

A large yellow triangle points from the right edge of the page towards the center, where it meets a series of thin, parallel black lines that fan out to the left edge.

INTERNATIONAL ENERGY INSURANCE PLC
Lagos, Nigeria

REPORT OF THE DIRECTORS

AND

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



**Building a better
working world**

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS

Mr. Muhammad K. Ahmad (OON)	-	Interim Chairman
Mr. Peter A. Irene	-	Interim Managing Director
Ms. Ibiyemi B. Adeyinka	-	Non-Executive Director
Ms. Daisy Ekineh	-	Non-Executive Director

SECRETARY

H. Michael & Co
48B, Lasode Crescent
Victoria Island, Lagos

REGISTRATION NO.
RC No. 6126

REGISTERED OFFICE
Plot 294, Jide Oki Street
Victoria Island, Lagos

SOLICITORS

Bayo Osipitan & Co.
2A Ireti Street
Off Thorburn Avenue, Yaba

Plus Ogene & Associates
3B, Ayojagun Street, Off Omission Hotel
Lekki Phase 1, Lekki Lagos

Solola & Akpana
3B, Tokunbo Omlsore Street,
Off Wole Olateju, Lekki Phase 1, Lagos

AUDITORS

Ernst & Young
UBA House, 10th & 13th Floors
57, Marina
P.O. Box 2442, Marina
Lagos

BANKERS

Access Bank Plc
United Bank for Africa Plc
Zenith Bank Plc
Diamond Bank Plc
Keystone Bank Limited
Wema Bank Plc
Fidelity Bank Plc

ACTUARIES

Brian Karidza (FIA FASSA CERA)
FRC/2017NAS/00000016625
Alexander Forbes Nigeria Limited
Plot 235, Muri Okunola Street,
Rio Plaza, 2nd Floor, Victoria Island, Lagos

INTERNATIONAL ENERGY INSURANCE PLC

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Major statement of financial position items				
As at 31 December:				
Total assets	8,494,813	8,957,292	8,586,078	9,104,228
Insurance contract liabilities	4,061,593	3,483,956	4,061,593	3,483,956
Total deficit	(7,696,827)	(5,376,921)	(7,616,015)	(5,258,816)
Major statement of profit or loss items				
For the year ended 31 December:				
Gross written premium	966,864	1,974,832	966,864	1,974,832
Underwriting results	(415,851)	956,031	(415,851)	956,031
Investment and other operating income, net realized and fair value changes	1,440,854	1,826,996	752,085	1,268,518
Loss before income tax expense	(2,080,492)	(3,555,104)	(2,127,588)	(3,672,398)
Income tax expense	(167,769)	(110,465)	(157,966)	(122,349)
Loss for the year	(2,248,261)	(3,665,569)	(2,285,554)	(3,794,747)
Net liabilities per share (kobo)	(613.00)	(431.78)	(593.11)	(409.54)
Loss Per Share:				
Basic and Diluted loss per share (Kobo)	(175.64)	(287.37)	(177.99)	(295.52)

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors submit their Report on the affairs of International Energy Insurance Plc ("the Company") and its subsidiary, (collectively "the Group") together with the consolidated and separate financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of International Energy Insurance Plc is the provision of general business risk underwriting and related financial services to corporate and retail customers. The Company has 51% shareholding in IEI Anchor Pensions Managers Limited. IEI Anchor Pensions Managers Limited is engaged in Pension Fund Administration for employees in the private and public sector.

RESULTS FOR THE YEAR

	Group		Company	
	N'000	N'000	N'000	N'000
Loss before income tax expense	(2,080,492)	(3,555,104)	(2,127,588)	(3,672,398)
Income tax expense	(167,769)	(110,465)	(157,966)	(122,349)
Loss for the year	(2,248,261)	(3,665,569)	(2,285,554)	(3,794,747)
Other comprehensive income for the year, net of tax	(71,645)	875,837	(71,645)	875,837
Total comprehensive loss for the year	(2,319,906)	(2,789,732)	(2,357,199)	(2,918,910)
	=====	=====	=====	=====

DIVIDEND

The Directors do not recommend payment of any dividend for the year ended 31 December 2017 (2016: Nil).

EVENTS AFTER REPORTING DATE

There are no events after the reporting date, which could have had a material effect on the financial position of the Group and the Company as at 31 December 2017 and the loss for the year then ended.

BOARD OF DIRECTORS

The following are members of the Interim board of Directors who held office during the year and at the date of this report, these directors were appointed by NAICOM:

Mr. Muhammad K. Ahmad, OON	-	Interim Chairman
Mr. Peter A. Irene	-	Interim Managing Director
Ms. Ibiyemi B. Adeyinka	-	Interim Non-Executive Director
Ms. Daisy Ekineh	-	Interim Non-Executive Director

DIRECTORS' INTEREST IN CONTRACTS

In accordance with section 277 of the Companies and Allied Matters Act of Nigeria, CAP C20 Laws of the Federation of Nigeria, none of the Directors has notified the Company of any declarable interest in contracts during the year.

DIRECTORS' INTEREST IN SHARES

The Directors' direct and indirect interest in the issued share capital of the Company are as follows:

Directors	2017	2016
Mr. Muhammad K. Ahmad (OON)	-	*
Mr. Peter A. Irene	-	-
Ms. Ibiyemi B. Adeyinka	38,888	38,888
Ms. Daisy Ekineh	-	-

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

AGENTS AND BROKERS

The Group maintains a network of licensed agents. The Group also renders services directly to its customers as well as through a varied network of brokers who are licensed by the National Insurance Commission (NAICOM).

COMPLAINTS MANAGEMENT POLICY FRAMEWORK

Complaint Management Policy has been prepared in compliance with the requirement of the Nigerian Capital Market (SEC Rules) issued by the Securities & Exchange Commission and the Nigerian Stock Exchange Directives (the NSE Directives) as well as in recognition of the importance of effective engagement in promoting shareholders'/investors' confidence in the Company and the capital market.

REINSURANCE

The Group had reinsurance treaty arrangements with the following companies during the year:

- | | |
|-------------------------------------|------------------------------------|
| - African Reinsurance Corporation | - Continental Reinsurance Plc |
| - WAICA Reinsurance Corporation Plc | - Nigerian Reinsurance Corporation |
| - CICA Reinsurance Company | - PTA/ZEP Reinsurance Company |
| - NCA Reinsurance Company | |

RESEARCH AND DEVELOPMENT

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

DISABLED PERSONS

The Group believes in giving full and fair consideration to all current and prospective staff. No disabled person (2016: Nil) is currently employed by the Group. 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 Group made no charitable donations (2016: Nil) during the year under review.

HEALTH AND SAFETY AT WORK OF EMPLOYEES

The Group 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 through Group's appointed Health Management Organizations (HMO). Firefighting equipment have also been installed in strategic positions within the offices of the Group. The Group incurred a sum of ₦4.8million (2016: ₦34.9million) and Company ₦4.8million (2016: ₦34.9million) in providing such medical benefits during the year.

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

EMPLOYEE INVOLVEMENT AND TRAINING

In addition to in-house training, the Group, where necessary sends its employees on various seminars, conferences, 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 Group refunds a substantial proportion of all expenses incurred on such courses on the successful completion of the course. The Group incurred ₦2.5million (2016: ₦15.6million) on employees training during the year.

AUDITORS

Messrs. Ernst & Young Nigeria have indicated their willingness to continue in office as auditors of the Company in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria.

By Order of the Interim Board


21 February 2019

H. Michael & Co.
Company Secretary
FRC/2013/NBA/00000000001060
Lagos, Nigeria



INTERNATIONAL ENERGY INSURANCE PLC

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2017

Management Objectives

International Energy Insurance Plc is the first energy-sector focused insurance Company in the country providing first class underwriting solutions for offshore, 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 focus in the period to come is to adopt initiatives and actions that will guarantee the growth of the Company including introducing additional capital necessary to reposition the Company,

Management Strategy

The Company's strategy is to use technology and international best practice and superior services to provide its customers with tailor made solutions. The Company has put series of measures, initiatives and target aimed at profitable growth and increase market share. The Company aspire to achieve market leadership in all segment of the business.

Operating Results

	Group 2017 N'000	2016 N'000	Company 2017 N'000	2016 N'000
Gross Premium written	966,864	1,974,832	966,864	1,974,832
Loss before income tax expense	(2,080,492)	(3,555,104)	(2,127,588)	(3,672,398)
Income tax expense	(167,769)	(110,465)	(157,966)	(122,349)
Loss for the year	(2,248,261)	(3,665,569)	(2,285,554)	(3,794,747)

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

Corporate Governance is concerned with the entrenchment of practices and procedures which are aimed at ensuring that a Company is well governed which in turn fosters the achievement of its objectives. Corporate governance in public companies and regulated entities are also guided by the various codes issued by regulators.

Following the regulatory intervention in the company by NAICOM on 18 May 2015, the new Board having identified weak governance as a factor leading to the slide in the company, took concrete efforts to improve corporate governance standards and practices in the company.

In view of these efforts, IEI has strived 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 part of how we now conduct our business affirming our belief that good corporate governance is a means of retaining and expanding our clientele, sustaining the viability of the business in the long term and maintaining the confidence of investors. IEI believes that the attainment of its business objectives is, among others, 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 its 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. In spite of our current challenges, we are determined to remain an important player in the industry.

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 engender transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

ETHICAL STANDARDS

To maintain high ethical standard for the conduct of its business, IEI ensures that each director and employee discloses to the board his/her interest in any other company within the insurance industry and in position where their self-interest conflict with their duty to act in the best interest of the Company.

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 to be 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 its 42nd Annual General Meeting on February 23, 2017 and decisions affecting the strategic development and direction of the Company were taken under the watchful eyes of representatives of regulatory authorities such as the National Insurance Commission, Nigerian Stock Exchange, Securities and Exchange Commission and members of the press.

The Board of Directors of International Energy Insurance Plc has overall responsibility for ensuring that the highest standard of corporate governance are maintained and adhered to by the Company. The following structures has been put in place for the execution of corporate governance strategy;

- 1) Board of Directors
- 2) Board Committee
- 3) Management

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT - CONTINUED

BOARD OF DIRECTORS

During the period under review, the Board met to set policies for the operations of the Company, and ensured that it maintained a professional relationship with the Company's Auditors to promote transparency in financial and non-financial reporting.

The Interim Board met eight times within the year under review. Within the same period its Finance and General Purpose Committee met eight times. The Interim Board Members are:

Mr. Muhammad K. Ahmad (OON)	-	Interim Chairman
Mr. Peter Irene	-	Interim Managing Director
Ms. Ibiyemi B. Adeyinka	-	Interim Non-Executive Director
Ms. Daisy Ekinch	-	Interim Non-Executive Director
H. Michael & Co	-	Company Secretary

The former Managing Director of the Company, Mrs. Roseline Ekeng, who was advised to proceed on compulsory leave with effect from May 2, 2015 following regulatory intervention by National Insurance Commission was removed on February 2, 2016.

COMPANY SECRETARY

The former Company Secretary, Mr. Paul Ekenisi who was advised to proceed on compulsory leave by the Interim Board with effect from May 28, 2015 was finally removed on February 2, 2016.

ROLES OF CHAIRMAN AND MANAGING DIRECTOR

The manner in which the Company structured the roles of the Chairman and the Managing Director has assisted in averting overlaps of roles and effectiveness of governance. This is done in accordance with NAICOM guidelines on Code of Good Corporate Governance for Insurance Industry.

The Chairman has the primary responsibility of ensuring that the board carries out its governance role in the most effective manner. He is responsible for the overall leadership of board and for creating an enabling environment for the effectiveness of individual directors. The Managing Director is responsible for the day to day running of the Company to achieve overall efficiency of management controls. He has responsibilities for developing, implementing and monitoring the strategic and financial plans of the Company in the most effective manner.

ROLE OF THE BOARD

Establish corporate strategies, set performance indices, monitor implementation and performances

Review alignment of goals, major plans of action and annual budget

Ensure the integrity of the Company accounting and financial reporting systems (including the independent audit) and that appropriate system are in place for monitoring risks financial control and compliance with the law

Formulate risk strategies and make decisions on business acquisitions and expansions/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 regularly to review financial performance and reports on the contribution of the various business units to the overall performance of the company as well as consider other matters. Adequate advance notice of the meeting, the agenda and reports to be considered are circulated to members. Emergency meetings are convened as and when the need arises.

INTERNATIONAL ENERGY INSURANCE PLC**CORPORATE GOVERNANCE REPORT - CONTINUED****DIRECTORS' ATTENDANCE**

In accordance with Section 258(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 the record of the Directors attendance at Directors and Committee meetings during the year under review is as shown below.

S/N	Date of meeting	Muhammad K. Ahmad (ODN)	Daisy Ekinah	Ibiyemi B. Adeyinka	Peter A. Irene
1	31-01-2017	✓	✓	✓	✓
2	07-03-2017	✓	✓	✓	✓
3	03-05-2017	✓	✓	✓	✓
4	28-06-2017	✓	✓	✓	✓
5	28-08-2017	✓	✓	✓	✓
6	24-10-2017	✓	✓	✓	✓
7	23-11-2017	✓	✓	✓	✓
8	13-12-2017	✓	✓	✓	✓

BOARD COMMITTEES

Due to the peculiarity of its appointment, the Interim Board carried out its oversight functions with the assistance of two (2) Board Committees during the year under review: i.e. The Finance and General Purposes Committee and Audit Committee, respectively.

BOARD FINANCE AND GENERAL PURPOSES COMMITTEE

The Board Finance and General Purposes Committee had the mandate to review and make recommendations on all staff and related matters, approve within set limits, review and make recommendations on branch expansions and/or closures, implement safeguarded measures as recommended from time to time, and to ensure an adequate platform by which the company will adequately protect its finances. Other functions of the Committee include but not limited to, determining the policies, strategies and financial objectives of the company, overseeing and monitoring the implementation of these policies, with a view to maximizing its overall economic value. It also reviews the community, environmental, health and safety issues and incidents to determine, that management takes appropriate action in respect of those matters and that management is diligent in carrying out its responsibilities and activities in relation to sustainability issues.

The members of the Committee meet at least once every quarter, and they are as follows;

Ms. Daisy Ekinah	Interim Chairman
Ms. Ibiyemi B. Adeyinka	Interim Non-Executive Director
Mr. Peter A. Irene	Interim Managing Director
H. Michael & Co	Secretary

The Committee met six (6) times during the year under review as shown below;

S/N	Date of meeting	Daisy Ekinah	Ibiyemi B. Adeyinka	Peter A. Irene
1.	27-01-2017	✓	✓	✓
2.	21-04-2017	✓	✓	✓
3.	09-06-2017	✓	✓	✓
4.	18-08-2017	✓	✓	✓
5.	23-10-2017	✓	✓	✓
6.	07-12-2017	✓	✓	✓

AUDIT COMMITTEE

In compliance with the provisions of Section 359 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, the Company had an Audit Committee comprised of two (2) Non-executive Directors and two (2) shareholders' representatives as follows:

Chief Augustine G. Anono	Chairman
Mr. Moses Igbrude	Shareholders' representative
Ms. Daisy Ekinah	Non-executive Director
Ms. Ibiyemi B. Adeyinka	Non-executive Director

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT- CONTINUED

AUDIT COMMITTEE- CONTINUED

The Committee met Four (4) times during the year under review as shown below

S/N	DATE OF MEETING	DAISY EKINEH	IBIYEMI ADEYINKA	B. AUGUSTINE ANONO	MOSES IGBRUDE
1.	13-03-2017	✓	✓	✓	✓
2.	14-07-2017	✓	✓	✓	✓
3.	28-08-2017	✓	✓	✓	•
4.	18-10-2017	✓	✓	✓	✓

DIRECTORS NOMINATION PROCESS

The tenure of each of the Company's non-executive directors is for a defined period. A non-executive director can be re-elected for additional terms subject to satisfactory performance and approval by the shareholders. Over the years, the board has observed a well-defined appointment process for the appointment of new directors.

However, the Company currently has in place interim board appointed by the National Insurance Commission (NAICOM) in 2015 following the dissolution of the then Board of Directors. The tenure of the Board is determined by NAICOM.

THE MANAGEMENT TEAM

The Management team consists of Executive and Senior Management Staff led by the Interim 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.

Other functions of the Management team include; determining the long term strategic direction of the company and developing annual business plan and budget that drives the long term strategy, ensuring that the company complies with all relevant laws and corporate governance principles, ensuring proper staffing and establishment of appropriate organizational structure that support effective succession plan for the company, putting the right structure in place to ensure that accounts and financial affairs are carried out in a reliable manner. The Management also take steps to ensure successful implementation of the company policies as well as creating effective ethical environment within the company. The leadership team meets regularly to review the performance of the Company, and assess progress against the achievement of laid down objectives.

COMPLIANCE AND DISCLOSURE

As a result of the determination of the Interim Board to reposition the Company's operations within international standards of best practices, the Company made significant efforts to ensure compliance with applicable regulatory requirements against previous year's records. Certain infractions were however found due to late submission of the Company's Audited Financial Statements for the year ended 2016.

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT- CONTINUED

COMPLIANCE AND DISCLOSURE - CONTINUED

Penalties levied against the Company for late submission of financial statements as mentioned above by the regulators amounted to N6.2million. Details of these payments are recorded on note 51 in the financial statements.

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. The Interim Board is however paying concerted attention to totally eliminate incidences of infractions.

CORPORATE SOCIAL RESPONSIBILITY

Today's corporate existence goes beyond profitability, service delivery and returns 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.

HEALTH AND SAFETY AT WORK FOR EMPLOYEES

The Company ensured that the robust HSE plan, process and procedure that had been previously put in place was reviewed for improvements and maintained for the safety of its workforce which has reduced work related discomfort, accidents and injury, litigation and non-compliance issues. Consequently, the employees have become more confident as regards their health and wellbeing in the manner, which the Company has invested in HSE issues, that has reduced overtime, health related costs to the Company as well.

INTERNATIONAL ENERGY INSURANCE PLC

CERTIFICATION PURSUANT TO SECTION 60(2) OF THE INVESTMENT AND SECURITIES ACT NO. 29 2007
FOR THE YEAR ENDED 31 DECEMBER 2017

We the undersigned hereby certify the following with regards to our consolidated and separate financial statements for the year ended 31 December 2017 that:

- We have reviewed the report;
- 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;
- To the best of our knowledge, the consolidated and separate 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 and Company as of, and for the period presented in the report;
- 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 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;
- We have disclosed to the auditors of the Company and the 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;
- We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Peter A. Irene
Interim Managing Director
FRC/2014/ICAN/00000006610



Mr. Emmanuel Bassey
Chief Financial Officer
FRC/2013/ICAN/00000000635

1 February 2019

INTERNATIONAL ENERGY INSURANCE PLC

RISK MANAGEMENT DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2017

The Board of International Energy Insurance Plc hereby provides a Risk Management Declaration and state that, to the best of its knowledge and belief, having made appropriate enquiries:

- a. The Group and Company have systems in place for the purpose of ensuring compliance with this guideline;
- b. The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Group and Company;
- c. The Group and Company have in place Risk Management Strategy, developed in accordance with the requirements of this guideline, setting out its approach to risk management; and
- d. The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the Company, having regard to such factors as the size, business mix and complexity of the Group and Company's operations.



