INTERNATIONAL ENERGY INSURANCE PLC
Lagos, Nigeria

REPORT OF THE DIRECTORS

AND

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

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

AUDITORS
Ernst & Young
10th & 13th Floors, UBA House
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
Heritage Banking Company Limited

ACTUARIES
Alexander Forbes Nigeria Limited
FRC/2012/0000000000504
Plot 235, Muri Okunola Street,
Rio Plaza, 2nd Floor, Victoria Island, Lagos

INTERNATIONAL ENERGY INSURANCE PLC

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	***Restated 2015**	**2016**	***Restated 2015**
	₦ '000	**₦ '000**	**₦ '000**	**₦ '000**
Major statement of financial position items				
As at 31 December:				
Total assets	8,957,292	7,482,730	9,104,228	7,700,674
Insurance contract liabilities	3,483,956	3,354,543	3,483,956	3,354,543
Total (deficit)/equity	(5,376,921)	(2,587,189)	(5,258,816)	(2,339,906)
Major statement of profit or loss items				
For the year ended 31 December:				
Gross written premium	1,974,832	3,847,583	1,974,832	3,847,583
Underwriting results	956,031	992,563	956,031	992,563
Investment and other operating income, net realized and fair value changes	1,826,996	868,395	1,268,518	387,284
Loss before income tax expense	(3,555,104)	(698,916)	(3,672,398)	(698,383)
Income tax expense	(110,465)	(68,662)	(122,349)	(11,626)
Loss for the year	(3,665,569)	(767,578)	(3,794,747)	(710,009)
Net liabilities per share (kobo)	(431.78)	(212.62)	(409.54)	(182.22)
Loss Per Share:				
Basic and Diluted LPS (Kobo)	(287.37)	(58.92)	(295.52)	(55.29)

*Certain of the amounts shown here do not correspond to the 2015 financial statements, and have reflected adjustments as described in Note 5 in the summary of significant accounting policies.

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 31December 2016.

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 81% 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	
	₦ '000	₦ '000	₦ '000	₦ '000
Loss before income tax expense	(3,555,104)	(698,916)	(3,672,398)	(698,383)
Income tax expense	(110,465)	(68,662)	(122,349)	(11,626)
Loss for the year	(3,665,569)	(767,578)	(3,794,747)	(710,009)
Other comprehensive income for the year, net of tax	875,837	53,663	875,837	53,663
Total comprehensive loss for the year	(2,789,732)	(713,915)	(2,918,910)	(656,346)

DIVIDEND

The Directors do not recommend payment of any dividend for the year ended 31 December 2016 (2015: 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 2016 and the loss for the year then ended.

BOARD OF DIRECTORS

The Directors of the Company during the year and at the date of this report are:

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, 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	**2016**	**2015**
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 2016

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
- WAICA Reinsurance Corporation Plc
- CICA Reinsurance Company
- NCA Reinsurance Company
- Continental Reinsurance Plc
- Nigerian Reinsurance Corporation
- PTA/ZEP 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 (2015: 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 (2015:N80,000) during the year under review. The beneficiaries were:-

	2016	2015
	₦ '000	₦ '000
Ifeoma Ndolo- Book launch	-	80
	------	-----
Total	-	80
	===	==

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 ₦34.9million (2015:₦37.5 million) and Company ₦34.9million (2015:₦37.5 million) in providing such medical benefits during the year.

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2016

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 ₦15.6million (2015: ₦10.9million) on employees training during the year.

AUDITORS

Messrs. Ernst & Young Nigeria were appointed as auditors on 23 September 2016 and 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

H. MICHAEL & CO
Solicitors/Advocates/Notary Public

24 October 2017

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 2016

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		Company	
	2016	2015	2016	2015
	₦ '000	₦ '000	₦ '000	₦ '000
Gross Premium written	1,974,832	3,847,583	1,974,832	3,847,583
Loss before income tax expense	(3,555,104)	(698,916)	(3,672,398)	(698,383)
Income tax expense	(110,465)	(68,662)	(122,349)	(11,626)
Loss for the year	(3,665,569)	(767,578)	(3,794,747)	(710,009)

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, 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, International Energy Insurance Plc 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 23 February 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, Corporate Affairs 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 thirteen 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 A. Irene	-	Interim Managing Director
Ms. Ibiyemi B. Adeyinka	-	Interim Non-Executive Director
Ms. Daisy Ekineh	-	Interim Non-Executive Director
H. Michael & Co	-	Secretary

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.

DIRECTORS' ATTENDANCE
In accordance with Section 258(2) of the Companies and Allied Matters Act, CAP C20 LFN 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 (OON)	Daisy Ekineh	Ibiyemi B. Adeyinka	Peter A. Irene
1	28-01-2016	✓	✓	✓	✓
2	01-02-2016	✓	✓	✓	✓
3	04-02-2016	✓	✓	✓	✓
4	25-02-2016	✓	✓	✓	✓
5	30-03-2016	✓	✓	✓	✓
6	20-04-2016	✓	✓	✓	✓
7	24-05-2016	✓	✓	✓	✓
8	29-06-2016	✓	✓	✓	✓
9	28-07-2016	✓	✓	✓	✓
10	31-08-2016	✓	✓	✓	✓
11	27-09-2016	✓	✓	✓	✓
12	31-10-2016	✓	✓	✓	x
13	28-11-2016	✓	✓	✓	✓

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT - CONTINUED

BOARD COMMITTEES
Due to the peculiarity of its appointment, the Interim Board carried out its oversight functions with the assistance of only one Board Committee; The Finance and General Purposes Committee.

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

The Committee met eight (8) times during the year under review as shown below;

S/N	Date of meeting	Daisy Ekineh	Ibiyemi B. Adeyinka	Peter A. Irene
1.	16-01-2016	✓	✓	✓
2.	19-02-2016	✓	✓	✓
3.	13-05-2016	✓	✓	✓
4.	23-06-2016	✓	✓	✓
5.	14-07-2016	✓	✓	✓
6.	11-08-2016	✓	✓	✓
7.	27-10-2016	✓	✓	✓
8.	23-11-2016	✓	✓	✓

AUDIT COMMITTEE
In compliance with the provisions of Section 359 of the Companies and Allied Matters Act, Cap C20, LFN 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 Ekineh	Non-executive Director
Ms. Ibiyemi B. Adeyinka	Non-executive Director

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.

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT- CONTINUED

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 has achieved 90% compliance with applicable regulatory requirements against previous year's records. Certain infractions were however found due to non-submission of the Company's Audited Financial Statements for the period ended 31 March 2015 and failure to hold Annual General Meeting to consider Financial Statements for four consecutive years.

The Nigerian Stock Exchange levied a total sum of N1,100,000 on the Company as infraction and infringements for late submission of 2015 audited accounts.

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. A cumulative total of N21,160,000 has been levied by the Securities and Exchange Commission as outstanding penalty against the company pre-2016 accounting period, due to regulatory infractions. The Interim Board is however paying concerted attention to totally eliminate incidences of infractions. As a result of the need to conduct an independent forensic review of the Company, the Interim Board placed certain principal management staff on suspension including the erstwhile Managing Director and Company Secretary (Mrs. Roseline Ekeng and Mr. Paul Ekpenisi respectively). Their appointments were later terminated with effect from 11 February 2016. The terminations were subsequently reported to the Regulators as corporate action.

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 2016

We the undersigned hereby certify the following with regards to our consolidated and separate financial statements for the year ended 31 December 2016 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	Mr. Emmanuel Bassey
Interim Managing Director	Chief Financial Officer
FRC/2014/ICAN/00000006610	FRC/2013/ICAN/000000000635

24 October 2017

INTERNATIONAL ENERGY INSURANCE PLC

RISK MANAGEMENT DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2016

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	Mr. Peter A. Irene
Chairman	Interim Managing Director
FRC/2015/IODN/0000002581	FRC/2014/ICAN/00000006610
12561	

24 October 2017

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2016

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 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 2016 were satisfactory and reinforce the Group's 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*

18 October 2017

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

*The Financial Reporting Council of Nigeria vide its letter dated 14 September 2017, granted the Company a waiver allowing the current Audit Committee Chairman, Chief Augustine G. Anono to sign the Audit Committee Report in the 2016 annual report and financial statements without indicating any Financial Reporting Council (FRC) registration number with the certification.

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 2016

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

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company 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 system's 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	Mr. Peter A. Irene
Chairman	Interim Managing Director
FRC/2015/IODN/0000002581	FRC/2014/ICAN/00000006610

24 October 2017

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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 accompanying 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 2016, and the consolidated and separate statements of profit or loss and 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 accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2016 and its financial performance and its cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 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 N3.79 billion (2015: net loss N710.01 million), the Group net loss N3.67 billion (2015: net loss N767.58 million) and, as at that date, the Company's total liabilities exceeded its total assets by N5.26 billion (2015: N2.34 billion) and the Group's total liabilities exceeded its total assets by N5.38 billion (2015: N2.59 billion). In addition, the Company's negative total equity as at 31 December 2016 of N5.26 billion (2015: negative N2.34 billion) is below the minimum regulatory requirement of N3billion and the Company did not meet the regulatory solvency margin. 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 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. 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.

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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 total investment in unquoted equity securities was N564million representing 6% of the total assets whilst it was N1.051 billion in 2015. These are disclosed as available-for-sale assets in Note 2.2 to the consolidated and separate financial statements. 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 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.
Transition of auditors including audit of opening balances Initial audit engagements involve a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include: Gaining an initial understanding of the Group and its business including its control environment and information systems sufficient to make audit risk assessments and develop the audit strategy and plan; Obtaining sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting principles; and communicating with the previous auditors.	Prior to becoming the Company's auditors in 2016, we developed a comprehensive transition plan starting in November 2016 to understand the Group's strategy, the related business risks and the way this impacts the Group's financial reporting and internal controls framework. Our transition plan included amongst others: Close interaction with the previous auditor, including a process of file reviews and formal hand over procedures as prescribed by our professional standards; Active knowledge sharing with the Finance, Risk and Internal Audit functions to understand their perspectives on the business, (emerging) risks and key findings from their work. Attendance of formal clearance meetings with senior management and the year-end financial closing and reporting process; Evaluation of key accounting positions and audit matters from prior years. Review of management's control documentation to assist in obtaining an understanding of the Group's financial reporting and business processes. We reported key findings from our audit process at the end of the audit exercise.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC - CONTINUED

Other matter

The financial statements of International Energy Insurance Plc for the year ended 31 December 2015 were audited by another auditor who expressed an un-qualified opinion with Emphasis of matter regarding going concern.

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 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 to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INTERNATIONALINSURANCE 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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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INTERNATIONALINSURANCE 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, 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 so as to present fairly the consolidated and separate statements of profit or loss and other comprehensive income of the Company and its subsidiary.

Kayode Famutimi FCA,
FRC 2012/ICAN/00000000155
For Ernst & Young
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1474740

..... October 2017

INTERNATIONAL ENERGY INSURANCE PLC

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 2016 were authorised for issue in accordance with a resolution by the Board of Directors on 24 October 2017.

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 losses 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.

INTERNATIONAL ENERGY INSURANCE PLC

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 PLC

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 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 PLC

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

INTERNATIONAL ENERGY INSURANCE PLC

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 PLC

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 liabiltiies are initially measured at fair value plus attributable transaction costs with the execption of financial liabiltiies 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 PLC

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.

INTERNATIONAL ENERGY INSURANCE PLC

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 have 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 its 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 PLC

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 10years. 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.

INTERNATIONAL ENERGY INSURANCE PLC

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 PLC

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

Reinsurance contracts held
The Group holds the under-noted reinsurance contracts:

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

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

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as re-insurance contracts held while contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Goup 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 PLC

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 PLC

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:

Whenu 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 PLC

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 uIn 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 PLC

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 I17 LFN 2004, contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

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 incepting 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 PLC

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 PLC

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 N3.79 billion (2015: N710.01 million), the Group net loss N3.67 billion (2015: N767.58 million) and, as of that date, the Company’s total liabilities exceeded its total assets by N5.26 billion (2015:N2.34 billion) and the Group’s total liabilities exceeded its total assets by N5.38 billion (2015: N2.59 billion). In addition, the Company's negative total equity as at 31 December 2016 of N5.26 billion (2015: N2.34 billion) is below the minimum regulatory requirement of N3billion 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: significantly improve service delivery through prompt and efficient settlement of claims, which will bring back confidence in the IEI brand; participate in underwriting of big ticket transactions which has been suspended through NAICOM directives, due to shareholders fund falling below regulatory required threshold; and sustain efficient risks management system to keep insurance contract liabilities within bearable limit.

Injecting of fresh funds will significantly turn around the position of the Company, as there will be funds for working capital, settlement of claims as at when due (since the Company cannot currently pick up certain underwriting business hence loosing income that would have been made by them. Settlement of claims 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

While these conditions are indicators of a going concern, Management however believes, that there is no significant doubt that the Company will not continue as a going concern for at least the next one year from the issuance of these consolidated and separate financial statements.

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 PLC

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 2016. 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 PLC

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 Company's financial statements are disclosed below. The Company 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.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has 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 Company expects no significant impact on statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Company 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.

(a) 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. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Company expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Company expects to apply the option to present fair value changes in OCI, and, therefore, it believes the application of IFRS 9 would not have a significant impact. If the Company were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

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. Thus, the Company expects that these will continue to be measured at amortised cost under IFRS 9. However, the Company will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment
IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Company expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

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.

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

IFRS 15 Revenue from Contracts with Customers - continued

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 Company plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Company performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis.

(a) Rendering of services
Contracts with customers in which equipment sale is the only performance obligation are not expected to have any impact on the Company. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Company does not anticipate early adopting IFRS 15 and is currently evaluating its impact

IFRS 16 Leases
The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exceptions) in a similar way finance leases under IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less). Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach. 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.

The Company currently has rent prepaid over their respective contract period. When this standard becomes effective, the lease expense recognition pattern for lessees will generally be accelerated as compared to today.

