INTERNATIONAL ENERGY INSURANCE PLC
Lagos, Nigeria

REPORT OF THE DIRECTORS

AND

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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Building a better

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Contents

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS

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

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

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

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

INTERNATIONAL ENERGY INSURANCE PLC

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Major statement of financial position items				
As at 31 December:				
Total assets	7,598,656	8,494,813	7,551,962	8,586,078
Insurance contract liabilities	3,956,877	4,061,593	3,956,877	4,061,593
Total deficit	(11,870,643)	(7,696,827)	(11,797,474)	(7,616,015)
Major statement of profit or loss items				
For the year ended 31 December:				
Gross written premium	459,596	966,864	463,059	966,864
Underwriting results	(157,693)	(415,851)	(154,387)	(415,851)
Investment and other operating income, net realized, fair value changes and Interest Revenue	848,517	1,440,854	53,223	752,085
Loss before income tax expense	(3,995,596)	(2,080,492)	(3,981,220)	(2,127,588)
Income tax expense	(183,111)	(167,769)	(183,866)	(157,966)
Loss for the year	(4,178,707)	(2,248,261)	(4,165,086)	(2,285,554)
Net liabilities per share (kobo)	(938)	(613)	(918)	(593)
Loss Per Share:				
Basic and Diluted loss per share (Kobo)	(325)	(176)	(324)	(178)

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of International Energy Insurance Plc are 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	(3,995,596)	(2,080,492)	(3,981,220)	(2,172,588)
Income tax expense	(183,111)	(167,769)	(183,866)	(157,966)
Loss for the year	(4,178,707)	(2,248,261)	(4,165,086)	(2,285,554)
Other comprehensive income/(loss) for the year, net of tax	7,214	(71,645)	(15,626)	(71,645)
Total comprehensive loss for the year	(4,171,493)	(2,319,906)	(4,180,712)	(2,357,199)

DIVIDEND

The Directors do not recommend payment of any dividend for the year ended 31 December 2018 (2017: 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 2018 and the loss for the year then ended.

BOARD OF DIRECTORS

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

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

DIRECTORS' INTEREST IN CONTRACTS

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

DIRECTORS' INTEREST IN SHARES

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

Directors	2018	2017
Mr. Muhammad K. Ahmad (OON)	-	-
Mr. Peter A. Irene	-	-
Ms. Ibiyemi B. Adeyinka	38,888	38,888
Ms. Daisy Ekineh	-	-

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 (2017: 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 (2017: Nil) during the year under review.

HEALTH AND SAFETY AT WORK OF EMPLOYEES

The Group places a high premium on the health and welfare of its employees. Medical facilities are provided for the staff and their families at private hospitals retained within the respective localities of the staff residence through Group's appointed Health Management Organizations (HMO). Firefighting equipment have also been installed in strategic positions within the offices of the Group. The Group incurred a sum of ₦13.5 million (2017: ₦4.8million) and Company ₦13.5 million (2017: ₦4.8million) in providing such medical benefits during the year.

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2018

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 ₦7.3million (2017: ₦2.5million) on employees training during the year.

AUDITORS

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

Order of the Interim Board

09 July 2020

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 2018

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	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Gross Premium written	459,596	966,864	463,059	966,864
Loss before income tax expense	(3,995,596)	(2,080,492)	(3,981,220)	(2,127,588)
Income tax expense	(183,111)	(167,769)	(183,866)	(157,966)
Loss for the year	(4,178,707)	(2,248,261)	(4,165,086)	(2,285,554)

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Corporate Governance is defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. It ensures commitment to values and ethical conduct of business; transparency in business transactions; statutory and legal compliance; adequate disclosures and effective decision-making to achieve corporate objectives of the organization. One of the recent attempts of the Federal Government at improving the business environment in Nigeria was the establishment of the Nigerian Code of Corporate Governance 2018 which took effect from January 2020. Together with the sectorial codes guiding the operations of the Insurance Industry, the codes have been the compliance standards that International Energy Insurance (IEI) Plc is operating.

IEI operates its business 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, Financial Reporting Council of Nigeria (FRCN) and Exchange Commission.

These best practices have indeed been an integral part of how we now conduct our business affirming our belief that good corporate governance is a means of retaining and expanding our clientele, sustaining the viability of the business in the long term and maintaining the confidence of investors. IEI believes that the attainment of its business objectives is, among others, directly aligned to good corporate behavior as it provides stability and growth to the enterprise. In line with this objective and the need to meet its responsibility to its stakeholders, the Company strives to meet the expectations of its operating environment. That is why we have continued to challenge ourselves and to reinvent our processes to effectively tackle the unfolding challenges and exploit emerging opportunities. In spite of our current challenges, we are determined to remain an important player in the industry.

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

ETHICAL STANDARDS

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

CORPORATE STRUCTURE

Shareholders Meeting

The Company in actualization of its corporate governance objectives recognizes its shareholders as the highest decision making body in line with the provisions of its Memorandum and Articles of Association. The Annual General Meeting of the Company by statutory requirement is to be held once in a year. An Extra-Ordinary General Meeting of the Company may be convened at the behest of the Board or shareholders holding not less than 10% of the Company's paid up capital. Attendance at these meetings is open to shareholders and/or their proxies and sufficient notice is given to ensure maximum attendance of the shareholders. IEI held its 42nd Annual General Meeting on February 23, 2017 and decisions affecting the strategic development and direction of the Company were taken under the watchful eyes of representatives of regulatory authorities such as the National Insurance Commission, Nigerian Stock Exchange, Securities and Exchange Commission and members of the press.

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

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

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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 five times within the year under review. Within the same period its Finance and General Purpose Committee met two times, the Technical Committee met two times and the Statutory Audit Committee met four times. The Interim Board Members are:

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

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 Irene
1.	22-02-2018	✓	✓	✓	✓
2.	30-04-2018	✓	✓	✓	✓
3.	18-07-2018	✓	✓	✓	✓
4.	07-08-2018	✓	✓	✓	✓
5.	04-10-2018	✓	✓	✓	✓

BOARD COMMITTEES

The Interim Board carried out its oversight functions with the assistance of two Board Committees; The Finance and General Purposes Committee and the Technical Committee specifically inaugurated by the Shareholders at the Company's 42nd Annual General Meeting for the purpose of negotiating its major outstanding Loan and recapitalization of the Company in order to meet NAICOM's requirements on business capitalization.

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 met twice within the year under review, they are as follows;

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

S/N	Date of meeting	Daisy Ekineh	Ibiyemi B. Adeyinka	Peter Irene
1.	22-02-2018	✓	✓	✓
2.	24-04-2018	✓	✓	✓

TECHNICAL COMMITTEE

In line with the mandate given to the Committee at the Company's 42nd Annual General Meeting, the Technical Committee deliberated and advised the Board on matters relating to the negotiation of Daewoo (now Mirae) Securities (Europe) Limited and the recapitalization plan of the Company.

The members of the Committee met twice within the year under review, they are as follows;

Ms. Daisy Ekineh	Interim Chairman
Mr. Peter Irene	Interim Managing Director
Ms. Ibiyemi B. Adeyinka	Interim Non-Executive Director
Mr. Isaac Okemini	Representing Rivers State Government (Shareholder)
Mr. Godwin Anono	Representing Retail Shareholders
Mr. Callistus Udalor	Representing Pearlchrix Property's Limited
Mr. Kurfi Garba	Representing Institutional Shareholders
H. Michael & Co	Secretary

S/N	Date of meeting	Daisy Ekineh	Ibiyemi B. Adeyinka	Peter Irene	Godwin Anono	Callistus Udalor	Isaac Okemini	Kurfi Garba
1	31-01-2018	✓	✓	✓	✓	✓	x	✓
2	21-12-2018	✓	✓	✓	✓	✓	x	✓

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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:

Mr. Augustine Anono	Chairman
Mr. Moses Igbrude	Shareholders 'representative
Ms. Daisy Ekineh	Non-executive Director
Ms. Ibiyemi Adeyinka	Non-executive Director

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

S/N	Date of meeting	Daisy Ekineh	Ibiyemi B. Adeyinka	Augustine Anono	Moses Igbrude
1.	22-02-2018	✓	✓	✓	✓
2.	25-04-2018	✓	✓	✓	✓
3.	18-07-2018	✓	✓	✓	x
4.	04-10-2018	✓	✓	✓	✓

DIRECTOR'S NOMINATION PROCESS

The Board of Directors of the Company is currently an 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 has been extended by NAICOM.

THE MANAGEMENT TEAM

The Management team consists of Executive and Senior Management Staff led by the Interim Managing Director. It formulates programs and assigns responsibilities and resources for the achievement of set goals. The Management team is also charged with the responsibility of identifying and assessing the risk profile within which the Company is operating, with a view to eliminating or minimizing the impact of such risks to the achievement of set Company objectives. Other functions of the Management team include; determining the long term strategic direction of the company and developing annual business plan and budget that drives the long term strategy, ensuring that the company complies with all relevant laws and corporate governance principles, ensuring proper staffing and establishment of appropriate organizational structure that support effective succession plan for the company, putting the right structure in place to ensure that accounts and financial affairs are carried out in a reliable manner. The Management also take steps to ensure successful implementation of the company's policies as well as creating effective ethical environment within the company. The leadership team meets regularly to review the performance of the Company and assess progress against the achievement of laid down objectives.

COMPLIANCE AND DISCLOSURE

As a result of the determination of the Interim Board to reposition the Company's operations within international standards of best practices, the Company made significant efforts to ensure compliance with applicable regulatory requirements against previous year's records. Certain infractions were however found due to late submission of the Company's Audited Financial Statements for the year ended December 31, 2017.