Mr. Muhammad K. Ahmad, OON
Chairman
FRC/2015/IODN/0000002581



Mr. Peter A. Irene
Interim Managing Director
FRC/2014/ICAN/00000006610

1 February 2019

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2017

To the members 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, the members of the Audit Committee of International Energy Insurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Group and the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audit for the year ended 31 December 2017 were satisfactory and reinforce the Group's and the internal control systems.
- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Group's system of accounting and internal control.

Chief Augustine G. Anono
Chairman, Audit Committee

Members of the Audit Committee are:

- | | | |
|-----------------------------|---|----------|
| 1. Chief Augustine G. Anono | - | Chairman |
| 2. Mr. Moses Igbrude | - | Member |
| 3. Ms. Ibiyemi B. Adeyinka | - | Member |
| 4. Ms. Daisy Ekineh | - | Member |



Secretary to the Committee
H. Michael & Co.
Company Secretary
FRC/2013/NBA/00000000001060
Lagos, Nigeria

INTERNATIONAL ENERGY INSURANCE PLC

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2017

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare consolidated financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company and its subsidiary at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company and its subsidiary:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and its subsidiary and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the preparation and fair presentation of the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, the National Insurance Commission (NAICOM), the Pension Reform Act 2014 and Financial Reporting Council of Nigeria Act No. 6, 2011.

The Directors are of the opinion that the consolidated and separate financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its subsidiary and of its loss and other comprehensive profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company and its subsidiary will not remain a going concern for at least twelve months from the date of this statement.

On behalf of the Directors



Mr. Muhammad K. Ahmad, OON
Chairman
FRC/2015/IODN/0000002581



Mr. Peter A. Irene
Interim Managing Director
FRC/2014/ICAN/00000006610

1 February 2019

INTERNATIONAL ENERGY INSURANCE

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of International Energy Insurance Plc ("the Company") and its subsidiary (collectively "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2017, and the consolidated and separate statements of profit or loss and statement of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2017 and their financial performance and their cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards (IFRS) and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audit of International Energy Insurance Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of International Energy Insurance Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 2.35.1 to the summary of significant accounting policies which indicates that the Company incurred a net loss of N2.29 billion (2016: net loss N3.79 billion), the Group net loss N2.25 billion (2016: net loss N3.67 billion) and, as at that date, the Company's total liabilities exceeded its total assets by N7.62 billion (2016: N5.26 billion) and the Group's total liabilities exceeded its total assets by N7.70 billion (2016: N5.38 billion). In addition, the Company's negative total equity as at 31 December 2017 of N7.62 billion (2016: negative N5.26 billion) is below the minimum regulatory requirement of N3 billion, also the solvency margin had a shortfall of N10.2 billion (2016: N7.9 billion) and a shortfall of N1.243 billion in the assets cover. These events or conditions along with other matters as stated in the note, indicates that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. In addition to the matters described in the Material uncertainty related to going concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INTERNATIONAL ENERGY INSURANCE

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC - CONTINUED

Key Audit Matters - continued

We have fulfilled the responsibilities described in the Auditors' responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matters	How the matter was addressed in the audit
Valuation of unquoted investments The Group's investment in unquoted equity securities was significantly written down from N564million to N54million after valuation. The valuation of the unquoted investments require the use of estimate and significant judgement and a small change in the assumption can have a material impact on the consolidated and separate financial statements. We consider this to be a key audit matter as the team and valuation expert deployed significant amount of time, judgements and assumption in arriving at the carrying value. These are disclosed as available-for-sale assets in Note 2.2 to the consolidated and separate financial statements.	We used our own valuation specialist to assist us in performing our procedures in this area, which include: - Assessing the availability of quoted prices of comparable companies in terms of sizes, market share, dividend pay-out and earning capacity in liquid market. - Performing detailed evaluation of the validity and reasonableness of the techniques, inputs and assumptions used in the valuation process. - Confirming the valuation techniques used to determine the fair value of unquoted equity to be the "discounted cash flow under the income approach" which is in compliance with the method allowed by "IFRS 13, Fair Value Measurement" which is the applicable standard. - Evaluating the principle assumptions against independent sources for reasonableness. - Verifying the input used for the valuation comparing them to independent sources. - Challenging the valuation methodology and models for consistency by comparing with prior periods We also reviewed the disclosures for compliance with applicable standards.
Valuation of Insurance Contract Liabilities. The Company has insurance contract liabilities of N4.1 billion as at 31 December 2017 (2016: N3.5 billion) representing 25% (2016:24%) of the Company's total liabilities. This is an area that involves significant judgement over uncertain future outcomes and therefore we considered it a key audit matter for our audit. Consistent with the insurance industry practice, the Company engages an actuary to test the adequacy of this valuation of non-life business as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions. Insurance contract liabilities are disclosed in Note 1.2 to the consolidated and separate financial statements.	We used our in-house actuarial specialist to assist us in performing the audit procedures in the area of reviewing the Company's Actuarial reports on non-life business which included among others: i. Consideration of the appropriateness of assumptions used in the valuation of the Insurance Contracts by reference to Company and industry data and expectations. ii. Consideration of the appropriateness of non-economic assumptions used in the valuation of the Insurance Contracts in relation to lapse or extension assumptions by reference to Company specific and industry data. Other Key audit procedures included: i. We reviewed and documented management's process for estimating insurance contracts. ii. We performed file review of specific underwriting contracts in order to maximize our understanding of the business and validate initial loss estimates. iii. We performed subsequent year claim payments to confirm the reasonableness of initial loss estimates.

INTERNATIONAL ENERGY INSURANCE

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC - CONTINUED

Other Information

The Directors are responsible for the other information. The other information comprises the Financial Highlights, the Report of the Directors, the Management Discussion and Analysis, the Report of the Audit Committee, the Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, and the Corporate Governance Report as required by the Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards, and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting processes.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INTERNATIONAL INSURANCE PLC - CONTINUED

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements - continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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INTERNATIONAL ENERGY INSURANCE

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INTERNATIONAL INSURANCE PLC - CONTINUED

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Insurance Act 2003 and NAICOM's Prudential Guidelines 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. proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
- iii. the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.
- iv. In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 Insurance Act 2003 and NAICOM's Prudential Guidelines so as to present fairly the consolidated and separate statements of profit or loss and other comprehensive income of the Company and its subsidiary.

Contravention of Regulatory Guidelines

The Company incurred penalties in respect of contravention of the requirement of a section of the Investment & Securities Act (ISA) 2007, Rule 7.4 of the Nigerian Stock Exchange, 2015 and Section 26 of the Insurance Act 2003 in conjunction with the National Insurance Commission's Prudential Guidelines for Insurers and Reinsurers, 2015 on the filing and submission of annual reports and accounts. The details of the contravention and penalty are disclosed in the Note 51 of the financial statements.

Oluwasayo Elumaro FCA,
FRC 2012/ICAN/00000000139
For Ernst & Young
Lagos, Nigeria

4 February 2019



INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General Information

The International Energy Insurance Plc ("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 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.

The consolidated and separate financial statements of International Energy Insurance Plc for the year ended 31 December 2017 were authorised for issue in accordance with a resolution by the Board of Directors on __ September 2018.

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 deposits, bonds, held for trading and treasury bills. It has a subsidiary IEI Anchor Pensions Managers Limited which principal activity is pension funds administration for employees in private and public sectors.

Going concern

The Directors assess the Group's future performance and financial position on a going concern basis and have no reason to believe that the Company and its subsidiary will not be a going concern in the year ahead as stated in Note 2.35.1. For this reason, these consolidated and separate financial statements are prepared on a going-concern basis.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and compliance with IFRS

The consolidated and separate financial statements of International Energy Insurance Plc have been prepared on a going concern principles in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Standing Interpretations Committee (SIC) interpretations, and the relevant requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004, the Insurance Act 2003 and the National Insurance Commission (NAICOM), CAP I17 LFN 2004, Pension Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011 to the extent that they are not in conflict with IFRS.

These consolidated and separate financial statements are presented in Nigerian Naira, rounded to the nearest thousand, and prepared under the historical cost convention, except for financial assets measured at fair value through profit or loss, investment properties, available-for-sale financial assets and 'land and building' which have been measured at fair value.

2.2 Basis of consolidation

Subsidiary

The financial statements of the subsidiary is consolidated from the date the Group acquires control, up to the date that the Group loses control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to reflect their accounting policies into line with the Group's accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.2 Basis of consolidation - continued

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

For the purpose of these consolidated and separate financial statements, subsidiary is an entity 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee
- ▶ The ability to use its power over the investee to affect its returns

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group. In the separate financial statements, investments in subsidiary is measured at cost.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights

Non-controlling interests

The Group applies IFRS 10 consolidated financial statements (2012) in accounting for acquisitions of non-controlling interests. Under this accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.3 Functional currency and translation of foreign currencies

Functional and presentation currency

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

Transactions and balances in Company 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 and separate statements of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated and separate statements of profit or loss within 'finance costs or other income'.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.4 Cash and cash equivalents

For the purposes of the consolidated and separate statements 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 Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.5 Financial assets and financial liabilities

2.5.1 Financial assets

Initial recognition

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.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Subsequent measurement

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 and separate statements of profit or loss in the period in which they arise. Such investments are the Group's investments in quoted equities.

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. 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. 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 and separate statements of profit or loss and are reported as 'Investment income'. Presently, the Group has no investment in these class of assets.

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 other three 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 or exchange rates. They include investment in unquoted shares. Available-for-sale financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. After initial recognition or measurement, available-for-sale financial assets are subsequently measured at fair value.

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 statement of profit or loss and other comprehensive income.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.5 Financial assets and financial liabilities - continued

2.5.1 Financial assets - continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- those that the Group intends to sell in the short term which are reclassified as fair value through profit or loss and those that the Group upon initial recognition designates at fair value through profit or loss.
- those that the Group upon initial recognition designates as available-for-sale
- those for which the holder may not recover substantially all of its initial investment other than because of credit risk. These include

(a) *Trade receivables*

Trade receivables, arising from insurance contracts are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due under the original terms of the invoice. Allowances are made based on an impairment model which considers the loss given default for each customer, probability of default and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reverse date. Any subsequent reversal of an impairment loss is recognised in the profit and loss. Trade receivables are recognised for insurance cover for which payments have been received indirectly through duly licensed insurance brokers or lead insurers in Co-insurance arrangements. Premium collected on behalf of the Company is expected to be received within 30 days from insurance brokers and lead insurers.

(b) *Other receivables and prepayments*

Other receivables are made up of prepayments and other amounts due from parties which are not directly linked to insurance or investment contracts. Other receivables are stated after deductions of amount considered bad or doubtful of recovery. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit and loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit and loss account. Prepayments are carried at cost less amortization.

2.5.2 Impairment of financial assets

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 company of financial assets is impaired. A financial asset or company 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 company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the Group from the following events:

- (a) Default or delinquency by a debtor;
- (b) Restructuring of an amount due to the Group on terms that the Group would not consider favourable;
- (c) Indications that a debtor or issuer will enter bankruptcy;
- (d) The disappearance of an active market for the security because of financial difficulties; and

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.5 Financial assets and financial liabilities - continued

2.5.2 Impairment of financial assets - continued

Financial assets carried at amortised cost - continued

- (e) Observable data indicating that there is a measurable decrease in the estimated future cash flow from a company 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 company 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 consolidated and separate statements of profit or loss. 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 consolidated and separate statements of profit or loss as other income in the period the decrease is occurred.

Available-for-sale investments

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 20% 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 consolidated and separate statements of profit or loss, is removed from equity and recognised in the consolidated and separate statements of profit or loss. 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 consolidated and separate statements of profit or loss, the impairment loss is reversed through the consolidated and separate statements of profit or loss.

Trade receivables

An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect the amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.5 Financial assets and financial liabilities - continued

2.5.2 Impairment of financial assets - continued

Trade receivables - continued

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 recognized, the previous recognized 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 recognized in the profit or loss.

2.5.3 Reclassification of financial assets

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

2.5.4 Derecognition of financial assets

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. 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 and separate statements of profit or loss.

2.5.5 Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value plus attributable transaction costs with the exception of financial liabilities at fair value through profit or loss.

The Group's financial liabilities include trade and other payables as well as borrowings.

Subsequent measurement

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the consolidated and separate statements of profit or loss.

2.5.6 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated and separate statements of profit or loss.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.5.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated and separate statements 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.

2.5.8 Fair value of measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (ie an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumption that market participant would use when pricing the asset or liability, assuming that market participant's act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognized 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 recognized.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2.7 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 Company'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 statement of profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

2.8 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.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.9 Investment properties

Investment properties comprise of completed property and property under construction that are held by the Group to earn rental income or for capital appreciation or both.

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 consolidated and separate statements of profit or loss.

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 Company'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 statement of profit or loss in the period of the derecognition.

2.10 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 statement of profit or loss 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 computer software is 10 years.

2.11 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment (except land and buildings) are carried at cost less subsequent accumulated depreciation and impairment losses. The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

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 consolidated and separate statements of profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.11 Property, plant and equipment - continued

Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. 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.

All property, plant and equipment (except land and buildings) are stated at historical cost less accumulated depreciation and impairment losses. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

Depreciation

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

Buildings	1%
Leasehold improvements	20%
Plant and Machinery	20%
Furniture, fittings and office equipment	10%
Computer equipment	10%
Motor vehicles	25%

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.

Revaluation of land and building

Land is shown at fair value based on periodic valuations by external independent valuers less subsequent depreciation for buildings. Land and building are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss. When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit or loss.

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 statement of profit or loss in the year the asset is derecognised.

2.12 Statutory deposit

The Company'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 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 statement of profit or loss in the period the interest is earned.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.13 Insurance contract liabilities

The Company 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, workmen's compensation, motor, marine and aviation and fire insurance.

Insurance contracts protect the Company'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 Company'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 workmen's compensation, motor, marine and aviation insurance.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties for damages 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 Group 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 Company'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.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.13 Insurance contract liabilities - continued

Reserve for unearned premium

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

Reserve for outstanding claims

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

Reserves for unexpired risk

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

Liability adequacy test

At the end of each reporting period, Liability Adequacy Tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is charged to profit or loss by increasing the carrying amount of the related insurance liabilities.

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company 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.

2.14 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.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.15 Provisions and other payables

A provision is recognised if, as a result of a past event, the Company 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.

Provisions 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.

2.16 Retirement obligations and employee benefits

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

Defined contribution pension scheme

The Group operates a defined contributory pension scheme for eligible employees. Employers and employees contribute 10% and 8% respectively of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company 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.

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 Company.

2.17 Taxes

Current income tax

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

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in the statement of profit or loss and other comprehensive income.

Deferred tax

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

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

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.17 Taxes - continued

Deferred tax - continued

In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.18 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 statement of profit or loss 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 company 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.

2.19 Deposit for share

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

2.20 Share capital

The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.21 Dividends on ordinary share capital

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

2.22 Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

2.23 Contingency reserves

In compliance with Section 21(2) of Insurance Act, CAP 117 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.

2.24 Accumulated losses/retained earnings

Accumulated losses/retained earnings comprise the undistributed (losses)/profits from previous years, which have not been reclassified to the other equity reserves.

2.25 Premiums and unearned premiums

Premiums written comprise the premiums on contracts inception in the financial year. Premiums written are stated gross of commissions payable to agents and exclusive of taxes levied on premiums. The Company 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.

2.26 Reinsurance expenses

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

2.27 Commission income

Commission earned are recognised on ceding businesses to reinsurers and other insurance companies and are credited to the statement of profit or loss.

2.28 Claims expenses

Claims expenses incurred consist of claims and claims handling expenses paid by the Company during the financial year together with the movement in the provision for outstanding claims. (See the accounting 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 statement of profit or loss in the financial period in which adjustments are made, and disclosed separately if material.

2.29 Acquisition costs

Acquisition costs represent commissions and other expenses related to the acquisition of insurance contract revenues written during the financial year.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.30 Maintenance expenses

Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the statement of profit or loss in the accounting period in which they are incurred.

2.31 Investment income

This includes interest income and dividend income. Interest income is recognised in the statement of profit or loss 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.

2.32 Management expenses

Management 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. Management expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of their origin.

2.33 Finance income and expenses

Finance income and expense for all interest-bearing financial instruments are recognised within 'finance income' and 'finance costs' in the statement of profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or company of assets and liabilities) and of allocating the finance income or finance costs over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term. Once a financial asset or a company of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.34 Earnings/losses per share

The Group presents basic earnings/losses per share (EPS/LPS) data for its ordinary shares. Basic EPS/LPS 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.35 Significant judgements, estimates and assumption

2.35.1 Judgement

The preparation of consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Going Concern

The Company incurred a net loss of N2.29 billion (2016: N3.79 billion), the Group net loss N2.25 billion (2016: N3.67 billion) and, as at that date, the Company's total liabilities exceeded its total assets by N7.62 billion (2016: N5.26 billion) and the Group's total liabilities exceeded its total assets by N7.70 billion (2016: N5.38 billion). In addition, the Company's negative total equity as at 31 December 2017 of N7.62 billion (2016: N5.26 billion) is below the minimum regulatory requirement of N3 billion and the Company did not meet the regulatory solvency margin.

Management has developed key initiatives which aim to return the Company to profitability. These initiatives include: injection of fresh capital from potential investors, this will significantly turn around the position of the Company, as there will be funds for working capital, payment of claims as at when due since the company cannot currently pick up certain underwriting business hence losing income that would have been made by them. Underwriting will also boost confidence of customers and will lead to inflow of new businesses and this will significantly bridge the gap in the capital and solvency margin inadequacy.

These conditions indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore may be unable to realize its assets or discharge its liabilities in the ordinary course of business.

The financial statements are prepared on the basis that the Company will continue to be a going concern. This basis of preparation presumes that the Company will be able to bridge the gap with the regulators minimum requirement and the solvency margin deficiency and will realise its assets and discharge its liabilities (which majorly involves paying claims as they fall due) in the ordinary course of business.

Impairment of available-for-sale equity financial assets

The Group and Company determined that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluated among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such qualitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

Deferred tax liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations by the taxable entity.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying value at the reporting date of deferred tax assets/liability is disclosed in Note 16.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.35 Significant judgements, estimates and assumption - continued

2.35.2 Estimates and assumption

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an 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 future periods, if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Valuation of investment properties

The valuation of the properties is based on the price for which comparable land and properties are being exchanged or are being marketed for sale. Therefore, the market approach method of valuation is used; this reflects existing use with recourse to comparison approach that is the analysis of recent sale transaction on similar properties in the neighbourhood. The best price that subsisting interest in the property will reasonably be expected to be sold if made available for sale by private treaty between willing seller and buyer under competitive market condition. "Further details can be found in Note 8."