Key metrics on financial position such as leverage and finance ratios, debt covenants and statement of profit or loss metrics, such as earnings before interest, taxes, depreciation and amortisation (EBITDA), could be impacted. Also, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Amendments to IAS 12 Income Taxes
In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Company is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

IAS 7 Statement of Cash Flows Amendment Reconciliation of components of financing activities
The objective of this project is to identify the information requirements of users regarding the reporting of debt. An ED proposing amendments to IAS 7 Statement of Cash Flows was issued in December 2014. In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017.

The Company is currently evaluating the impact.

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments does not to have any impact on the Company.

IFRS 2 Classification and measurement of share-bases payment transactions- Amendments to IFRS2 The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction.

  The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments.

- The classification of a share-based payment transaction with net settlement features for withholding tax obligations. This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature.

- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss.

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. Early application is permitted. These amendment is not relevant to the Company.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Annual Improvements 2014-2016 Cycle
2014-2016 cycle (issued in December 2016)

IFRS 1 First-time Adoption of International Financial Reporting
Standards Deletion of short-term exemptions for first-time adopters
• Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now Served their intended purpose.
• The amendment is effective from 1 January 2018.

IAS 28 Investments in Associates and Joint Ventures
Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The amendments clarifies that:
uAn entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
u
If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

IFRS 12 Disclosure of Interests in Other Entities
Clarification of the scope of the 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 anassociate (or a portion of its interest in a joint venture or an associate) that is classified (orincluded in a disposal group that is classified) as held for sale.
• The amendments are effective from 1 January 2017 and must be applied retrospectively.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4
The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition and Measurement while they defer.

Transfers of Investment Property (Amendments to IAS 40)
Effective for annual periods beginning on or after 1 January 2018.
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. This will have an impact on the company and its impact is currently being assessed.

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2018
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:
(i) The beginning of the reporting period in which the entity first applies the interpretation
Or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS.

The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency. This will have an impact on the company and it is being currently accessed.

4. Standards or Interpretations that became effective in the current period

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments does not have any impact on the Company's financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Standards or Interpretations that became effective in the current period –

continued IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard does not apply.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments does not to have any impact on the Group as it does not have any bearer plants.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments does not to have any impact on the Group.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12) The IASB proposed amendments to IAS 12 to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value

- In redeliberations, the IASB decided to amend IAS 12, as follows:
- To revise the requirements relating to recovery of an asset for more than its carrying amount in a way that enhances understanding and reduces the risk of an arbitrary estimate of probable future taxable profit
- To clarify that taxable profit excluding tax deductions used for assessing the utilisation of deductible temporary differences is different from taxable profit on which income taxes are payable

The exposure draft of this proposed amendment was issued in quarter 3 of the year 2014 while amendments are expected in Q1 2016. The amendment is not expected to have impact on the Group.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively. These amendments does not have any impact on the Group.

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Standards or Interpretations that became effective in the current period – continued

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Group.

IAS 19 Employee Benefits: Discount rate; regional market issue

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively. These amendment is not relevant to the Group.

IAS 34 Interim Financial Reporting: Disclosure of information elsewhere in the interim financial reporting The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendment is not relevant to the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendment is not relevant to the Company.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Standards or Interpretations that became effective in the current period –

continued Annual Improvements 2012-2014 Cycle – continued

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments does not have any impact on the Group and Company.

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 IFRS9 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 accessing the impact of this standard.

5 Correction of errors

i. In 2015 and 2014, the Company had an existing subsidiary. The Company was expected to prepare consolidated financial statements, using uniform accounting policies for like transactions and other events in similar circumstances, since it had not met the condition for exemption from doing so.

ii. Between 2012 and 2015, the Company revalued its building which it carried under revaluation model. This building is expected to be recovered through use and as such, the deferred tax arising from the temporary difference on the building should have been computed using the company income tax rate of 30%. However, the deferred tax attributable to temporary difference arising from the revaluation of the building including reversal therefrom has been computed using capital gain tax of 10%.

iii. Over the years, the Company had not recognized deferred tax assets on its carryforward unused tax losses to extent that the entity has sufficient taxable temporary differences.

iv. Also, over the years, the Company had carried in its books an item of investment property at 1 Turnbull Road Ikoyi which it had no title documents and thus could not claim ownership to.

In performing the audit of 2016 consolidated and separate financial statements, the above prior year errors were discovered and have been corrected by restating each of the affected consolidated and separate financial statements line items for the prior periods as follows:

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5 Correction of errors - continued

For the Group:

IMPACT ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION										
	31-Dec-2015					1-Jan-2015				
	Parent	Subsidiary	Parent adjustments	Consolidation adjustment	*Restated Consolidated	Parent	Subsidiary	Parent adjustments	Consolidation adjustment	*Restated Consolidated
Assets	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents	697,968	178,655	-	-	876,623	952,573	412,065	-	-	1,364,638
Financial assets							-			
- Held-for-trading	43,341	-	-	-	43,341	50,610	-	-	-	50,610
- Available-for-sale	1,105,291	-	-	-	1,105,291	1,051,628	-	-	-	1,051,628
- Loans and receivables	107,228	-	-	-	107,228	119,240	-	-	-	119,240
Trade receivables	13,381	62,768	-	-	76,149	12,629	109,507	-	-	122,136
Other receivables and prepayments	133,868	144,315	-	(100,000)	178,183	138,140	68,937	-	(100,000)	107,077
Reinsurance assets	381,651	-	-	-	381,651	739,092	-			739,092
Deferred acquisition costs	145,373	-	-	-	145,373	176,039	-			176,039
Non-current assets held for sale	1,044,068	-	(1,044,068)	-	-	986,225	-	(986,225)	-	-
Investment in subsidiary	-	-	1,000,000	(1,000,000)	-	-	-	1,000,000	(1,000,000)	-
Investment properties	2,355,000	-	(327,000)	-	2,028,000	2,355,000	-	(327,000)	-	2,028,000
Intangible assets	1,079	-	-	-	1,079	2,158	2,036			4,194
Property, plant and equipment	1,720,994	496,318	-	-	2,217,312	1,829,924	415,291			2,245,215
Statutory deposit	322,500	-	-	-	322,500	322,500	-			322,500
Total assets	**8,071,742**	**882,056**	**(371,068)**	**(1,100,000)**	**7,482,730**	**8,735,758**	**1,007,836**	**(313,225)**	**(1,100,000)**	**8,330,369**
Liabilities										
Insurance contract liabilities	3,354,543	-	-	-	3,354,543	4,007,977	-			4,007,977
Trade payables	454,906	-	-	-	454,906	315,652	-			315,652
Provisions and other payables	1,070,172	49,685	-	(100,000)	1,019,857	1,064,840	173,181		(100,000)	1,138,021
Current income tax payable	318,638	79,654	-	-	398,292	307,012	24,370			331,382
Deferred tax liabilities	152,226	-	(152,226)	-	-	152,226	-	(152,226)		-
Borrowings	4,460,739	-	-	-	4,460,739	4,016,850	-			4,016,850
Deposit for shares	381,582	-	-	-	381,582	393,761	-			393,761
Total liabilities	**10,192,806**	**129,339**	**(152,226)**	**(100,000)**	**10,069,919**	**10,258,318**	**197,551**	**(152,226)**	**(100,000)**	**10,203,643**
Equity										
Share capital	642,043	2,222,000	-	(2,222,000)	642,043	642,043	2,222,000	-	(2,222,000)	642,043
Share premium	963,097	65,170	-	(65,170)	963,097	963,097	65,170	-	(65,170)	963,097
Statutory contingency reserve	1,410,580	8,366	-	-	1,418,946	1,295,153	8,366	-	-	1,303,519
Capital reserve	7,926,398	-	-	-	7,926,398	7,926,398	-	-	-	7,926,398
Accumulated losses	(13,441,899)	(1,542,819)	(107,573)	1,144,154	(13,948,137)	(12,616,462)	(1,485,251)	(107,573)	1,133,216	(13,076,070)
Property revaluation reserve	302,407	-	(67,201)	-	235,206	302,407	-	(67,201)		235,206
Available-for-sale reserve	76,310	-	(44,068)	-	32,242	(35,196)	-	13,775	-	(21,421)
Equity attributable to the owners of the parent	(2,121,064)	752,717	(218,842)	(1,143,016)	(2,730,205)	(1,522,560)	810,285	(160,999)	(1,153,954)	(2,027,228)
Non-controlling interest	-	-	-	143,016	143,016				153,954	153,954
Total equity	(2,121,064)	752,717	(218,842)	(1,000,000)	(2,587,189)	(1,522,560)	810,285	(160,999)	(1,000,000)	(1,873,274)
Total liabilities and equity	**8,071,742**	**882,056**	**(371,068)**	**(1,100,000)**	**7,482,730**	**8,735,758**	**1,007,836**	**(313,225)**	**(1,100,000)**	**8,330,369**

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5 Correction of errors - continued For the Group:

IMPACT ON CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	31-Dec-2015				
	Parent	Subsidiary	Parent adjustments	Consolidation adjustment	*Restated Consolidated
	=N='000	=N='000	=N='000	=N='000	=N='000
Gross written premium	3,847,583	-	-	-	3,847,583
Gross premium income	4,170,684	-	-	-	4,170,684
Reinsurance expenses	(1,175,816)	-	-	-	(1,175,816)
Net premium income	2,994,868	-	-	-	2,994,868
Commission income	94,057	-	-	-	94,057
Net underwriting income	3,088,925	-	-	-	3,088,925
Underwriting expenses					
Claims expenses	(1,225,156)	-	-	-	(1,225,156)
Acquisition costs	(622,196)	-	-	-	(622,196)
Maintenance costs	(249,010)	-	-	-	(249,010)
Total underwriting expenses	(2,096,362)	-	-	-	(2,096,362)
Underwriting results	992,563	-	-	-	992,563
Investment income	62,971	30,652	-	-	93,623
Net realised gains	2,211	-	-	-	2,211
Net fair value gains/(loss)	(7,269)	-	-	-	(7,269)
Other income	329,371	450,459	-	-	779,830
Allowance for impairment of assets	(15,858)	-	-	-	(15,858)
Management expenses	(1,663,680)	(481,644)	-	-	(2,145,324)
Results from operating activities	(299,691)	(533)	-	-	(300,224)
Finance costs	(398,692)	-	-	-	(398,692)
Loss before income tax expenses	(698,383)	(533)	-	-	(698,916)
Income tax credit/(expense)	(11,626)	(57,036)			(68,662)
Loss for the year	(710,009)	(57,569)	-	-	(767,578)
Loss for the year attributable to:					
Equity holders of the parent	(710,009)	(57,569)	-	10,938	(756,640)
Non-controlling interests	-	-	-	(10,938)	(10,938)
	(710,009)	(57,569)	-	-	(767,578)
Loss per share:					
Basic and diluted loss for the year attributable to equity holders of the parent	(55.29)	-	-	(3.63)	(58.92)

IMPACT ON CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	31-Dec-2015				
	Parent	Subsidiary	Parent adjustments	Consolidation adjustment	*Restated Consolidated
	=N='000	=N='000	=N='000	=N='000	=N='000
Loss for the year	(710,009)	(57,569)	-	-	(767,578)
OCI to be reclassified to profit or loss in subsequent period:					
Net gain on available-for-sale financial assets	111,506	-	(57,843)	-	53,663
OCI for the year, net of tax	111,506	-	(57,843)	-	53,663
Total comprehensive loss for the year	**(598,503)**	**(57,569)**	**(57,843)**	**-**	**(713,915)**

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5 Correction of errors -

continued For the Group:

IMPACT ON CONSOLIDATED STATEMENT OF CASHFLOWS					
	31-Dec-2015				
			Parent	Consolidation	*Restated
	Parent	Subsidiary	adjustments	adjustment	Consolidated
	=N='000	=N='000	=N='000	=N='000	=N='000
Operating activities					
Premium received from policy holders	3,846,831	-	-	-	3,846,831
Reinsurance premium paid	(994,010)	-	-	-	(994,010)
Commission received	94,057	-	-	-	94,057
Commission paid	(591,530)	-	-	-	(591,530)
Claims paid	(1,528,285)	-	-	-	(1,528,285)
Claims recoverable from re-insurers	148,431	-	-	-	148,431
Other operating cash payments	(1,650,758)	(599,114)	-	-	(2,249,872)
Other operating income	22,583	450,459	-	-	473,042
Cash used in operating activities	(652,681)	(148,655)	-	-	(801,336)
Income tax paid	-	(1,752)	-	-	(1,752)
Net cash used in operating activities	(652,681)	(150,407)	-	-	(803,088)
Investing activities					
Purchase of property, plant and equipment	(13,769)	(113,655)	-	-	(127,424)
On disposal of property, plant and equipment	8,935	-	-	-	8,935
Dividend income	37	-	-	-	37
Interest income	62,934	30,652	-	-	93,586
Cash provided by/(used in) investing activities	58,137	(83,003)	-	-	(24,866)
Financing activities					
Deposit for shares	(12,179)	-	-	-	(12,179)
Cash used in financing activities	(12,179)	-	-	-	(12,179)
Net decrease in cash and cash equivalents	(606,723)	(233,410)	-	-	(840,133)
Cash and cash equivalents at beginning of the year	926,811	412,065			1,338,876
Effect of exchange differentials	306,788	-			306,788
Cash and cash equivalents at end of the year	**626,876**	**178,655**	**-**	**-**	**805,531**

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5 Correction of errors - continued

For the Company:

IMPACT ON SEPARATE STATEMENT OF FINANCIAL POSITION

	31-Dec-15			1-Jan-15		
	Audited	Adjustments	Restated*	Audited	Adjustments	Restated*
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Assets						
Non-current assets held for sale	1,044,068	(1,044,068)	-	986,225	(986,225)	-
Investment in subsidiary	-	1,000,000	1,000,000	-	1,000,000	1,000,000
Investment properties	2,355,000	(327,000)	2,028,000	2,355,000	(327,000)	2,028,000
Total assets	**3,399,068**	**(371,068)**	**3,028,000**	**3,341,225**	**(313,225)**	**3,028,000**
Liabilities						
Deferred tax liabilities	152,226	(152,226)	-	152,226	(152,226)	-
Total liabilities	**152,226**	**(152,226)**	**-**	**152,226**	**(152,226)**	**-**
Equity						
Accumulated losses	(13,441,899)	(107,573)	(13,549,472)	(12,616,463)	(107,573)	(12,724,036)
Property revaluation reserve	302,407	(67,201)	235,206	302,407	(67,201)	235,206
Available-for-sale reserve	76,310	(44,068)	32,242	(35,196)	13,775	(21,421)
Total equity	(13,063,182)	(218,842)	(13,282,024)	(12,349,252)	(160,999)	(12,510,251)
Total liabilities and equity	**(12,910,956)**	**(371,068)**	**(13,282,024)**	**(12,197,026)**	**(313,225)**	**(12,510,251)**

IMPACT ON SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

	31-Dec-15		
	Audited	Adjustments	Restated*
	=N='000	=N='000	=N='000
OCI to be reclassified to profit or loss in subsequent period:			
Net gain on available-for-sale financial assets	111,506	57,843	53,663
OCI for the year, net of tax	111,506	57,843	53,663
Total comprehensive loss for the year	**111,506**	**57,843**	**53,663**

The change did not have any impact on the operating, investing and financing cash flows of the Company.