Penalties levied against the Company for late submission of financial statements as mentioned above by the regulators amounted to N14.3million. Details of these payments are recorded on note 51 in the financial statements.

This disclosure of non-compliance is in conformity with the provisions of Appendix III, Clause 14 (g) of the Nigerian Stock Exchange Rules which requires companies to state in the Annual Report contraventions and sanctions imposed for such contraventions. The Interim Board is however paying concerted attention to totally eliminate incidences of infractions.

CORPORATE SOCIAL RESPONSIBILITY

Today's corporate existence goes beyond profitability, service delivery and returns on investment. Corporate Social Responsibility (CSR), has become a topical issue in corporate policy framework the world over.
The Company plays this role by contributing in strategic areas that are of immense importance to community development: Education, Environment and Economic Empowerment.

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

FOR THE YEAR ENDED 31 DECEMBER 2018

CERTIFICATION PURSUANT TO SECTION 60(2) OF THE INVESTMENT AND SECURITIES ACT NO. 29 2007

We the undersigned hereby certify the following with regards to our consolidated and separate financial statements for the year ended 31 December 2018 that:

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

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

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

09 July 2020

INTERNATIONAL ENERGY INSURANCE PLC

FOR THE YEAR ENDED 31 DECEMBER 2018

RISK MANAGEMENT DECLARATION

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
Interim Chairman
FRC/2015/IODN/00000012581

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

09 July 2020

INTERNATIONAL ENERGY INSURANCE PLC

FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT OF THE AUDIT COMMITTEE

To the members of International Energy Insurance Plc:

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004, the members of the Audit Committee of International Energy Insurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Group and the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audit for the year ended 31 December 2018 were satisfactory and reinforce the Group's and the internal control systems.

- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Group's system of accounting and internal control.

Anono

....

Chief Augustine G. Anono
FRC/2020/002/00000020618
Chairman, Audit Committee
03 July 2020

Members of the Audit Committee are:

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

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

INTERNATIONAL ENERGY INSURANCE PLC

FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and its subsidiary and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The Directors accept responsibility for the preparation and fair presentation of the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, the relevant policy guidelines issued by 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 as at 31 December 2018, and of their financial performance for the year ended then. 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
Interim Chairman	Interim Managing Director
FRC/2015/IODN/00000012581	FRC/2014/ICAN/00000006610

09 July 2020

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Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of International Energy Insurance Plc ("the Company") and its subsidiary (collectively "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Company and its subsidiary as at 31 December 2018 and their financial performance and their cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

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

Material Uncertainty Relating to Going Concern

We draw attention to Note 2.35.1 to the summary of significant accounting policies which indicate that the Company recorded a net loss of ₦4.17 billion (2017: ₦2.29 billion) while the Group recorded a net loss of ₦4.18 billion (2017: ₦2.25 billion) for the year ended 31 December 2018 and, as of that date, the Company's total liabilities exceeded its total assets by ₦11.80 billion (2017:₦7.62 billion) while the Group's total liabilities exceeded its total assets by ₦11.87 billion (2017: ₦7.70 billion). In addition, the Company's negative total equity as at 31 December 2018 of ₦11.80 billion (2017: ₦7.62 billion) is below the minimum regulatory requirement of ₦3 billion and the Company did not meet the regulatory solvency margin whilst there was a shortfall of ₦ 2.21 billion (2017: ₦1.28 billion) in the assets cover. The Company recorded a negative operating cashflow of ₦677 million (2017: ₦261 million) while the Group recorded a negative operating cashflow of ₦742 million (2017: ₦97 million). The Company no longer carries out oil and gas business and this led to its declining revenue over the years. The Company has also not been able to meet its loan repayment obligations to Daewoo Securities (Europe) Limited, now Mirae Asset Securities (UK) Limited which has resulted in additional interest charges on unpaid principal and interest. The note indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC - CONTINUED

Key Audit Matters - continued

We have fulfilled the responsibilities described in the Auditor's 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 Insurance Contract Liabilities. The Group through the parent Company has insurance contract liabilities of N3.9 billion as at 31 December 2018 (2017: N4.1 billion) representing 20% (2017:25%) of the Group's and the Company's total liabilities. This is an area that involves significant judgement over uncertain future outcomes and therefore we considered it a key audit matter for our audit. Consistent with the insurance industry practice, the Company engages an actuary to test the adequacy of this valuation of non-life business as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions. Insurance contract liabilities are disclosed in Note 12 to the consolidated and separate financial statements.	We used our in-house actuarial specialist to assist us in performing the audit procedures in the area of reviewing the Group's' Actuarial report on non-life business which included among others: i. Consideration of the appropriateness of assumptions used in the valuation of the Insurance Contracts by reference to company and industry data and expectations. ii. Consideration of the appropriateness of non-economic assumptions used in the valuation of the Insurance Contracts in relation to lapse or extension assumptions by reference to company specific and industry data. Other Key audit procedures included: i. We reviewed and documented management's process for estimating insurance contracts. ii. We performed file review of specific underwriting contracts in order to maximize our understanding of the business and validate initial loss estimates. iii. We performed subsequent year claim payments to confirm the reasonableness of initial loss estimates.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC - CONTINUED

Other Information

The Directors are responsible for the other information. The other information comprises the Financial Highlights, the Report of the Directors, Management Discussion and Analysis, Report of the Audit Committee, Certification pursuant to section 60 (2) of the Investment and Securities Act No. 29 2007, 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 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 auditor's 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 auditor's 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, as issued by the International Accounting Standard Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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 auditor's 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 AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL INSURANCE PLC - CONTINUED

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL INSURANCE PLC - CONTINUED

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and NAICOM's Prudential Guidelines we confirm that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. proper books of account have been kept by the Company, in so far as it appears from our examination of those books;

iii. the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

iv. In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and NAICOM's Prudential Guidelines so as to present fairly the consolidated and separate statements of profit or loss and other comprehensive income of the Company and its subsidiary.

Contravention of Regulatory Guidelines

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

Jamiu Olakisan FCA,
FRC 2013/ICAN/00000003918
For Ernst & Young
Lagos, Nigeria

13 August 2020

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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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 Nigerian Stock Exchange in 2007.

The consolidated and separate financial statements of International Energy Insurance Plc for the year ended 31 December 2018 were authorised for issue in accordance with a resolution by the Board of Directors on 09 July 2020.

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 2.34.1. 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 International Financial Reporting Standard (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 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 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, equity instruments measured at fair value through Other Comprehensive Income (OCI) 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.

Profit or loss and each component of other comprehensive income (OCI) is 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 subsidiary to reflect their accounting policies in line with the Group's accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.2 Basis of consolidation - continued

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

For the purpose of these consolidated and separate financial statements, subsidiary is an entity over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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 (NGN), which is the functional and presentation currency.

Transactions and balances in individual 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'.

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

Policy applicable before 1 January 2018

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.

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.

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 Instruments

Policy applicable with effect from 1 January 2018

Recognition and initial measurement

All financial instruments are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

All Financial assets or financial liabilities are measured initially at fair value. For a financial asset or liability measured subsequently at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue are expensed.

A trade receivable without a significant financing component is initially measured at the transaction price.

Classification of Financial Instrument

The Group's financial assets include cash and short-term deposits, loan and other receivables, staff loans, quoted and unquoted equity instruments, treasury bills and bonds. The Company classifies its financial assets in the following categories:

-Amortized cost
-Fair value through other comprehensive income (FVOCI) and
-Fair value through profit or loss (FVTPL)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.5 Financial assets and financial liabilities - continued

2.5.5 Financial Instrument - continued
Policy applicable with effect from 1 January 2018 - continued

Classification of debt instruments
Management classifies its financial assets into any of the asset categories above on the basis of both:
-The Group's business model for managing the financial assets.
-The contractual cash flows characteristics of the financial assets.

1. *Business Model Assessment*
The business model assessment is one of the two steps to classify financial assets. The business model assessment of the Group's financial instruments is performed at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Judgment is needed to determine the level of aggregation to which the business model assessment is applied. That determination is made on the basis of how the Group manages its business, it is not made at the level of an individual asset, and rather the Group performs this assessment at a higher level of aggregation which is at a portfolio level.

However, when the Group assesses the business model for newly originated or newly purchased financial assets, it considers information about how cash flows were realized in the past, along with all other relevant information. Where there was a change in the way that cash flows were realized, then this will affect the classification of new assets recognized in the future.

Hold-to-collect business model
Where the Group's objective is to hold the asset (or portfolio of assets) to collect the contractual cashflows, the asset (or portfolio of assets) are classified under the 'hold to collect' business model. Financial assets that are held within this business model are measured at amortized cost (provided the asset also meets the contractual cash flow test - see below). Such assets are managed to realize cash flows by collecting contractual payments over the life of the instrument.

In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, the Group considers the frequency and value of sales in prior periods, the timing of the sale of assets, the reasons for those sales, and the Group's expectations about future sales activity.

In accordance with IFRS 9, sales in themselves do not determine the business model and cannot be considered in isolation. However, information about past sales and expectations about future sales provide evidence related to how the Group's stated objective for managing the financial assets is achieved and, specifically, how cash flows are realised.

Hold-to-collect contractual cash flows and sell
Where the Group's objective is to hold a group of financial assets to collect the contractual cashflows and then to sell those financial assets, the portfolio of assets are classified under the 'hold to collect and sell' business model. The FVOCI measurement category is mandatory for portfolios of financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (provided the asset also meets the contractual cash flow test).

Collecting contractual cash flows and selling are fundamental to achieving the objective of the business model.