Impairment on receivables

In accordance with the accounting policy, the Company tests annually whether premium receivables have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations required the use of estimates based on passage of time and probability of recovery. "Further details can be found in Note 3".

Insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form a significant part of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. "Further details can be found in Note 12."

Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2017. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

During 2017, the Group performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its statement of financial position and equity, except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent. The choice of approach to be adopted - temporary exemption, overlay approach or full adoption will be dependent on guidelines issued by the National Insurance Commission for the industry.

Classification and measurement

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Unquoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in Other Comprehensive Income (OCI) will continue to be measured at fair value through OCI. Unquoted equity shares currently held as AFS and carried at cost will now be carried at fair value. Debt securities are expected to still be measured at amortized cost under IFRS 9 as the Company expects to hold the assets to collect contractual cash flows.

The equity shares in non-listed companies are intended to be held for the foreseeable future. No impairment losses were recognised in profit or loss during prior periods for these investments. The Company will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(a) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and receivables, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all loans and receivables. The Company has determined that, due to the unsecured nature of its loans and receivables, the loss allowance will increase with corresponding related decrease in the deferred tax liability.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Standards and interpretations issued but not yet effective - continued

IFRS 9 financial instruments - continued

(b) Hedge Accounting

The Company determined that there are no existing hedge relationships that are currently designated in effective hedging relationships. Though, this will continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Company's financial statements.

Impact Assessment

In conclusion, the Group's financial assets that will be impacted by adoption of IFRS 9 are Loans & receivables, Trade receivables and Financial asset. The impact of this change is immaterial.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group expects to apply IFRS 15 using the modified retrospective application. Given insurance contracts are scoped out of IFRS 15, the Group expects the main impact of the new standard to be on the accounting for income from tenancy contracts on investment properties as well as investment management services. The Group does not expect the impact to be significant.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

INTERNATIONAL ENERGY INSURANCE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Standards and Interpretations issued but not yet effective - continued

IFRS 16 Leases - continued

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, The Group will continue to assess the potential effect of IFRS 16 on its financial statements.

IFRS 2 Classification and Measurement of Share-based Payment Transactions

- Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Standards and interpretations issued but not yet effective - continued
IFRS 17 Insurance Contracts - continued

- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
 - Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognized directly on the balance sheet;
 - Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
 - Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.
- IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures.

IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income (OCI) for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in OCI.

The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

The overlay approach requires an entity to remove from profit or loss additional volatility that may arise if IFRS 9 is applied with IFRS 4.

When applying the temporary exemption, entities must still provide extensive disclosure that require the application of some aspects of IFRS 9. The Company is currently assessing the impact of this standard.

INTERNATIONAL ENERGY INSURANCE

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)

The amendments clarify that an entity needs to consider whether the tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profits may include the recovery of some assets for more than their carrying amount.

The Company applied amendments retrospectively. However, their application has no effect on the Company's financial position and performance as the Company's accounting policy has been consistent with the amendments.

Annual Improvements 2014-2016 Cycle

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or associate) that is classified (or included in a disposal Company that is classified) as held for sale. During 2017 and 2016, the Company had no interests classified as such, and therefore these amendments did not affect the Company's financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	31-Dec-17 =N=000	31-Dec-16 =N=000	31-Dec-17 =N=000	31-Dec-16 =N=000
Assets					
Cash and cash equivalents	1	347,526	553,560	265,113	451,814
Financial assets					
- Held-for-trading	2.1	1,059,845	46,408	910,336	46,408
- Available-for-sale	2.2	53,987	553,996	53,987	553,996
- Loans and receivables	2.3	4,604	14,142	4,604	14,142
Trade receivables	3	137,945	252,887	16,868	1,474
Other receivables and prepayments	4	182,963	145,420	106,723	115,460
Reinsurance assets	5	533,262	886,058	533,262	886,058
Deferred acquisition costs	6	31,272	60,480	31,272	63,480
Investment in subsidiary	7	-	-	1,000,000	1,000,000
Investment properties	8	2,600,250	2,021,600	2,600,250	2,021,600
Intangible assets	9	9,521	4,271	-	-
Property, plant and equipment	10	3,211,137	3,282,970	2,740,143	2,807,296
Statutory deposit	11	322,500	322,500	322,500	322,500
Total assets		8,494,013	8,957,292	8,586,078	9,104,228
Liabilities					
Insurance contract liabilities	12	4,061,593	3,483,956	4,061,593	3,483,956
Trade payables	13	300,068	520,085	300,068	520,085
Provisions and other payables	14	1,183,555	1,023,027	1,212,720	1,069,697
Current income tax payable	15	429,237	396,667	410,525	378,828
Deferred tax liabilities	16	524,515	402,246	524,515	402,246
Bank overdraft	17.1	6,039	25,493	6,039	25,493
Borrowings	17.2	9,310,605	8,102,557	9,310,605	8,102,557
Deposit for shares	18	376,028	380,182	376,028	380,182
Total liabilities		16,191,640	14,334,213	16,202,093	14,363,044

INTERNATIONAL ENERGY INSURANCE PLC

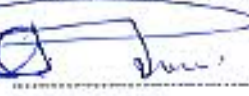
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION - Continued

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		31-Dec-17 =N='000	31-Dec-16 =N='000	31-Dec-17 =N='000	31-Dec-16 =N='000
Equity					
Share capital	19	642,043	642,043	642,043	642,043
Share premium	20	963,097	963,097	963,097	963,097
Statutory contingency reserve	21	1,520,163	1,489,485	1,498,831	1,489,825
Capital reserve	22	7,926,398	7,926,398	7,926,398	7,926,398
Accumulated losses	23	(19,994,814)	(17,708,789)	(19,718,024)	(17,403,464)
Property revaluation reserve	24	1,071,640	1,071,640	1,071,640	1,071,640
Available-for-sale reserve	25	-	71,645	-	71,645
Equity attributable to the owners of the parent		(7,871,473)	(5,544,481)	(7,616,015)	(5,258,816)
Non-controlling interest	26	174,646	167,563	-	-
Total deficit		(7,696,827)	(5,376,921)	(7,616,015)	(5,258,816)
Total liabilities and equity		8,494,813	8,957,292	8,506,070	9,104,228

These consolidated and separate financial statements were approved by the Board of Directors and authorized for issue on 4 October 2018 and signed on its behalf by:


 Mr. Muhammad K. Ahmad, OCN
 Interim Chairman
 FRC/2015/ICDN/0000002581


 Mr. Peter A. Irene
 Interim Managing Director
 FRC/2014/ICAN/0000006610


 Mr. Emmanuel Bassey
 Chief Financial Officer
 FRC/2013/ICAN/0000000635

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		31-Dec-17 =N='000	31-Dec-16 =N='000	31-Dec-17 =N='000	31-Dec-16 =N='000
Gross written premium	27	966,864	1,974,832	966,864	1,974,832
Gross premium income	27	1,142,744	2,460,448	1,142,744	2,460,448
Reinsurance expenses	28	(316,311)	(629,837)	(316,311)	(629,837)
Net premium income		826,433	1,830,611	826,433	1,830,611
Commission income	29	5,530	107,182	5,530	107,182
Net underwriting income		831,963	1,937,793	831,963	1,937,793
<i>Underwriting expenses</i>					
Claims expenses	30	(993,724)	(461,848)	(993,724)	(461,848)
Acquisition costs	31	(160,721)	(319,937)	(160,721)	(319,937)
Maintenance costs	32	(93,369)	(199,977)	(93,369)	(199,977)
Total underwriting expenses		(1,247,814)	(981,762)	(1,247,814)	(981,762)
Underwriting results		(415,851)	956,031	(415,851)	956,031
Investment income	33	89,908	74,769	62,205	60,166
Net realised gains	34	774,974	24,028	774,974	24,028
Net fair value(loss)/ gains	35	(203,474)	796,667	(203,474)	796,667
Other income	36	779,446	931,532	118,380	387,657
Charge on impairment of assets	37	(413,036)	(796,425)	(413,036)	(796,425)
Management expenses	38	(1,484,410)	(1,828,796)	(842,737)	(1,387,612)
Results from operating activities		(872,443)	157,806	(919,539)	40,512
Finance costs	39	(1,208,049)	(3,712,910)	(1,208,049)	(3,712,910)
Loss before income tax expense		(2,080,492)	(3,555,104)	(2,127,588)	(3,672,398)
Income tax expense	15	(167,769)	(110,465)	(157,966)	(122,349)
Loss for the year		(2,248,261)	(3,665,569)	(2,285,554)	(3,794,747)
<i>Loss for the year attributable to:</i>					
Equity holders of the parent		(2,255,347)	(3,690,113)	(2,285,554)	(3,794,747)
Non-controlling interests		7,086	24,544	-	-
		(2,248,261)	(3,665,569)	(2,285,554)	(3,794,747)
<i>Loss per share:</i>					
Basic and diluted loss for the year attributable to equity holders of the parent	40	(175.64)	(287.37)	(177.99)	(295.52)

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	31-Dec-17 =N='000	31-Dec-16 =N='000	31-Dec-17 =N='000	31-Dec-16 =N='000
Loss for the year		(2,248,261)	(3,665,569)	(2,285,554)	(3,794,747)
<i>Other comprehensive income (OCI)</i>					
<i>OCI to be reclassified to profit or loss in subsequent periods:</i>					
Net (loss)/gain on available-for-sale financial asset	41	(71,645)	39,403	(71,645)	39,403
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Revaluation surplus on property	42	-	1,194,906	-	1,194,906
Income tax relating to items not to be reclassified to profit or loss	16	-	(358,472)	-	(358,472)
OCI for the year, net of tax		(71,645)	875,837	(71,645)	875,837
Total comprehensive loss for the year		(2,319,906)	(2,789,732)	(2,357,199)	(2,918,910)
<i>Total comprehensive loss attributable to:</i>					
Equity holders of the parent		(2,326,992)	(2,814,276)	(2,357,199)	(2,918,910)
Non-controlling interests		7,086	24,544	-	-
		(2,319,906)	(2,789,732)	(2,357,199)	(2,918,910)

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Attributable to owners of the parent							
	Share capital =N=000	Share premium =N=000	Statutory contingency reserve =N=000	Capital reserve =N=000	Accumulated losses =N=000	Property revaluation reserve =N=000	Available-for -sale reserve =N=000	Non- controlling interests =N=000
As at 1 January 2016	642,043	963,097	1,418,946	7,926,398	(13,948,137)	235,206	32,242	(2,730,205)
Loss for the year	-	-	-	-	(3,690,113)	-	-	-
Other comprehensive income	-	-	-	-	-	836,434	39,403	(3,690,113)
Total comprehensive loss	-	-	-	-	(3,690,113)	836,434	39,403	875,837
Transfer between reserves	-	-	70,539	-	(70,539)	-	-	-
At 31 December 2016	642,043	963,097	1,489,485	7,926,398	(17,708,789)	1,071,640	71,645	(5,544,481)
Loss for the year	-	-	-	-	(2,255,347)	-	-	-
Other comprehensive income	-	-	-	-	-	-	(71,645)	(2,255,347)
Total comprehensive loss	-	-	-	-	(2,255,347)	-	(71,645)	(2,326,992)
Transfer between reserves	-	-	30,678	-	(30,678)	-	-	-
At 31 December 2017	642,043	963,097	1,520,163	7,926,398	(19,994,814)	1,071,640	-	(7,871,473)
								174,646
								(7,696,827)

See accompanying notes to the consolidated and separate financial statements which forms an integral part of these financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

Company	Attributable to owners of the parent						
	Share capital =N=000	Share premium =N=000	Statutory contingency reserve =N=000	Capital reserve =N=000	Accumulated losses =N=000	Property revaluation reserve =N=000	Available-for-sale reserve =N=000
As at 1 January 2016	642,043	963,097	1,410,550	7,926,398	(13,549,472)	235,206	32,242
Loss for the year	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(3,794,747)	-	-
Total comprehensive loss	-	-	-	-	-	-	-
Transfer between reserves	-	-	59,245	-	(59,245)	836,434	39,403
At 31 December 2016	642,043	963,097	1,469,825	7,926,398	(17,403,464)	1,071,640	71,645
Loss for the year	-	-	-	-	(2,285,554)	-	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	-
Transfer between reserves	-	-	1,469,825	7,926,398	(19,689,018)	1,071,640	(71,645)
At 31 December 2017	642,043	963,097	1,498,831	7,926,398	(19,718,024)	1,071,640	(7,616,015)

See accompanying notes to the consolidated and separate financial statements which forms an integral part of these financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Note	=N='000	=N='000	=N='000	=N='000
Operating activities					
Premium received from policy holders		951,450	1,875,182	951,450	1,875,182
Reinsurance premium paid		(275,646)	(624,398)	(275,646)	(624,398)
Commission received		5,530	107,182	5,530	107,182
Commission paid		(128,513)	(238,044)	(128,513)	(238,044)
Claims paid		(427,022)	(606,318)	(427,022)	(606,318)
Claims recoverable from re-insurers		498,945	249,653	498,945	249,653
Other operating cash payments	44	(1,422,124)	(1,912,208)	(926,201)	(1,296,413)
Other operating income		705,790	662,762	44,724	118,887
Cash used in operating activities	43	(91,590)	(486,189)	(256,733)	(414,269)
Income tax paid	15	(5,284)	(19,651)	(4,000)	(18,385)
Net cash used in operating activities		(96,874)	(505,840)	(260,733)	(432,654)
Investing activities					
Purchase of property, plant and equipment	10	(53,252)	(27,109)	(1,769)	(3,783)
Proceeds from disposal of property, plant and equipment		7,916	44,662	2,318	44,662
Purchase of financial assets	2.1	(149,510)	-	-	-
Purchase of Intangible assets		(6,500)	(5,000)	-	-
Dividend income		231	570	-	570
Interest income		89,677	74,199	62,205	59,596
Cash provided by investing activities		(111,438)	87,322	62,754	101,045
Financing activities					
Deposit for shares		(4,154)	(1,400)	(4,154)	(1,400)
Cash used in financing activities		(4,154)	(1,400)	(4,154)	(1,400)
Net decrease in cash and cash equivalents		(212,466)	(419,918)	(202,133)	(333,009)
Cash and cash equivalents at beginning of the year		528,067	805,531	436,321	626,876
Effect of foreign exchange differences		25,886	142,454	25,886	142,454
Cash and cash equivalents at end of the year	45	341,487	528,067	260,074	436,321

See accompanying notes to the consolidated and separate financial statements which forms an integral part of these financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	=N='000	=N='000	=N='000	=N='000
Cash-in-hand	1,083	792	620	563
Balances with banks	169,612	116,102	132,458	105,450
Short-term placements	176,831	436,666	132,636	355,801
	<u>347,526</u>	<u>553,560</u>	<u>266,113</u>	<u>461,814</u>

Short-term placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All deposits are subject to an average variable interest rate of 17.8% (2016:8.5%) per annum. All amounts included as part of cash and cash equivalents are current.

2 Financial assets

	Group		Company	
	2017	2016	2017	2016
	=N='000	=N='000	=N='000	=N='000
Held-for-trading (Note 2.1)	1,059,846	46,408	910,336	46,408
Available-for-sale (Note 2.2)	53,987	563,996	53,987	563,996
Loans and receivables (Note 2.3)	4,604	14,142	4,604	14,142
	<u>1,118,437</u>	<u>624,546</u>	<u>968,927</u>	<u>624,546</u>

2.1 Held-for-trading

At 1 January	46,408	43,341	46,408	43,341
Purchases during the year	149,510	-	-	-
Acquisition of shares in IBL*	846,052	-	846,052	-
Net fair value gain/(loss) (Note 35)	17,876	3,067	17,876	3,067
At 31 December	<u>1,059,846</u>	<u>46,408</u>	<u>910,336</u>	<u>46,408</u>

* Acquisition during the year: This amount relates to the consideration for acquisition of shares in International Breweries Limited in lieu of Pabod shares disposed

2.2 Available-for-sale financial assets

Heritage Banking Company Limited - at fair value	6,266	419,302	6,266	419,302
Pabod Breweries Limited - at fair value	-	144,694	-	144,694
WAKA RE	47,721	-	47,721	-
	<u>53,987</u>	<u>563,996</u>	<u>53,987</u>	<u>563,996</u>

Movement in AFS at fair value

At 1 January	563,996	1,105,291	563,996	1,105,291
Reclassification of Pabod Breweries Ltd (Intl. Breweries Ltd)	(144,694)	-	(144,694)	-
Addition	47,721	-	47,721	-
Fair value loss (Note 41)	(413,036)	(541,295)	(413,036)	(541,295)
At 31 December	<u>53,987</u>	<u>563,996</u>	<u>53,987</u>	<u>563,996</u>

The Group's available-for-sale (AFS) financial assets consists of equities that are not quoted in an active market. The impairment loss arose as a result of fair value adjustment on investment in Heritage's shares which was previously carried at cost.

2.3 Loans and receivables

	Group		Company	
	2017	2016	2017	2016
	=N='000	=N='000	=N='000	=N='000
Staff loans	252,970	262,508	252,970	262,508
Impairment allowance on loans and receivables	(248,366)	(248,366)	(248,366)	(248,366)
	<u>4,604</u>	<u>14,142</u>	<u>4,604</u>	<u>14,142</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

2 Financial assets - continued	Group		Company	
	2017	2016	2017	2016
	€N=000	€N=000	€N=000	€N=000
2.3 Loans and receivables - continued				
Movement in allowance for impairment on loans and receivables				
At 1 January	248,366	145,543	248,366	145,543
Written off during the year	-	(1,347)	-	(1,347)
Charge during the year (Note 37)	-	104,170	-	104,170
At 31 December	248,366	248,366	248,366	248,366
3 Trade receivables				
Insurance receivables (Note 3.1)	2,730,275	2,902,166	2,730,275	2,902,166
Fees receivable	121,057	251,413	-	-
	2,851,332	3,153,579	2,730,275	2,902,166
Allowance for impairment on insurance receivables (Note 3.2)	(2,713,387)	(2,900,692)	(2,713,387)	(2,900,692)
At 31 December	137,945	252,887	16,888	1,474
3.1 Insurance receivables comprise amount due from:				
Brokers	2,728,707	2,900,012	2,728,707	2,900,012
Insurers	1,568	2,154	1,568	2,154
	2,730,275	2,902,166	2,730,275	2,902,166
3.2 Allowance for impairment on insurance receivables				
At 1 January	2,900,692	2,791,475	2,900,692	2,791,475
Additions during the year (Note 37)	-	111,557	-	111,557
Written off during the year	(187,305)	(2,340)	(187,305)	(2,340)
	2,713,387	2,900,692	2,713,387	2,900,692

All insurance receivables carrying values approximate fair value at the reporting date. The Group reviews individual receivable account to determine its collectivity. The Group issues policies only to clients who pay in advance or are backed by registered brokers' credit notes that are payable within thirty days. All uncollected amounts after due date are deemed impaired.