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group			Company		
			Restated*	Restated*		Restated*	Restated*
		31-Dec-16	31-Dec-15	1-Jan-15	31-Dec-16	31-Dec-15	1-Jan-15
	Note	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Assets							
Cash and cash equivalents	1	553,560	876,623	1,364,638	461,814	697,968	952,573
Financial assets							
- Held-for-trading	2.1	46,408	43,341	50,610	46,408	43,341	50,610
- Available-for-sale	2.2	563,996	1,105,291	1,051,628	563,996	1,105,291	1,051,628
- Loans and receivables	2.3	14,142	107,228	119,240	14,142	107,228	119,240
Trade receivables	3	252,887	76,149	122,136	1,474	13,381	12,629
Other receivables and prepayments	4	145,420	178,183	107,077	115,460	133,868	138,140
Reinsurance assets	5	886,058	381,651	739,092	886,058	381,651	739,092
Deferred acquisition costs	6	63,480	145,373	176,039	63,480	145,373	176,039
Investment in subsidiary	7	-	-	-	1,000,000	1,000,000	1,000,000
Investment properties	8	2,821,600	2,028,000	2,028,000	2,821,600	2,028,000	2,028,000
Intangible assets	9	4,271	1,079	4,194	-	1,079	2,158
Property, plant and equipment	10	3,282,970	2,217,312	2,245,215	2,807,296	1,720,994	1,829,924
Statutory deposit	11	322,500	322,500	322,500	322,500	322,500	322,500
Total assets		**8,957,292**	**7,482,730**	**8,330,369**	**9,104,228**	**7,700,674**	**8,422,533**
Liabilities							
Insurance contract liabilities	12	3,483,956	3,354,543	4,007,977	3,483,956	3,354,543	4,007,977
Trade payables	13	520,085	454,906	315,652	520,085	454,906	315,652
Provisions and other payables	14	1,023,027	1,019,857	1,138,021	1,069,697	1,070,172	1,064,841
Current income tax payable	15	396,667	398,292	331,382	378,828	318,638	307,012
Deferred tax liabilities	16	402,246	-	-	402,246	-	-
Borrowings	17	8,128,050	4,460,739	4,016,850	8,128,050	4,460,739	4,016,850
Deposit for shares	18	380,182	381,582	393,761	380,182	381,582	393,761
Total liabilities		**14,334,213**	**10,069,919**	**10,203,643**	**14,363,044**	**10,040,580**	**10,106,093**

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION - Continued

AS AT 31 DECEMBER 2016

		Group			Company		
			Restated*	Restated*		Restated*	Restated*
		31-Dec-16	31-Dec-15	1-Jan-15	31-Dec-16	31-Dec-15	1-Jan-15
	Note	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Equity							
Share capital	19	642,043	642,043	642,043	642,043	642,043	642,043
Share premium	20	963,097	963,097	963,097	963,097	963,097	963,097
Statutory contingency reserve	21	1,489,485	1,418,946	1,303,519	1,469,825	1,410,580	1,295,153
Capital reserve	22	7,926,398	7,926,398	7,926,398	7,926,398	7,926,398	7,926,398
Accumulated losses	23	(17,708,789)	(13,948,137)	(13,076,070)	(17,403,464)	(13,549,472)	(12,724,036)
Property revaluation reserve	24	1,071,640	235,206	235,206	1,071,640	235,206	235,206
Available-for-sale reserve	25	71,645	32,242	(21,421)	71,645	32,242	(21,421)
Equity attributable to the owners of the parent		(5,544,481)	(2,730,205)	(2,027,228)	(5,258,816)	(2,339,906)	(1,683,560)
Non-controlling interest	26	167,560	143,016	153,954	-	-	-
Total (deficit)/equity		(5,376,921)	(2,587,189)	(1,873,274)	(5,258,816)	(2,339,906)	(1,683,560)
Total liabilities and equity		**8,957,292**	**7,482,730**	**8,330,369**	**9,104,228**	**7,700,674**	**8,422,533**

These consolidated and separate financial statements were approved by the Board of Directors and authorized for issue on 24 October 2017 and signed on its behalf by:

…………………………………………………..	…………………………………………………..	…………………………………………………..
Mr. Muhammad K. Ahmad, OON	**Mr. Peter A. Irene**	**Mr. Emmanuel Bassey**
Interim Chairman	Interim Managing Director	Chief Financial Officer
FRC/2015/IODN/0000002581	FRC/2014/ICAN/0000006610	FRC/2013/ICAN/000000000635

*Certain amounts shown here do not correspond to the 2015 financial statements, and have reflected adjustments as described in Note 5 in the summary of significant accounting policies.

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 2016

		Group		Company	
			Restated*		Restated*
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	Note	=N='000	=N='000	=N='000	=N='000
Gross written premium	27	1,974,832	3,847,583	1,974,832	3,847,583
Gross premium income	27	2,460,448	4,170,684	2,460,448	4,170,684
Reinsurance expenses	28	(629,837)	(1,175,816)	(629,837)	(1,175,816)
Net premium income		1,830,611	2,994,868	1,830,611	2,994,868
Commission income	29	107,182	94,057	107,182	94,057
Net underwriting income		1,937,793	3,088,925	1,937,793	3,088,925
Underwriting expenses					
Claims expenses	30	(461,848)	(1,225,156)	(461,848)	(1,225,156)
Acquisition costs	31	(319,937)	(622,196)	(319,937)	(622,196)
Maintenance costs	32	(199,977)	(249,010)	(199,977)	(249,010)
Total underwriting expenses		(981,762)	(2,096,362)	(981,762)	(2,096,362)
Underwriting results		956,031	992,563	956,031	992,563
Investment income	33	74,769	93,623	60,166	62,971
Net realised gains	34	24,028	2,211	24,028	2,211
Net fair value gains/(loss)	35	796,667	(7,269)	796,667	(7,269)
Other income	36	931,532	779,830	387,657	329,371
Charge on impairment of assets	37	(796,425)	(15,858)	(796,425)	(15,858)
Management expenses	38	(1,828,796)	(2,145,324)	(1,387,612)	(1,663,680)
Results from operating activities		157,806	(300,224)	40,512	(299,691)
Finance costs	39	(3,712,910)	(398,692)	(3,712,910)	(398,692)
Loss before income tax expense		(3,555,104)	(698,916)	(3,672,398)	(698,383)
Income tax expense	15	(110,465)	(68,662)	(122,349)	(11,626)
Loss for the year		(3,665,569)	(767,578)	(3,794,747)	(710,009)
Loss for the year attributable to:					
Equity holders of the parent		(3,690,113)	(756,640)	(3,794,747)	(710,009)
Non-controlling interests		24,544	(10,938)	-	-
		(3,665,569)	(767,578)	(3,794,747)	(710,009)
Loss per share:					
Basic and diluted loss for the year attributable to equity holders of the parent	40	(287.37)	(58.92)	(295.52)	(55.29)

*Certain of the amounts shown here do not correspond to the 2015 financial statements, and have reflected adjustments as described in Note 5 in the summary of significant accounting policies.

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 2016

		Group		Company	
			Restated*		Restated*
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	Note	=N='000	=N='000	=N='000	=N='000
Loss for the year		**(3,665,569)**	**(767,578)**	**(3,794,747)**	**(710,009)**
Other comprehensive income (OCI)					
OCI to be reclassified to profit or loss in subsequent periods:					
Net gain on available-for-sale financial assets	41	39,403	53,663	39,403	53,663
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
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		875,837	53,663	875,837	53,663
Total comprehensive loss for the year		**(2,789,732)**	**(713,915)**	**(2,918,910)**	**(656,346)**
Total comprehensive loss attributable to:					
Equity holders of the parent		(2,814,276)	(702,977)	(2,918,910)	(656,346)
Non-controlling interests		24,544	(10,938)	-	-
		(2,789,732)	(713,915)	(2,918,910)	(656,346)

*Certain amounts shown here do not correspond to the 2015 financial statements, and have reflected adjustments as described in Note 5 in the summary of significant accounting policies.

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 2016

	Attributable to owners of the parent									
Group	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 reserve =N='000	Total =N='000	Non-controlling interests =N='000	Total equity =N='000
As at 1 January 2015 (restated*)	**642,043**	**963,097**	**1,303,519**	**7,926,398**	**(13,076,070)**	**235,206**	**(21,421)**	**(2,027,228)**	**153,954**	**(1,873,274)**
Loss for the year (restated)	-	-	-	-	(756,640)	-	-	(756,640)	(10,938)	(767,578)
Other comprehensive income (restated)	-	-	-	-	-	-	53,663	53,663	-	53,663
Total comprehensive loss (restated)	-	-	-	-	(756,640)	-	53,663	(702,977)	(10,938)	(713,915)
Transfer between reserves (restated)	-	-	115,427	-	(115,427)	-	-	-	-	-
At 31 December 2015 (restated*)	**642,043**	**963,097**	**1,418,946**	**7,926,398**	**(13,948,137)**	**235,206**	**32,242**	**(2,730,205)**	**143,016**	**(2,587,189)**
Loss for the year	-	-	-	-	(3,690,113)	-	-	(3,690,113)	24,544	(3,665,569)
Other comprehensive income	-	-	-	-	-	836,434	39,403	875,837	-	875,837
Total comprehensive loss	-	-	-	-	(3,690,113)	836,434	39,403	(2,814,276)	24,544	(2,789,732)
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)**	**167,560**	**(5,376,921)**

*Certain amounts shown here do not correspond to the 2015 financial statements, and have reflected adjustments as described in Note 5 in the summary of significant accounting policies.

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 2016

	Attributable to owners of the parent							
Company	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 reserve =N='000	Total =N='000
As at 1 January 2015	**642,043**	**963,097**	**1,295,153**	**7,926,398**	**(12,616,463)**	**302,407**	**(35,196)**	**(1,522,561)**
Adjustment on correction*	-	-	-	-	(107,573)	(67,201)	13,775	(160,999)
As at 1 January 2015 (restated*)	642,043	963,097	1,295,153	7,926,398	(12,724,036)	235,206	(21,421)	(1,683,560)
Loss for the year	-	-	-	-	(710,009)	-	-	(710,009)
Other comprehensive income (restated)	-	-	-	-	-	-	53,663	53,663
Total comprehensive loss (restated)	-	-	-	-	(710,009)	-	53,663	(656,346)
Transfer between reserves	-	-	115,427	-	(115,427)	-	-	-
At 31 December 2015	**642,043**	**963,097**	**1,410,580**	**7,926,398**	**(13,549,472)**	**235,206**	**32,242**	**(2,339,906)**
Loss for the year	-	-	-	-	(3,794,747)	-	-	(3,794,747)
Other comprehensive income	-	-	-	-	-	836,434	39,403	875,837
Total comprehensive loss	-	-	-	-	(3,794,747)	836,434	39,403	(2,918,910)
Transfer between reserves	-	-	59,245	-	(59,245)	-	-	-
At 31 December 2016	**642,043**	**963,097**	**1,469,825**	**7,926,398**	**(17,403,464)**	**1,071,640**	**71,645**	**(5,258,816)**

*Certain amounts shown here do not correspond to the 2015 financial statements, and have reflected adjustments as described in Note 5 in the summary of significant accounting policies.

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 2016

		Group		Company	
			Restated*		
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	Note	=N='000	=N='000	=N='000	=N='000
Operating activities					
Premium received from policy holders		1,875,182	3,846,831	1,875,182	3,846,831
Reinsurance premium paid		(624,398)	(994,010)	(624,398)	(994,010)
Commission received		107,182	94,057	107,182	94,057
Commission paid		(238,044)	(591,530)	(238,044)	(591,530)
Claims paid		(606,318)	(1,528,285)	(606,318)	(1,528,285)
Claims recoverable from re-insurers		249,653	148,431	249,653	148,431
Other operating cash payments	44	(1,912,208)	(2,249,872)	(1,296,413)	(1,650,758)
Other operating income		662,762	473,042	118,887	22,583
Cash used in operating activities	43	(486,189)	(801,336)	(414,269)	(652,681)
Income tax paid	15	(19,651)	(1,752)	(18,385)	-
Net cash used in operating activities		**(505,840)**	**(803,088)**	**(432,654)**	**(652,681)**
Investing activities					
Purchase of property, plant and equipment	10	(27,109)	(127,424)	(3,783)	(13,769)
Proceeds from disposal of property, plant and equipment		44,662	8,935	44,662	8,935
Purchase of intangible assets	9	(5,000)	-	-	-
Dividend income		570	37	570	37
Interest income		74,199	93,586	59,596	62,934
Cash provided by/(used in) investing activities		**87,322**	**(24,866)**	**101,045**	**58,137**
Financing activities					
Deposit for shares		(1,400)	(12,179)	(1,400)	(12,179)
Cash used in financing activities		**(1,400)**	**(12,179)**	**(1,400)**	**(12,179)**
Net decrease in cash and cash equivalents		(419,918)	(840,133)	(333,009)	(606,723)
Cash and cash equivalents at beginning of the year		805,531	1,338,876	626,876	926,811
Effect of exchange differentials		142,454	306,788	142,454	306,788
Cash and cash equivalents at end of the year	**45**	**528,067**	**805,531**	**436,321**	**626,876**
		528,067	805,531	436,321	626,876
		-	-	-	-

*Certain amounts shown here do not correspond to the 2015 financial statements, and have reflected adjustments as described in Note 5 in the summary of significant accounting policies.