Compared to the business model with an objective to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective rather than only incidental to it. There is no threshold for the frequency or value of sales that can or must occur in this business model.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.5 Financial assets and financial liabilities - continued

2.5.5 Financial Instrument - continued
Policy applicable with effect from 1 January 2018 - continued

Other business models
IFRS 9 requires financial assets to be measured at fair value through profit or loss (FVTPL) if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A business model that results in measurement at FVTPL is where the financial assets are held for trading or where the assets are managed on a fair value basis. In each case, the Group manages the financial assets with the objective of realizing cash flows through the sale of the assets. The Group makes decisions based on the assets' fair values and manages the assets to realize those fair values.

2. *The Contractual Cash Flow Assessment - The Solely Payment of Principal and Interest (SPPI) Test*
This assessment aims to identify whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The SPPI test is based on the premise that it is only when the variability in the contractual cash flows arises to maintain the holder's return in line with a 'basic lending arrangement' that the application of the effective interest method provides useful information about the uncertainty, timing and amount of the financial asset's contractual cashflows.

The effective interest method is essentially to spread interest revenue or expense over time. Amortized cost or FVOCI measurement is only appropriate for simple cash flows that have low variability such as those of loans and receivables and debt securities.

Classification of equity instruments
Investment in equity instruments are always measured at fair value. Equity investments that are held for trading (including all equity derivative instruments such as warrants and rights issues) are required to be classified at fair value through profit or loss.

The Group may acquire an investment in an equity instrument that is not held for trading. At initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to present changes in fair value in other comprehensive income rather than profit or loss.

Amounts presented in OCI are not subsequently transferred to profit or loss, even on derecognition. However, the cumulative gain or loss may be transferred within equity. Equity investments are not subject to any impairment requirements.

Dividends from such investments would be recognized in profit or loss when the right to receive payment is probable and can be measured reliably, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are recognized in other comprehensive income.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.5 Financial assets and financial liabilities - continued

2.5.5 Financial Instrument - continued
Policy applicable with effect from 1 January 2018 - continued

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

i) Amortized Cost
Financial instruments are measured at amortized cost, using the effective interest rate method. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any impairment allowance.

The impairment loss is reported as a deduction from the carrying value of the debt instrument (using an allowance account) and recognized in profit or loss as 'impairment charges'.

Effective interest rate method
The effective interest method is a method used in calculating the amortized cost of a financial asset or financial liability and in the allocation and recognition of the interest income or expense in profit or loss over the relevant period.

The effective interest method differs from the straight-line method in that the amortization under the effective interest method reflects a constant return on the carrying amount of the asset or the liability. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, over the expected life of the financial instrument to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. It is the internal rate of return of the financial asset or liability for that period. Debt instruments and other receivables are measured at amortised cost.

ii) Fair value through Other Comprehensive Income
For the Group's investment in debt instruments measured at FVOCI, all movements in fair value would be taken through other comprehensive income except for the recognition of impairment losses, interest revenue in line with the effective interest rate method, foreign exchange gains and losses arising on derecognition of the asset which are recognized in the profit or loss. Unquoted securities are classified as fair value through other comprehensive income in accordance with IFRS 9.

Therefore, fair value changes will be split in the interest income on an effective interest basis (which are posted to profit or loss) and fair value gains or losses (which are posted to other comprehensive income).

All equity investments held by the Group are required to be measured at fair value through profit or loss. However, the Group can make the irrevocable election to present in other comprehensive income changes in the fair value of an investment in an equity instrument that is not held for trading. Where the Company elects the irrevocable option, amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Nevertheless, the Group may transfer the cumulative gain or loss within equity. Dividends on such equity instruments are recognized in profit or loss in 'Dividend income' when the Group's right to receive payment is established.

Investment in debt instrument is measured at FVOCI only if it meets both the following conditions and is not designated as at FVTPL: The asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principals and interest on the principal amount outstanding.

The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

iii) Fair value through profit or loss
These assets and liabilities are measured at fair value, with the unrealized gains and losses arising from changes in

2.5 Financial assets and financial liabilities - continued

2.5.5 Financial Instrument - continued

Policy applicable with effect from 1 January 2018 - continued

fair included directly in profit or loss and are reported as 'Net gains/ (losses) on financial

instruments classified as held for trading'.
The carrying value of trading positions in financial instruments includes accrued interest. Fair value changes recognized through profit or loss on such instruments includes items such as interest and dividends, if related to those trading positions.

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt securities that is subsequently measured at a fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as "Net fair value gain/loss" in the period in which it arises. Interest income from these financial assets is recognized in profit or loss as investment income. Quoted securities are classified as fair value through profit or loss.

Impairment of financial assets

The Group will assess on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts.

No impairment is recognized on equity investments. This is because the fair value changes will incorporate impairment gains or losses if any.

General Approach

Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis or when a loan becomes credit impaired respectively.

Staging

Stage 1: On origination, a financial asset (provided that it is not a purchased or originated credit impaired asset) will be in stage 1 of the general model for expected credit losses. Financial assets that have not had a significant increase in credit risk since initial recognition or that (upon assessment and option selected by the Group) have low credit risk at the reporting date remain in stage 1.

For these assets, 12-month expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.

Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the Group) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized and interest revenue is still calculated on the gross carrying amount of the asset.

2.5 Financial assets and financial liabilities - continued

2.5.5 Financial Instrument - continued
Impairment of financial assets - continued

Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the Group is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.

The Group, when determining whether the credit risk on a financial instrument has increased significantly, considers reasonable and supportable (both historical and forward-looking) information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

Stage 3: This includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECLs are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). This is done by applying the EIR in subsequent reporting periods to the amortized cost of the financial asset.

When the Group has no reasonable expectations of recovering the financial asset, then the gross carrying amount of the financial asset can be directly reduced in its entirety via a write off. A write-off constitutes a derecognition event.

Simplified approach
The simplified approach does not require the Group to track the changes in credit risk, but, instead, requires the Group to recognize a loss allowance based on lifetime ECLs at each reporting date, right from origination.

The Group recognizes lifetime ECLs at each reporting period for trade receivables or other receivables that result from transactions within the scope of IFRS 15 and that do not contain a significant financing component.

Measurement of expected credit losses
The standard defines credit loss as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR

ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument (i.e., the weighted average of credit losses with the respective risks of a default occurring as the weights).

When measuring ECLs, in order to derive an unbiased and probability-weighted amount, the Group would evaluate a range of possible outcomes. This involves identifying possible scenarios that specify:

a. The amount and timing of the cash flows for particular outcomes
b. The estimated probability of these outcomes
c. Exposure at default (EAD): The EAD estimates the percentage of exposure the Group might lose if the borrower defaults.

Probability of default (PD)
12 Month PDs
12 month PD is the probability of a loan defaulting within the next 12 months. 12-month PD estimates are required to calculate 12-month ECLs for accounts classified as Stage 1. These PD estimates also form the basis of the lifetime PD curves, which are required to calculate lifetime ECLs for accounts classified as Stage 2. 12 Months PD used is computed using the Group's data.

Lifetime PDs
Lifetime PD curves are required to calculate expected credit losses for Stage 2 accounts. Ideally, lifetime PD curves will be developed based on internal default data. However, the Company does not have sufficient history of internal default data to build credible curves so it has derived lifetime PD curves using S & P's

2.5 Financial assets and financial liabilities - continued

2.5.5 Financial Instrument - continued
Impairment of financial assets - continued

"2017 Annual Sovereign Default Study and Rating Transition".

Loss given default (LGD)
LGD is the share of an asset that is lost when a borrower defaults. The recovery rate is defined as 1 minus the LGD, the share of an asset that is recovered when a borrower defaults. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

Exposure at default (EAD)
EAD is equal to the current amount outstanding at the expected point of default in case of fixed exposures like staff loans and investment securities. This is derived using the original carrying amount, interest rate and tenor of the facility.

2.5.6 Financial liabilities

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 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.

2.5.7 Derecognition of financial liabilities/assets
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.

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets)
is derecognised when:

The rights to receive cash flows from the asset have expired or the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5.8 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.6 Fair value 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, liabilities and equity items 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.

2.7 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 of disposal 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

2.7 Impairment of non-financial assets continued

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.

2.8 Reinsurance assets

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in compliance with the terms of the reinsurance contract. The reinsurers' share of unearned premiums (i.e. the reinsurance assets) are recognised as an asset using principles consistent with the 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.

2.9 Deferred acquisition costs (DAC)

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC) if they are separately identifiable, can be measured reliably and 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.

2.10 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. Fair value is evaluated annually by an accredited external, independent valuer, applying a valuation model

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.10 Investment properties continued

recommended by the International Valuation Standards Committee which reflects market conditions at the reporting date.

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.

2.11 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.

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.

2.12 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.

Depreciation

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 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.12 Property, plant and equipment continued

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. Buildings 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 through OCI, 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 through OCI 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.

2.13 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.

2.14 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).

2.14 Insurance contract liabilities Continued

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

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

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

The benefits to which the Group is entitled under its re-insurance contracts held are recognized as re-insurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amount recoverable from or due to reinsurers are measured consistently with the amount associated with the primary insurance contracts and in accordance with the terms of each reinsurance contract. Re-insurance liabilities are primarily premiums payable for the reinsurance contracts and are recognized as an expense when due. The Company's Insurance liabilities or balances arising from insurance contracts primarily include those insurance contract liabilities that were valued by the Actuaries. These include unearned premiums reserve and outstanding claim reserve.

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.

2.14 Insurance contract liabilities Continued

Salvage and subrogation reimbursements - continued
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.

2.15 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.

2.16 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.