3.3 Below is the aging analysis of trade receivables

	Group		Company	
	2017	2016	2017	2016
	€N=000	€N=000	€N=000	€N=000
0-30 days	137,946	252,887	16,888	1,474

4 Other receivables and prepayments

	Group		Company	
	2017	2016	2017	2016
	€N=000	€N=000	€N=000	€N=000
Investment receivables	257,449	257,564	257,449	257,564
Due from related parties	-	-	100,000	100,000
Withholding tax receivable	157,329	117,536	-	-
Prepayments	14,020	16,421	4,636	11,063
Sundry receivables	11,729	11,463	2,202	4,397
	440,527	402,984	364,287	373,024
Allowance for impairment on investment receivables	(257,564)	(257,564)	(257,564)	(257,564)
	182,963	145,420	106,723	115,460

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

4 Other receivables and prepayments - continued

	Group		Company	
	2017	2016	2017	2016
	£N=000	£N=000	£N=000	£N=000
Allowance for impairment on investment receivables				
At 1 January	257,564	257,564	257,564	257,564
At 31 December	257,564	257,564	257,564	257,564

5 Reinsurance assets

Reinsurance share of outstanding claims	424,726	757,778	424,726	757,778
Reinsurance share of IBNR on OCR	70,947	50,026	70,947	50,026
Outstanding claims recoverable	495,673	807,804	495,673	807,804
Prepaid reinsurance expenses	37,589	78,254	37,589	78,254
	<u>533,262</u>	<u>886,058</u>	<u>533,262</u>	<u>886,058</u>
 Movement in outstanding claims recoverable				
Balance at beginning of the year	807,804	297,958	807,804	297,958
Recovery from reinsurance during the year	(498,945)	(249,653)	(498,945)	(249,653)
Increase during the year (Note 3c)	186,814	799,499	186,814	799,499
Balance at end of the year	<u>495,673</u>	<u>807,804</u>	<u>495,673</u>	<u>807,804</u>
 Movement in prepaid reinsurance expenses				
Balance at beginning of the year	78,254	83,693	78,254	83,693
Reinsurance cost during the year	275,646	309,520	275,646	309,520
Increase during the year	(316,311)	(314,959)	(316,311)	(314,959)
Balance at end of the year	<u>37,589</u>	<u>78,254</u>	<u>37,589</u>	<u>78,254</u>

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

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

6 Deferred acquisition costs

These represents commission paid to brokers on unearned premium relating to the unexpired tenure of risks.

Group and Company	Fire =N='000	Motor =N='000	General accident =N='000	Marine =N='000	Oil and energy =N='000	Total =N='000
At 1 January 2016	34,020	30,124	41,109	8,520	31,600	145,373
Commission incurred during the year (Note 31)	45,067	70,943	31,259	34,863	55,912	238,044
Amortisation	(66,085)	(81,828)	(55,085)	(38,907)	(78,032)	(319,937)
At 31 December 2016	13,002	19,239	17,283	4,476	9,480	63,480
Commission incurred during the year (Note 31)	21,913	47,194	18,732	14,714	25,960	128,513
Amortisation to profit or loss (see note 32)	(22,751)	(57,572)	(25,954)	(24,025)	(30,419)	(160,721)
At 31 December 2017	12,164	8,862	10,061	(4,835)	5,021	31,272
2017						
Current *	12,164	8,862	10,061	(4,835)	5,021	31,272
Non-current	-	-	-	-	-	-
2016						
Current	13,002	19,239	17,283	4,476	9,480	63,480
Non-current	-	-	-	-	-	-
	13,002	19,239	17,283	4,476	9,480	63,480

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

7 Investment in subsidiary

Group		Company	
2017	2016	2017	2016
=N='000	=N='000	=N='000	=N='000

IEI Anchor Pension Managers Limited

1,000,000 1,000,000
1,000,000 1,000,000

Impairment testing

The Group performed its annual impairment test as at December 2017 on its various investments in its subsidiaries. The Group considers the relationship between their value in use (VIU) and its book value, among other factors, when reviewing for indicators of impairment. As at December 2017, the value in use (which approximate fair value) of the subsidiaries was above the carrying value, indicating no potential impairment on the investments in the Groups' subsidiaries.

Subsidiary	Equity interest %		Country of incorporation	Business operation
	2016	2015		
IEI Anchor Pension Managers Limited	81	81	Nigeria	Pension assets management

Non-controlling interest in subsidiary

The Group's subsidiary does not have a material non-controlling interest.

8 Investment properties

Group		Company	
2017	2016	2017	2016
=N='000	=N='000	=N='000	=N='000

At 1 January

2,821,600 2,028,000 2,821,600 2,028,000

Net (loss)/ gain on fair value adjustments (Note 35)

(221,350) 793,600 (221,350) 793,600

At 31 December

2,600,250 2,821,600 2,600,250 2,821,600

Further analysis and details of the investment properties including their location are stated below. These includes the carrying amount and the corresponding fair value adjustments recognized in the profit or loss.

8.1 Description of properties

	Group		Company	
	2017	2016	2017	2016
	=N='000	=N='000	=N='000	=N='000
IEI Ibadan Estate, Liberty Road, Oke Afo, Ibadan	1,070,250	1,410,000	1,070,250	1,410,000
No 3. Oshunkeye Crescent, Gbagada Industrial Scheme, Lagos	1,130,000	1,020,000	1,130,000	1,020,000
7 Onitsha-Aba Benin Expressway, Asaba, Delta State	320,000	314,600	320,000	314,600
Ugbo-Enyi-Nike, Enugu Local Government	80,000	77,000	80,000	77,000
	2,600,250	2,821,600	2,600,250	2,821,600

This represents the Company's investment in building and landed property for the purpose of capital appreciation. The investment properties are stated at fair value, which has been determined based on valuations performed by a qualified estate surveyor. The investment property was independently valued by Messrs E. Bessey and Associates (a registered estate surveyor & valuer) as at 31 December 2017, using both the capitalization of net rental income method and the direct market comparative method of valuation to arrive at the open market value. The determination of fair value of the investment property was supported by market evidence.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

8 Investment properties - continued

Details of the valuer

The investment properties were independently valued as at 31 December 2017 by Messrs E. Bassey and Associates (an estate surveyor & valuer) duly registered with the Financial Reporting Council of Nigeria. The valuer, which is located at Suite 108, Dolphin Plaza, Dolphin Estate, Ikoyi, Lagos, is a qualified member of the Nigerian Institution of Estate Surveyors and Valuers with FRC No. FRC/2013/NIESV/00000001122.

Location of property	Valuation technique	Significant unobservable inputs
IEI Ibadan Estate, Liberty Road, Oke Ado Ibadan	Depreciated Replacement cost and income capitalisation. Valuation was also based the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Rent per annum ranges from N1.2million to N1.5million. Property has approximate total area of 2.6 hectares i.e. 26,000 square meters.
No 3 Oshunkeye Crescent, Gbagada Industrial Scheme, Lagos	Depreciated Replacement cost and income capitalisation. Valuation was also based the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Approximate total area is 951 square meters. Rental value ranges between N3million to N6million per annum.
7 Onitsha-Aba Benin Expressway, Asaba, Delta State	Depreciated Replacement cost and income capitalisation. Valuation was also based the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Rental values in the area ranges between N4million to N8million per annum. The property is regular in shape and has approximate total area of 2,940 square meters.
Ugbo-Enyi-Nike, Enugu Local Government	Income Capitalisation approach was used in arriving at the fair value of the property. Valuation was also based on direct market comparison of recent sale of similar properties with same taste.	Site consists of warehouse and office complex on a total area of 1,280 square meters. Rental values range from N2million to N3.5million.

Investment properties carried at fair value

Investment properties are fair valued as determined by an independent valuer. The valuation is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighborhood to arrive at the value of the property. Investment properties are categorised as level 3 assets based on the methodology adopted in determining the fair value.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

B Investment properties - continued

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
31 December 2017				
Investment properties	-	-	2,600,250	2,600,250
31 December 2016				
Investment properties	-	-	2,821,600	2,821,600

9 Intangible assets

	Group =N='000	Company =N='000
Cost:		
At 1 January 2016	53,960	10,790
Additions	5,000	-
At 31 December 2016	58,960	10,790
Additions	6,500	-
At 31 December 2017	65,460	10,790
Accumulated amortisation:		
At 1 January 2016	52,881	9,711
Charge for the year (Note 38)	1,808	1,079
At 31 December 2016	54,689	10,790
Charge for the year (Note 38)	1,250	-
At 31 December 2017	55,939	10,790
Carrying amount:		
At 31 December 2017	9,521	-
At 31 December 2016	4,271	-

The Intangible assets consist wholly of computer software

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment

Group	Land =H=000	Buildings =H=000	Leasehold improvements =H=000	Plant and machinery =H=000	Motor vehicles =H=000	Furniture fittings office and computer equipment =H=000	Total =H=000
Cost/valuation:							
At 1 January 2016	645,355	1,126,213	153,277	136,508	589,099	372,427	3,247,800
Additions	-	1,690	-	305	6,608	18,506	27,109
Disposals	-	-	-	(1,695)	(133,745)	(2,706)	(138,088)
Write-off/retired	-	-	(134,277)	-	(83,027)	-	(217,284)
Revaluation	457,829	655,199	-	-	-	-	1,113,019
At 31 December 2016	1,123,184	1,783,113	19,000	135,118	378,856	398,225	4,032,555
Additions	-	1,879	-	891	24,407	26,076	53,152
Disposals	-	-	-	-	(10,595)	(1,285)	(11,790)
At 31 December 2017	1,123,184	1,984,991	19,000	136,009	392,758	418,016	4,074,018
Accumulated depreciation:							
At 1 January 2016	-	66,503	153,277	124,525	425,465	248,318	1,010,488
Charge for the year (Note 30)	-	26,485	-	4,912	85,501	38,824	135,723
Disposals	-	-	-	(1,634)	(113,717)	(2,100)	(117,454)
Write-off/retired	-	-	(134,277)	-	(83,007)	-	(217,284)
Revaluation	-	(51,897)	-	-	-	-	(51,897)
At 31 December 2016	-	34,091	19,000	127,803	394,642	285,039	749,586
Charge for the year (Note 30)	-	34,007	-	3,016	45,461	35,836	119,140
Disposals	-	-	-	-	(4,564)	(1,183)	(5,845)
At 31 December 2017	-	47,999	19,000	130,819	345,439	319,594	862,822
Net book value:							
At 31 December 2017	-	1,937,042	-	5,289	47,319	98,322	3,211,137
At 31 December 2016	1,123,184	1,970,011	-	7,375	74,214	106,186	3,282,970

Revaluation of land and building

The revalued land and building consists of the head office building at Victoria Island, Lagos and other properties at O-Line in Port Harcourt, Abu Road, Port Harcourt and GRA Kaduna. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the property was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation on 31 December 2017, the property's fair value was based on valuations performed by Messrs E. Bessey and Associates, an accredited independent valuer who has valuation experience for similar offices.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment - continued

Company	Land =N=000	Buildings =N=000	Leasehold improvement =N=000	Plant and machinery =N=000	Motor vehicles =N=000	Furniture fittings office and computer equipment =N=000	Total =N=000
Cost/Evaluation:							
At 1 January 2016	645,355	951,893	134,277	124,268	458,497	210,858	2,553,148
Additions	-	1,690	-	95	-	1,658	3,733
Disposals	-	-	-	(1,635)	(133,745)	(2,718)	(138,038)
Write-off/retired	-	-	(134,277)	-	(80,007)	-	(217,204)
Revaluation	457,829	655,190	-	-	-	-	1,113,019
At 31 December 2016	1,123,184	1,608,773	-	122,728	241,745	218,148	3,314,578
Additions	-	-	-	336	405	968	1,709
Disposals	-	-	-	-	(6,105)	(1,210)	(7,315)
At 31 December 2017	1,123,184	1,608,773	-	123,124	236,045	217,906	3,311,032
Accumulated depreciation:							
At 1 January 2016	-	62,888	134,277	117,513	364,245	152,526	832,154
Charge for the year (Note 38)	-	18,999	-	1,467	46,897	22,290	91,753
Disposals	-	-	-	(1,634)	(113,717)	(2,100)	(117,454)
Write-off/retired	-	-	(134,277)	-	(89,007)	-	(217,284)
Revaluation	-	(81,887)	-	-	-	-	(81,887)
At 31 December 2016	-	-	-	219,541	215,028	172,713	507,282
Charge for the year (Note 38)	-	27,320	-	1,762	24,379	15,174	68,575
Disposals	-	-	-	-	(3,854)	(1,104)	(4,958)
At 31 December 2017	-	27,320	-	221,243	235,543	186,783	570,889
Net book value:							
At 31 December 2017	1,123,184	1,581,453	-	1,883	2,502	33,123	2,740,143
At 31 December 2016	1,123,184	1,608,773	-	3,187	26,717	45,435	2,807,296

There is no restriction on the realisability of the land and building or the realisation of income and proceeds of disposal. The Group has no contractual obligations to purchase, construct or develop the property or for repairs or enhancement.

Revaluation of land and building

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	31-Dec 2017 =N=000	31-Dec 2016 =N=000
Cost	1,425,923	1,425,923
Accumulated depreciation	(260,451)	(210,200)
Net carrying amount	1,165,467	1,175,714

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10. Property, plant and equipment - continued

The fair value disclosure on property, plant and equipment is as follows:

31 December 2017

Property, plant and equipment

During the reporting year ended 31 December 2017, there were no transfers between level 1 and level 2 and in and out of level 3 for land and building carried at fair value.

Valuation techniques and key inputs used in valuing land and building is similar to those used in valuing investment properties in Note 8.

11. Statutory deposit

Minimum statutory deposit

Fair value measurement using			
Quoted prices in active market	Significant observable inputs	Significant unobservable inputs	Total
Level 1	Level 2	Level 3	
₦N=1000	₦N=1000	₦N=1000	₦N=1000
		1,999,469	1,999,469

Group		Company	
2017	2016	2017	2016
₦N=1000	₦N=1000	₦N=1000	₦N=1000
322,500	322,500	322,500	322,500

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9 (1) and Section 10 (3) of Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and attract interest rate at a rate determined by the Central Bank of Nigeria.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

12 Insurance contract liabilities

	Group		Company	
	2017	2016	2017	2016
	=N=000	=N=000	=N=000	=N=000
<i>Insurance contract liabilities consist of the following:</i>				
Provision for reported claims	3,421,325	2,760,052	3,421,325	2,760,052
Provision for incurred but not reported claims	314,646	222,402	314,646	222,402
Reserve for outstanding claims	3,735,971	2,982,454	3,735,971	2,982,454
Reserve for unearned premium	325,622	501,502	325,622	501,502
	4,061,593	3,483,956	4,061,593	3,483,956
<i>Movement in reserve for outstanding claims</i>				
At 1 January	2,982,454	2,367,425	2,982,454	2,367,425
Claims incurred in the current accident year (Note 30)	1,180,538	1,221,347	1,180,538	1,221,347
Claims paid during the year	(427,021)	(606,318)	(427,021)	(606,318)
At 31 December	3,735,971	2,982,454	3,735,971	2,982,454
<i>Movement in reserve for unearned premium</i>				
At 1 January	501,502	987,118	501,502	987,118
Premium written in the year (Note 27)	966,864	1,974,832	966,864	1,974,832
Premium earned during the year (Note 27)	(1,142,744)	(2,460,448)	(1,142,744)	(2,460,448)
At 31 December	325,622	501,502	325,622	501,502
Current	4,061,593	3,483,956	4,061,593	3,483,956
Non-current	-	-	-	-
	4,061,593	3,483,956	4,061,593	3,483,956

Age Analysis of Outstanding Claims as at 31 December 2017

2017	0 - 90 days	91-180 days	181 - 270 days	271 - 360 days	Above 365 days	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
1-250,000	50,000	52,000	4,500	25,000	73,176	204,676
250,001-500,000	37,084	20,000	47,000	25,000	56,377	185,461
500,001-1,500,000	25,334	50,269	35,987	76,984	61,677	250,251
1,500,001-2,500,000	65,269	90,232	75,633	81,040	101,040	413,214
2,500,001-5,000,000	-	15,000	60,000	-	84,132	159,132
Above 5,000,000	-	-	500,000	750,000	958,991	2,208,991
Total	177,687	227,501	723,120	956,024	1,334,993	3,421,325
2016	0 - 90 days	91-180 days	181 - 270 days	271 - 360 days	Above 365 days	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
1-250,000	30,000	22,000	4,500	25,000	73,176	154,676
250,001-500,000	15,084	20,000	47,000	25,000	56,377	163,461
500,001-1,500,000	25,334	20,269	35,987	66,584	61,667	210,241
1,500,001-2,500,000	45,269	40,232	75,633	66,040	61,040	328,214
2,500,001-5,000,000	-	15,000	60,000	-	64,215	139,215
Above 5,000,000	-	-	300,000	500,000	904,235	1,784,235
Total	115,687	117,501	523,120	683,024	1,020,710	2,760,042

Significant portion of the outstanding claims are Oil and Gas related and they are awaiting documentations from the insured/claimant.

Number of Claimants in each category

2017	0 - 90 days	91 - 180 days	181 - 270 days	271 - 365 days	Above 365 days	Total
At December 2016	258	400	478	547	1,100	2,871
At December 2017	188	350	568	325	928	2,359

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

13 Trade payables

This represents the amount payable to insurance companies on facultative placements.