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

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 Cash and cash equivalents	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Cash-in-hand	792	589	563	270
Balances with banks	116,102	239,317	105,450224,222	
Short-term placements	436,666	636,717	355,801473,476	
	553,560	876,623	461,814697,968	

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% (2015:8.5%) per annum. All amounts included as part of cash and cash equivalents are current.

2 Financial assets	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Held-for-trading (Note 2.1)	46,408	43,341	46,408	43,341
Available-for-sale (Note 2.2)	563,996	1,105,291	563,996	1,105,291
Loans and receivables (Note 2.3)	14,142	107,228	14,142	107,228
	624,546	1,255,860	624,546	1,255,860

2.1 Held-for-trading

At 1 January	43,341	50,610	43,341	50,610
Net fair value gain/(loss) (Note 35)	3,067	(7,269)	3,067	(7,269)
At 31 December	46,408	43,341	46,408	43,341

2.2 Available-for-sale financial assets

Heritage Banking Company Limited - at fair value	419,302	1,000,000	419,302	1,000,000
Pabod Breweries Limited - at fair value	144,694	105,291	144,694	105,291
	563,996	1,105,291	563,996	1,105,291

Movement in AFS at fair value

At 1 January	1,105,291	1,051,628	1,105,291	1,051,628
Fair value gains (Note 41)	(541,295)	53,663	(541,295)	53,663
At 31 December	563,996	1,105,291	563,996	1,105,291

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 Heritage's shares which was previously carried at cost.

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
2.3 Loans and receivables				
Staff loans	262,508	252,771	262,508	252,771
Impairment allowance on loans and receivables	(248,366)	(145,543)	(248,366)	(145,543)
	14,142	107,228	14,142	107,228

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

2 Financial assets - continued	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
2.3 Loans and receivables - continued	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Movement in allowance for impairment on loans and receivables				
At 1 January	145,543	132,685	145,543	132,685
Written off during the year	(1,347)	-	(1,347)	-
Charge during the year (Note 37)	104,170	12,858	104,170	12,858
At 31 December	248,366	145,543	248,366	145,543

3 Trade receivables

Insurance receivables	2,902,166	2,804,856	2,902,166	2,804,856
Fees receivable	251,413	62,768	-	-
	3,153,579	2,867,624	2,902,166	2,804,856
Allowance for impairment on insurance receivables (Note 3.2)	(2,900,692)	(2,791,475)	(2,900,692)	(2,791,475)
At 31 December	252,887	76,149	1,474	13,381
3.1 Insurance receivables comprise amount due from:				
Brokers	2,900,012	2,802,774	2,900,012	2,802,774
Insurers	2,154	2,082	2,154	2,082
	2,902,166	2,804,856	2,902,166	2,804,856
3.2 Allowance for impairment on insurance receivables				
At 1 January	2,791,475	2,802,127	2,791,475	2,802,127
Additions during the year (Note 37)	111,557	-	111,557	-
Recoveries during the year	-	(10,652)	-	(10,652)
Written off during the year	(2,340)	-	(2,340)	-
	2,900,692	2,791,475	2,900,692	2,791,475

All insurance receivables carrying values approximate fair value at the statement of financial position 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.

4 Other receivables and prepayments	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Investment receivables	257,564	257,564	257,564	257,564
Due from related parties	-	-	100,000	100,000
Withholding tax receivable	117,536	130,863	-	-
Prepayments	16,421	34,170	11,063	28,901
Sundry receivables	11,463	13,150	4,397	4,967
	402,984	435,747	373,024	391,432
Allowance for impairment on investment receivables	(257,564)	(257,564)	(257,564)	(257,564)
	145,420	178,183	115,460	133,868

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

4 Other receivables and prepayments - continued	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Allowance for impairment on investment receivables				
At 1 January	257,564	254,564	257,564	254,564
Charge during the year (Note 37)	-	3,000	-	3,000
At 31 December	257,564	257,564	257,564	257,564

5 Reinsurance assets

	Group 2016	Group 2015	Company 2016	Company 2015
Reinsurance share of outstanding claims	757,778	181,889	757,778	181,889
Reinsurance share of IBNR on OCR	50,026	116,069	50,026	116,069
Outstanding claims recoverable	807,804	297,958	807,804	297,958
Prepaid reinsurance expenses	78,254	83,693	78,254	83,693
	886,058	381,651	886,058	381,651
Movement in outstanding claims recoverable				
Balance at beginning of the year	297,958	473,593	297,958	473,593
Recovery from reinsurance during the year	(249,653)	(148,431)	(249,653)	(148,431)
Increase during the year (Note 30)	759,499	(27,204)	759,499	(27,204)
Balance at end of the year	807,804	297,958	807,804	297,958
Movement in prepaid reinsurance expenses				
Balance at beginning of the year	83,693	265,499	83,693	265,499
Reinsurance cost during the year	624,398	994,010	624,398	994,010
Increase during the year	(629,837)	(1,175,816)	(629,837)	(1,175,816)
Balance at end of the year	78,254	83,693	78,254	83,693

Reinsurance assets represent the extent of credit risk related to reinsurance and its obligations to policy holders.

Reinsurance assetsare 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	Motor	General accident	Marine	Oil and energy	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
At 1 January 2015	25,435	48,789	52,402	22,016	27,397	176,039
Commission incurred during the year (Note 31)	81,323	174,096	95,823	71,882	168,406	591,530
Amortisation	(72,738)	(192,761)	(107,116)	(85,378)	(164,203)	(622,196)
At 31 December 2015	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
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
2015						
Current	34,020	30,124	41,109	8,520	31,600	145,373
Non-current	-	-	-	-	-	-
	34,020	30,124	41,109	8,520	31,600	145,373

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

7 Investment in subsidiary

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=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

Subsidiary	**Equity interest % 2016**	**2015**	**Country of incorporation**	**Business operation**
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	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
At 1 January	2,028,000	2,028,000	2,028,000	2,028,000
Net gain on fair value adjustments (Note 35)	793,600	-	793,600	-
At 31 December	2,821,600	2,028,000	2,821,600	2,028,000

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 and movement

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
IEI Ibadan Estate, Liberty Road, Oke Ado Ibadan	1,410,000	900,000	1,410,000	900,000
No 3 Oshunkeye Crescent, Gbagada Industrial Scheme, Lagos	1,020,000	760,000	1,020,000	760,000
7 Onitsha-Aba Benin Expressway, Asaba, Delta State	314,600	308,000	314,600	308,000
Ugbo-Enyi-Nike, Enugu Local Government	77,000	60,000	77,000	60,000
	2,821,600	2,028,000	2,821,600	2,028,000

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. Bassey and Associates (a registered estate surveyor & valuer) as at 31 December 2016, 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 2016 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 saleof similar property within the area.	Rent per annum ranges from N1.2million to N1.5million. Property has approximate total area of 2.6 hectres 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 saleof 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 saleof 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 appoarch 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 N2milliom to

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.

8 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 2016				
Investment properties	-	-	2,821,600	2,821,600
31 December 2015				
Investment properties	-	-	2,028,000	2,028,000

9 Intangible assets

	Group =N='000	Company =N='000
Cost:		
At 1 January 2015	53,960	10,790
Additions	-	-
At 31 December 2015	53,960	10,790
Additions	5,000	-
At 31 December 2016	58,960	10,790
Accumulated amortisation:		
At 1 January 2015	49,766	8,632
Charge for the year (Note 38)	3,115	1,079
At 31 December 2015	52,881	9,711
Charge for the year (Note 38)	1,808	1,079
At 31 December 2016	54,689	10,790
Carrying amount:		
At 31 December 2016	4,271	-
At 31 December 2015	1,079	1,079

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment

Group	Land and buildings =N='000	Leasehold improve-ments =N='000	Plant and machinery =N='000	Motor vehicles =N='000	Furniture fittings office and computer equipment =N='000	Total =N='000
Cost/valuation:						
At 1 January 2015	1,975,239	153,277	129,113	571,441	312,247	3,141,317
Additions	16,349	-	7,395	38,500	65,180	127,424
Disposals	-	-	-	(16,491)	-	(16,491)
Write-off/retired	-	-	-	(4,450)	-	(4,450)
At 31 December 2015	1,991,588	153,277	136,508	589,000	377,427	3,247,800
Additions	1,690	-	305	6,608	18,506	27,109
Disposals	-	-	(1,635)	(133,745)	(2,708)	(138,088)
Write-off/retired	-	(134,277)	-	(83,007)	-	(217,284)
Revaluation	1,113,019	-	-	-	-	1,113,019
At 31 December 2016	3,106,297	19,000	135,178	378,856	393,225	4,032,556
Accumulated depreciation:						
At 1 January 2015	46,751	151,377	119,010	362,122	216,842	896,102
Charge for the year (Note 38)	21,752	1,900	5,515	84,318	31,476	144,961
Disposals	-	-	-	(9,767)	-	(9,767)
Write-off/retired	-	-	-	(808)	-	(808)
At 31 December 2015	68,503	153,277	124,525	435,865	248,318	1,030,488
Charge for the year (Note 38)	26,486	-	4,912	65,501	38,824	135,723
Disposals	-	-	(1,634)	(113,717)	(2,103)	(117,454)
Write-off/retired	-	(134,277)	-	(83,007)	-	(217,284)
Revaluation	(81,887)	-	-	-	-	(81,887)
At 31 December 2016	13,102	19,000	127,803	304,642	285,039	749,586
Net book value:						
At 31 December 2016	3,093,195	-	7,375	74,214	108,186	3,282,970
At 31 December 2015	1,923,085	-	11,983	153,135	129,109	2,217,312

Revaluation of land and building

The revalued land and buildings consists of the head office building at Victoria Island, Lagos and other properties at D Line in Portharcourt, Aba Road, Portharcourt 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 2016, the property's fair value was based on valuations performed by Messrs E. Bassey and Associates, an accredited independent valuer who has valuation experience for similar offices.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment - continued

Company	Land and building =N='000	Leasehold improve- ment =N='000	Plant and machinery =N='000	Motor vehicles =N='000	Furniture fittings office and computer equipment =N='000	Total =N='000
Cost/valuation:						
At 1 January 2015	1,607,399	134,277	122,982	479,438	216,224	2,560,320
Additions	9,849	-	1,286	-	2,634	13,769
Disposals	-	-	-	(16,491)	-	(16,491)
Write-off/retired	-	-	-	(4,450)	-	(4,450)
At 31 December 2015	1,617,248	134,277	124,268	458,497	218,858	2,553,148
Additions	1,690	-	95	-	1,998	3,783
Disposals	-	-	(1,635)	(133,745)	(2,708)	(138,088)
Write-off/retired	-	(134,277)	-	(83,007)	-	(217,284)
Revaluation	1,113,019	-	-	-	-	1,113,019
At 31 December 2016	2,731,957	-	122,728	241,745	218,148	3,314,578
Accumulated depreciation:						
At 1 January 2015	46,751	134,277	112,915	306,391	130,062	730,396
Charge for the year (Note 38)	16,137	-	4,603	69,129	22,464	112,333
Disposals	-	-	-	(9,767)	-	(9,767)
Write-off/retired	-	-	-	(808)	-	(808)
At 31 December 2015	62,888	134,277	117,518	364,945	152,526	832,154
Charge for the year (Note 38)	18,999	-	3,657	46,807	22,290	91,753
Disposals	-	-	(1,634)	(113,717)	(2,103)	(117,454)
Write-off/retired	-	(134,277)	-	(83,007)	-	(217,284)
Revaluation	(81,887)	-	-	-	-	(81,887)
At 31 December 2016	-	-	119,541	215,028	172,713	507,282
Net book value:						
At 31 December 2016	2,731,957	-	3,187	26,717	45,435	2,807,296
At 31 December 2015	1,554,360	-	6,750	93,552	66,332	1,720,994

There is no restriction on the realisability of the land and building or the remittance 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:

	2016 =N='000	2015 =N='000
Cost	1,425,923	1,424,233
Accumulated depreciation	(250,209)	(239,962)
Net carrying amount	1,175,714	1,184,271

INTERNATIONAL ENERGY INSURANCE PLC

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:

	Fair value measurement using			
	Quoted prices in active market Level 1	Significant obser-vable inputs Level 2	Significant unobser-vable inputs Level 3	Total
31 December 2016	=N='000	=N='000	=N='000	=N='000
Property, plant and equipment	-	-	3,125,182	3,125,182

During the reporting year ended 31 December 2016, 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

	Group		Company	
	2016	2015	2016	2015
	=N='000	=N='000	=N='000	=N='000
Minimum statutory deposit	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.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

12 Insurance contract liabilities

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Insurance contract liabilities consist of the following:				
Provision for reported claims	2,760,052	2,020,273	2,760,052	2,020,273
Provision for incurred but not reported claims	222,402	347,152	222,402	347,152
Reserve for outstanding claims	2,982,454	2,367,425	2,982,454	2,367,425
Reserve for unearned premium	501,502	987,118	501,502	987,118
	3,483,956	3,354,543	3,483,956	3,354,543
Movement in reserve for outstanding claims				
At 1 January	2,367,425	2,697,758	2,367,425	2,697,758
Claims incurred in the current accident year (Note	1,221,347	1,197,973	1,221,347	1,197,973
Claims paid during the year	(606,318)	(1,528,306)	(606,318)	(1,528,306)
At 31 December	2,982,454	2,367,425	2,982,454	2,367,425
Movement in reserve for unearned premium				
At 1 January	987,118	1,310,219	987,118	1,310,219
Premium written in the year (Note 27)	1,974,832	3,847,583	1,974,832	3,847,583
Premium earned during the year (Note 27)	(2,460,448)	(4,170,684)	(2,460,448)	(4,170,684)
At 31 December	501,502	987,118	501,502	987,118
Current	3,483,956	3,354,543	3,483,956	3,354,543
Non-current	-	-	-	-
	3,483,956	3,354,543	3,483,956	3,354,543