2.17 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.18 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:

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

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 唏In respect of deductible
temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2.19 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.19 Borrowings Continued

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.

2.20 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.

2.21 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.

2.22 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. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Thus, such dividends are only disclosed in the notes to the financial statements.

2.23 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.

2.24 Contingency reserve

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.

2.25 Accumulated losses

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

2.26 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.

2.27 Reinsurance expenses

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.28 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.

2.29 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.

2.30 Acquisition costs

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

2.31 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.

2.32 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 equity investment is recognised when the right to receive payment is established.

2.33 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.

2.34 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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2.35 Significant judgements, estimates and assumption - continued

2.35.1 Judgement - continued

Going Concern

The Company recorded a net loss of ₦4.17 billion (2017: ₦2.29 billion) while the Group recorded a net loss of ₦4.18 billion (2017: ₦2.25 billion) for the year ended 31 December 2018 and, as of that date, the Company's total liabilities exceeded its total assets by ₦11.80 billion (2017: ₦7.62 billion) while the Group's total liabilities exceeded its total assets by ₦11.87 billion (2017: ₦7.70 billion). In addition, the Company's negative total equity as at 31 December 2018 of ₦11.80 billion (2017: ₦7.62 billion) is below the minimum regulatory requirement of ₦3 billion and the Company did not meet the regulatory solvency margin whilst there was a shortfall of ₦2.21 billion (2017: ₦1.28 billion) in the assets cover. The Company recorded a negative operating cashflow of ₦677 million (2017: ₦261 million) while the Group recorded a negative operating cashflow of ₦742 million (2017: ₦97 million). The Company no longer carries out oil and gas line of business and this led to its declining revenue over the years. The Company has also not been able to meet its loan repayment obligations to Daewoo Securities (Europe) Limited, now Mirae Asset Securities (UK) Limited which has resulted in additional interest charges on unpaid principal and interest.

These conditions give rise to a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concern therefore they may be unable to realize their assets and discharge their liabilities in the normal course of business.

Management plans to recapitalize the Company. The recapitalization of the business will be achieved through the injection of Funds by potential investors. In order to meet up with the 31 December 2020 deadline of ₦5 billion minimum paid up share capital, the Company would need to inject a sum of at least ₦19.4 billion and a further ₦5 billion (totaling at least ₦24.4 billion) at 30 September 2021. In the meantime, the Company is yet to get a suitable investor. However, if the Company gets an investor, it is estimated that the timing of completion of the recapitalization process may take about 6 months because of the logistics around capital raising for a listed and regulated Company. The success of this plan will potentially lead to a turnaround of the Company's performance from adverse regulatory ratios, losses and inadequate liquidity to improved market share, cashflows and liquidity. In addition, the Company may then be able to meet the minimum regulatory capital requirements of NAICOM and thus be able to re-commence its oil and gas line of businesses. This would only happen if it meets up with the minimum paid up share capital requirement of at least ₦5 billion as at 31 December 2020 and at least ₦10 billion by 30 September 2021. In addition, Management has put in place plans to improve on its retail business base by exploring new opportunities that may improve its revenues and performance. Specifically, some of the plan are leveraging on personal relationships and opportunities created by the Government on compulsory insurance to increase its reach and spread. The Company plans to achieve this by retaining its existing clients and selling permissible services to clients in new locations across the country through strategic partnership with other insurance and insurance brokerage firms. The Company plans to optimize its cost by converting some of its branches to office representatives.

Furthermore, the Company is negotiating with Mirae Asset Securities (UK) Limited on its loan repayments terms. The outcome of this negotiation will determine the decision of the potential investors to invest in the Company. Management is not certain as to the timing of fund injection by potential investors and the outcome of the negotiation with Mirae Asset Securities (UK) Limited.

The consolidated and separate financial statements are prepared on the basis that the Group and the Company will continue to be a going concern. This basis of preparation is dependent on the presumption of the ability of the Company to comply with the minimum regulatory capital requirement and the solvency margin requirement as well as its ability to realize its assets and discharge its liabilities in the ordinary course of business.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.35 Significant judgements, estimates and assumption - continued

2.35.1 Judgement - continued

Deferred tax liabilities - continued

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.

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."

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.35 Significant judgements, estimates and assumption - continued

2.35.2 Estimates and assumption Continued

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 2018. 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.

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.
The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

i. S&P credit grading model of obligors which assigns PDs to the individual grades
ii. The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
iii. Development of ECL models, including the various formulas and the choice of inputs
iv. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment rates, inflation rate, GDP growth rate and crude oil price, and the effect on PDs, EADs and LGDs
v. Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: The Company considers the obligor is unlikely to pay its credit obligations to the Company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio-based parameters to individual financial assets in this portfolio by the Company's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability - weighted present value of the difference between:
1) The contractual cash flows that are due to the Company under the contract; and
2) The cash flows that the Company expects to receive.
Elements of ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.35 Significant judgements, estimates and assumption - continued

2.35.2 Estimates and assumption Continued

Expected lifetime

The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

3. Changes in accounting policies and disclosures

New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 9, IFRS 7R (Revised) and IFRS 15 effective for annual periods beginning on or after 1 January 2018, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 Financial instruments

The Group has adopted IFRS 9 as issued by the International Accounting Standards Board (IASB) with a transition date of 1 January 2018. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in accumulated losses as of 1 January 2018 and are disclosed in Note 23.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and loans and receivables) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39. The Group's classification of its financial assets and liabilities is explained in Notes 2.5. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 23.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. **Changes in accounting policies and disclosures - continued**

Changes to the impairment calculation
The adoption of IFRS 9 has fundamentally changed the Group's accounting for loss impairments by replacing IAS 39's incurred loss approach (with the exception of insurance related assets which is not within the scope of IFRS 9 just yet) with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for loans and other debt financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Details of the Group's impairment method are disclosed in Note 2.5. The quantitative impact of applying

IFRS 9 as at 1 January 2018 is disclosed in Note 23.

IFRS 7 Revised (IFRS 7R)
To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated, and the Group has adopted it, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 5, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 2.5 (note on significant estimates) and Note 2.5 to the financial statements.

Reconciliations from opening to closing ECL allowances are presented in Notes 5 (transition disclosures).

IFRS 15 Revenue from contracts with customers
The Group adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognises revenues or when revenue should be recognised gross as a principal or net as an agent. Therefore, International Energy Insurance Plc will continue to recognise fee and commission income charged for services provided by the Company as the services are provided (for example on completion of the underlying transaction). Revenue recognition for trading income and net investment income are recognised based on requirements of IFRS 9. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
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 the date of the transactions for each payment or receipt of advance consideration. This Interpretation did not have any impact on the Group's financial statements.

Amendments to IAS 40 Transfers of Investment Property
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. These amendments did not have any impact on the Group's financial statements.

3. **Changes in accounting policies and disclosures - continued**

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group as it has already adopted IFRS 9 in 2018.

Other standards that became effective during the year but have no impact on the Group's financial statements

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to 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
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards -

  Deletion of short-term exemptions for first-time adopters

4. **Standards and interpretations issued but not yet effective**

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

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

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

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In applying IFRS 16 for the first time, the Group will use the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2018 as short-term leases

IFRS 16 Leases - continued
The Group plans to adopt IFRS 16 using modified retrospective approach. The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Thus, the adoption of IFRS 16 in 2019 will not have any material impact on the Group.

4. **Standards and interpretations issued but not yet effective - continued**

IFRS 17 Insurance Contracts

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

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

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

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognized directly on the statement of financial position;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

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

(i) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. **Standards and interpretations issued but not yet effective - continued**

(i) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment - continued
An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The amendment did not have any impact on the group financial Statements.

(ii) Annual Improvements 2015-2017 Cycle (issued in December 2017)

IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

(iii) Other amendments to standards, which currently do not apply to the Group are listed below:
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- IFRS 3: Business combination- Annual Improvements 2015-2017 Cycle
- IFRS 11: Joint Arrangements- Annual Improvements 2015-2017 Cycle
- IFRS 16- Leases
- IFRS 17- Insurance Contracts
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4
- Definition of a Business - Amendments to IFRS 3
- Amendments to IAS 1 and IAS 8: Definition of Material
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7.

5. **Transition disclosures**

The following set out the impact of adopting IFRS 9 on the statement of financial position, and accumulated losses including the effect of replacing IAS 39's incurred credit loss calculation with IFRS 9's ECLs:

5 Transition Disclosures - continued

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculation with IFRS 9's expected credit loss model. A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

Group:	IAS 39 Measurement		31-Dec-17		Re-measurement		01-Jan-18	IFRS 9
	Notes	Category	Amount	Reclassification	ECL	Deferred Tax	Amount	Category
			N'000	N'000	N'000	N'000	N'000	
Assets								
Cash and cash equivalents	a	Loans & Receivables	347,526		(1,248)		346,278	Amortised cost
Financial assets			1,118,437	-	-	-	1,118,437	
- Held-for-trading	b	Held for trading	1,059,846	(1,059,846)	-	-	-	
- Available-for-sale	c	AFS	53,987	(53,987)	-	-	-	
- Fair value through profit or loss			-	1,059,846	-	-	1,059,846	FVTPL
- Fair value through other compr. income			-	53,987	-	-	53,987	FVTOCI
- Loans and receivables	d	Loans & Receivables	4,604	(4,604)	-	-	-	
- Debt instruments at amortised cost	e		-	4,604	-	-	4,604	Amortised cost
Trade receivables	f	Loans & Receivables	137,945	-	(2,071)	-	135,874	Amortised cost
Sundry debtors and other receivables	g		11,729	-	-	-	11,729	
Deferred tax assets	h		-			676	676	
				-	(3,319)	676		
Liabilities								
Provisions and other payables			849,449	-	-	- -	849,449	
Deferred tax liabilities	h		524,515	-	-	(320)	524,195	
Book overdraft			6,039	-	-	-	6,039	
Borrowings			9,310,605	-	-	-	9,310,605	
Deposit for shares			376,028	-	-	-	376,028	
				-	-	(320)		
Equity								
Accumulated losses	i		(19,994,814)	-	(2,891)	867	(19,996,838)	
Equity attributable to the owners of the parent				-	(2,891)	867		
Non-controlling interest	j		174,646	-	(428)	129	174,347	
				-	(3,319)	996		
Total liabilities and equity				-	(3,319)	676		