	300,068	520,085	300,068	520,085
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This represents the amount payable to insurance companies as at year end. The carrying amounts of trade payable as disclosed above approximate their fair value at the reporting date. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

14 Provisions and other payables

	Group		Company	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff pension	102,440	86,823	102,268	86,851
Pay-As-You-Earn	89,164	46,515	70,801	28,152
Accruals (Note 14.1)	340,746	313,264	280,450	278,471
Other creditors - Costain	164,604	164,604	164,604	164,604
Other creditors - Coscheris Motors	7,120	7,120	7,120	7,120
Provision for contingent liabilities	68,497	68,497	68,497	68,497
NAICOM Levy	18,813	14,193	18,813	14,193
Sundry creditors (Note 14.2)	306,916	236,756	406,912	336,754
Deposit premium	21,044	21,044	21,044	21,044
Unclaimed dividend	64,211	64,211	64,211	64,211
	1,183,555	1,023,027	1,212,720	1,069,697

14 Provisions and other payables - continued

	Group		Company	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
14.1 Accruals comprise:				
Accrued expense	147,136	103,297	138,045	95,092
Professional fees	66,448	83,325	66,448	83,325
WHT payable	64,262	47,186	36,454	34,602
AGM expenses	9,076	29,338	9,076	29,338
VAT payable	22,565	25,322	10,628	11,318
Industrial Training Fund (ITF)	16,472	13,412	13,412	13,412
Audit fee	13,000	10,000	13,000	10,000
Accrued claims	1,387	1,387	1,387	1,387
	340,746	313,264	280,450	278,471

14.2 Sundry creditors comprise:

	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Anchor pension limited	-	-	146,180	146,180
Staff cooperative	35,455	45,806	75,455	45,806
Rivbank	5,981	5,981	5,981	5,981
Uncleared reconciling items	142,020	97,748	142,020	97,748
GMD Automobile	6,992	6,992	6,992	6,992
Vine Capital	3,168	3,168	3,168	3,168
WHT FGN	19,588	17,058	19,588	17,058
Other creditors	53,312	60,003	7,128	13,821
	306,916	236,756	406,912	336,754

15 Taxation

Per statement of profit or loss:

	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Company income tax	7,932	7,647	-	-
Minimum tax	24,714	54,398	24,714	54,398
Education tax	12,404	26,873	10,903	24,177
Information technology development levy	450	1,163	-	-
	45,500	90,081	35,617	78,575
Over provision	-	(23,390)	-	-
Deferred tax expense	122,269	43,774	122,269	43,774
Income tax expense	167,769	110,465	157,886	122,349

Per statement of financial position:

	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax payable	396,667	398,292	378,828	318,638
At 1 January	45,500	90,081	35,617	78,575
Change to profit or loss	-	-	-	-
Over provision	-	(23,390)	-	-
Withholding tax credit notes utilised	(7,646)	(48,665)	-	-
Payment during the year	(5,284)	(19,651)	(4,000)	(18,383)
	429,237	396,667	410,445	378,828

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

15 Taxation - continued

	Group		Company	
	2017	2016	2017	2016
	£M'000	£M'000	£M'000	£M'000
Reconciliation of tax charge				
Loss before income tax expense	(2,080,492)	(3,555,104)	(2,127,588)	(3,672,396)
Tax at Nigeria income tax rate of 33%	(624,148)	(1,066,531)	(638,276)	(1,101,719)
Non-deductible expenses	1,122,101	1,821,784	1,023,334	1,701,103
Tax exempt income	(132,338)	(170,660)	(12,205)	(26,178)
Minimum tax	24,714	54,396	24,714	54,396
Education tax	12,404	26,873	10,903	24,177
Information technology development levy	450	1,163	-	-
Over provision	-	(21,590)	-	-
Utilisation of previously unrecognised tax losses	(208,333)	(366,451)	(223,503)	(370,711)
Tax rate differential on fair value gains on investment properties	(27,681)	(358,721)	(27,681)	(358,721)
	167,769	110,465	157,566	122,349

16 Deferred taxation

Deferred income tax assets/(liabilities) are attributable to the following items:

Deferred tax liabilities				
Accelerated depreciation	(212,140)	(159,782)	(160,058)	(122,866)
Revaluation gain on land and building	(450,650)	(455,243)	(450,650)	(455,243)
Unutilised tax credit	143,410	255,223	143,418	255,221
Fair value gains on investment properties	(57,225)	(79,360)	(57,225)	(79,360)
Losses carried forward	52,086	16,916	-	-
	(524,519)	(433,246)	(524,515)	(402,246)
Movement in temporary differences during the year:				
At 1 January	43,774	-	43,774	-
Recognised in profit or loss:				
Accelerated depreciation	51,354	26,029	36,184	30,289
Unutilised tax credit	108,220	(65,075)	111,806	(65,875)
Fair value gains on investment properties	(18,550)	79,360	(22,475)	79,360
Losses carried forward	(18,795)	4,260	(1,505)	-
	172,269	43,774	172,269	43,774
Recognised in other comprehensive income:				
Revaluation surplus on property	354,887	358,672	354,887	358,672
At 31 December	520,930	402,246	520,930	402,246

A deferred tax asset has not been recognised in respect of a tax loss carry forward of N335,373,000 (2016: N375,700,000) relating to its subsidiary, as there is insufficient certainty as to the availability of future profits. This tax loss has no expiry date.

The Company has no unrecognised deferred tax asset in respect of tax loss carry forward (2016: N338,961,900) and no unutilised capital allowance (2016: N34,350,000) which can only be offset against future profits.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

17.1 Book overdraft

Group		Company	
2017	2016	2017	2016
¥N=000	¥N=000	¥N=000	¥N=000
Book overdraft			
6,039	25,493	6,039	25,493
6,039	25,493	6,039	25,493

17.2 Borrowings

Group		Company	
2017	2016	2017	2016
¥N=000	¥N=000	¥N=000	¥N=000
Daewoo Securities (Europe) Limited (Note 17.3)			
9,310,605	8,102,557	9,310,605	8,102,557
9,310,605	8,102,557	9,310,605	8,102,557

17.3 Daewoo Securities (Europe) Limited

At 1 January

8,102,557 4,389,647 8,102,557 4,389,647

Interest

825,308 1,408,345 825,308 1,408,345

Exchange rate differences

382,740 2,304,565 382,740 2,304,565

9,310,605 8,102,557 9,310,605 8,102,557

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 term of 20 years commencing on 24 January 2008 and maturing on 23 January 2028. The bond was issued at a zero coupon interest rate. A premium of 29% of the face value of the bond is payable on the maturity date.

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 Net Asset Equivalent value of the bond held shall form the consideration for the shares for which the option rights are being issued.

The bond is now a subject of litigation.

The Company instituted litigation against the bond issuer on the ground that the bonds were to be issued for long term finance from multiple individual and institutional investors and also that it never anticipated that Daewoo who acted as her Financial Adviser, Fund Arranger and Lead Manager would be the Sole Financier, Assignee or Beneficiary of the Global Bonds/Options.

With the declaration of dispute, the terms and conditions of the bonds are no longer being complied with by both the issuer and the subscriber. The implication for non-compliance with the terms and conditions by the Company are that in the event that the outcome of litigation is unfavourable penalties may be awarded.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

18. Deposit for shares

Group		Company	
2017	2016	2017	2016
€N=1000	€N=1000	€N=1000	€N=1000
Private placement	279,360	279,360	279,360
Staff	96,668	100,822	96,668
	376,028	380,182	376,028

Deposit for shares relates to monies received for purchase of shares in the Company awaiting allotments and approvals.

19. Share capital

Group		Company	
2017	2016	2017	2016
€N=1000	€N=1000	€N=1000	€N=1000
Authorized:			
5,136,341,957 ordinary shares of 50 kobo each	2,568,171	2,568,171	2,568,171
3,600,000,000 redeemable preference shares of 112.5 kobo each	4,000,000	4,000,000	4,000,000
Issued and fully paid:			
1,284,085,489 ordinary shares of 50 kobo each	642,043	642,043	642,043

20. Share premium

At 1 December	963,097	963,097	963,097	963,097
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Premium from issue of shares are reported in share premium account.

21. Statutory contingency reserve

Group		Company	
2017	2016	2017	2016
=N=1000	=N=1000	=N=1000	=N=1000
1.489.485	1.410.946	1.469.825	1.410.560
30.678	70.539	29.005	59.245
1.520.163	1.481.485	1.498.831	1.469.805

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap117 LFN 2004.

22. Capital reserve

Group		Company	
2017	2016	2017	2016
=N=1000	=N=1000	=N=1000	=N=1000
7.926.398	7.926.398	7.926.398	7.926.398

This represents the surplus nominal value which arose from the share reconstruction exercise done in previous years.

23. Accumulated losses

Group		Company	
2017	2016	2017	2016
=N=000	=N=000	=N=000	=N=000
(17,708,789)	(13,940,137)	(17,403,464)	(13,549,472)
(30,670)	(70,539)	(29,006)	(59,245)
(2,255,347)	(3,693,113)	(2,285,556)	(3,794,747)
(19,994,014)	(17,708,789)	(19,718,026)	(17,403,464)

This comprise the undistributed losses from previous years, which have not been reclassified to other reserves in equity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

24 Property revaluation reserve

	Group		Company	
	2017 =N=000	2016 =N=000	2017 =N=000	2016 =N=000
At 1 January	1,071,640	235,206	1,071,640	235,206
Change during the year	-	-	-	-
Transfer from OCI	-	836,434	-	836,434
At 31 December	1,071,640	1,071,640	1,071,640	1,071,640

This reserve contains surplus on revaluation of Property, Plant and Equipment. A revaluation surplus is recorded in Other Comprehensive Income and credited to the property revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

25 Available-for-sale reserve

	Group		Company	
	2017 =N=000	2016 =N=000	2017 =N=000	2016 =N=000
At 1 January	71,645	32,242	71,645	32,242
Transfer from OCI	(71,645)	39,403	(71,645)	39,403
At 31 December	-	71,645	-	71,645

The fair value reserve shows the effects from the fair value measurement of financial instruments of the category available-for-sale after deduction of deferred taxes. Any gains or losses are not recognised in profit or loss until the asset has been sold or impaired.

26 Non-controlling interest

International Energy Insurance Plc has a controlling interest of 81% (2016: 81%) in IEL Anchor Pension Managers Limited, which gives rise to a non-controlling interest of 19% in the entity. The balance represents the amount attributable to the non-controlling shareholders of IEL Anchor Pension Managers Limited.

GROUP	
31 Dec-2017	31 Dec-2016
Opening balance	167,560
Share from total comprehensive income	7,086
Closing balance	174,646

The table below summarises the information relating to the Group's subsidiaries that have material Non-Controlling interest (NCI) before any intra-group eliminations.

27 Gross premium income

	Group		Company	
	2017 =N=000	2016 =N=000	2017 =N=000	2016 =N=000
Gross premium written:				
Direct	960,975	1,961,444	960,975	1,961,444
Indirect	5,889	11,388	5,889	11,388
Total gross written premium (Note 12)	966,864	1,972,832	966,864	1,972,832
Change in unearned premium	175,080	485,616	175,080	485,616
Gross premium income (Note 12)	1,141,944	2,458,448	1,141,944	2,458,448

Gross premium income represents the total premium that the Company realised for the year. The amount of the premium related to the unexpired portion of the policy at the end of the fiscal year is collected in reserve for unearned premiums in insurance contract liabilities.

28 Reinsurance expenses

	Group		Company	
	2017 =N=000	2016 =N=000	2017 =N=000	2016 =N=000
Outward reinsurance	275,646	624,320	275,646	624,320
(Increase) in prepaid reinsurance (Note 5)	40,665	5,439	40,665	5,439
	316,311	629,759	316,311	629,759

Reinsurance expenses represent outward premium paid to reinsurance companies.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

29 Commission income	Group		Company	
	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
Commission income	5,530	107,182	5,530	107,182

Commission income represents commission received on transactions ceded to reinsurance during the year under review.

30 Claims expenses	Group		Company	
	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
Gross claims paid	427,072	606,318	427,072	606,318
Change in outstanding claims reserve	707,963	739,779	707,963	739,779
Changes in IBNR	(34,466)	(124,750)	(34,466)	(124,750)
	1,100,539	1,221,347	1,100,539	1,221,347
Recoverable from reinsurance (Note 30.1)	(186,815)	(759,499)	(186,815)	(759,499)
	913,724	461,848	913,724	461,848

30.1 Recoverable from reinsurance:

Reinsurance share of claims paid (Note 5)	(498,945)	(249,653)	(498,945)	(249,653)
Change in reinsurance share of outstanding claims	241,184	(575,889)	241,184	(575,889)
Changes in reinsurance share of IBNR	70,946	66,043	70,946	66,043
	(186,815)	(759,499)	(186,815)	(759,499)

31 Acquisition costs

Deferred acquisition costs at 1 January	63,480	145,373	63,480	145,373
Commission for the year (Note 6)	128,513	238,044	128,513	238,044
Gross commission	191,993	383,417	191,993	383,417
Deferred acquisition costs at 31 December	(31,272)	(63,480)	(31,272)	(63,480)
	160,721	319,937	160,721	319,937

32 Maintenance costs

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

33 Investment income	Group		Company	
	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
Short term investment income	38,978	40,241	13,558	26,665
Interest on bank and statutory deposits	50,699	33,958	48,647	32,931
Dividend income	231	570	-	570
	89,908	74,769	62,205	60,166

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

34 Net realised gains

	Group		Company	
	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
On disposal of property, plant and equipment	1,971	24,028	1,971	24,028
Recycled to profit or loss	71,645	-	71,645	-
On disposal of property, plant and equipment	73,616	24,028	73,616	24,028

35 Net fair value (loss)/gains

	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
On held-for-trading financial assets (Note 2.1)	17,876	3,067	17,876	3,067
Fair value of Fubad Breweries Ltd (Note 2.1)	701,358	-	701,358	-
On investment properties (Note 8)	(221,350)	793,600	(221,350)	793,600
	497,884	796,667	497,884	796,667

36 Other income

	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
Recovery on financial asset	708,787	543,075	47,721	-
Foreign exchange gains	25,886	142,454	25,056	142,454
Recovered from short-term investments	-	78,060	-	78,060
Appreciation of financial asset	-	35,503	-	35,503
Provisions no longer required	-	126,316	-	126,316
Sundry income	44,773	4,894	44,773	4,894
	779,446	931,312	118,550	387,657

37 Change on impairment of assets

	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
Impairment on trade receivables (Note 3.2)	-	111,557	-	111,557
Impairment on loans and receivables (Note 2.3)	-	104,170	-	104,170
Impairment on available-for-sale asset (Note 4.1)	413,036	580,658	413,036	580,658
Impairment on other receivables (Note 4)	-	-	-	-
	413,036	796,425	413,036	796,425

38 Management expenses

	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
Personnel cost (Note 4.7)	731,361	1,048,857	465,506	835,127
Directors' emoluments	81,753	79,240	12,635	21,381
Auditors remuneration	14,500	11,500	13,000	10,000
Depreciation (Note 10)	119,140	135,723	68,575	91,753
Amortisation (Note 9)	1,250	1,500	-	1,079
Legal and other professional fees	85,038	134,201	59,085	124,701
Motor running expenses	28,194	34,631	20,194	34,631
Subscription and donations	27,265	6,514	24,040	5,733
Corporate (Jill and miscellaneous)	1,771	16,118	1,771	16,118
Repairs and maintenance	50,396	44,049	14,439	23,378
Rent and rates	18,910	24,566	14,241	21,847
Postage and telephone	17,379	16,812	4,744	9,162
Transport and travelling	28,722	30,616	8,450	10,627
Advertisements, sales and marketing	10,050	15,527	4,346	9,003
Printing and stationery	17,051	19,223	8,720	13,051
Balance carried forward	1,233,550	1,620,189	728,745	1,237,461

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

38 Management expenses - continued

	Group		Company	
	2017	2016	2017	2016
	€N=000	€N=000	€N=000	€N=000
Balance brought forward	1,233,588	1,620,105	728,745	1,237,461
Security expenses	7,708	10,491	6,431	9,435
Oil and diesel	25,714	28,432	13,553	17,555
Insurance and license	11,364	15,881	10,256	13,260
State and local government levy	4,101	5,240	2,005	2,678
NAICOW Levy	5,101	1,640	5,101	1,640
Tax expenses	-	11,502	-	11,422
Other operating expenses	48,535	37,393	29,539	25,376
ICT consumables	674	25,119	674	25,119
Internet subscription	10,165	26,754	13,570	20,645
Bank charges	3,240	5,925	2,963	5,752
Electricity and utilities	11,505	13,044	9,698	12,761
Fines and penalty	20,122	4,098	20,122	4,050
Sales and marketing	94,595	22,142	-	-
	<u>1,484,410</u>	<u>1,828,796</u>	<u>342,717</u>	<u>1,387,612</u>

38.1 Non-audit service

The Company did not engage the auditors for non-audit services during the year (2016: Nil).

39 Finance costs

Interest on borrowings	825,309	1,408,345	825,309	1,408,345
Exchange loss on borrowings	387,740	2,304,565	387,740	2,304,565
	<u>1,205,049</u>	<u>3,712,910</u>	<u>1,205,049</u>	<u>3,712,910</u>

40 Basic and diluted loss per share

Basic loss per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue at the reporting date.

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

	Group		Company	
	2017	2016	2017	2016
Net losses attributable to owners of the parent (€N=000)	(2,255,347)	(3,690,113)	(2,285,554)	(3,794,747)
Weighted average number of shares for the year (000)	1,284,085	1,284,085	1,284,085	1,284,085
Basic and diluted loss per share	<u>(175.64)</u>	<u>(287.37)</u>	<u>(177.99)</u>	<u>(295.52)</u>

41 Net (loss)/gain on available-for-sale financial assets

Fair value loss on available-for-sale financial assets (note 2.2)	(613,036)	(541,295)	(413,036)	(541,295)
Gain on disposal (note 34)	(71,645)	-	(71,645)	-
Impairment recycled through p & l (note 37)	<u>413,036</u>	<u>580,698</u>	<u>413,036</u>	<u>580,698</u>
	<u>(71,645)</u>	<u>39,403</u>	<u>(71,645)</u>	<u>39,403</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

42 Revaluation surplus on property	Group		Company	
	2017	2016	2017	2016
	€M'000	€M'000	€M'000	€M'000
Arising during the year (Note 10)				
Cost/valuation	-	1,113,019	-	1,113,019
Accumulated depreciation	-	81,887	-	81,887
	-	1,194,906	-	1,194,906
Income tax effect (Note 16)	-	(358,472)	-	(358,472)
	-	836,434	-	836,434
43 Reconciliation of loss before income tax expense to cash provided by operating activities				
Loss before income tax expense	(2,080,492)	(3,555,104)	(2,177,560)	(3,672,398)
Adjustments for items not involving movement of cash:				
Depreciation	119,140	135,723	68,575	91,753
Amortisation of intangible assets	1,250	1,808	-	1,079
Profit on disposal of PPE	(1,971)	(24,028)	(1,971)	(24,028)
Fair value gain on financial asset - Pabst Breweries Ltd	(701,358)	-	(701,358)	-
Recycled to profit or loss (financial asset)	(71,645)	-	(71,645)	-
Profit on disposal of PPE	-	-	-	-
Interest income	(89,677)	(74,199)	(62,205)	(59,596)
Dividend income	(231)	(570)	-	(570)
Fair value gain on held-for-trading assets	(17,876)	(3,067)	(17,876)	(3,067)
Recovery on other financial asset (Kelpa Re)	(47,771)	-	(47,771)	-
Fair value loss / (gain) on investment properties	221,350	(793,600)	221,350	(793,600)
Provisions no longer required	-	(126,316)	-	(126,316)
Change on impairment of assets	413,036	796,425	413,036	796,425
Finance costs	1,208,049	3,712,910	1,208,049	3,712,910
Exchange gains	(25,885)	(142,454)	(25,886)	(142,454)
	1,006,410	3,482,632	982,258	3,452,536
Changes in working capital:				
Loans and receivables	9,538	(11,854)	9,538	(11,854)
Trade receivables	114,942	(280,295)	(15,414)	(99,650)
Other receivables and prepayments	(45,190)	(15,902)	8,737	18,408
Reinsurance assets	352,796	(504,407)	352,796	(504,407)
Deferred acquisition costs	32,208	81,893	32,208	81,893
Insurance contract liabilities	577,637	129,413	577,637	129,413
Trade payables	(220,017)	65,179	(220,017)	65,179
Provisions and other payables	150,578	129,486	143,072	125,841
	982,492	(413,717)	888,557	(194,407)
Cash used in operating activities	(91,590)	(486,189)	(256,733)	(414,269)
44 Reconciliation of other operating cash payments				
Auditors' remuneration	(14,500)	(11,500)	(13,000)	(10,000)
Other expenses	(1,442,889)	(1,879,742)	(854,551)	(1,486,757)
Change in other assets and receivables	94,704	(215,631)	18,275	7,324
Change in trade payables and other liabilities	(59,439)	194,665	(76,545)	191,020
	(1,422,124)	(1,912,208)	(926,201)	(1,296,413)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