13 Trade payables

This represents the amount payable to insurance companies on facultative placements.	520,085	454,906	520,085	454,906

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	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Staff pension	86,823	130,273	86,651	130,101
Pay-As-You-Earn	46,515	52,031	28,152	39,168
Accruals (Note 14.1)	313,264	342,749	278,471	306,099
Other creditors - Costain	164,604	164,604	164,604	164,604
Other creditors - Coscharis Motors	7,120	7,120	7,120	7,120
Provision for contingent liabilities	68,497	68,497	68,497	68,497
NAICOM Levy	14,193	14,194	14,193	14,194
Sundry creditors (Note 14.2)	236,756	155,134	336,754	255,134
Deposit premium	21,044	21,044	21,044	21,044
Unclaimed dividend	64,211	64,211	64,211	64,211
	1,023,027	1,019,857	1,069,697	1,070,172

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

14 Provisions and other payables - continued	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
14.1 Accruals comprise:	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Accrued expense	103,297	14,866	95,092	-
Professional fees	83,325	204,125	83,325	204,125
WHT payable	47,186	52,729	34,602	31,582
AGM expenses	29,335	29,335	29,335	29,335
VAT payable	25,322	11,955	11,318	11,318
Industrial Training Fund (ITF)	13,412	13,411	13,412	13,411
Audit fee	10,000	10,568	10,000	10,568
Accrued claims	1,387	1,387	1,387	1,387
Accrued commission	-	4,373	-	4,373
	313,264	342,749	278,471	306,099
14.2 Sundry creditors comprise:				
Anchor pension limited	-	-	146,180	146,180
Staff cooperative	45,806	21,214	45,806	21,214
Rivbank	5,981	5,981	5,981	5,981
Uncleared reconciling items	97,748	40,538	97,748	40,538
GMD Automobile	6,992	6,992	6,992	6,992
Vine Capital	3,168	3,168	3,168	3,168
WHT FGN	17,058	18,158	17,058	18,158
Other creditors	60,003	59,083	13,821	12,903
	236,756	155,134	336,754	255,134
15 Taxation				
Per statement of profit or loss:				
Company income tax	7,647	55,752	-	-
Minimum tax	54,398	11,626	54,398	11,626
Education tax	26,873	1,284	24,177	-
Information technology development levy	1,163	-	-	-
	90,081	68,662	78,575	11,626
Over provision	(23,390)	-	-	-
Deferred tax expense	43,774	-	43,774	-
Income tax expense	110,465	68,662	122,349	11,626
Per statement of financial position:				
Current income tax payable				
At 1 January	398,292	331,382	318,638	307,012
Charge to profit or loss	90,081	68,662	78,575	11,626
Over provision	(23,390)	-	-	-
Withholding tax credit notes utilised	(48,665)	-	-	-
Payment during the year	(19,651)	(1,752)	(18,385)	-
	396,667	398,292	378,828	318,638

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

15 Taxation - continued

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Reconciliation of tax charge				
Loss before income tax expense	(3,555,104)	(698,916)	(3,672,398)	(698,383)
Tax at Nigeria income tax rate of 30%	(1,066,531)	(209,675)	(1,101,719)	(209,515)
Non-deductible expenses	1,821,784	905,829	1,701,103	850,610
Tax exempt income	(178,660)	31,001	(26,178)	(674)
Minimum tax	54,398	11,626	54,398	11,626
Education tax	26,873	1,284	24,177	-
Information technology development levy	1,163	-	-	-
Over provision	(23,390)	-	-	-
Utilisation of previously unrecognised tax losses	(366,451)	(671,403)	(370,711)	(640,421)
Tax rate differential on fair value gains on investment properties	(158,720)	-	(158,720)	-
	110,465	68,662	122,349	11,626

16 Deferred taxation

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

	Group 2016	Group 2015	Company 2016	Company 2015
Deferred tax liabilities				
Accelerated depreciation	(159,782)	(132,745)	(122,866)	(91,569)
Revaluation gain on land and building	(455,243)	(97,779)	(455,243)	(97,779)
Unutilised tax credit	255,223	189,348	255,223	189,348
Fair value gains on investment properties	(79,360)	-	(79,360)	-
Losses carried forward	36,916	41,176	-	-
	(402,246)	-	(402,246)	-
Movement in temporary differences during the year:				
At 1 January	-	-	-	-
Recognised in profit or loss:				
Accelerated depreciation	26,029	69,848	30,289	36,447
Unutilised tax credit	(65,875)	(38,866)	(65,875)	(38,866)
Fair value gains on investment properties	79,360	-	79,360	-
Losses carried forward	4,260	(30,982)	-	2,419
	43,774	-	43,774	-
Recognised in other comprehensive income:				
Revaluation surplus on property	358,472	-	358,472	-
At 31 December	402,246	-	402,246	-

A deferred tax asset has not been recognised in respect of a tax loss carry forward of N375,700,000 (2015: N399,353,000) 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 (2015: N338,961,900) and no unutilised capital allowance (2015: N34,390,000) which can only be offset against future profits.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

17 Borrowings

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Book overdrafts	25,493	71,092	25,493	71,092
Daewoo Securities (Europe) Limited (Note 17.2)	8,102,557	4,389,647	8,102,557	4,389,647
	8,128,050	4,460,739	8,128,050	4,460,739

17.1 Daewoo Securities (Europe) Limited

At 1 January	4,389,647	3,990,955	4,389,647	3,990,955
Interest	1,408,345	386,149	1,408,345	386,149
Exchange rate differentials	2,304,565	12,543	2,304,565	12,543
	8,102,557	4,389,647	8,102,557	4,389,647

International Energy Insurance Plc issued a bond valued at 1,850,000,000 Japanese Yen (JPY) to Daewoo Securities (Europe) Limited who have acted as the foreign agent. The bond has a tenor of 20 years 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 Naira 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 Financer, 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.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

18 Deposit for shares	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Private placement	279,360	279,360	279,360	279,360
Staff	100,822	102,222	100,822	102,222
	380,182	381,582	380,182	381,582

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

19 Share capital	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Authorised:				
5,136,341,957 ordinary shares of 50 kobo each	2,568,171	2,568,171	2,568,171	2,568,171
1,600,000,000 redeemable preference shares of N2.5 kobo each	4,000,000	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	642,043

20 Share premium

At 1 December	963,097	963,097	963,097	963,097

Premium from issue od shares are reported in share premium account.

21 Statutory contingency reserve

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap I17 LFN 2004.

22 Capital reserve

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

23 Accumulated losses

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

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

24 Property revaluation reserve

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

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% (2015: 81%) in IEI 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 IEI Anchor Pension Managers Limited.

27 Gross premium income

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Gross premium written:				
Direct	1,961,444	3,796,697	1,961,444	3,796,697
Inward	13,388	50,886	13,388	50,886
Total gross written premium (Note 12)	1,974,832	3,847,583	1,974,832	3,847,583
Change in unearned premium	485,616	323,101	485,616	323,101
Gross premium income (Note 12)	2,460,448	4,170,684	2,460,448	4,170,684

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 reflected in reserve for unearned premiums in insurance contract liabilities.

28 Reinsurance expenses

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Outward reinsurance	624,398	994,010	624,398	994,010
(Increase) in prepaid reinsurance (Note 5)	5,439	181,806	5,439	181,806
	629,837	1,175,816	629,837	1,175,816

Reinsurance expenses represent outward premium paid to reinsurance companies.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

29 Commission income

	Group		Company	
	2016	2015	2016	2015
	=N='000	=N='000	=N='000	=N='000
Commission income	107,182	94,057	107,182	94,057

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

30 Claims expenses

	Group		Company	
	2016	2015	2016	2015
	=N='000	=N='000	=N='000	=N='000
Gross claims paid	606,318	1,528,285	606,318	1,528,285
Change in outstanding claims reserve	739,779	(209,898)	739,779	(209,898)
Changes in IBNR	(124,750)	(120,435)	(124,750)	(120,435)
	1,221,347	1,197,952	1,221,347	1,197,952
Recoverable from reinsurance (Note 30.1)	(759,499)	27,204	(759,499)	27,204
	461,848	1,225,156	461,848	1,225,156

30.1 Recoverable from reinsurance:

Reinsurance share of claims paid (Note 5)	(249,653)	(148,431)	(249,653)	(148,431)
Change in reinsurance share of outstanding claims	(575,889)	135,916	(575,889)	135,916
Changes in reinsurance share of IBNR	66,043	39,719	66,043	39,719
	(759,499)	27,204	(759,499)	27,204

31 Acquisition costs

Deferred acquisition costs at 1 January	145,373	176,039	145,373	176,039
Commission for the year (Note 6)	238,044	591,530	238,044	591,530
Gross commission	383,417	767,569	383,417	767,569
Deferred acquisition costs at 31 December	(63,480)	(145,373)	(63,480)	(145,373)
	319,937	622,196	319,937	622,196

32 Maintenance costs

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

33 Investment income

	Group		Company	
	2016	2015	2016	2015
	=N='000	=N='000	=N='000	=N='000
Short term investment income	40,241	56,308	26,665	25,656
Interest on bank and statutory deposits	33,958	37,278	32,931	37,278
Dividend income	570	37	570	37
	74,769	93,623	60,166	62,971

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

	Group		Company	
	2016	2015	2016	2015
	=N='000	=N='000	=N='000	=N='000
34 Net realised gains				
On disposal of property, plant and equipment	24,028	2,211	24,028	2,211
35 Net fair value gains/(loss)				
On held-for-trading financial assets (Note 2.1)	3,067	(7,269)	3,067	(7,269)
On investment properties (Note 8)	793,600	-	793,600	-
	796,667	(7,269)	796,667	(7,269)
36 Other income				
Fee based income	543,875	450,459	-	-
Recovered from short-term investments	78,060	-	78,060	-
Recovered from Crystal Life Share	35,933	-	35,933	-
Bad debt recovered (Note 3.2)	-	10,652	-	10,652
Exchange gains	142,454	306,788	142,454	306,788
Provisions no longer required	126,316	-	126,316	-
Sundry income	4,894	11,931	4,894	11,931
	931,532	779,830	387,657	329,371
37 Charge on impairment of assets				
Impairment on trade receivables (Note 3.2)	111,557	-	111,557	-
Impairment on loans and receivables (Note 2.3)	104,170	12,858	104,170	12,858
Impairment on available-for-sale asset (Note 41)	580,698	-	580,698	-
Impairment on other receivables (Note 4)	-	3,000	-	3,000
	796,425	15,858	796,425	15,858
38 Management expenses				
Personnel cost (Note 47)	1,048,857	1,240,052	835,127	1,055,417
Directors emoluments	79,240	98,691	21,381	30,810
Auditors remuneration	11,500	11,500	10,000	10,000
Depreciation note 10)	135,723	144,961	91,753	112,333
Amortisation (Note 9)	1,808	3,115	1,079	1,079
Bad debts written off	-	12,174	-	12,174
Property,plant and equipments written off	-	3,642	-	3,642
Legal and other professional fees	134,201	98,791	124,701	87,419
Motor running expenses	34,631	36,176	34,631	36,176
Subscription and donations	6,514	9,308	5,713	7,822
Corporate gift and miscellaneous	16,118	3,958	16,118	3,958
Repairs and maintenance	44,849	39,546	23,378	22,539
Rent and rates	24,566	44,806	21,847	38,227
Postage and telephone	16,812	13,985	9,162	8,063
Transport and travelling	30,616	41,576	19,627	34,105
Advertisements, sales and marketing	15,527	5,437	9,883	5,437
Printing and stationery	19,223	14,255	13,061	10,734
Balance carried forward	1,620,185	1,821,973	1,237,461	1,479,935

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

38 Management expenses - continued

	Group		Company	
	2016	2015	2016	2015
	=N='000	=N='000	=N='000	=N='000
Balance brought forward	1,620,185	1,821,973	1,237,461	1,479,935
Security expenses	10,491	10,035	9,435	8,703
Oil and diesel	28,432	24,167	17,955	18,391
Insurance and license	15,881	10,000	13,260	8,293
State and local goverment levy	5,240	8,497	2,678	2,040
NAICOM Levy	1,640	18,854	1,640	18,854
Tax expenses	11,582	25,167	11,432	25,142
Other operating expenses	37,393	57,838	25,376	49,742
ICT consumables	25,119	6,708	25,119	6,708
Internet subcription	26,754	21,462	20,645	17,661
Bank charges	5,995	11,627	5,752	11,012
Electricity and utilities	13,844	13,080	12,761	11,594
Fines and penalty	4,098	65,392	4,098	5,605
Sales and marketing	22,142	50,524	-	-
	1,828,796	2,145,324	1,387,612	1,663,680

39 Finance costs

Interest on borrowings	1,408,345	386,149	1,408,345	386,149
Exchange loss on borrowings	2,304,565	12,543	2,304,565	12,543
	3,712,910	398,692	3,712,910	398,692

40 Basic loss and diluted 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	
	2016	2015	2016	2015
Net losses attributables to owners of the parent =N='000	(3,690,113)	(756,640)	(3,794,747)	(710,009)
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	(287.37)	(58.92)	(295.52)	(55.29)

41 Net gain on available-for-sale financial assets

Fair value (loss)/gains on available-for-sale financial assets (Note 2.2)	(541,295)	53,663	(541,295)	53,663
Impairment recycled through p or l (Note 37)	580,698	-	580,698	-
	39,403	53,663	39,403	53,663

