,036
21.1 Charge for the year				
The net amount on the deferred tax account account is as follows:				
At 1 January			294,036	26,327
Profit or loss charge on timing difference of carrying amounts of taxable assets			-	
At 30 June			294,036	26,327
22 SHARE CAPITAL				
Authorised (Note 22.1)				
14,000,000,000 units of ordinary shares of 50k each			7,000,000	7,000,000
17,500,000 units of floating rate irredeemable convertible preference shares of N100 for 2011 and 2010.			-	
			7,000,000	7,000,000
22.1 Authorised Share Capital				
The Company at its 15th Annual General Meeting held on Friday, 16th December 2011 approved the increase in its authorised share capital from N6.0 billion to N7.0 billion by the creation of additional 2,000,000,000 units of ordinary shares of 50k each, such shares ranking pari passu in all respects with existing ordinary shares of the Company.				
The newly created shares have been duly registered with the Corporate Affairs Commission and the requisite stamp duties paid subsequently in 2012.				
22.2 Issued and Fully Paid Share Capital:				
Ordinary shares			5,996,587	5,996,587
- 11,993,173,000 units of ordinary shares for 2012.				
- 8,493,173,450 units of ordinary shares for 2011 and 2010.				
Preference shares			-	-
- Nil for 2012 (Note 16.1)				
- 17,500,000 units of N100 each 2011 and 2010				
			5,996,587	5,996,587

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	Jun-14 2014	Dec-13 2013
23 TREASURY SHARES	8,737,585	8,737,585
These represent the offer price of 2,212,046,824 units of ordinary share of 50 kobo each (=N=1,106,024,412 and associated total share premium of =N=7,631,561,991) for which no net cash inflow accrued to the company during its public offer of 2008.		
The Company at its 15th Annual General Meeting held 16th December 2011 approved the cancellation of these shares and to this effect a court order was also obtained on 26th of April 2012. The cancellation of these shares is awaiting the final approval of the Securities and Exchange Commission (SEC)		
24 CONTINGENCY RESERVE		
Contingency reserve is provided for at the rate of 3% of the total premium or 20% of net profit (whichever is greater for the year) in accordance with section 22 (1)(b) of the Insurance Act 2003.		
At 1 January	1,113,425	999,663
Charge for the year	75,753	113,762
At 30 June	1,189,179	1,113,425
25 ACCUMULATED LOSS		
At 1 January	(10,930,515)	(9,935,810)
(Loss)/ Profit for the year	243,748	(880,943)
Appropriation to Contingency reserve	(75,753)	(113,762)
Dividend to Preference Shareholders		
At 30th June	(10,762,520)	(10,930,515)
26 OTHER RESERVES		
Revaluation Reserve (Note 25.1)	703,401	703,401
Fair Value Reserve (Note 25.2)	830,468	601,643
	1,533,869	1,213,929
26.1 Revaluation Reserve		
At 1 January	703,401	703,401
Addition during the year(Note 12)	-	
At 30 June	703,401	703,401
The Company's office building at Ibadan and Head Office in Lagos were revalued at =N=20 million in 2006 and =N= in 2012 respectively by the firm of Messrs Osaro Eguasa & Co (FRC/2012/0000000000423).		
The revaluations resulted to surpluses of =N=14,299,000 and =N=767,258,000 respectively.		
26.2 Fair Value Reserves		
Fair value reserves include the net accumulated changes in the fair value of available for sale assets		
Further details are:		
At 1 January	744,110	103,008
Addition during the year	86,358	641,102
At 30 June	830,468	744,110

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

27	GROSS PREMIUM INCOME	Aviation	Bonds	Engineering	Fire	General Accident	Marine	Motor Accident	Oil & Gas	Jun-14 2014	Dec-13 2013
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
	Premium written	-	40,646	108,533	109,614	546,236	481,957	614,480	596,809	2,498,276	3,792,076
	Inward reinsurance premium	8,022	750	2,016	8,888	1,579	5,582	-	-	26,837	
		8,022	41,396	110,549	118,503	547,815	487,539	614,480	596,809	2,525,113	3,792,076
	Movements in unexpired risks (Note 26.1)	-	-	-	-	-	-	-	-	-	(12,442)
	Gross premium 2014	8,022	41,396	110,549	118,503	547,815	487,539	614,480	596,809	2,525,113	3,779,634
28	REINSURANCE PREMIUM EXPENSES										
	Expense 2014	8,648	-	13,664	39,269	12,728	52,803	443	24,237	151,792	683,716