45 Cash and cash equivalents for the purposes of the consolidated and separate statements of cash flows:	Group		Company	
	2017 =N=000	2016 =N=000	2017 =N=000	2016 =N=000
Cash and cash equivalents	347,526	553,560	266,113	461,814
Overdrafts	6,039	25,493	6,039	25,493
	<u>353,565</u>	<u>579,053</u>	<u>272,152</u>	<u>487,307</u>

46 Loss before income tax expense				
Loss before income tax expense is arrived at after charging/crediting:				
Depreciation of property, plant and equipment	119,140	135,721	68,575	91,753
Amortisation of intangible assets	1,250	1,003	-	1,079
Directors' emoluments	81,753	79,240	12,638	21,301
Auditors' remuneration	14,500	11,500	13,000	10,000
Profit on disposal of property and equipment	(1,971)	(24,028)	(1,971)	(24,028)
Net exchange loss	356,854	2,162,111	356,854	2,162,111

47 Directors and employees
Compensation of key management personnel
Key management personnel of the Group includes all directors, executives and non-executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

	Group		Company	
	2017 =N=000	2016 =N=000	2017 =N=000	2016 =N=000
Short-term employee benefits:				
Salaries and allowances	132,358	132,358	75,453	80,609
Long-term employee benefits:				
Post-employment pension benefits	1,250	3,523	1,250	1,321
	<u>133,608</u>	<u>135,881</u>	<u>76,703</u>	<u>81,930</u>
Fees and other emoluments disclosed above includes amount paid to:				
Chairman	12,000	12,000	6,000	6,000

The number of Directors who received fees and other emoluments (excluding pension contributions and certain benefits) in the following ranges was:

	Number	Number	Number	Number
Below =N=1,000,000	-	-	-	-
=N=1,000,001 - =N=5,000,000	5	5	2	2
=N=5,000,001 - =N=10,000,000	2	2	1	1
=N=10,000,001 and above	1	1	-	-
	<u>8</u>	<u>8</u>	<u>3</u>	<u>3</u>

Employees

The number of persons employed (excluding Directors) in the Group during the year was as follows:

Administration	67	97	36	65
Technical	70	127	56	127
General services	91	124	23	77
	<u>228</u>	<u>348</u>	<u>115</u>	<u>269</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

47 Directors and employees - continued

The table below shows the number of employees (excluding Directors) of the Group who earned emoluments in the following ranges:

Emolument range	Group		Company	
	2017 Number	2016 Number	2017 Number	2016 Number
=N=500,001 - =N=600,000	15	68	9	66
=N=600,001 - =N=1,000,000	39	45	16	19
=N=1,000,001 - =N=2,000,000	48	51	29	18
=N=2,000,001 - =N=3,000,000	34	57	29	52
=N=3,000,001 - =N=4,000,000	33	63	12	57
=N=4,000,001 - =N=5,000,000	17	27	14	27
=N=5,000,001 - =N=8,000,000	35	27	2	21
=N=8,000,001 - =N=10,000,000	2	5	3	5
=N=10,000,001 - and above	5	5	2	4
	228	348	119	269
Staff costs				
Wages and salaries	617,766	880,569	418,439	693,531
Other staff costs	48,515	66,506	25,085	50,527
Pensions	45,282	101,782	23,163	91,069
	711,563	1,048,857	466,687	835,127

48 Related parties

Subsidiary

IEI Plc holds 81% interest in IEI Anchor Pensions Limited. Transactions between IEI Plc and this subsidiary is eliminated on consolidation.

Transaction with related parties

Details of significant transactions carried out with related party during the year ended are as follows:

	2017 =N=000	2016 =N=000
Premium received	4,474	1,579
Claims paid	-	35
Office rent received	1,395	1,240
Amount due from subsidiary	100,000	100,000
Amount due to subsidiary	146,120	146,180

Terms and conditions

Premium received and claims paid relates to sale of insurance contract and other services are at arms length.

49 Contingencies and commitments

49.1 Outstanding litigations

In the ordinary course of business, there are pending litigations involving the Company for which no provision has been made amounting to N28,631 million (2016: N28,631 million). However, the actions are being defended and the Directors are of the opinion that no material liability would arise therefrom.

49.2 Capital commitments

The Company has no capital commitment at the reporting date.

50 Events after the reporting date

There are no events after reporting date which could have had material effect on the state of financial affairs of the Company and its subsidiary as at 31 December 2017 and the loss and other comprehensive income for the year then ended which have not been adequately provided for or disclosed in the consolidated and separate financial statements.

51 Non-Compliance with laws and regulations

The Company contravened certain laws and regulations during the year ended 31 December 2017. Details of the contraventions and penalty is as follows:

Name of Regulator	Company	
	2017 =N=000	2016 =N=000
Late submission of 2016 accounts	SEC	3,125
Late filing of 2016 audited accounts	NSE	2,500
Late filing of 2016 accounts	NAICOM	640
Cumulative outstanding penalty pre 2017 accounting periods	SEC	21,160
Late submission of 2016 accounts	SEC	1,100
	6,265	22,760

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

52 Segment information

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

Following the management approach of IFRS the Group is organized into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable segments by product lines. These segments and their respective operations are as follows:

Non-life insurance business

The non-life reportable segment offers a wide variety of insurance products for both personal and corporate customers. The products offer range from fire, motor, general accident, engineering, aviation, marine liability as well as oil and energy. The main source of income in this segment is the premium received from the insured on risk covered by the entity and the investment income earned on placements and deposit with financial institutions.

The business of this segment is undertaken by International Energy Insurance Plc, the parent company.

Pension administration

This reportable segment includes the administration and management of the retirement benefits of members. The administration includes making investment decisions, collection of contribution and making payment to retirees in-line with provisions of Pension Reform Act 2014. The revenue earned includes administration and management fees received on member's contributions and the Net Asset value of Funds under Management respectively. The business of this segment is undertaken by IEI Anchor Pensions Limited, a 81% owned subsidiary of the Company.

Consolidated statement of profit or loss 2017	Non-life =N='000	Pension =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Gross written premium	966,864	-	966,864	-	966,864
Gross premium income	1,142,744	-	1,142,744	-	1,142,744
Reinsurance expenses	(316,311)	-	(316,311)	-	(316,311)
Net premium income	826,433	-	826,433	-	826,433
Commission income	5,530	-	5,530	-	5,530
Net underwriting income	831,963	-	831,963	-	831,963
Claims expenses	(993,724)	-	(993,724)	-	(993,724)
Underwriting expenses	(254,090)	-	(254,090)	-	(254,090)
Underwriting results	(415,851)	-	(415,851)	-	(415,851)
Investment income	62,205	27,703	89,908	-	89,908
Net realised gains	774,974	-	774,974	-	774,974
Net fair value gains/(loss)	(203,474)	-	(203,474)	-	(203,474)
Other income	118,380	661,066	779,446	-	779,446
Impairment charge on assets	(413,036)	-	(413,036)	-	(413,036)
Depreciation	(68,575)	(50,565)	(119,140)	-	(119,140)
Amortisation	-	(1,250)	(1,250)	-	(1,250)
Management expenses	(774,162)	(589,858)	(1,364,020)	-	(1,364,020)
Results from operating activities	(919,539)	47,096	(872,443)	-	(872,443)
Finance costs	(1,208,049)	-	(1,208,049)	-	(1,208,049)
(Loss)/profit before income tax	(2,127,588)	47,096	(2,080,492)	-	(2,080,492)
Income tax (expense)/credit	(157,966)	(9,803)	(167,769)	-	(167,769)
Loss before income tax	(2,285,554)	37,293	(2,248,261)	-	(2,248,261)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

52 Segment information - continued

Consolidated statement of financial position 2017	Non-life =N='000	Pension =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Segment assets	8,586,078	953,064	9,539,142	(1,044,329)	8,494,813
Segment liabilities	16,202,093	71,169	16,273,262	(91,622)	16,191,640
Consolidated statement of profit or loss 2016					
Gross written premium	1,974,832	-	1,974,832	-	1,974,832
Gross premium income	2,460,448	-	2,460,448	-	2,460,448
Reinsurance expenses	(629,837)	-	(629,837)	-	(629,837)
Net premium income	1,830,611	-	1,830,611	-	1,830,611
Commission income	107,182	-	107,182	-	107,182
Net underwriting income	1,937,793	-	1,937,793	-	1,937,793
Claims expenses	(461,848)	-	(461,848)	-	(461,848)
Underwriting expenses	(519,914)	-	(519,914)	-	(519,914)
Underwriting results	956,031	-	956,031	-	956,031
Investment income	60,166	14,603	74,769	-	74,769
Net realised gains	24,028	-	24,028	-	24,028
Net fair value gains/(loss)	796,667	-	796,667	-	796,667
Other income	387,657	543,875	931,532	-	931,532
Allowance for impairment of assets	(796,425)	-	(796,425)	-	(796,425)
Depreciation	(91,753)	-	(91,753)	-	(91,753)
Amortisation	(1,079)	-	(1,079)	-	(1,079)
Management expenses	(1,294,780)	(441,184)	(1,735,964)	-	(1,735,964)
Results from operating activities	40,512	117,294	157,806	-	157,806
Finance costs	(3,712,910)	-	(3,712,910)	-	(3,712,910)
(Loss)/profit before income tax	(3,672,398)	117,294	(3,555,104)	-	(3,555,104)
Income tax credit/(expense)	(122,349)	11,884	(110,465)	-	(110,465)
(Loss)/profit before income tax	(3,794,747)	129,178	(3,665,569)	-	(3,665,569)
Consolidated statement of financial position 2016					
Segment assets	9,104,228	882,056	9,986,284	(1,020,992)	8,965,292
Segment liabilities	14,363,044	129,339	14,492,383	(158,170)	14,334,213

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

53 Asset and Liability Management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities (insurance contract liabilities and borrowings) and reinsurance assets.

Asset and Liability Management (ALM) attempts to address financial risks the Group is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance contract liabilities. ALM ensures that specific assets of the Group is allocated to cover insurance contract liabilities of the Group.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The following tables reconcile the Group's non-life business within the Statement of Financial Position to the classes and portfolios used in the Group's ALM framework.

The Company	Insurance contract =N='000	Shareholders' funds =N='000	31-Dec 2017 Total =N='000
Assets			
Cash and cash equivalents	266,113	-	266,113
Financial assets			
- Held-for-trading	910,336	-	910,336
- Available-for-sale	93,449	(39,462)	53,987
- Loans and receivables	-	4,604	4,604
Trade receivables	-	16,888	16,888
Other receivables and prepayments	-	106,723	106,723
Reinsurance assets	533,262	-	533,262
Deferred acquisition costs	-	31,272	31,272
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	1,015,398	1,584,852	2,600,250
Property, plant and equipment	-	2,740,143	2,740,143
Statutory deposit	-	322,500	322,500
Total assets	2,816,558	5,767,520	8,586,078
Liabilities			
Insurance contract liabilities	4,061,593	-	4,061,593
Trade payables	-	300,068	300,068
Provisions and other payables	-	1,212,720	1,212,720
Current income tax payable	-	410,525	410,525
Deferred tax liabilities	-	524,515	524,515
Borrowings	-	9,310,605	9,310,605
Deposit for shares	-	376,028	376,028
Total liabilities	4,061,593	12,134,461	16,196,054
	(1,243,035)	(6,366,941)	(7,609,976)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

53 Asset and Liability Management - continued

The Company	Insurance contract =N='000	Shareholders' funds =N='000	31-Dec 2016 Total =N='000
Assets			
Cash and cash equivalents	461,814	-	461,814
Financial assets			
- Held-for-trading	43,341	3,067	46,408
- Available-for-sale	563,996	-	563,996
- Loans and receivables	-	14,142	14,142
Trade receivables	-	1,474	1,474
Other receivables and prepayments	-	115,460	115,460
Reinsurance assets	886,058	-	886,058
Deferred acquisition costs	-	63,480	63,480
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	2,000,000	821,600	2,821,600
Property, plant and equipment	-	2,807,296	2,807,296
Statutory deposit	-	322,500	322,500
Total assets	3,955,209	5,149,019	9,104,228
Liabilities			
Insurance contract liabilities	3,483,956	-	3,483,956
Trade payables	-	520,085	520,085
Provisions and other payables	-	1,069,697	1,069,697
Current income tax payable	-	378,828	378,828
Deferred tax liabilities	-	402,246	402,246
Borrowings	-	8,102,557	8,102,557
Deposit for shares	-	380,182	380,182
Total liabilities	3,483,956	10,853,595	14,337,551
Gap	471,253	(5,704,576)	(5,233,323)

54 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 117, 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 Company'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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

54 Capital Management - continued

The Insurance Act CAP 117, 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 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:

- Dispose its investment properties.
- Recoveries from trade and other debtors: The Company has engaged the services of solicitors and recovery agents to help it make substantial recoveries from its debtors.
- The Company is still on its plan to bring in fresh capital into the Company through private placement.

The Company is also subject to a solvency requirement under the Insurance Act CAP 117, 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 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 117 LFN, 2004.

Capital Adequacy Test

Based on the capital adequacy calculation below, International Energy Insurance Plc has a deficit of N7.97 billion (2016: N5.47 billion).

	31-Dec 2017 =N='000	31-Dec 2016 =N='000
Shareholders funds as per statement of financial position	(7,616,015)	(5,258,816)
Capital Base	<u>(7,616,015)</u>	<u>(5,258,816)</u>

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company's capital base is below the minimum capital requirement of N3 billion specified by NAICOM.

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 117, LFN 2004 as a result of the restriction on the admissibility of certain assets.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

54 Capital Management - continued	2017 =N='000	2016 =N='000
Cash and cash equivalents	266,113	461,814
Financial assets		
- Held-for-trading	910,336	46,408
- Available-for-sale	53,987	563,996
- Loans and receivables	4,604	14,142
Trade receivables	16,888	1,474
Reinsurance assets	533,262	886,058
Deferred acquisition costs	31,272	63,480
Investment in subsidiary	1,000,000	1,000,000
Investment properties	2,600,250	2,821,600
Intangible assets	-	-
Property, plant and equipment	2,740,143	2,807,296
Statutory deposit	322,500	322,500
Admissible assets	8,479,355	8,988,768
Insurance contract liabilities	4,061,593	3,483,956
Trade payables and other payables	1,512,788	1,509,782
Current income tax payable	410,525	378,828
Borrowings	9,310,605	8,102,557
Deposit for shares	376,028	380,182
Admissible liabilities	15,671,539	13,935,305
Solvency margin	(7,192,184)	(4,946,537)
The higher of:		
15% of net premium income and Shareholders' funds	3,000,000	3,000,000
Shortfall in solvency margin	(10,192,184)	(7,946,537)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55. 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.

55.1 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 Company 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.

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.

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 Group:

Class of business	Outstanding claims					
	2017			2016		
	Gross OCR =N='000	Gross IBNR =N='000	Total =N='000	Gross OCR =N='000	Gross IBNR =N='000	Total =N='000
Fire	431,895	62,138	494,033	916,103	39,229	955,332
Motor	161,159	92,280	253,439	200,545	49,157	249,702
General accident	569,473	62,916	632,389	192,128	28,231	220,359
Marine	56,506	44,856	101,372	114,710	31,934	146,644
Oil and gas	1,997,616	52,046	2,049,662	1,066,939	62,471	1,129,410
Bond	204,676	401	205,077	248,982	11,380	260,362
	3,421,325	314,647	3,735,972	2,739,407	222,402	2,961,809

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55 Management of Insurance and financial risk - continued

55.1 Insurance risk - continued

Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The Company 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 Group'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 end of the reporting date. The Group has ensured that liabilities on the statement of financial position 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.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each triangulation below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55 Management of insurance and financial risk - continued

55.1 Insurance risk - continued
Engineering

Claims Paid Triangulations as at December 2017

Accident Year	Development Year									
	0	1	2	3	4	5	6	7	8	9
2007	2,155,405	2,948,127	2,867,108	2,867,108	2,867,108	2,867,108	2,867,108	2,867,108	2,867,108	2,867,108
2008	1,653,875	15,481,401	21,084,341	21,253,904	21,261,232	21,261,232	21,261,232	21,261,232	21,261,232	21,261,232
2009	826,833	24,691,782	42,303,187	45,320,858	45,320,858	45,714,561	45,714,561	45,714,561	45,714,561	45,714,561
2010	6,703,050	19,195,632	28,979,579	29,977,541	30,017,031	30,017,031	30,017,031	30,017,031	30,017,031	30,017,031
2011	3,936,116	32,259,349	34,259,441	34,259,441	35,443,174	35,443,174	35,443,174	35,443,174	35,443,174	35,443,174
2012	10,370,677	16,710,945	19,418,188	21,936,645	21,936,645	21,936,645	21,936,645	21,936,645	21,936,645	21,936,645
2013	3,346,692	10,616,415	11,513,500	12,856,525	12,856,525	12,856,525	12,856,525	12,856,525	12,856,525	12,856,525
2014	7,405,590	16,877,021	25,362,193	25,362,193	25,362,193	25,362,193	25,362,193	25,362,193	25,362,193	25,362,193
2015	2,356,236	25,639,893	25,639,893	25,639,893	25,639,893	25,639,893	25,639,893	25,639,893	25,639,893	25,639,893
2016	3,276,594	3,313,125	3,313,125	3,313,125	3,313,125	3,313,125	3,313,125	3,313,125	3,313,125	3,313,125
2017	2,126									