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

42 Revaluation surplus on property	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='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	(3,555,104)	(698,916)	(3,672,398)	(698,383)
Adjustments for items not involving movement of cash:				
Depreciation	135,723	144,961	91,753	112,333
Amortisation of intangible assets	1,808	3,115	1,079	1,079
Profit on disposal of PPE	(24,028)	(2,211)	(24,028)	(2,211)
Write-off on property, plant and equipment	-	3,642	-	3,642
Interest income	(74,199)	(93,586)	(59,596)	(62,934)
Dividend income	(570)	(37)	(570)	(37)
Fair value (gain)/loss on held-for-trading assets	(3,067)	7,269	(3,067)	7,269
Fair value gains on investment properties	(793,600)	-	(793,600)	-
Provisions no longer required	(126,316)	-	(126,316)	-
Charge on impairment of assets	796,425	15,858	796,425	15,858
Finance costs	3,712,910	398,692	3,712,910	398,692
Exchange gains	(142,454)	(306,788)	(142,454)	(306,788)
	3,482,632	170,915	3,452,536	166,903
Changes in working capital:				
Loans and receivables	(11,084)	(846)	(11,084)	(846)
Trade receivables	(288,295)	45,987	(99,650)	(752)
Other receivables and prepayments	(15,902)	(74,106)	18,408	1,272
Reinsurance assets	(504,407)	357,441	(504,407)	357,441
Deferred acquisition costs	81,893	30,666	81,893	30,666
Insurance contract liabilities	129,413	(653,434)	129,413	(653,434)
Trade payables	65,179	139,254	65,179	139,254
Provisions and other payables	129,486	(118,297)	125,841	5,198
	(413,717)	(273,335)	(194,407)	(121,201)
Cash used in operating activities	**(486,189)**	**(801,336)**	**(414,269)**	**(652,681)**

44 Reconciliation of other operating cash payments

Auditor's remuneration	(11,500)	(11,500)	(10,000)	(10,000)
Other expenses	(1,879,742)	(2,231,116)	(1,484,757)	(1,785,636)
Change in other assets and receivables	(215,631)	(28,213)	7,324	426
Change in trade payables and other liabilities	194,665	20,957	191,020	144,452
	(1,912,208)	(2,249,872)	(1,296,413)	(1,650,758)

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

45 Cash and cash equivalents for the purposes of the consolidated and separate cash flows:	**Group**		**Company**	
	2016	**2015**	**2016**	**2015**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Cash and cash equivalents	553,560	876,623	461,814	697,968
Overdrafts	(25,493)	(71,092)	(25,493)	(71,092)
	528,067	805,531	436,321	626,876

46 Loss before income tax expense

Loss before income tax expense is arrived at after charging/(crediting):

Depreciation of property, plant and equipment	135,723	144,961	91,753	112,333
Amortisation of intangible assets	1,808	3,115	1,079	1,079
Directors' emoluments	79,240	98,691	21,381	30,810
Auditors' remuneration	11,500	11,500	10,000	10,000
Profit on disposal of property and equipment	(24,028)	(2,211)	(24,028)	(2,211)
Net exchange loss/(gain)	2,162,111	(294,245)	2,162,111	(294,245)

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**	
	2016	**2015**	**2016**	**2015**
Short-term employee benefits:	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Salaries and allowances	132,358	169,395	80,809	115,745
Long-term employee benefits:				
Post employment pension benefits	1,321	3,523	1,321	3,523
	133,679	172,918	82,130	119,268
Fees and other emolument 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 benefit) 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	-	-
	8	8	3	3

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	70	127
General services	91	124	37	77
	228	348	143	269

INTERNATIONAL ENERGY INSURANCE PLC

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:

	Group		Company	
	2016	2015	2016	2015
Emolument range	**Number**	**Number**	**Number**	**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	14	18
=N=2,000,001 - =N=3,000,000	34	57	30	52
=N=3,000,001 - =N=4,000,000	33	63	22	57
=N=4,000,001 - =N=5,000,000	17	27	16	27
=N=5,000,001 - =N=8,000,000	35	27	30	21
=N=8,000,001 - =N=10,000,000	2	5	2	5
=N=10,000,001 - and above	5	5	4	4
	228	348	143	269
Staff costs				
Wages and salaries	880,569	1,073,790	693,531	922,708
Other staff costs	66,506	94,150	50,527	73,826
Pensions	101,782	72,112	91,069	58,883
	1,048,857	1,240,052	835,127	1,055,417

48 Related parties

Amount due from the Company's subsidiary (Note 4)	100,000	100,000

Outstanding balance are unsecured and interest free and settlement is expected to occur in cash.

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 (2015: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 2016 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 Compliance with regulations

The Company contravened certain sections of the Securities and Exchange Commission (SEC) Act. Details of the contraventions and penalty is as follows:

	Company	
	2016	2015
	=N='000	**=N='000**
Cummulative outstanding penalty pre-2016 accounting periods	21,160	-
Late submission of 2015 accounts	1,100	-
	22,260	-

INTERNATIONAL ENERGY INSURANCE PLC

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	**Non-life**	**Pension**	**Total**	**Eliminations**	**Consolidated**
2016	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
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
Impairment charge on assets	(796,425)	-	(796,425)	-	(796,425)
Depreciation	(91,753)	(43,970)	(135,723)	-	(135,723)
Ammortisation	(1,079)	(729)	(1,808)	-	(1,808)
Management expenses	(1,294,780)	(396,485)	(1,691,265)	-	(1,691,265)
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 (expense)/credit	(122,349)	11,884	(110,465)	-	(110,465)
Loss before income tax	(3,794,747)	129,178	(3,665,569)	-	(3,665,569)

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

52 Segment information - continued

Consolidated statement of financial position 2016	Non-life =N='000	Pension =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Segment assets	9,104,228	953,064	10,057,292	(1,100,000)	8,957,292
Segment liabilities	14,363,044	71,169	14,434,213	(100,000)	14,334,213

Consolidated statement of profit or loss 2015					
Gross written premium	3,847,583	-	3,847,583	-	3,847,583
Gross premium income	4,170,684	-	4,170,684	-	4,170,684
Reinsurance expenses	(1,175,816)	-	(1,175,816)	-	(1,175,816)
Net premium income	2,994,868	-	2,994,868	-	2,994,868
Commission income	94,057	-	94,057	-	94,057
Net underwriting income	3,088,925	-	3,088,925	-	3,088,925
Claims expenses	(1,225,156)	-	(1,225,156)	-	(1,225,156)
Underwriting expenses	(871,206)	-	(871,206)	-	(871,206)
Underwriting results	992,563	-	992,563	-	992,563
Investment income	62,971	30,652	93,623	-	93,623
Net realised gains	2,211	-	2,211	-	2,211
Net fair value gains/(loss)	(7,269)	-	(7,269)	-	(7,269)
Other income	329,371	450,459	779,830	-	779,830
Allowance for impairment of assets	(15,858)	-	(15,858)	-	(15,858)
Depreciation	(112,333)	-	(112,333)	-	(112,333)
Ammortisation	(1,079)	-	(1,079)	-	(1,079)
Management expenses	(1,550,268)	(481,644)	(2,031,912)	-	(2,031,912)
Results from operating activities	(299,691)	(533)	(300,224)	-	(300,224)
Finance costs	(398,692)	-	(398,692)	-	(398,692)
(Loss)/profit before income tax	(698,383)	(533)	(698,916)	-	(698,916)
Income tax credit/(expense)	(11,626)	(57,036)	(68,662)	-	(68,662)
(Loss)/profit before income tax	(710,009)	(57,569)	(767,578)	-	(767,578)

Consolidated statement of financial position 2015					
Segment assets	7,700,674	882,056	8,582,730	(1,100,000)	7,482,730
Segment liabilities	10,040,580	129,339	10,169,919	(100,000)	10,069,919

INTERNATIONAL ENERGY INSURANCE PLC

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 reconciles 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**	**Shareholders'**	**31-Dec 2016**
	contract	**funds**	**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	1,000,000	1,821,600	2,821,600
Property, plant and equipment	-	2,807,296	2,807,296
Statutory deposit	-	322,500	322,500
Total assets	3,958,276	5,145,952	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	-	8,128,050	8,128,050
Deposit for shares	-	380,182	380,182
Total liabilities	3,483,956	10,879,088	14,363,044
	474,320	(5,733,136)	(5,258,816)

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

53 Asset and Liability Management - continued

The Company	Insurance contract	Shareholders' funds	31-Dec 2015 Total
Assets	**=N='000**	**=N='000**	**=N='000**
Cash and cash equivalents	697,968	-	697,968
Financial assets			
- Held-for-trading	43,341	-	43,341
- Available-for-sale	714,976	390,315	1,105,291
- Loans and receivables	-	107,228	107,228
Trade receivables	-	13,381	13,381
Other receivables and prepayments	-	133,868	133,868
Reinsurance assets	381,651	-	381,651
Deferred acquisition costs	-	145,373	145,373
Investment in subsidiary	1,000,000	-	1,000,000
Investment properties	1,000,000	1,028,000	2,028,000
Intangible assets	-	1,079	1,079
Property, plant and equipment	-	1,720,994	1,720,994
Statutory deposit	-	322,500	322,500
Total assets	3,837,936	3,862,738	7,700,674
Liabilities			
Insurance contract liabilities	3,354,543	-	3,354,543
Trade payables	-	454,906	454,906
Provisions and other payables	-	1,070,172	1,070,172
Current income tax payable	-	318,638	318,638
Borrowings	-	4,460,739	4,460,739
Deposit for shares	-	381,582	381,582
Total liabilities	3,354,543	6,686,037	10,040,580
Gap	483,393	(2,823,299)	(2,339,906)

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 I17, LFN 2004, is maintained at all times.

  This is a risk based capital method of measuring the minimum amount appropriate for an insurance Company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the 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.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

54 Capital Management - continued

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

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

Capital Adequacy Test

Based on the capital adequacy calculation below, International Energy Insurance Plc has a deficit of N7.97 billion (2015:N5.47 billion).

	31-Dec 2016 =N='000	**31-Dec 2015 =N='000**
Shareholders funds as per statement of financial position	(5,258,816)	(2,339,906)
Capital Base	(5,258,816)	(2,339,906)

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 I17, 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	**2016**	**2015**
	=N='000	**=N='000**
Cash and cash equivalents	461,814	697,968
Financial assets		
- Held-for-trading	46,408	43,341
- Available-for-sale	563,996	1,105,291
- Loans and receivables	14,142	107,228
Trade receivables	1,474	13,381
Reinsurance assets	886,058	381,651
Deferred acquisition costs	63,480	145,373
Investment in subsidiary	1,000,000	1,000,000
Investment properties	2,821,600	2,028,000
Intangible assets	-	1,079
Property, plant and equipment	2,807,296	1,720,994
Statutory deposit	322,500	322,500
Admissible assets	8,988,768	7,566,806
Insurance contract liabilities	3,483,956	3,354,543
Trade payables and other payables	1,589,782	1,525,078
Current income tax payable	378,828	318,638
Borrowings	8,128,050	4,460,739
Deposit for shares	380,182	381,582
Admissible liabilities	13,960,798	10,040,580
Solvency margin	(4,972,030)	(2,473,774)
The higher of:		
15% of net premium income and Shareholders' funds	3,000,000	3,000,000
Shortfall in solvency margin	(7,972,030)	(5,473,774)

INTERNATIONAL ENERGY INSURANCE PLC

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:

	Outstanding claims					
Class of business	2016			2015		
	Gross OCR =N='000	**Gross IBNR =N='000**	**Total =N='000**	**Gross OCR =N='000**	**Gross IBNR =N='000**	**Total =N='000**
Fire	916,103	39,229	955,332	158,018	98,126	256,144
Motor	200,545	49,157	249,702	241,941	73,252	315,193
General accident	192,128	28,231	220,359	278,589	45,258	323,847
Marine	114,710	31,934	146,644	68,888	23,356	92,244
Oil and gas	1,066,939	62,471	1,129,410	1,066,083	106,135	1,172,218
Bond	248,982	11,380	260,362	211,503	1,025	212,528
	2,739,407	222,402	2,961,809	2,025,022	347,152	2,372,174

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.

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

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

Claims Paid Triangulations as at December 2016

Engineering

	Development Year									
Accident Year	0	1	2	3	4	5	6	7	8	9
2007	2,155,405	2,946,127	2,967,108	2,967,108	2,967,108	2,967,108	2,967,108	2,967,108	2,967,108	2,967,108
2008	1,663,875	15,481,401	21,084,341	21,253,904	21,261,232	21,261,232	21,261,232	21,261,232	21,261,232	
2009	826,633	24,691,782	42,303,187	45,320,858	45,320,858	45,714,661	45,714,661	45,714,661		
2010	6,703,050	19,195,632	28,979,579	29,977,541	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				
2012	10,370,677	15,710,945	19,418,198	21,936,645	21,936,645					
2013	3,346,692	10,616,415	11,513,500	12,856,525						
2014	7,405,390	16,877,021	25,362,193							
2015	2,347,589	25,578,122								
2016	2,157,746									

Fire

	Development Year									
Accident Year	0	1	2	3	4	5	6	7	8	9
2007	830,235	48,936,034	50,093,247	50,111,212	50,111,212	50,273,842	50,273,842	50,273,842	50,273,842	50,273,842
2008	15,748,083	50,078,239	51,135,543	53,512,186	53,512,186	53,512,186	53,772,419	53,772,419	53,772,419	
2009	13,762,688	102,563,358	135,810,989	136,275,468	137,473,260	137,494,226	137,765,117	137,765,117		
2010	28,645,647	90,577,893	94,268,787	99,435,591	99,882,848	99,917,070	99,917,070			
2011	13,923,481	35,465,268	48,060,075	50,167,419	50,631,381	51,388,551				
2012	9,347,077	69,421,670	152,096,308	152,171,189	155,729,020					
2013	103,237,103	254,997,798	265,149,145	268,828,766						
2014	48,693,632	130,726,630	136,860,747							
2015	49,870,563	68,242,214								
2016	24,737,200									

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 **Claims Paid Triangulations as at December 2016**

General Accident

	Development Year									
Accident Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	21,186,466	35,931,689	36,511,714	39,714,152	39,722,443	39,722,443	39,722,443	39,770,141	40,020,948	40,020,948
2008	37,476,097	95,506,896	107,660,287	112,485,086	116,784,291	117,197,869	117,476,673	117,915,000	118,418,899	
2009	36,269,804	109,590,910	138,837,283	148,033,009	160,771,935	160,996,671	162,129,291	162,140,341		
2010	62,229,157	136,677,223	176,004,024	177,947,414	181,585,898	182,081,546	184,493,496			
2011	63,430,710	118,837,585	128,494,257	136,009,502	136,706,118	137,223,492				
2012	84,757,916	143,318,260	168,484,797	180,145,307	187,140,496					
2013	26,318,524	75,846,051	103,752,516	107,261,782						
2014	12,420,537	44,796,798	75,785,739							
2015	21,328,628	41,511,481								
2016	16,877,298									