5 Transition Disclosures - continued

Company:			31-Dec-17				01-Jan-18	
		IAS 39 Measurement			Re-measurement			IFRS 9
	Notes	Category	Amount	Reclassification	ECL	Deferred Tax	Amount	Category
			N'000	N'000	N'000	N'000	N'000	
Assets								
Cash and cash equivalents	a	Loans & Receivables	266,113		(1,067)		265,046	Amortised cost
Financial assets			968,927	-	-	-	968,927	
- Held-for-trading	b	Held for trading	910,336	(910,336)	-	-	-	
- Available-for-sale	c	AFS	53,987	(53,987)	-	-	-	
- Fair value through profit or loss	b		-	910,336	-	-	910,336	FVTPL
- Fair value through other comprehensive income	c		-	53,987	-	-	53,987	FVTOCI
- Loans and receivables	d	Loans & Receivables	4,604	(4,604)	-	-	-	
- Debt instruments at amortised cost	e		-	4,604	-	-	4,604	Amortised cost
Trade receivables	f		16,888	-	-	-	16,888	
Sundry debtors and other receivables	g		102,202	-	-	-	106,723	
				-	(1,067)	-		
Liabilities								
Provisions and other payables			794,176	-	-	-	794,176	
Deferred tax liabilities	h		524,515	-	-	(320)	524,195	
Book overdraft			6,039	-	-	-	6,039	
Borrowings			9,310,605	-	-	-	9,310,605	
Deposit for shares			376,028	-	-	-	376,028	
				-	-	(320)		
Equity								
Accumulated losses	i		(19,718,024)	-	(1,067)	320	(19,718,771)	
Equity attributable to the owners of the parent				-	(1,067)	320		
Total liabilities and equity				-	(1,067)	-		

5 Transition Disclosures - continued

	Group		Company	
	IAS 39	IFRS 9	IAS 39	IFRS 9
	31-Dec-17	01-Jan-18	31-Dec-17	01-Jan-18
Ref. No.	=N='000	=N='000	=N='000	=N='000
a) - Cash and cash equivalents				
Balance as at 31 Dec 2017 (IAS 39)	347,526	347,526	266,113	266,113
i) Impairment (ECL Model)	-	(1,165)	-	(1,067)
	347,526	346,361	266,113	265,046
b) Financial assets:				
- Fair value (through Profit or loss(FVTPL)				
Balance as at 31 Dec 2017 (IAS 39)	1,059,846	1,059,846	910,336	910,336
Reclassified from available for sale	-	-	-	-
Reclassified from Held to maturity	-	-	-	-
Remeasurement gains	-	-	-	-
Balance as at 01 Jan 2018 (IFRS 9)	1,059,846	1,059,846	910,336	910,336
c) - Available for Sale (AFS)/ Fair value Thru OCI (FVOCI)				
Balance as at 31 Dec 2017 (IAS 39)	53,987		53,987	
Reclassified to FVTPL	-	-	-	-
Reclassified to FVOCI	(53,987)	53,987	(53,987)	53,987
i) Impairment (ECL model)	-	-	-	-
Balance as at 01 Jan 2018 (IFRS 9)	-	53,987	-	53,987
d) - Loans and Receivables				
Balance as at 31 Dec 2017 (IAS 39)	4,604		4,604	4,604
Reclassified to FVTPL	-	-	-	-
Reclassified to Amortised cost	(4,604)		-	(4,604)
Balance as at 01 Jan 2018 (IFRS 9)	-	-	4,604	-
e) - *Debt instruments at amortised cost*				
Balance as at 31 Dec 2017 (IAS 39)	-	-	-	-
Reclassified from Loans and Receivables	-	4,604	-	4,604
Reclassified to FVTPL	-	-	-	-
Reclassified to FVOCI	-	-	-	-
Balance as at 01 Jan 2018 (IFRS 9)	-	4,604	-	4,604
f) - Trade receivables				
Balance as at 31 Dec 2017 (IAS 39)	137,945	137,945	16,888	16,888
i) Impairment (ECL Model)		(2,071)		
	137,945	135,874	16,888	16,888
g) Other receivables and prepayments				
Sundry Debtors and other receivables				
Balance as at 31 Dec 2017 (IAS 39)	11,729	11,729	102,202	102,202
i) Impairment (ECL model)	-	-	-	-
	182,963	182,963	106,723	106,723
h) Deferred tax (liabilities)/ assets:				
Balance as at 31 Dec 2017 (IAS 39)	-	-	-	-
IFRS 9 Tax impact	-	867		320
	-	867	-	320
i) **Retained earnings**				
Balance as at 31 Dec 2017 (IAS 39)	(19,994,814)	(19,994,814)	(19,718,024)	(19,718,024)
Impairment (ECL model): Cash and cash equivalents	-	(1,067)		(1,067)
Remeasurement gains (FVTPL)	-	-	-	-
Impairment (ECL Model) amortised cost	-	(1,824)	-	-
Impairment (ECL model) other recelavbles & prepayments	-	-	-	-
IFRS 9 Tax impact - Deferred Tax Liabilities/ assets	-	867	-	320
	(19,994,814)	(19,996,838)	(19,718,024)	(19,718,771)
j) Non-controlling interest:				
Balance as at 31 Dec 2017 (IAS 39)	174,646	174,646	-	-
Non-controlling interest on ECL amortised costs	-	(428)		-
Non-controlling interest on deferred tax	-	129		-
	174,646	174,347	-	-

Group

Reconciliation of provision allowances under IAS 39 to the ECL provision allowances under IFRS 9.

Impairment allowance for	Provision under IAS 39 31 December 2017	Remeasurement	ECL under IFRS 9 1 January 2018
Loan and receivables per IAS 39/Debt instruments at amortised cost under IFRS 9 instruments	-	3,319	3,319
	-	3,319	3,319

Company

Impairment allowance for	Provision under IAS 39 31 December 2017	Remeasurement	ECL under IFRS 9 1 January 2018
Loan and receivables per IAS 39/Debt instruments at amortised cost under I	-	1,067	1,067
	-	1,067	1,067

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	31-Dec-18 =N='000	31-Dec-17 =N='000	31-Dec-18 =N='000	31-Dec-17 =N='000
Assets					
Cash and cash equivalents	1	278,458	347,526	165,653	266,113
Financial assets	2				
- Held-for-trading	2.1	-	1,059,846	-	910,336
- Available-for-sale	2.2	-	53,987	-	53,987
- Loans and receivables	2.3	-	4,604	-	4,604
- Fair value through profit or loss	2.1	236,320	-	236,320	-
- Fair value through other comprehensive income	2.2	38,361	-	38,361	-
- Debt instruments at amortised cost	2.3	53,295	-	53,295	-
Trade receivables	3	159,372	137,945	100	16,888
Other receivables and prepayments	4	256,165	182,963	5,222	106,723
Reinsurance assets	5	319,085	533,262	319,085	533,262
Deferred acquisition costs	6	14,454	31,272	14,454	31,272
Investment in subsidiary	7	-	-	1,000,000	1,000,000
Investment properties	8	2,686,250	2,600,250	2,686,250	2,600,250
Intangible assets	9	8,271	9,521	-	-
Property, plant and equipment	10	3,225,670	3,211,137	2,710,722	2,740,143
Deferred tax assets	16	455	-	-	-
Statutory deposit	11	322,500	322,500	322,500	322,500
Total assets		7,598,656	8,494,813	7,551,962	8,586,078
Liabilities					
Insurance contract liabilities	12	3,956,877	4,061,593	3,956,877	4,061,593
Trade payables	13	158,356	300,068	158,356	300,068
Provision and other payables	14	1,387,878	1,183,555	1,294,118	1,212,720
Current income tax payable	15	506,779	429,237	480,676	410,525
Deferred tax liabilities	16	630,908	524,515	630,908	524,515
Book overdraft	17	-	6,039	-	6,039
Borrowings	17.1	12,454,934	9,310,605	12,454,934	9,310,605
Deposit for shares	18	373,567	376,028	373,567	376,028
Total liabilities		19,469,299	16,191,640	19,349,436	16,202,093

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION - Continued

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	31-Dec-18 =N='000	31-Dec-17 =N='000	31-Dec-18 =N='000	31-Dec-17 =N='000
Equity					
Share capital	19	642,043	642,043	642,043	642,043
Share premium	20	963,097	963,097	963,097	963,097
Statutory contingency reserve	21	1,545,677	1,520,163	1,512,723	1,498,831
Capital reserve	22	7,926,398	7,926,398	7,926,398	7,926,398
Accumulated losses	23	(24,198,471)	(19,994,814)	(23,897,749)	(19,718,024)
Property revaluation reserve	24	1,090,140	1,071,640	1,071,640	1,071,640
Fair value reserve	25	(15,626)	-	(15,626)	-
Equity attributable to the owners of the parent		(12,046,742)	(7,871,473)	(11,797,474)	(7,616,015)
Non-controlling interest	26	176,099	174,646	-	-
Total deficit		(11,870,643)	(7,696,827)	(11,797,474)	(7,616,015)
Total liabilities and equity		7,598,656	8,494,813	7,551,962	8,586,078