Fire

Accident Year	Development Year									
	0	1	2	3	4	5	6	7	8	9
2007	830,235	48,936,034	50,003,247	50,111,212	50,111,212	50,111,212	50,111,212	50,111,212	50,111,212	50,111,212
2008	15,748,083	50,078,209	51,135,543	53,512,185	53,512,185	53,512,185	53,512,185	53,512,185	53,512,185	53,512,185
2009	13,782,688	102,563,358	135,810,989	136,275,468	137,473,250	137,473,250	137,473,250	137,473,250	137,473,250	137,473,250
2010	28,645,547	90,577,893	94,268,787	99,435,591	99,435,591	99,435,591	99,435,591	99,435,591	99,435,591	99,435,591
2011	13,923,481	35,511,589	48,106,407	50,213,750	50,213,750	50,213,750	50,213,750	50,213,750	50,213,750	50,213,750
2012	9,347,077	69,421,670	152,096,308	152,171,109	155,729,020	155,729,020	155,729,020	155,729,020	155,729,020	155,729,020
2013	103,273,483	255,082,823	265,244,270	268,823,890	268,823,890	268,823,890	268,823,890	268,823,890	268,823,890	268,823,890
2014	49,033,562	131,163,462	137,304,909	137,304,909	137,304,909	137,304,909	137,304,909	137,304,909	137,304,909	137,304,909
2015	80,845,472	99,295,238	99,461,002	99,461,002	99,461,002	99,461,002	99,461,002	99,461,002	99,461,002	99,461,002
2016	110,795,834	111,375,431	111,375,431	111,375,431	111,375,431	111,375,431	111,375,431	111,375,431	111,375,431	111,375,431
2017	12,161,562									

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55 Management of Insurance and financial risk - continued

55.1 Insurance risk - continued
General Accident

Claims Paid Triangulations as at December 2017

Accident Year	Development Year								
	0	1	2	3	4	5	6	7	8
2007	21,186,466	35,931,889	36,511,714	39,714,152	39,722,443	39,722,443	39,722,443	39,722,443	39,722,443
2008	37,476,097	95,506,896	107,680,287	112,485,086	116,784,291	117,197,969	117,476,673	117,915,000	118,418,889
2009	36,289,004	109,590,910	133,837,283	148,033,009	150,771,935	150,996,571	152,129,291	152,140,341	152,140,341
2010	52,229,157	135,677,223	176,004,024	177,847,414	181,585,898	182,081,546	184,493,495	184,493,495	184,493,495
2011	63,435,922	110,051,255	126,507,927	136,023,472	138,719,788	137,237,162	137,237,162	137,237,162	137,237,162
2012	84,737,915	143,319,585	166,486,122	180,146,831	187,141,821	187,141,821	187,141,821	187,141,821	187,141,821
2013	26,318,524	75,994,130	103,890,584	107,399,860	107,399,860	107,399,860	107,399,860	107,399,860	107,399,860
2014	12,626,981	45,087,242	76,100,277	76,109,727	76,109,727	76,109,727	76,109,727	76,109,727	76,109,727
2015	21,941,388	42,397,136	42,873,965	42,873,965	42,873,965	42,873,965	42,873,965	42,873,965	42,873,965
2016	29,863,345	32,659,291	32,659,291	32,659,291	32,659,291	32,659,291	32,659,291	32,659,291	32,659,291
2017	1,573,984	1,573,984	1,573,984	1,573,984	1,573,984	1,573,984	1,573,984	1,573,984	1,573,984

Marine

Accident Year	Development Year								
	0	1	2	3	4	5	6	7	8
2007	4,413,936	5,747,821	6,878,557	6,878,557	21,752,594	21,911,284	21,911,284	21,911,284	21,911,284
2008	18,030,115	23,065,040	25,638,373	25,610,918	25,610,918	25,610,918	25,610,918	25,610,918	25,610,918
2009	24,671,224	46,086,425	48,557,006	50,513,311	50,594,703	50,594,703	50,594,703	50,594,703	50,594,703
2010	8,269,673	33,539,645	52,083,610	52,083,610	52,083,610	52,083,610	57,646,935	57,646,935	57,646,935
2011	22,017,774	40,852,042	67,337,157	67,337,157	77,488,583	77,488,583	77,488,583	77,488,583	77,488,583
2012	17,833,789	91,791,902	95,417,901	95,417,901	95,417,901	95,417,901	95,417,901	95,417,901	95,417,901
2013	23,043,915	70,564,758	99,070,042	99,070,042	99,070,042	99,070,042	99,070,042	99,070,042	99,070,042
2014	2,401,025	31,551,960	56,329,224	56,329,224	56,329,224	56,329,224	56,329,224	56,329,224	56,329,224
2015	63,209,983	167,759,007	167,772,395	167,772,395	167,772,395	167,772,395	167,772,395	167,772,395	167,772,395
2016	22,162,269	22,162,269	22,162,269	22,162,269	22,162,269	22,162,269	22,162,269	22,162,269	22,162,269
2017	5,420,526	5,420,526	5,420,526	5,420,526	5,420,526	5,420,526	5,420,526	5,420,526	5,420,526

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55 Management of Insurance and financial risk - continued

55.1 Insurance risk - continued

Motor

Claims Paid Triangulations as at December 2017

Accident Year	Development Year									
	0	1	2	3	4	5	6	7	8	9
2007	58,858,627	101,818,372	105,287,812	105,359,090	105,359,090	105,359,090	105,359,090	105,359,090	105,359,090	105,359,090
2008	195,889,254	295,743,057	300,219,952	309,465,352	310,193,158	310,200,958	310,200,958	310,200,958	310,200,958	310,200,958
2009	207,330,758	383,403,869	415,894,073	417,500,101	417,735,694	417,735,694	417,735,694	417,735,694	417,735,694	417,735,694
2010	239,995,405	413,433,834	424,694,083	425,673,148	428,635,326	420,195,620	431,470,754	431,470,754	431,470,754	431,470,754
2011	242,075,173	380,541,338	368,386,154	388,388,154	388,388,154	388,388,154	388,388,154	388,388,154	388,388,154	388,388,154
2012	182,242,762	310,002,731	320,616,652	320,768,654	320,768,654	320,768,654	320,768,654	320,768,654	320,768,654	320,768,654
2013	162,378,150	289,443,120	317,776,399	318,122,399	318,122,399	318,122,399	318,122,399	318,122,399	318,122,399	318,122,399
2014	166,054,616	346,209,995	357,767,089	357,767,089	357,767,089	357,767,089	357,767,089	357,767,089	357,767,089	357,767,089
2015	276,753,010	415,153,155	415,159,995	415,159,995	415,159,995	415,159,995	415,159,995	415,159,995	415,159,995	415,159,995
2016	226,736,201	234,858,203	234,858,203	234,858,203	234,858,203	234,858,203	234,858,203	234,858,203	234,858,203	234,858,203
2017	42,323,550									

Oil and Energy

Accident Year	Development Year									
	0	1	2	3	4	5	6	7	8	9
2007	783,984	783,984	783,984	783,984	783,984	783,984	783,984	783,984	783,984	783,984
2008	2,579,001	16,583,868	17,472,688	17,472,688	17,703,688	19,161,072	19,533,572	19,533,572	19,533,572	19,533,572
2009	412,918	21,228,288	31,819,260	36,094,994	36,837,000	46,623,405	50,850,214	50,850,214	50,850,214	50,850,214
2010	53,371,561	73,395,703	137,920,496	289,104,918	278,955,761	278,955,761	278,955,761	278,955,761	278,955,761	278,955,761
2011	39,519,397	125,257,578	188,063,652	282,496,263	271,803,479	271,803,479	271,803,479	271,803,479	271,803,479	271,803,479
2012	159,329,379	430,151,435	628,690,485	578,563,649	578,563,649	578,563,649	578,563,649	578,563,649	578,563,649	578,563,649
2013	86,844,517	204,419,169	245,075,951	245,075,951	245,075,951	245,075,951	245,075,951	245,075,951	245,075,951	245,075,951
2014	97,999,141	189,846,172	190,232,254	190,232,254	190,232,254	190,232,254	190,232,254	190,232,254	190,232,254	190,232,254
2015	71,553	1,587,963	1,587,963	1,587,963	1,587,963	1,587,963	1,587,963	1,587,963	1,587,963	1,587,963
2016										
2017	757,011									

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 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.

55.2.1 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 its Investment Committee. The Group's Investment Committee is responsible for managing market risk.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.1 Market risk - continued

The 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.

Currency risk

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's total assets and liabilities by currency is detailed below:

At 31 December 2017	€'000	£'000	\$'000	€'000	Total
Assets:					
Non-current assets	5,368,192	-	-	-	5,368,192
Current assets	2,573,061	-	-	-	2,573,061
Bank balances, deposits and cash	337,654	138	207,504	8,264	553,560
Total assets	8,278,907	138	207,504	8,264	8,494,813
Liabilities:					
Current liabilities	7,539,075	-	-	-	7,539,075
Non-current liabilities	550,008	8,102,557	-	-	8,652,565
Total liabilities	8,089,083	8,102,557	-	-	16,191,640

At 31 December 2016

Assets:					
Non-current assets	6,043,453	-	-	-	6,043,453
Current assets	2,037,216	-	-	-	2,037,216
Bank balances, deposits and cash	621,975	107	249,049	5,492	876,623
Total assets	8,702,644	107	249,049	5,492	8,957,292
Liabilities:					
Current liabilities	5,803,917	-	-	-	5,803,917
Non-current liabilities	427,739	8,102,557	-	-	8,530,296
Total liabilities	6,231,656	8,102,557	-	-	14,334,213

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.1 Market risk - continued

The Company's total assets and liabilities by currency is detailed below:

At 31 December 2017

	€'000	¥'000	£'000	\$'000	€'000	Total
Assets:						
Non-current assets	4,510,076	-	-	-	-	4,510,076
Current assets	3,614,188	-	-	-	-	3,614,188
Bank balances, deposits and cash	245,908	-	138	207,504	8,264	461,814
Total assets	8,370,172	-	138	207,504	8,264	8,586,078
Liabilities:						
Current liabilities	7,549,528	-	-	-	-	7,549,528
Non-current liabilities	550,008	8,102,557	-	-	-	8,652,565
Total liabilities	8,099,536	8,102,557	-	-	-	16,202,093

At 31 December 2016

Assets:						
Non-current assets	5,476,127	-	-	-	-	5,476,127
Current assets	2,930,133	-	-	-	-	2,930,133
Bank balances, deposits and cash	443,320	-	107	249,049	5,492	697,968
Total assets	8,849,580	-	107	249,049	5,492	9,104,228
Liabilities:						
Current liabilities	5,832,748	-	-	-	-	5,832,748
Non-current liabilities	427,739	8,102,557	-	-	-	8,530,296
Total liabilities	6,260,487	8,102,557	-	-	-	14,363,044

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.1 Market risk - continued

Sensitivity

If the Naira had weakened/strengthened against the following currencies 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:

Impact on results	NGN	Yen	GBP	USD	Euro	Carrying value	+5% =N='000	-5% =N='000
Group								
At 31 December 2017								
Bank balances and deposits	337,654	-	138	207,504	8,264	553,560	10,795	(10,795)
Borrowings	550,008	8,102,557	-	-	-	8,652,565	405,128	(405,128)
At 31 December 2016								
Bank balances and deposits	621,975	-	107	249,049	5,492	876,623	12,732	(12,732)
Borrowings	427,739	8,102,557	-	-	-	8,530,296	405,128	(405,128)
Company								
At 31 December 2017								
Bank balances and deposits	245,908	-	138	207,504	8,264	461,814	10,795	(10,795)
Borrowings	550,008	8,102,557	-	-	-	8,652,565	405,128	(405,128)
At 31 December 2016								
Bank balances and deposits	443,320	-	107	249,049	5,492	697,968	12,732	(12,732)
Borrowings	427,739	8,102,557	-	-	-	8,530,296	405,128	(405,128)

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.1 Market risk - continued

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:

Group	Carrying value	Impact on results	
		+1%	-1%
At 31 December 2017	=N='000	=N='000	=N='000
Bank balances and deposits	697,968	704,948	690,988
Borrowings	9,310,605	9,403,711	9,217,499
At 31 December 2016			
Bank balances and deposits	553,560	559,096	548,024
Borrowings	8,102,557	8,183,583	8,021,531
Company			
At 31 December 2017			
Bank balances and deposits	266,113	268,774	263,452
Borrowings	9,310,605	9,403,711	9,217,499
At 31 December 2016			
Bank balances and deposits	461,814	466,432	457,196
Borrowings	8,102,557	8,183,583	8,021,531

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 investments in various sectors of the economy.

Sensitivity

The impact on the Group's shareholders' equity, had the equity market values increased/decreased by 1% and 5% with other assumptions left unchanged, would have been as follows:

Group/Company	2017	Carrying value	Increase by 1%	Increase by 5%	Decrease by 1%	Decrease by 5%
		=N='000	=N='000	=N='000	=N='000	=N='000
Financial assets						
Listed equities (Held-for-trading)		1,059,846	10,598	52,992	(10,598)	(52,992)
Unlisted equities (Available-for-sale)		53,987	540	2,699	(540)	(2,699)
Impact on profit or loss before tax			11,138	55,692	(11,138)	(55,692)
Tax charge @ 30%			-	-	-	-
Impact on profit or loss after tax			11,138	55,692	(11,138)	(55,692)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued
Equity price risk - continued

Group/Company	2016	Carrying value =N='000	Increase by 1% =N='000	Increase by 5% =N='000	Decrease by 1% =N='000	Decrease by 5% =N='000
Financial assets						
Listed equities (Held-for-trading)		45,408	464	2,320	(464)	(2,320)
Unlisted equities (Available-for-sale)		563,996	5,640	28,200	(5,640)	(28,200)
Impact on profit or loss before tax			6,104	30,520	(6,104)	(30,520)
Tax charge @ 30%			-	-	-	-
Impact on profit or loss after tax			6,104	30,520	(6,104)	(30,520)

55.2.2 Credit risks

Credit risks arise from a counterparty's inability to fully meet its on and/ off-statement of financial obligation contractual obligations. Exposure to this risk results from financial transactions with a counter party including issuer, debtor, investee, borrower, broker, policy holder, reinsurer or guarantor. The Group has policies in place to mitigate its credit risks.

- (i) The Group's Enterprise Risk Management policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment (i.e., limits are set for investment and cash deposits, foreign exchange trade exposures and minimum credit for investments that may be held).

- (ii) The Group further restricts its credit risk exposure by entering into master netting arrangements with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of default, when such balances are settled on a net basis. The group's reinsurance treaty contracts involve netting arrangements.

- (iii) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of credit worthiness of reinsurers and updates the reinsurance purchase strategy; ascertaining suitable allowance for impairment.

- (iv) The Group's set guidelines determine when to obtain collateral and guarantees. The Group also maintains strict control limits by amount and terms on financial assets. The amount subject to credit risk are limited to the fair value of "in the money" financial assets against which the Group either obtains collateral from counterparties or requires margin deposits. Collateral may be sold or repledged by the Group and is repayable if the contract terminates or the contract's fair value falls.

- (v) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings and worthiness.

- (vi) The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts and receivables from them to reduce the risk of doubtful debts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.2 Credit risks - continued
Credit exposure

The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit risk exposure based on the carrying value of the financial instruments.

Industry analysis Group	Financial services N'000	Govern- ment N'000	Other N'000	Total N'000
31-Dec-17				
Cash and cash equivalents	-	-	347,526	347,526
Trade receivables	-	-	137,945	137,945
Other receivables	-	-	168,943	168,943
Reinsurance assets	-	-	533,262	533,262
Loans and receivables	-	-	4,604	4,604
Statutory deposit	-	322,500	-	322,500
	-	322,500	1,192,280	1,514,790
31 December 2016				
Cash and cash equivalents	-	-	553,560	553,560
Trade receivables	-	-	252,887	252,887
Other receivables	-	-	128,999	128,999
Reinsurance assets	-	-	886,058	886,058
Loans and receivables	-	-	14,142	14,142
Statutory deposit	-	322,500	-	322,500
	-	322,500	1,835,646	2,158,146
Company				
31-Dec-17				
Cash and cash equivalents	-	-	266,113	266,113
Trade receivables	-	-	16,888	16,888
Other receivables	-	-	102,087	102,087
Reinsurance assets	-	-	533,262	533,262
Loans and receivables	-	-	4,604	4,604
Statutory Deposit	-	322,500	-	322,500
	-	322,500	922,954	1,245,454
31 December 2016				
Cash and cash equivalents	-	-	461,814	461,814
Trade receivables	-	-	1,474	1,474
Other receivables	-	-	104,397	104,397
Reinsurance assets	-	-	886,058	886,058
Loans and receivables	-	-	14,142	14,142
Statutory Deposit	-	322,500	-	322,500
	-	322,500	1,467,885	1,790,385

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.2 Credit risks - continued

Credit exposure - continued

The table below provides information regarding the credit risk exposure of the Group and Company by classifying assets according to the Group and Company credit ratings of counter parties.

Group	Neither past due nor impaired				Total
	Investment Grade	Non Investment Grade: Satisfactory	Non Investment Grade: Unsatisfactory	Past due but not impaired	
	N'000	N'000	N'000	N'000	N'000
31 December 2017					
Cash and cash equivalents	-	347,526	-	-	347,526
Held-for-trading	1,059,846	-	-	-	1,059,846
Available-for-sale	53,987	-	-	-	53,987
Trade receivables	-	-	-	137,945	137,945
Other receivables	-	-	-	168,943	168,943
Reinsurance assets	-	-	-	533,262	533,262
Loans and receivables	-	4,604	-	-	4,604
Statutory deposit	322,500	-	-	-	322,500
	1,436,333	352,130	-	840,150	2,628,613
31 December 2016					
Cash and cash equivalents	-	553,560	-	-	553,560
Held-for-trading	46,408	-	-	-	46,408
Available-for-sale	563,996	-	-	-	563,996
Trade receivables	-	-	-	252,887	252,887
Other receivables	-	-	-	128,999	128,999
Reinsurance assets	-	-	-	886,058	886,058
Loans and receivables	-	14,142	-	-	14,142
Statutory deposit	322,500	-	-	-	322,500
	932,904	567,702	-	1,267,944	2,768,550
Company					
31 December 2017					
Cash and cash equivalents	-	266,113	-	-	266,113
Held-for-trading	910,336	-	-	-	910,336
Available-for-sale	53,987	-	-	-	53,987
Trade receivables	-	-	-	16,888	16,888
Other receivables	-	-	-	102,087	102,087
Reinsurance assets	-	-	-	533,262	533,262
Loans and receivables	-	4,604	-	-	4,604
Statutory deposit	322,500	-	-	-	322,500
	1,286,823	270,717	-	652,237	2,209,777

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.2 Credit risks - continued
Credit exposure - continued

Company	Neither past due nor impaired				Total
	Investment	Non Investment	Non Investment	Past due but	
	Grade	Grade: Satisfactory	Grade: Unsatisfactory	not impaired	
	N'000	N'000	N'000	N'000	N'000
31 December 2016					
Cash and cash equivalents	-	461,814	-	-	461,814
Held-for-trading	46,408	-	-	-	46,408
Available-for-sale	563,996	-	-	-	563,996
Trade receivables	-	-	-	1,474	1,474
Other receivables	-	-	-	104,397	104,397
Reinsurance assets	-	-	-	886,058	886,058
Loans and receivables	-	14,142	-	-	14,142
Statutory deposit	322,500	-	-	-	322,500
	932,904	475,956	-	991,929	2,400,789

55.2.3 Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- A Company liquidity risk policy which set out assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The following table shows details of the expected maturity profile of the company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. Unearned premiums are excluded from this analysis. The table includes both interest and principal cash flows.