Marine

	Development Year									
Accident Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	4,413,936	6,747,821	6,878,557	6,878,557	21,752,594	21,911,284	21,911,284	21,911,284	21,911,284	21,911,284
2008	18,030,115	23,065,040	25,538,373	25,610,918	25,610,918	25,610,918	25,610,918	25,610,918	25,610,918	
2009	24,871,224	46,086,425	48,557,006	50,513,311	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			
2011	22,017,774	49,852,042	67,337,157	67,337,157	77,488,583	77,488,583				
2012	17,833,789	91,791,902	95,417,901	95,417,901	95,417,901					
2013	23,043,915	70,564,758	80,084,348	80,084,348						
2014	2,401,025	31,551,960	36,329,224							
2015	63,206,983	167,646,224								
2016	15,082,480									

INTERNATIONAL ENERGY INSURANCE PLC

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SEPARATE FINANCIAL STATEMENTS - CONTINUED

55 Management of insurance and financial risk - continued

55.1 Insurance risk - continued **Claims Paid Triangulations as at December 2016**

Motor

Accident Year	Development Year 0	1	2	3	4	5	6	7	8	9
2007	58,958,627	101,918,372	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	195,689,254	295,743,057	300,219,962	309,465,362	310,193,168	310,200,968	310,200,968	310,200,968	310,200,968	
2009	207,330,758	383,403,669	415,894,073	417,500,101	417,735,694	417,735,694	417,735,694	417,735,694		
2010	238,955,405	413,433,834	424,694,083	425,673,148	428,635,326	429,186,629	431,470,754			
2011	242,075,173	380,541,338	386,386,154	386,386,154	386,386,154	386,386,154				
2012	182,242,762	310,002,731	320,616,652	320,768,694	320,768,694					
2013	162,337,286	289,402,247	317,735,526	318,081,526						
2014	162,892,746	343,025,466	354,583,160							
2015	275,130,641	408,567,213								
2016	155,779,154									

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	17,793,688	19,161,072	19,533,572	19,533,572	19,533,572	
2009	412,918	21,228,288	31,849,260	36,094,994	36,837,000	46,623,405	50,850,214	50,850,214		
2010	53,371,561	73,395,703	137,920,496	269,104,918	278,966,761	278,966,761	278,966,761			
2011	39,519,397	125,257,576	198,063,682	262,496,263	271,803,479	271,803,479				
2012	159,329,379	430,151,435	529,590,485	578,563,649	578,563,649					
2013	86,844,517	204,419,169	245,075,351	245,075,351						
2014	97,712,083	189,559,114	189,559,114							
2015	71,553	71,553								
2016	-									

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.

55.2 Financial risk - continued

55.2.1 Market risk - continued

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

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 2016	**=N='000**	**¥'000**	**£'000**	**$'000**	**€'000**	**Total**
Assets:						
Non-current assets	5,830,671	-	-	-	-	5,830,671
Current assets	2,573,061	-	-	-	-	2,573,061
Bank balances, deposits and cash	337,654	-	138	207,504	8,264	553,560
Total assets	**8,741,386**	**-**	**138**	**207,504**	**8,264**	**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**
At 31 December 2015						
Assets:						
Non-current assets	4,568,891	-	-	-	-	4,568,891
Current assets	2,037,216	-	-	-	-	2,037,216
Bank balances, deposits and cash	621,975		107	249,049	5,492	876,623
Total assets	**7,228,082**	**-**	**107**	**249,049**	**5,492**	**7,482,730**
Liabilities:						
Current liabilities	5,609,180	-	-	-	-	5,609,180
Non-current liabilities	71,092	4,389,647	-	-	-	4,460,739
Total liabilities	**5,680,272**	**4,389,647**	**-**	**-**	**-**	**10,069,919**

55.2 Financial risk - continued

55.2.1 Market risk - continued

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

	=N='000	¥'000	£'000	$'000	€'000	Total
At 31 December 2016						
Assets:						
Non-current assets	5,028,226	-	-	-	-	5,028,226
Current assets	3,614,188	-	-	-	-	3,614,188
Bank balances, deposits and cash	245,908	-	138	207,504	8,264	461,814
Total assets	**8,888,322**	**-**	**138**	**207,504**	**8,264**	**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**
At 31 December 2015						
Assets:						
Non-current assets	4,072,573	-	-	-	-	4,072,573
Current assets	2,930,133	-	-	-	-	2,930,133
Bank balances, deposits and cash	443,320	-	107	249,049	5,492	697,968
Total assets	**7,446,026**	**-**	**107**	**249,049**	**5,492**	**7,700,674**
Liabilities:						
Current liabilities	5,579,841	-	-	-	-	5,579,841
Non-current liabilities	71,092	4,389,647	-	-	-	4,460,739
Total liabilities	**5,650,933**	**4,389,647**	**-**	**-**	**-**	**10,040,580**

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 2016								
Bank balances and deposits	337,654	-	138	207,504	8,264	553,560	10,795	(10,795)
Borrowings	427,739	8,102,557	-	-	-	8,530,296	405,128	(405,128)
At 31 December 2015								
Bank balances and deposits	621,975	-	107	249,049	5,492	876,623	12,732	(12,732)
Borrowings	71,092	4,389,647	-	-	-	4,460,739	219,482	(219,482)
Company								
At 31 December 2016								
Bank balances and deposits	245,908	-	138	207,504	8,264	461,814	10,795	(10,795)
Borrowings	427,739	8,102,557	-	-	-	8,530,296	405,128	(405,128)
At 31 December 2015								
Bank balances and deposits	443,320	-	107	249,049	5,492	697,968	12,732	(12,732)
Borrowings	71,092	4,389,647	-	-	-	4,460,739	219,482	(219,482)

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.

INTERNATIONAL ENERGY INSURANCE PLC

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 2016	**=N='000**	**=N='000**	**=N='000**
Bank balances and deposits	697,968	704,948	690,988
Borrowings	8,128,050	8,209,331	8,046,770
At 31 December 2015			
Bank balances and deposits	876,623	885,389	867,857
Borrowings	4,460,739	4,505,346	4,416,132
Company			
At 31 December 2016			
Bank balances and deposits	461,814	466,432	457,196
Borrowings	8,128,050	8,209,331	8,046,770
At 31 December 2015			
Bank balances and deposits	697,968	704,948	690,988
Borrowings	4,460,739	4,505,346	4,416,132

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 2016	**Carrying value**	**Increase by 1%**	**Increase by 5%**	**Decrease by 1%**	**Decrease by 5%**
Financial assets	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Listed equities (Held-for-trading)	46,408	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)

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

Equity price risk - continued

Group/Company	**Carrying**	**Increase**	**Increase**	**Decrease**	**Decrease**
2015	**value**	**by 1%**	**by 5%**	**by 1%**	**by 5%**
Financial assets	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Listed equities (Held-for-trading)	43,341	433	2,167	(433)	(2,167)
Unlisted equities (Available-for-sale)	1,105,291	11,053	55,265	(11,053)	(55,265)
Impact on profit or loss before tax		11,486	57,432	(11,486)	(57,432)
Tax charge @ 30%		-	-	-	-
Impact on profit or loss after tax		11,486	57,432	(11,486)	(57,432)

55.2.2 Credit risks

Credit risks arise from a counterparty’s inability to fully meet its on and/ off-statement of fianancial 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 credits 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 ofstatement 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.

INTERNATIONAL ENERGY INSURANCE PLC

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 ₦'000	Govern-ment ₦'000	Other ₦'000	Total ₦'000
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
31 December 2015				
Cash and cash equivalents	-	-	876,623	876,623
Trade receivables	-	-	76,149	76,149
Other receivables	-	-	144,013	144,013
Reinsurance assets	-	-	381,651	381,651
Loans and receivables	-	-	107,228	107,228
Statutory deposit	-	322,500	-	322,500
	-	322,500	1,585,664	1,908,164
Company				
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
31 December 2015				
Cash and cash equivalents	-	-	697,968	697,968
Trade receivables	-	-	13,381	13,381
Other receivables	-	-	104,967	104,967
Reinsurance assets	-	-	381,651	381,651
Loans and receivables	-	-	107,228	107,228
Statutory Deposit	-	322,500	-	322,500
	-	322,500	1,305,195	1,627,695

INTERNATIONAL ENERGY INSURANCE PLC

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 Company by classifying assets according to the Company credit ratings of counter parties.

	Neither past due nor impaired				
Group	**Investment Grade**	**Non Investment Grade: Satisfactory**	**Non Investment Grade: Unsatisfactory**	**Past due but not impaired**	**Total**
31 December 2016	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
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
31 December 2015					
Cash and cash equivalents	-	876,623	-	-	876,623
Held-for-trading	43,341	-	-	-	43,341
Available-for-sale	1,105,291	-	-	-	1,105,291
Trade receivables	-	-	-	76,149	76,149
Other receivables	-	-	-	144,013	144,013
Reinsurance assets	-	-	-	381,651	381,651
Loans and receivables	-	107,228	-	-	107,228
Statutory deposit	322,500	-	-	-	322,500
	1,471,132	983,851	-	601,813	3,056,796
Company					
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

INTERNATIONAL ENERGY INSURANCE PLC

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				
	Investment Grade	**Non Investment Grade: Satisfactory**	**Non Investment Grade: Unsatisfactory**	**Past due but not impaired**	**Total**
31 December 2015	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	-	697,968	-	-	697,968
Held-for-trading	43,341	-	-	-	43,341
Available-for-sale	1,105,291	-	-	-	1,105,291
Trade receivables	-	-	-	13,381	13,381
Other receivables	-	-	-	104,967	104,967
Reinsurance assets	-	-	-	381,651	381,651
Loans and receivables	-	107,228	-	-	107,228
Statutory deposit	322,500	-	-	-	322,500
	1,471,132	805,196	-	499,999	2,776,327

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 exposes 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**
GROUP - 31 December 2016	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Financial and Insurance assets					
Loans and receivables	14,142	-	-	-	14,142
Reinsurance assets	886,058	-	-	-	886,058
Trade receivables	252,887	-	-	-	252,887
Other receivables	11,463	-	-	-	11,463
Cash and cash equivalents	553,560	-	-	-	553,560
	1,718,110	-	-	-	1,718,110

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 2016	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
Financial and Insurance liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Insurance contract liabilities	3,483,956	-	-	-	3,483,956
Trade payables	520,085	-	-	-	520,085
Provisions and other payables	772,518	-	-	-	772,518
Borrowings	8,128,050	-	-	-	8,128,050
Deposit for shares	380,182	-	-	-	380,182
	13,284,791	-	-	-	13,284,791
GROUP - 31 December 2015					
Financial and Insurance assets					
Loans and receivables	107,228	-	-	-	107,228
Reinsurance assets	886,058	-	-	-	886,058
Trade receivables	252,887	-	-	-	252,887
Other receivables	13,150	-	-	-	13,150
Cash and cash equivalents	876,623	-	-	-	876,623
	2,135,946	-	-	-	2,135,946
Financial and Insurance liabilities					
Insurance contract liabilities	3,354,543	-	-	-	3,354,543
Trade payables	454,906	-	-	-	454,906
Provisions and other payables	727,106	-	-	-	727,106
Borrowings	4,460,739	-	-	-	4,460,739
Deposit for shares	381,582	-	-	-	381,582
	9,378,876	-	-	-	9,378,876
Company - 31 December 2016					
Financial and Insurance assets					
Loans and receivables	14,142	-	-	-	14,142
Reinsurance assets	886,058	-	-	-	886,058
Trade receivables	1,474	-	-	-	1,474
Other receivables	104,397	-	-	-	104,397
Cash and cash equivalents	461,814	-	-	-	461,814
	1,467,885	-	-	-	1,467,885
Financial and Insurance liabilities					
Insurance contract liabilities	3,483,956	-	-	-	3,483,956
Trade payables	520,085	-	-	-	520,085
Provisions and other payables	877,723	-	-	-	877,723
Borrowings	8,128,050	-	-	-	8,128,050
Deposit for shares	380,182	-	-	-	380,182
	13,389,996	-	-	-	13,389,996
31 December 2015					
Financial and Insurance assets					
Loans and receivables	1,418,946	-	-	-	1,418,946
Reinsurance assets	1,071,640	-	-	-	1,071,640
Trade receivables	7,926,398	-	-	-	7,926,398
Other receivables	181,806	-	-	-	181,806
Cash and cash equivalents	697,968	-	-	-	697,968
	11,296,758	-	-	-	11,296,758

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

55.2.3 Liquidity risks - continued

Company - 31 December 2015	**Up to 1 year**	**1 - 3 years**	**3 - 5 years**	**Over 5 years**	**Total**
Financial and Insurance liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Insurance contract liabilities	3,354,543	-	-	-	3,354,543
Trade payables	454,906	-	-	-	454,906
Provisions and other payables	812,240	-	-	-	812,240
Borrowings	4,460,739	-	-	-	4,460,739
Deposit for shares	381,582	-	-	-	381,582
	9,464,010	-	-	-	9,464,010

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation of assets and liabilities

Group - 31 December 2016	**Current**	**Non-current**	**Total**
Assets	**₦'000**	**₦'000**	**₦'000**
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 in subsidiary	-	-	-
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	306,586	396,667
Deferred tax liabilities	-	402,246	402,246
Borrowings	8,128,050	-	8,128,050
Deposit for shares	-	380,182	380,182
Total liabilities	**13,245,199**	**1,089,014**	**14,334,213**

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

Group - 31 December 2015	Current	Non-current	Total
Assets	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	876,623	-	876,623
Financial assets			
- Held-for-trading	43,341	-	43,341
- Available-for-sale	-	1,105,291	1,105,291
- Loans and receivables	107,228	-	107,228
Trade receivables	76,149	-	76,149
Other receivables and prepayments	178,183	-	178,183
Reinsurance assets	381,651	-	381,651
Deferred acquisition costs	145,373	-	145,373
Investment properties	-	2,028,000	2,028,000
Intangible assets	-	1,079	1,079
Property, plant and equipment	-	2,217,312	2,217,312
Statutory deposit	-	322,500	322,500
Total assets	**1,808,548**	**5,674,182**	**7,482,730**
Liabilities			
Insurance contract liabilities	3,354,543	-	3,354,543
Trade payables	454,906	-	454,906
Provisions and other payables	1,019,857	-	1,019,857
Current income tax payable	68,662	329,630	398,292
Borrowings	386,149	4,074,590	4,460,739
Deposit for shares	-	381,582	381,582
Total liabilities	**5,284,117**	**4,785,802**	**10,069,919**