These consolidated and separate financial statements were approved by the Board of Directors and authorized for issue on 09 July 2020 and signed on its behalf by:

Mr. Muhammad K. Ahmad, OON
Interim Chairman
FRC/2015/IODN/00000012581

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

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

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 2018

	Note	Group		Company	
		31-Dec-18 =N='000	31-Dec-17 =N='000	31-Dec-18 =N='000	31-Dec-17 =N='000
Gross written premium	27	459,596	966,864	463,059	966,864
Gross premium income	27	667,224	1,142,744	670,687	1,142,744
Reinsurance expenses	28	(204,546)	(316,311)	(204,546)	(316,311)
Net premium income		462,678	826,433	466,141	826,433
Commission income	29	7,762	5,530	7,762	5,530
Net underwriting income		470,440	831,963	473,903	831,963
Underwriting expenses					
Claims expenses	30	(522,237)	(993,724)	(522,394)	(993,724)
Acquisition costs	31	(73,372)	(160,721)	(73,372)	(160,721)
Maintenance costs	32	(32,524)	(93,369)	(32,524)	(93,369)
Total underwriting expenses		(628,133)	(1,247,814)	(628,290)	(1,247,814)
Underwriting results		(157,693)	(415,851)	(154,387)	(415,851)
Interest revenue calculated using effective interest method	33.1	91,743	89,677	70,685	62,205
Other investment income	33.2	433	231	213	-
Net realised (loss)/gains	34	(13,893)	774,974	(13,893)	774,974
Net fair value loss	35	(68,963)	(203,474)	(68,963)	(203,474)
Other income	36	839,197	779,446	65,181	118,380
Credit loss reversal/(expense)	37	787	(413,036)	49	(413,036)
Management expenses	38	(1,542,868)	(1,484,410)	(735,766)	(842,737)
Operating losses		(851,257)	(872,443)	(836,881)	(919,539)
Finance costs	39	(3,144,339)	(1,208,049)	(3,144,339)	(1,208,049)
Loss before income tax expense		(3,995,596)	(2,080,492)	(3,981,220)	(2,127,588)
Income tax expense	15	(183,111)	(167,769)	(183,866)	(157,966)
Loss for the year		(4,178,707)	(2,248,261)	(4,165,086)	(2,285,554)
Loss for the year attributable to:					
Equity holders of the parent		(4,176,119)	(2,255,347)	(4,165,086)	(2,285,554)
Non-controlling interests		(2,588)	7,086	-	-
		(4,178,707)	(2,248,261)	(4,165,086)	(2,285,554)
Loss per share:					
Basic and diluted loss per share (N)	40	(325)	(176)	(324)	(178)

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 2018

		Group		Company	
	Note	31-Dec-18 =N='000	31-Dec-17 =N='000	31-Dec-18 =N='000	31-Dec-17 =N='000
Loss for the year		(4,178,707)	(2,248,261)	(4,165,086)	(2,285,554)
Other comprehensive income (OCI)					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net (loss)/gain on available-for-sale financial assets	41	-	(71,645)	-	(71,645)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Net loss on equity instrument designated at fair value through other comprehensive income	41.2	(15,626)	-	(15,626)	-
Revaluation gain on property	42	32,628	-	-	-
Income tax relating to items not to be reclassified to profit or loss	16	(9,788)	-	-	-
OCI for the year, net of tax		7,214	(71,645)	(15,626)	(71,645)
Total comprehensive loss for the year		(4,171,493)	(2,319,906)	(4,180,712)	(2,357,199)
Total comprehensive loss attributable to:					
Equity holders of the parent		(4,173,245)	(2,326,992)	(4,180,712)	(2,357,199)
Non-controlling interest		1,752	7,086	-	-
		(4,171,493)	(2,319,906)	(4,180,712)	(2,357,199)

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.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	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	Fair value reserve =N='000	Available-for-sale reserve =N='000	Total =N='000	Non-controlling interests =N='000	Total equity =N='000
As at 1 January 2017	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)
Loss for the year	-	-	-	-	(2,255,347)	-	-	-	(2,255,347)	7,086	(2,248,261)
Other comprehensive income	-	-	-	-	-		-	(71,645)	(71,645)	-	(71,645)
Total comprehensive loss	-	-	-	-	(2,255,347)	-	-	(71,645)	(2,326,992)	7,086	(2,319,906)
Transfer between reserves	-	-	30,678	-	(30,678)	-	-	-	-	-	-
At 31 December 2017	642,043	963,097	1,520,163	7,926,398	(19,994,814)	1,071,640	-	-	(7,871,473)	174,646	(7,696,827)
As at 1 January 2018	642,043	963,097	1,520,163	7,926,398	(19,994,814)	1,071,640	-	-	(7,871,473)	174,646	(7,696,827)
*Impact of adopting IFRS 9**	-	-	-	-	(2,024)	-	-	-	(2,024)	(299)	(2,323)
Restated opening balance under IFRS 9	642,043	963,097	1,520,163	7,926,398	(19,996,838)	1,071,640	-	-	(7,873,497)	174,347	(7,699,150)
Loss for the year	-	-	-	-	(4,176,119)	-	-	-	(4,176,119)	(2,588)	(4,178,707)
Other comprehensive income	-	-	-	-	-	18,500	(15,626)	-	2,874	4,340	7,214
Total comprehensive loss	-	-	-	-	(4,176,119)	18,500	(15,626)	-	(4,173,245)	1,752	(4,171,493)
Transfer between reserves	-	-	25,514	-	(25,514)	-	-	-	-	-	-
At 31 December 2018	642,043	963,097	1,545,677	7,926,398	(24,198,471)	1,090,140	(15,626)	-	(12,046,742)	176,099	(11,870,643)

**See Note 5 Transition disclosures in summary of significant accounting policies.*

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

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	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	Fair value reserve =N='000	Available-for-sale reserve =N='000	Total =N='000
As at 1 January 2017	642,043	963,097	1,469,825	7,926,398	(17,403,464)	1,071,640	-	71,645	(5,258,816)
Loss for the year	-	-	-	-	(2,285,554)	-	-	-	(2,285,554)
Other comprehensive income	-	-	-	-	-	-	-	(71,645)	(71,645)
Total comprehensive loss	-	-	-	-	(2,285,554)	-	-	(71,645)	(2,357,199)
Transfer between reserves	-	-	29,006	-	(29,006)	-		-	-
At 31 December 2017	642,043	963,097	1,498,831	7,926,398	(19,718,024)	1,071,640	-	-	(7,616,015)
As at 1 January 2018	642,043	963,097	1,498,831	7,926,398	(19,718,024)	1,071,640	-	-	(7,616,015)
*Impact of adopting IFRS 9**	-	-	-	-	(747)	-	-	-	(747)
Restated opening balance under IFRS 9	642,043	963,097	1,498,831	7,926,398	(19,718,771)	1,071,640	-	-	(7,616,762)
Loss for the year	-	-	-	-	(4,165,086)	-	-	-	(4,165,086)
Other comprehensive income	-	-	-	-	-	-	(15,626)	-	(15,626)
Total comprehensive loss	-	-	-	-	(4,165,086)	-	(15,626)	-	(4,180,712)
Transfer between reserves	-	-	13,892	-	(13,892)	-	-	-	-
At 31 December 2018	642,043	963,097	1,512,723	7,926,398	(23,897,749)	1,071,640	(15,626)	-	(11,797,474)

**See Note 5 Transition disclosures in 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 2018

	Note	Group 31-Dec-18 =N='000	Group 31-Dec-17 =N='000	Company 31-Dec-18 =N='000	Company 31-Dec-17 =N='000
Operating activities					
Premium received from policy holders		476,384	951,450	479,847	951,450
Reinsurance premium paid	28	(182,487)	(275,646)	(182,487)	(275,646)
Commission received	29	7,762	5,530	7,762	5,530
Commission paid	6	(56,554)	(128,513)	(56,554)	(128,513)
Claims paid	30	(489,219)	(427,022)	(489,376)	(427,022)
Claims recoverable from re-insurers	30.1	262,012	498,945	262,012	498,945
Other operating cash payments	44	(1,580,467)	(1,422,124)	(746,577)	(926,201)
Other operating income		829,038	705,790	55,021	44,724
Cash used in operating activities	43	(733,531)	(91,590)	(670,352)	(256,733)
Income tax paid	15	(8,423)	(5,284)	(7,002)	(4,000)
Net cash flows used in operating activities		**(741,954)**	**(96,874)**	**(677,354)**	**(260,733)**
Investing activities					
Purchase of property, plant and equipment	10	(74,688)	(53,252)	-	(1,769)
Proceeds from disposal of property, plant and equipment		5,727	7,916	5,727	2,318
Purchase of financial assets	2.1	-	(149,510)	-	-
Purchase of intangible assets	9	-	(6,500)	-	-
Proceeds from disposal of financial assets		648,943		499,433	
Dividend received	33.2	433	231	213	-
Interest received	33.1	91,743	89,677	70,685	62,205
Net cash flows provided by/(used in) investing activities		**672,158**	**(111,438)**	**576,058**	**62,754**
Financing activities					
Repayment of deposit for shares	18.1	(2,461)	(4,154)	(2,461)	(4,154)
'Net cash flows used in financing activities		**(2,461)**	**(4,154)**	**(2,461)**	**(4,154)**
Net decrease in cash and cash equivalents		(72,257)	(212,466)	(103,757)	(202,133)
Cash and cash equivalents at 1 January		341,487	528,067	260,074	436,321
Effect of foreign exchange differences		10,160	25,886	10,160	25,886
Cash and cash equivalents at 31 December	45	**279,390**	**341,487**	**166,477**	**260,074**