	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
	N'000	N'000	N'000	N'000	N'000
GROUP - 31 December 2017					
<i>Financial and insurance assets</i>					
Loans and receivables	4,604	-	-	-	4,604
Reinsurance assets	533,262	-	-	-	533,262
Trade receivables	137,945	-	-	-	137,945
Other receivables	11,614	-	-	-	11,614
Cash and cash equivalents	347,526	-	-	-	347,526
	1,034,951	-	-	-	1,034,951

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.3 Liquidity risks - continued

GROUP - 31 December 2017	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
<i>Financial and insurance liabilities</i>	N'000	N'000	N'000	N'000	N'000
Insurance contract liabilities	4,061,593	-	-	-	4,061,593
Trade payables	300,068	-	-	-	300,068
Provisions and other payables	849,451	-	-	-	849,451
Borrowings	9,310,605	-	-	-	9,310,605
Deposit for shares	376,028	-	-	-	376,028
	<u>14,897,745</u>	-	-	-	<u>14,897,745</u>
 GROUP - 31 December 2016					
<i>Financial and insurance assets</i>					
Loans and receivables	14,142	-	-	-	14,142
Reinsurance assets	533,262	-	-	-	533,262
Trade receivables	137,945	-	-	-	137,945
Other receivables	11,463	-	-	-	11,463
Cash and cash equivalents	553,560	-	-	-	553,560
	<u>1,250,372</u>	-	-	-	<u>1,250,372</u>
 <i>Financial and insurance liabilities</i>					
Insurance contract liabilities	3,483,956	-	-	-	3,483,956
Trade payables	520,085	-	-	-	520,085
Provisions and other payables	772,518	-	-	-	772,518
Borrowings	8,102,557	-	-	-	8,102,557
Deposit for shares	380,182	-	-	-	380,182
	<u>13,259,298</u>	-	-	-	<u>13,259,298</u>
 Company - 31 December 2017					
<i>Financial and insurance assets</i>					
Loans and receivables	4,604	-	-	-	4,604
Reinsurance assets	533,262	-	-	-	533,262
Trade receivables	16,888	-	-	-	16,888
Other receivables	102,087	-	-	-	102,087
Cash and cash equivalents	266,113	-	-	-	266,113
	<u>922,954</u>	-	-	-	<u>922,954</u>
 <i>Financial and insurance liabilities</i>					
Insurance contract liabilities	4,061,593	-	-	-	4,061,593
Trade payables	300,068	-	-	-	300,068
Provisions and other payables	953,768	-	-	-	953,768
Borrowings	9,310,605	-	-	-	9,310,605
Deposit for shares	376,028	-	-	-	376,028
	<u>15,002,062</u>	-	-	-	<u>15,002,062</u>
 31 December 2016					
<i>Financial and insurance assets</i>					
Loans and receivables	1,489,485	-	-	-	1,489,485
Reinsurance assets	1,071,640	-	-	-	1,071,640
Trade receivables	7,926,398	-	-	-	7,926,398
Other receivables	5,439	-	-	-	5,439
Cash and cash equivalents	461,814	-	-	-	461,814
	<u>10,954,776</u>	-	-	-	<u>10,954,776</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.3 Liquidity risks - continued

Company - 31 December 2016	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
	N'000	N'000	N'000	N'000	N'000
<i>Financial and Insurance liabilities</i>					
Insurance contract liabilities	3,483,956	-	-	-	3,483,956
Trade payables	520,085	-	-	-	520,085
Provisions and other payables	864,311	-	-	-	864,311
Borrowings	8,102,557	-	-	-	8,102,557
Deposit for shares	380,182	-	-	-	380,182
	<u>13,351,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,351,091</u>

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation of assets and liabilities

Group - 31 December 2017	Current	Non-current	Total
	N'000	N'000	N'000
Assets			
Cash and cash equivalents	347,526	-	347,526
Financial assets			
- Held-for-trading	1,059,846	-	1,059,846
- Available-for-sale	-	53,987	53,987
- Loans and receivables	4,604	-	4,604
Trade receivables	137,945	-	137,945
Other receivables and prepayments	182,963	-	182,963
Reinsurance assets	533,262	-	533,262
Deferred acquisition costs	31,272	-	31,272
Investment in subsidiary	-	-	-
Investment properties	-	2,600,250	2,600,250
Intangible assets	-	9,521	9,521
Property, plant and equipment	-	3,211,137	3,211,137
Statutory deposit	-	322,500	322,500
Total assets	<u>2,297,418</u>	<u>6,197,395</u>	<u>8,494,813</u>
Liabilities			
Insurance contract liabilities	4,061,593	-	4,061,593
Trade payables	300,068	-	300,068
Provisions and other payables	1,183,555	-	1,183,555
Current income tax payable	45,500	383,737	429,237
Deferred tax liabilities	-	524,515	524,515
Borrowings	9,310,605	-	9,310,605
Deposit for shares	-	376,028	376,028
Total liabilities	<u>14,901,321</u>	<u>1,284,280</u>	<u>16,185,601</u>

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

Group - 31 December 2016	Current	Non-current	Total
	N'000	N'000	N'000
Assets			
Cash and cash equivalents	553,560	-	553,560
Financial assets			
- Held-for-trading	46,408	-	46,408
- Available-for-sale	-	563,996	563,996
- Loans and receivables	14,142	-	14,142
Trade receivables	252,887	-	252,887
Other receivables and prepayments	145,420	-	145,420
Reinsurance assets	886,058	-	886,058
Deferred acquisition costs	63,480	-	63,480
Investment properties	-	2,821,600	2,821,600
Intangible assets	-	4,271	4,271
Property, plant and equipment	-	3,282,970	3,282,970
Statutory deposit	-	322,500	322,500
Total assets	1,961,955	6,995,337	8,957,292
Liabilities			
Insurance contract liabilities	3,483,956	-	3,483,956
Trade payables	520,085	-	520,085
Provisions and other payables	1,023,027	-	1,023,027
Current income tax payable	90,081	305,586	396,667
Deferred tax liabilities	-	402,246	402,246
Borrowings	1,408,345	6,694,212	8,102,557
Deposit for shares	-	380,182	380,182
Total liabilities	6,525,494	7,783,226	14,308,720
Company - 31 December 2017			
Assets			
Cash and cash equivalents	266,113	-	266,113
Financial assets			
- Held-for-trading	910,336	-	910,336
- Available-for-sale	-	53,987	53,987
- Loans and receivables	4,604	-	4,604
Trade receivables	16,868	-	16,868
Other receivables and prepayments	106,723	-	106,723
Reinsurance assets	533,262	-	533,262
Deferred acquisition costs	31,272	-	31,272
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	-	2,600,250	2,600,250
Intangible assets	-	-	-
Property, plant and equipment	-	2,740,143	2,740,143
Statutory deposit	-	322,500	322,500
Total assets	1,869,196	6,716,860	8,586,078
Liabilities			
Insurance contract liabilities	4,061,593	-	4,061,593
Trade payables	300,068	-	300,068
Provisions and other payables	1,212,720	-	1,212,720
Current income tax payable	35,697	374,628	410,525
Deferred tax liabilities	-	524,515	524,515
Borrowings	9,310,605	-	9,310,605
Deposit for shares	-	376,028	376,028
Total liabilities	14,920,683	1,275,371	16,196,054

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

Company - 31 December 2016	Current	Non-current	Total
Assets	N'000	N'000	N'000
Cash and cash equivalents	461,814	-	461,814
Financial assets			
- Held-for-trading	46,408	-	46,408
- Available-for-sale	-	563,996	563,996
- Loans and receivables	14,142	-	14,142
Trade receivables	1,474	-	1,474
Other receivables and prepayments	115,460	-	115,460
Reinsurance assets	886,058	-	886,058
Deferred acquisition costs	63,480	-	63,480
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	-	2,821,600	2,821,600
Intangible assets	-	-	-
Property, plant and equipment	-	2,807,296	2,807,296
Statutory deposit	-	322,500	322,500
Total assets	1,588,836	7,515,392	9,104,228
Liabilities			
Insurance contract liabilities	3,483,956	-	3,483,956
Trade payables	520,085	-	520,085
Provisions and other payables	1,069,697	-	1,069,697
Current income tax payable	78,575	300,253	378,828
Deferred tax liabilities	-	402,246	402,246
Borrowings	8,102,557	-	8,102,557
Deposit for shares	-	380,182	380,182
Total liabilities	13,254,870	1,082,681	14,337,551

Fair value of financial assets and liabilities

a Financial instruments not measured at fair value

Group	31 December 2017		31 December 2016	
	Carrying value	Fair value	Carrying value	Fair value
	N'000	N'000	N'000	N'000
Financial assets				
Cash and cash equivalents	347,526	347,526	266,113	266,113
Loans and receivables	4,604	-	4,604	-
Trade receivables	137,945	137,945	16,888	16,888
Reinsurance receivables	533,262	533,262	886,058	886,058
Other receivables	168,943	168,943	128,999	128,999
Financial liabilities				
Trade payables	300,068	300,068	520,085	520,085
Other payables	1,183,555	1,183,555	1,023,027	1,023,027
Borrowings	9,310,605	9,310,605	8,102,557	8,102,557
Deposit for shares	376,028	376,028	380,182	380,182

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

Fair value of financial assets and liabilities -continued

a Financial instruments not measured at fair value - continued

Company	31 December 2017		31 December 2016	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	N'000	N'000	N'000	N'000
Cash and cash equivalents	266,113	266,113	461,814	461,814
Loans and receivables	4,604		14,142	
Trade receivables	16,888	16,888	1,474	1,474
Reinsurance receivables	533,262	533,262	886,058	886,058
Other receivables	106,723	106,723	115,460	115,460
Financial liabilities				
Trade payables	300,068	300,068	520,085	520,085
Other payables	1,212,720	1,212,720	1,069,697	1,069,697
Borrowings	9,310,605	9,310,605	8,102,557	8,102,557
Deposit for shares	376,028	376,028	380,182	380,182

Note: Financial liabilities carrying amounts approximates their fair value

b Fair valuation methods and assumptions

Financial assets and liabilities:

(i) Cash and cash equivalents

Cash and cash equivalents represent cash and placement held with banks for short-term. The carrying amount of these balances approximates their fair value.

(ii) Trade receivables, Other receivables and Trade payables

Trade receivables and Other receivables represent monetary assets which usually has a short recycle period and other payables represents amount outstanding on account payables. And as such the fair values of these balances approximate their carrying amount.

(iii) Equity

Listed equities were fair valued using quoted prices from the Nigerian Stock Exchange. The inputs are unit held and the market price.

(iv) Loans and receivable

Loans and receivables were valued using the DCF method and the inputs are the expected cashflows and interest rate.

56 Enterprise Risk Management (ERM)

ERM as defined Under COSO framework is "a process, effected by an entity's Board of Directors, management and other personnel, applied in a strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives".

International Energy Insurance Plc recognizes the presence of risk in our value chain, business model and other processes of delivering value to our stakeholders and therefore committed to establishing due processes for identifying, assessing, monitoring, controlling and mitigating all material risks in the business of the Group as embedded in the Group's ERM framework.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

56 Enterprise Risk Management (ERM) - continued

IEI Plc in adopting COSO ERM framework, defines ERM in its framework as the discipline by which International Energy Insurance Plc assesses, controls, exploits, finances, and monitors risks from all sources for the purpose of increasing the IEI Plc short- and long-term value to its Stakeholders.

Risk Management Philosophy, Principles and Culture

The Enterprise Wide Risk Management process of the company is guided by the following core principles:

Embedding

ERM and Internal Control framework shall be fully embedded within the major functional and operational processes just as strategic planning and performance measurement system.

Consistency

The Group shall adopt a consistent method for the identification, assessment, monitoring, mitigation, control and communication of risks associated with all of its activities, functions, processes, and events in an effort to efficiently and effectively achieve its corporate objectives.

Risk awareness

A result driven and risk awareness culture shall be nurtured to move the Group to a position where decisions are taken with full consideration of relevant risks and their implications.

Ownership

Ownership - Specific risk owners within the Group's workforce as well as the members of the Board shall have sound understanding of the risk impacting their operations or areas of responsibility and be able to respond with appropriate strategies and mechanisms to identify, assess, monitor and control those risks.

Accountability

Risk owners within the Group's workforce shall be accountable for the risk management actions in their respective areas of responsibility. The Board shall provide adequate oversight, control, review and approve risk strategies, plans and budgets prepared by management.

Authority

Risk owners must have the required level of authority and flexibility to determine and execute the proper course of action to manage the risk in their respective areas of responsibility.

Communication

The Group's information system will be continually updated to accommodate data output necessary for proper assessment and monitoring of risks.

Risk Management Process

The Group's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

56 Enterprise Risk Management (ERM) - continued

Risk Management Process - continued

Communication and dialogue:

Communication and dialogue with internal and external stakeholders should take place at every relevant stage of the risk management process.

Establishing the Context:

This defines the internal and external parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.

Risk Identification:

The purpose of this step is to generate a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.

Risk Analysis:

Risk analysis is about developing an understanding of the risk by considering the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account.

Risk Evaluation:

The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance).

Risk Treatment:

This involves the selection of one or more options for modifying unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.

Monitoring and Review:

This step encompasses all aspects of the risk management process to:

- *Analyze and learn lessons from events, changes, and trends.
- *Detect changes in the external and internal context including changes to the risk itself.
- *Ensure that the risk controls and treatment measures are effective in both design and operation.
- *Identify emerging risks.

Risk Identification

IEI Plc's focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). IEI in accessing the likelihood and consequences of risk uses both qualitatively or quantitatively measures depending on the risks being considered.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

56 Enterprise Risk Management (ERM) - continued

Risk Appetite

Risk appetite is the level of risk that the Company is willing to accept in fulfilling its business objectives. The purpose of the risk appetite is to assist in the process of setting the company's strategic objective and in the management of risks.

IEI has an articulated risk appetite limits for various classes of risk in it is written which has been approved by Management and Board.

Risk Culture

Risk culture is the system of values and behaviors present in the organization that shapes risk decisions of management and employees. IEI ensures a common understanding of the organization and its business purpose amongst its employees. Employees understand that risk and compliance rules apply to everyone as they work towards business goals. This understanding is to ensure that IEI "does the right thing" all the time.

IEI propagates a strong risk culture and supports employee's training to understand how to make educated risk-related decisions to ensure consistent risk behavior in the organization.

To ensure a good risk culture IEI:

- *Propagates a positive corporate culture
- *Actively ensures observation of policy and procedures
- *Ensures effective use of technology in its management processes.

INTERNATIONAL ENERGY INSURANCE PLC

NON LIFE REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

REVENUE	Fire =N='000	Motor =N='000	General accident =N='000	Marine =N='000	Oil and energy =N='000	Total 2017 =N='000	Total 2016 =N='000
Direct premium	113,673	429,143	123,832	78,843	215,484	960,975	1,961,444
Inward premium	2,098	1,645	2,833	23	(710)	5,889	13,388
Gross written premium	115,771	430,788	126,665	78,866	214,774	966,864	1,974,832
Change in unearned premium	4,557	(27,361)	147,373	1,116	50,195	175,880	485,616
Gross premium earned	120,328	403,427	274,038	79,982	264,969	1,142,744	2,460,448
Outward reinsurance	(93,948)	(3,878)	(144,715)	(50,324)	(23,446)	(316,311)	(629,837)
Net premium earned	26,380	399,549	129,323	29,658	241,523	826,433	1,830,611
Commission received	14,784	(689)	(15,943)	11,095	(3,717)	5,530	107,182
Net underwriting income	41,164	398,860	113,380	40,753	237,806	831,963	1,937,793
EXPENSES							
Gross claims paid	88,812	122,488	148,497	53,438	13,785	427,021	606,318
Change in outstanding claims	(403,521)	3,737	278,322	(45,273)	920,252	753,517	615,029
Gross claims incurred	(314,709)	126,225	426,819	8,165	934,037	1,180,538	1,221,347
Reinsurance claims recovery	(106,876)	(7,976)	(39,492)	(23,103)	(9,368)	(186,815)	(759,499)
Net claims incurred	(421,585)	118,249	387,327	(14,938)	924,669	993,723	461,848
Acquisition costs	(93,133)	81,768	55,147	38,907	78,032	160,721	319,937
Maintenance costs	(83,498)	72,170	23,625	20,908	60,164	93,369	199,977
Underwriting expenses	(598,216)	272,187	466,099	44,877	1,062,865	1,247,813	981,762
Underwriting (loss)/profit	639,380	126,673	(352,719)	(4,124)	(825,059)	(415,850)	956,031

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2017

	GROUP		COMPANY	
	2017 =N='000	2016 =N='000	2017 =N='000	2016 =N='000
	%	%	%	%
Gross premium income	1,142,744	2,460,448	1,142,744	2,460,448
Commission	5,530	107,182	5,530	107,182
Investment income	89,908	74,769	62,205	60,166
Other income	1,350,946	1,752,227	689,880	1,208,352
	2,589,128	4,394,626	1,900,359	3,836,148
Reinsurance expenses, net claims incurred, commission paid and other operating expenses -	(2,609,820)	(3,050,432)	(2,284,818)	(2,867,677)
Value added	(20,692)	1,344,194	(384,459)	968,471
Applied as follows:				
To pay employees:				
Salaries, wages and benefits	731,361	1,048,857	466,505	835,127
	(3,535)		(121.3)	
To pay Government:				
Taxes	45,500	66,691	35,697	78,575
	(220)		(9.3)	
To pay providers of capital:				
Finance costs	1,208,049	3,712,910	1,208,049	3,712,910
	(5,838)		(314.2)	
Retained for asset replacement and future expansion of business:				
- Depreciation and amortisation	120,390	137,531	68,575	92,832
- Deferred taxation	122,269	43,774	122,269	43,774
- Loss for the year	(2,248,261)	(3,665,569)	(2,285,554)	(3,794,747)
Value added	(20,692)	1,344,194	(384,459)	968,471
	100.0	100.1	100.1	100.1

Value added is the wealth created by the efforts of the Group and its employees and the allocation between employees, shareholders, government and that retained in the future for the creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY - GROUP

***** 31 DECEMBER *****

Note: The (losses)/income per share have been computed respectively for each year on the loss after income tax expense and the number of ordinary shares in issue at the end of each year. The net liabilities per share are based on the number of issued 50 kobo ordinary shares at the end of the year.

FIVE-YEAR FINANCIAL SUMMARY - COMPANY

<<<<<<<<<<<<<<<<<< 31 DECEMBER >>>>>>>>>>>>>>>>>>

STATEMENT OF PROFIT OR LOSS

Note: The (losses)/income per share have been computed respectively for each year on the (loss)/profit after income tax expense and the number of ordinary shares in issue at the end of each year. The net (liabilities)/assets per share are based on the number of issued 50 kobo ordinary shares at the end of the year.