Company - 31 December 2016			
Assets			
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	8,128,050	-	8,128,050
Deposit for shares	-	380,182	380,182
Total liabilities	**13,280,363**	**1,082,681**	**14,363,044**

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Financial risk - continued

Company - 31 December 2015	**Current**	**Non-current**	**Total**
Assets	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	697,968	-	697,968
Financial assets			
- Held-for-trading	43,341	-	43,341
- Available-for-sale	-	1,105,291	1,105,291
- Loans and receivables	107,228	-	107,228
Trade receivables	13,381	-	13,381
Other receivables and prepayments	133,868	-	133,868
Reinsurance assets	381,651	-	381,651
Deferred acquisition costs	145,373	-	145,373
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	-	2,028,000	2,028,000
Intangible assets	-	1,079	1,079
Property, plant and equipment	-	1,720,994	1,720,994
Statutory deposit	-	322,500	322,500
Total assets	**1,522,810**	**6,177,864**	**7,700,674**
Liabilities			
Insurance contract liabilities	3,354,543	-	3,354,543
Trade payables	454,906	-	454,906
Provisions and other payables	1,070,172	-	1,070,172
Current income tax payable	11,626	307,012	318,638
Borrowings	4,460,739	-	4,460,739
Deposit for shares	-	381,582	381,582
Total liabilities	**9,351,986**	**688,594**	**10,040,580**

Fair value of financial assets and liabilities

a Financial instruments not measured at fair value

	31 December 2016		**31 December 2015**	
Group	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	553,560	553,560	461,814	461,814
Loans and receivables	14,142		14,142	
Trade receivables	252,887	252,887	1,474	1,474
Reinsurance receivables	886,058	886,058	381,651	381,651
Other receivables	128,999	128,999	144,013	144,013
Financial liabilities				
Trade payables	520,085	520,085	454,906	454,906
Other payables	1,023,027	1,023,027	1,019,857	1,019,857
Borrowings	8,128,050	8,128,050	4,460,739	4,460,739
Deposit for shares	380,182	380,182	381,582	381,582

INTERNATIONAL ENERGY INSURANCE PLC

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

	31 December 2016		31 December 2015	
	Carrying	Fair	Carrying	Fair
Company	**value**	**value**	**value**	**value**
Financial assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	461,814	461,814	697,968	697,968
Loans and receivables	14,142		107,228	
Trade receivables	1,474	1,474	13,381	13,381
Reinsurance receivables	886,058	886,058	381,651	381,651
Other receivables	115,460	115,460	133,868	133,868
Financial liabilities				
Trade payables	520,085	520,085	454,906	454,906
Other payables	1,069,697	1,069,697	1,070,172	1,070,172
Borrowings	8,128,050	8,128,050	4,460,739	4,460,739
Deposit for shares	380,182	380,182	381,582	381,582

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.

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.

INTERNATIONAL ENERGY INSURANCE PLC

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.

INTERNATIONAL ENERGY INSURANCE PLC

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 2016

REVENUE	Fire =N='000	Motor =N='000	General accident =N='000	Marine =N='000	Oil and energy =N='000	Total 2016 =N='000	Total 2015 =N='000
Direct premium	226,661	707,870	231,721	205,075	590,117	1,961,444	3,796,697
Inward premium	6,277	1,234	2,055	1,761	2,061	13,388	50,886
Gross written premium	**232,938**	**709,104**	**233,776**	**206,836**	**592,178**	**1,974,832**	**3,847,583**
Change in unearned premium	92,857	98,371	101,854	40,240	152,294	485,616	323,101
Gross premium earned	**325,795**	**807,475**	**335,630**	**247,076**	**744,472**	**2,460,448**	**4,170,684**
Outward reinsurance	(213,317)	(14,826)	(157,168)	(123,884)	(120,642)	(629,837)	(1,175,816)
Net premium earned	**112,478**	**792,649**	**178,462**	**123,192**	**623,830**	**1,830,611**	**2,994,868**
Commission received	47,241	(2,016)	38,488	24,878	(1,409)	107,182	94,057
Net underwriting income	**159,719**	**790,633**	**216,950**	**148,070**	**622,421**	**1,937,793**	**3,088,925**
EXPENSES							
Gross claims paid	5,354	268,226	141,442	105,254	86,042	606,318	1,528,285
Change in outstanding claims	739,198	(65,492)	(50,905)	54,400	(62,172)	615,029	(330,333)
Gross claims incurred	**744,552**	**202,734**	**90,537**	**159,654**	**23,870**	**1,221,347**	**1,197,952**
Reinsurance claims recovery	(81,962)	(11,662)	(117,515)	(581,532)	33,172	(759,499)	27,204
Net claims incurred	**662,590**	**191,072**	**(26,978)**	**(421,878)**	**57,042**	**461,848**	**1,225,156**
Acquisition costs	66,083	81,768	55,147	38,907	78,032	319,937	622,196
Maintenance costs	23,110	72,170	23,625	20,908	60,164	199,977	249,010
Underwriting expenses	**751,783**	**345,010**	**51,794**	**(362,063)**	**195,238**	**981,762**	**2,096,362**
Underwriting (loss)/profit	**(592,064)**	**445,623**	**165,156**	**510,133**	**427,183**	**956,031**	**992,563**

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2016

	GROUP				COMPANY			
	2016	**%**	**2015**	**%**	**2016**	**%**	**2015**	%
	=N='000		**=N='000**		**=N='000**		**=N='000**	
Gross premium income	2,460,448		4,170,684		2,460,448		4,170,684	
Commission	107,182		94,057		107,182		94,057	
Investment income	74,769		93,623		60,166		62,971	
Other income	1,752,227		774,772		1,208,352		324,313	
	4,394,626		5,133,136		3,836,148		4,652,025	
Reinsurance expenses, net claims incurred, commission paid and other operating expenses - Local	(3,050,432)		(4,045,232)		(2,867,677)		(3,782,887)	
Value added	1,344,194		1,087,904		968,471		869,138	
Applied as follows:								
To pay employees:								
Salaries, wages and benefits	1,048,857	78	1,240,052	114	835,127	86.2	1,055,417	121.4
To pay Government:								
Taxes	66,691	5.0	68,662	6.3	78,575	8.1	11,626	1.3
To pay providers of capital:								
Finance costs	3,712,910	276.2	398,692	36.6	3,712,910	383.4	398,692	45.9
Retained for asset replacement and future expansion of business:								
-Depreciation and amortisation	137,531	10.2	148,076	13.7	92,832	9.6	113,412	13.1
-Deferred taxation	43,774	3.3	-	0	43,774	4.5	-	-
-Loss for the year	(3,665,569)	(272.7)	(767,578)	(70.6)	(3,794,747)	(391.8)	(710,009)	(81.7)
Value added	1,344,194	100.0	1,087,904	100.0	968,471	100.0	869,138	100.0

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.

INTERNATIONAL ENERGY INSURANCE PLC

FIVE-YEAR FINANCIAL SUMMARY - GROUP

STATEMENT OF FINANCIAL POSITION AS AT	**<<<<<<<<<<<<<<<<<<<<<<<<< 31 DECEMBER**			**>>>>>>>>>>>>>>>>>>>>>>>**	
		Restated*	**Restated***		
	2016	**2015**	**2014**	**2013**	**2012**
Assets	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and cash equivalents	553,560	876,623	1,364,638	1,440,478	1,039,273
Financial assets	624,546	1,255,860	1,221,478	1,499,822	3,229,528
Trade receivables	252,887	76,149	122,136	236,479	1,125,594
Other receivables and prepayments	145,420	178,183	107,077	924,177	909,164
Reinsurance assets	886,058	381,651	739,092	744,621	193,395
Deferred acquisition costs	63,480	145,373	176,039	199,676	213,390
Investment properties	2,821,600	2,028,000	2,028,000	2,719,001	2,025,389
Intangible assets	4,271	1,079	4,194	3,237	5,384
Property, plant and equipment	3,282,970	2,217,312	2,245,215	2,006,405	2,015,739
Deferred tax assets	-	-	-	23,893	31,299
Statutory deposit	322,500	322,500	322,500	344,485	349,027
Total assets	**8,957,292**	**7,482,730**	**8,330,369**	**10,142,274**	**11,137,182**
Liabilities					
Insurance contract liabilities	3,483,956	3,354,543	4,007,977	3,790,723	2,910,151
Trade payables	520,085	454,906	315,652	450,730	290,935
Provisions and other payables	1,023,027	1,019,857	1,138,021	775,191	1,232,394
Current income tax payable	396,667	398,292	331,382	83,461	52,772
Deferred tax liabilities	402,246	-	-	128,675	128,675
Borrowings	8,128,050	4,460,739	4,016,850	4,160,760	5,954,769
Deposit for shares	380,182	381,582	393,761	410,147	168,874
Total liabilities	**14,334,213**	**10,069,919**	**10,203,643**	**9,799,687**	**10,738,570**
Equity					
Share capital	642,043	642,043	642,043	642,043	3,210,214
Share premium	963,097	963,097	963,097	963,097	963,097
Other reserves	(7,149,621)	(4,335,345)	(3,632,368)	(1,218,095)	(3,780,155)
Non-controlling interest	167,560	143,016	153,954	(44,458)	5,456
Total equity	**(5,376,921)**	**(2,587,189)**	**(1,873,274)**	**342,587**	**398,612**
Total liabilities and equity	**8,957,292**	**7,482,730**	**8,330,369**	**10,142,274**	**11,137,182**
STATEMENT OF PROFIT OR LOSS					
(Loss)/profit before income tax	(3,555,104)	(698,916)	(1,871,233)	52,395	(348,654)
Income tax	(110,465)	(68,662)	(293,529)	(38,825)	(55,321)
Loss for the year	(3,665,569)	(767,578)	(2,164,762)	13,570	(403,975)
Other comprehensive income/(loss)	875,837	53,663	(36,428)	78,446	301,369
Total comprehensive (loss)/income	(2,789,732)	(713,915)	(2,201,190)	92,016	(102,606)
Basic and diluted (loss)/income per share (kobo)	(287.37)	(58.92)	(168.58)	1.06	(6.29)
Net (liabilities)/assets per share (kobo)	(431.78)	(212.62)	(157.87)	30.14	6.12

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.

*Certain amounts shown here do not correspond to the 2015 financial statements, and have reflected adjustments as described in Note 5 in the summary of significant accounting policies.

INTERNATIONAL ENERGY INSURANCE PLC

FIVE-YEAR FINANCIAL SUMMARY - COMPANY

STATEMENT OF FINANCIAL POSITION AS AT	**<<<<<<<<<<<<<<<<<<<<<<<<**	**31 DECEMBER**		**>>>>>>>>>>>>>>>>>>>>>>>**	
		Restated*	**Restated***		
	2016	**2015**	**2014**	**2013**	**2012**
Assets	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and cash equivalents	461,814	697,968	952,573	1,319,490	839,242
Financial assets	624,546	1,255,860	1,221,478	1,255,374	3,229,528
Trade receivables	1,474	13,381	12,629	19,774	630,318
Other receivables and prepayments	115,460	133,868	138,140	758,777	817,412
Reinsurance assets	886,058	381,651	739,092	744,621	193,395
Deferred acquisition costs	63,480	145,373	176,039	152,919	165,003
Non-current assets held-for-sale	-	-	-	372,653	-
Investment in subsidiary	1,000,000	1,000,000	1,000,000	-	81,360
Investment properties	2,821,600	2,028,000	2,028,000	2,719,001	2,025,389
Intangible assets	-	1,079	2,158	3,237	4,316
Property, plant and equipment	2,807,296	1,720,994	1,829,924	1,884,403	1,810,291
Statutory deposit	322,500	322,500	322,500	322,500	322,500
Total assets	**9,104,228**	**7,700,674**	**8,422,533**	**9,552,749**	**10,118,754**
Liabilities					
Insurance contract liabilities	3,483,956	3,354,543	4,007,977	3,371,721	2,553,461
Trade payables	520,085	454,906	315,652	50,844	9,891
Provisions and other payables	1,069,697	1,070,172	1,064,841	707,933	914,339
Current income tax payable	378,828	318,638	307,012	60,426	16,171
Deferred tax liabilities	402,246	-	-	128,675	128,675
Borrowings	8,128,050	4,460,739	4,016,850	4,160,760	5,954,769
Deposit for shares	380,182	381,582	393,761	393,761	142,837
Total liabilities	**14,363,044**	**10,040,580**	**10,106,093**	**8,874,120**	**9,720,143**
Equity					
Share capital	642,043	642,043	642,043	642,043	3,210,214
Share premium	963,097	963,097	963,097	963,097	963,097
Other reserves	(6,863,956)	(3,945,046)	(3,288,700)	(926,511)	(3,774,700)
Total equity	**(5,258,816)**	**(2,339,906)**	**(1,683,560)**	**678,629**	**398,611**
Total liabilities and equity	**9,104,228**	**7,700,674**	**8,422,533**	**9,552,749**	**10,118,754**

STATEMENT OF PROFIT OR LOSS

		Restated*			
(Loss)/profit before income tax	(3,672,398)	(698,383)	(1,871,233)	477,745	(787,058)
Income tax	(122,349)	(11,626)	(293,529)	(44,255)	(20,588)
(Loss)/profit for the year	(3,794,747)	(710,009)	(2,164,762)	433,490	(807,646)
Other comprehensive income/(loss)	875,837	53,663	(36,428)	(8,476)	
Total comprehensive loss	(2,918,910)	(656,346)	(2,201,190)	425,014	(807,646)
Basic and diluted (loss)/income per share (kobo)	(295.52)	(55.29)	(168.58)	33.76	(12.58)
Net liabilities per share (kobo)	(409.54)	(182.22)	(131.11)	52.85	6.21

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.