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

1 Cash and cash equivalents	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
Cash-in-hand	331	1,083	312	820
Balances with banks (Note 1.1)	220,108	169,612	119,327	132,458
Short-term placements (Note 1.2)	58,951	176,831	46,838	132,835
	279,390	347,526	166,477	266,113
Less: Allowance for credit losses	(932)	-	(824)	-
Cash and cash equivalents	278,458	347,526	165,653	266,113
1.1 Balances with banks are made up of the following:				
Cash held with banks in naira	157,653	126,401	59,960	99,339
Cash held with banks in foreign currencies	62,455	43,211	59,367	33,119
	220,108	169,612	119,327	132,458
Less: Allowance for credit losses	(360)	-	(333)	-
Total balance with banks	219,748	169,612	118,994	132,458
1.2 Short term placements are made up of:				
Call deposits	324	10,892	239	7,060
Term deposits	58,627	165,939	46,599	125,775
	58,951	176,831	46,838	132,835
Less: Allowance for credit losses	(572)	-	(491)	-
Total short term placements	58,379	176,831	46,347	132,835

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 6.4% (2017:17.8%) per annum. All amounts included as part of cash and cash equivalents are current.

1.3 Impairment loss on cash and cash equivalents

An analysis of the gross carrying amount and corresponding ECLs is as follows:	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Group	₦'000	₦'000	₦'000	₦'000
Gross carrying amount				
Balances held with local banks and domiciliary accounts	220,043	-	65	220,108
Call deposits	324	-	-	324
Term deposits	58,627	-	-	58,627
	278,994	-	65	279,059
Expected credit losses				
Balances held with local banks and domiciliary accounts	295	-	65	360
Call deposits	-	-	-	-
Term deposits	572	-	-	572
	867	-	65	932
Company				
Gross carrying amount				
Balances held with local banks and domiciliary accounts	119,262	-	65	119,327
Call deposits	239	-	-	239
Term deposits	46,599	-		46,599
	166,100	-	65	166,165
Expected credit losses				
Balances held with local banks and domiciliary accounts	268	-	65	333
Call deposits	-	-	-	-
Term deposits	491	-		491
	759	-	65	824

1 Cash and cash equivalents - continued

1.3 Impairment loss on cash and cash equivalents - continued

An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 Individual ₦'000	Total ₦'000
Group				
Gross carrying amount as at 1 January 2018	346,443	-	-	346,443
New assets purchased	-	-	-	-
Transfer between stages	(65)	-	65	-
Assets derecognised or matured (excluding write-offs)	(76,726)	-	-	(76,726)
Foreign exchange adjustments	9,342	-	-	9,342
At 31 December 2018	278,994	-	65	279,059
ECL allowance at 1 January 2018*	1,248	-	-	1,248
Impact of net-remeasurement of ECL at year-end	(363)	-	65	(298)
Amount written off	-	-	-	-
Foreign exchange adjustments	(18)	-	-	(18)
At 31 December 2018	867	-	65	932
Company				
Gross carrying amount as at 1 January 2018	265,293	-	-	265,293
New assets purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	(108,470)	-	-	(108,470)
Transfers	(65)	-	65	-
Foreign exchange adjustments	9,342	-	-	9,342
At 31 December 2018	166,100	-	65	166,165
ECL allowance at 1 January 2018*	1,067	-	-	1,067
Impact of net-remeasurement of ECL at year-end	(290)	-	65	(225)
Amount written off	-	-	-	-
Foreign exchange adjustments	(18)	-	-	(18)
At 31 December 2018	759	-	65	824

**See Note 5 Transition disclosures in summary of significant accounting policies.*

2 Financial assets

	Group		Company	
	2018 =N='000	2017 =N='000	2018 =N='000	2017 =N='000
- Held-for-trading (Note 2.1)	-	1,059,846	-	910,336
- Available-for-sale (Note 2.2)	-	53,987	-	53,987
- Loans and receivables (Note 2.3)	-	4,604	-	4,604
- Fair value through profit or loss (Note 2.1)	236,320	-	236,320	-
- Fair value through other comprehensive income (Note 2.2)	38,361	-	38,361	-
- Debt instruments at amortised cost (Note 2.3)	53,295	-	53,295	-
	327,976	1,118,437	327,976	968,927

Fair value through profit or loss relates to investment in quoted securities

2.1 ***Fair value through profit or loss/Held-for-trading***

	Group 2018	Group 2017	Company 2018	Company 2017
At 1 January	1,059,846	46,408	910,336	46,408
Purchase during the year	-	149,510	-	-
Acquisition of shares in IBL	-	846,052	-	846,052
Disposal during the year	(668,563)	-	(519,053)	-
Net fair value (loss)/gain (Note 35)	(154,963)	17,876	(154,963)	17,876
At 31 December	236,320	1,059,846	236,320	910,336

Financial assets held at fair value through profit or loss/Held-for-trading relates to quoted equity instruments.

2 Financial assets

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
2.2 Fair value through OCI (FVTOCI) /Available-for-sale (AFS)				
Heritage Banking Company Limited	-	6,266	-	6,266
WAICA RE	38,361	47,721	38,361	47,721
	38,361	53,987	38,361	53,987
Movement in FVTOCI/AFS				
At 1 January	53,987	563,996	53,987	563,996
Disposal of Pabod Breweries Ltd (Intl. Breweries Ltd	-	(144,694)	-	(144,694)
Addition	-	47,721	-	47,721
Fair value change (Note 41.1)	-	(413,036)	-	(413,036)
Fair value loss (Note 41.2)	(15,626)	-	(15,626)	-
At 31 December	38,361	53,987	38,361	53,987

The Group's FVTOCI/AFS financial assets consists of equities that are not quoted in an active market.

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
2.3 Debt securities at amortised cost/Loans and receivables				
Treasury bills	52,061	-	52,061	-
Staff loans	1,234	4,604	1,234	4,604
	53,295	4,604	53,295	4,604
Treasury bills				
Gross	52,255	-	52,255	-
Impairment loss on treasury bills	(194)	-	(194)	-
	52,061	-	52,061	-
Staff loans	252,970	252,970	252,970	252,970
Payment received	(3,370)	-	(3,370)	-
Impairment allowance on loans and receivables	(248,366)	(248,366)	(248,366)	(248,366)
	1,234	4,604	1,234	4,604

Impairment loss on treasury bills and staff loans

An analysis of changes in gross carrying amount and corresponding ECLs is as follows:

Group/Company	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 Individual ₦'000	Total ₦'000
On treasury bills				
Gross carrying amount as at 1 January 2018	-	-	-	-
New assets purchased	52,255	-	-	52,255
Assets derecognised or matured (excluding write-offs)	-	-	-	-
Amounts written off	-	-	-	-
At 31 December 2018	52,255	-	-	52,255
ECL allowance as at 1 January 2018	-	-	-	-
New assets purchased	194	-	-	194
Assets derecognised or matured (excluding write-offs)	-	-	-	-
Amounts written off	-	-	-	-
At 31 December 2018	194	-	-	194
On staff loans				
Gross carrying amount as at 1 January 2018	4,604	-	248,366	252,970
New assets purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	(3,370)	-	-	(3,370)
Amounts written off	-	-	-	-
At 31 December 2018	1,234	-	248,366	249,600
ECL allowance as at 1 January 2018	-	-	248,366	248,366
New assets purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	-	-	-	-
Amounts written off	-	-	-	-
At 31 December 2018	-	-	248,366	248,366

3 Trade receivables

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Insurance receivables (Note 3.1)	2,713,487	2,730,275	2,713,487	2,730,275
Fees receivable	160,678	121,057	-	-
	2,874,165	2,851,332	2,713,487	2,730,275
Less: allowance for impairment on insurance receivables	(2,713,387)	(2,713,387)	(2,713,387)	(2,713,387)
Less: allowance for credit losses (Note 3.3)	(1,406)	-	-	-
At 31 December	159,372	137,945	100	16,888

3.1 *Insurance receivables comprise amount due from:*

	Group 2018	Group 2017	Company 2018	Company 2017
Brokers	2,713,487	2,728,707	2,713,487	2,728,707
Insurers	-	1,568	-	1,568
	2,713,487	2,730,275	2,713,487	2,730,275

3.2 *Allowance for impairment on insurance receivables*

	Group 2018	Group 2017	Company 2018	Company 2017
At 1 January	2,713,387	2,900,692	2,713,387	2,900,692
Written off during the year	-	(187,305)	-	(187,305)
At 31 December	2,713,387	2,713,387	2,713,387	2,713,387

3.3 ***Impairment loss on fees receivable***

An analysis of the gross carrying amount and corresponding ECLs is as follows:

31-Dec-18	Not Due (Current) ₦'000	Days past due < 30days ₦'000	Days past due 30 - 90days ₦'000	Total ₦'000
Group				
Estimated credit loss rate	0.61%	0.71%	2.76%	
Estimated total gross carrying amount at default	69,477	75,133	16,068	160,678
Expected credit loss	425	537	444	1,406
01-Jan-18				
Estimated credit loss rate	1.20%	1.54%	4.24%	
Estimated total gross carrying amount at default	63,241	42,049	15,767	121,057
Expected credit loss	756	646	669	2,071

Fees receivable	Group 2018 =N='000	Group 2017 =N='000
Receivables from third party Customers	160,678	121,057
Allowance for expected credit loss	(1,406)	-
	159,272	121,057

Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

Set out below is the moment in the allowance for expected credit loss of trade receivables:		
ECL allowance at 1 January 2018*	2,071	-
Reversal of credit loss expense	(665)	-
At 31 December 2018	1,406	-

**See Note 5 Transition disclosures in summary of significant accounting policies.*

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

3.4 Below is the aging analysis of trade receivables

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
0-30 days	159,372	137,945	100	16,888

4 Other receivables and prepayments

	Group 2018	Group 2017	Company 2018	Company 2017
Investment receivables	257,564	257,564	257,564	257,564
Due from related parties	-	-	-	100,000
Withholding tax receivable	209,968	157,329	-	-
Prepayments	30,750	13,905	3,019	4,521
Sundry receivables*	15,447	11,729	2,203	2,202
	513,729	440,527	262,786	364,287
Allowance for impairment on investment receivables	(257,564)	(257,564)	(257,564)	(257,564)
	256,165	182,963	5,222	106,723

* Sundry receivables comprises of advances to staff and other receivables.