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

	Jun-14 =N='000	Dec-13 =N='000
29 COMMISSION EARNED ON REINSURANCE		
Aviation	0	1,143
Bond	(2)	84
Engineering	48	887
Fire	593	4,292
General Accident	954	7,915
Marine	528	4,235
Motor	0	4,279
Oil & Gas	0	10,964
	2,120	33,799
30 CLAIMS EXPENSES		
Claim paid	806,633	1,035,417
Increase in outstanding Claims (Note 14.2.1)		(167,795)
Increase in Claims Incurred but not reported (Note 14.2.2)	344,151	298,894
Gross claims incurred	1,150,784	1,166,516
31 UNDERWRITING EXPENSES		
Commission paid:		
Aviation	376	26,446
Bond	37,516	30,374
Engineering	13,378	78,385
Fire	17,389	109,128
General Accident	45,772	193,739
Marine	47,702	185,672
Motor	42,121	256,332
Oil & Gas	569	87,451
Commission paid - others		100,012
	204,825	1,067,538
Business Promotion	495	
Business development/Marketing expenses	374,780	(14,073)
Deferred commission	-	1,053,465
	580,099	
32 INVESTMENT INCOME		
Interest on deposits	19,638	134,088
Lease rental income	15,110	10,000
Dividend received	0	700
	34,748	144,788
Others	(1,366)	182,918
	33,382	7,507
33 MANAGEMENT EXPENSES		
Salaries and allowances	108,070	513,011
Other staff costs	41,182	54,151
Director fees and allowances	7,760	41,983
Insurance expenses	6,626	12,938
Rent and rates	10,103	25,330
Repairs and maintenance	71,642	175,000
Depreciation and amortisation	45,070	129,746
Professional fees	111,307	82,827
Bank charges	6,480	42,150
Printing and stationery	10,911	12,413
Advertisement	3,257	20,702
Books and periodicals	409	1,112
Telephone and postages	11,252	34,931
Other administrative expenses	55,408	71,503
Supervisory levies	0	72,522
Staff training and development	1,733	28,447
Audit fee	0	9,000
Corporate expenses	8,078	66,842
Travelling, outstation and hotel expenses	37,853	95,419
Annual General Meeting expenses	6,031	7,203
	543,173	1,497,228

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STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL CHARGES	Jun-14	Dec-13
	=N='000	=N='000
Bank interests	5,928	27,830
Lease charges	383	25,197
Interest on Daewoo bond	9,332	84,057
	15,643	137,084
35 IMPAIRMENT CHARGES		
Impairment charges are:		
Cash and cash equivalent (Note 3.1)		5,279
Current account balances (Note 8.1.1)	-	454,920
Write back of impaired deposit (Note 3.1)	-	(162,848)
	-	297,351
36 INFORMATION TECHNOLOGY DEVELOPMENT LEVY		
At 1 January	3,191	3,191
Appropriation for the year	-	
At 30 June	3,191	3,191
The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(a) of the Act stipulates that specified companies contribute 1% of their profit before tax to the Nigerian Informaion Technology Development Agency.		
37 PROFIT BEFORE TAXATION		
Profit before taxation is stated after charging/(crediting):		
Depreciation	42,820	122,051
Amortization	2,250	8,308
Auditors' remuneration	-	9,000
Director's remuneration	7,760	41,983
38 PREMIUM RECEIPTS FROM POLICY HOLDERS		
Premium due from policyholders at 1 January	7,673	642,257
Gross Premium written in the year	2,525,113	3,779,635
	2,532,786	4,421,892
Less: Premium debts written off	-	
Premium due from policyholders at 30 April	52,418	(7,673)
Premium receipts in the year	2,480,369	4,414,219

STANDARD ALLIANCE INSURANCE PLC
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40 BUSINESS SEGMENT INFORMATION

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

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

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

	Aviation =N='000	Engineering =N='000	Fire =N='000	General Accident =N='000	Marine =N='000	Motor =N='000	Bond =N='000	Oil & Gas =N='000	Jun-14 2014 =N='000	Dec-13 2013 =N='000
Premium Income										
Premium written	8,022	110,549	118,503	547,815	487,539	614,480	41,396	596,809	2,525,113	3,792,076
(Increase)/Decrease in Unearned premium	-	-	-	-	-	-	-	-	-	(12,442)
Gross Premium written in the year	8,022	110,549	118,503	547,815	487,539	614,480	41,396	596,809	2,525,113	3,779,634
Reinsurance premium expenses	(8,648)	(13,664)	(89,269)	(12,728)	(52,803)	(443)	-	(74,237)	(251,792)	(683,716)
Net premium written	(626)	96,885	29,234	535,087	434,736	614,037	41,396	522,572	2,273,322	3,095,918
Commission received on reinsurance	-	48	593	954	528	-	(2)	-	2,120	33,799
Underwriting income	(626)	96,932	29,827	536,040	435,265	614,037	41,394	522,572	2,275,442	3,129,717
Less Expenses										
Claims										
Claim paid	17,597	20,546	88,403	56,070	10,771	133,604	5,000	474,643	806,633	1,035,417
(Decrease)/Increase in provision for outstanding claims	26,997	(7,283)	41,266	41,651	61,979	73,176	21,650	84,715	344,151	(167,795)
Claims incurred but not reported (IBNIR)									-	298,894
	44,594	13,263	129,669	97,721	72,750	206,780	26,650	559,358	1,150,784	1,166,516
Claims expenses recoveries from reinsurers					(210)	(15,413)			(15,623)	(95,625)
Net Claims expenses	44,594	13,263	129,669	97,721	72,540	191,368	26,650	559,358	1,135,161	1,070,891
Underwriting expenses							#REF!			
Commission paid less deferred cost	743	26,441	34,369	90,466	94,887	83,250	74,148	1,124	405,430	953,453
Other business acquisition cost	1,192	16,429	17,612	81,415	72,457	91,322	6,152	88,696	375,275	100,012
Total underwriting expenses	1,935	42,871	51,981	171,881	167,344	174,573	80,300	89,820	780,705	1,053,465
Total Expenses	46,529	56,134	181,650	269,602	239,884	365,940	106,950	649,178	1,915,866	2,124,356
Underwriting profit 2014	(47,154)	40,799	(151,823)	266,438	195,381	248,097	(65,556)	(126,606)	359,576	####