5 Reinsurance assets

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
Reinsurance share of outstanding claims	241,133	424,726	241,133	424,726
Reinsurance share of IBNR on OCR	62,422	70,947	62,422	70,947
Outstanding claims recoverable	303,555	495,673	303,555	495,673
Prepaid reinsurance expenses	15,530	37,589	15,530	37,589
	319,085	533,262	319,085	533,262
Movement in outstanding claims recoverable				
Balance at beginning of the year	495,673	807,804	495,673	807,804
Recovery from reinsurance during the year (Note 30.1)	(262,012)	(498,945)	(262,012)	(498,945)
Increase during the year (Note 30)	69,894	186,814	69,894	186,814
Balance at end of the year	303,555	495,673	303,555	495,673
Movement in prepaid reinsurance expenses				
Balance at beginning of the year	37,589	78,254	37,589	78,254
Reinsurance cost during the year	182,487	275,646	182,487	275,646
Increase during the year	(204,546)	(316,311)	(204,546)	(316,311)
Balance at end of the year	15,530	37,589	15,530	37,589
Reinsurance expenses- Note 28	22,059	40,665	22,059	40,665

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.

6 Deferred acquisition costs

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

Group and Company	Fire =N='000	Motor =N='000	General accident =N='000	Marine =N='000	Oil and energy =N='000	Total =N='000
At 1 January 2017	13,002	19,239	17,283	4,476	9,480	63,480
Commission incurred during the year (Note 31)	15,373	47,291	16,375	23,241	26,233	128,513
Amortisation	(22,751)	(57,572)	(25,954)	(24,025)	(30,419)	(160,721)
At 31 December 2017	5,624	8,958	7,704	3,692	5,294	31,272
Commission incurred during the year (Note 31)	12,490	16,678	9,472	10,811	7,102	56,554
Amortisation to profit or loss (see note 31)	(14,660)	(20,708)	(14,734)	(13,083)	(10,186)	(73,372)
At 31 December 2018	3,454	4,928	2,442	1,420	2,210	14,454
2018						
Current	3,454	4,928	2,442	1,420	2,210	14,454
Non-current	-	-	-	-	-	-
	3,454	4,928	2,442	1,420	2,210	14,454
2017						
Current	5,624	8,958	7,704	3,692	5,294	31,272
Non-current	-	-	-	-	-	-
	5,624	8,958	7,704	3,692	5,294	31,272

7 Investment in subsidiary

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
	-	-	1,000,000	1,000,000 -
IEI Anchor Pension Managers Limited		-	1,000,000	1,000,000

Subsidiary	Equity interest % 2018	2017	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	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
At 1 January	2,600,250	2,821,600	2,600,250	2,821,600
Net fair value adjustments (Note 35)	86,000	(221,350)	86,000	(221,350)
At 31 December	2,686,250	2,600,250	2,686,250	2,600,250

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

8.1 *Description of properties*

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
IEI Ibadan Estate, Liberty Road, Oke Ado, Ibadan	1,091,250	1,070,250	1,091,250	1,070,250
No 3. Oshunkeye Crescent, Gbagada Industrial Scheme, Lagos	1,187,000	1,130,000	1,187,0001,130,000	
7 Onitsha-Aba Benin Expressway, Asaba, Delta State	326,000	320,000	326,000320,000 Ugbo-	
Enyi-Nike, Enugu Local Government	82,000	80,000	82,00080,000	
	2,686,250	2,600,250	2,686,250	2,600,250

Valuation techniques used for fair valuation of invesment properties

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 properties were independently valued by Messrs E. Bassey and Associates (a registered estate surveyor & valuer) as at 31 December 2018, based on valuation model in accordance with that recommended by the International Valutaion Standards Committee. The determination of fair value of the investment property was supported by market evidence.

8 Investment properties - continued

Details of the valuer
The investment properties were independently valued as at 31 December 2018 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	Valuation was based the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Estimated price per square metre ₦37,692 - ₦55,962
No 3 Oshunkeye Crescent, Gbagada Industrial Scheme, Lagos	Valuation was based the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Estimated price per square metre ₦1,464,814 - ₦2,198,148
7 Onitsha-Aba Benin Expressway, Asaba, Delta State	Valuation was based the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Estimated price per square metre ₦74,150 - ₦110,884
Ugbo-Enyi-Nike, Enugu Local Government	Valuation was based on direct market comparison of recent sale of similar properties with same taste , finishings and location.	Estimated price per square metre ₦64,063 - ₦42,500

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.

Investment properties carried at fair value using market approach
Under this approach, fair value of investment properties was determined using the market comparable method. The valuation have been performed by the valuer and are based on proprietary data basis or prices of transaction for properties of similar nature, location and condition.

8 Investment properties - continued

	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
31 December 2018				
Investment properties	-	-	2,686,250	2,686,250
31 December 2017				
Investment properties	-	-	2,600,250	2,600,250

9 Intangible assets

	Group =N='000	Company =N='000
Cost:		
At 1 January 2017	58,960	10,790
Additions	6,500	-
At 31 December 2017	65,460	10,790
Additions	-	-
At 31 December 2018	65,460	10,790
Accumulated amortisation:		
At 1 January 2017	54,689	10,790
Charge for the year (Note 38)	1,250	-
At 31 December 2017	55,939	10,790
Charge for the year (Note 38)	1,250	-
At 31 December 2018	57,189	10,790
Carrying amount:		
At 31 December 2018	8,271	-
At 31 December 2017	9,521	-

The Intangible assets consist wholly of computer software.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment - continued

Company	Land =N='000	Buildings =N='000	Plant and machinery =N='000	Motor vehicles =N='000	Furniture fittings office and computer equipment =N='000	Total =N='000
Cost:						
At 1 January 2017	1,123,184	1,608,773	122,728	241,745	218,148	3,314,578
Additions	-	-	396	405	968	1,769
Disposals	-	-		(4,105)	(1,210)	(5,315)
At 31 December 2017	1,123,184	1,608,773	123,124	238,045	217,906	3,311,032
Additions	-	-	-	-	-	-
Disposals	-	-		(37,300)	(1,501)	(38,801)
At 31 December 2018	1,123,184	1,608,773	123,124	200,745	216,405	3,272,231
Accumulated depreciation:						
At 1 January 2017	-	-	119,541	215,028	172,713	507,282
Charge for the year (Note 38)	-	27,320	1,702	24,379	15,174	68,575
Disposals	-	-		(3,864)	(1,104)	(4,968)
At 31 December 2017	-	27,320	121,243	235,543	186,783	570,889
Charge for the year (Note 38)	-	16,088	744	2,297	10,292	29,421
Disposals	-	-	-	(37,300)	(1,501)	(38,801)
At 31 December 2018	-	43,408	121,987	200,540	195,574	561,509
Net book value:						
At 31 December 2018	1,123,184	1,565,365	1,137	205	20,831	2,710,722
At 31 December 2017	1,123,184	1,581,453	1,881	2,502	31,123	2,740,143

There is no restriction on the realisability of the land and buildings or the remittance of income and proceeds of disposal. The Company pleaded none of its assets as security. The Group has no contractual obligations to purchase, construct or develop the property or for repairs or enhancement.

10 Property, plant and equipment - continued

Group

The fair value disclosure on Land and Buidings is as follows:

	Fair value measurement using			
	Quoted prices in active market Level 1	Significant obser-vable inputs Level 2	Significant observable Inputs Level 3	
31 December			2018	2017
	=N='000	=N='000	=N='000	=N='000
Land and Buidings	-	-	3,077,550	3,060,266

Company

The fair value disclosure on Land and Buidings is as follows:

	Fair value measurement using			
	Quoted prices in active market Level 1	Significant obser-vable inputs Level 2	Significant observable Inputs Level 3	
31 December			2018	2017
	=N='000	=N='000	=N='000	=N='000
Land and Buidings	-	-	2,688,549	2,704,637

During the reporting year ended 31 December 2018, 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.

The revalued land and buildings are the subsidiary's property. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property. The valuation was based on an open market value reflecting the existing valuation of the assets. The surplus on the valuation has been credited to the revaluation reserve account as at the date of revaluation. As at the date of revaluation on 07 June 2018, the property's fair value was based on valuations performed 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.

Land and buildings are carried at fair value using market approach

Under this approach, fair value of land and buildings was determined using the market comparable method. The valuation have been performed by the valuer and are based on proprietary data basis or prices of transaction for properties of similar nature, location and condition.

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

Location of property	*Valuation technique*	*Significant observable input*
22, Otukpo Street, off Onitsha Crescent, Area 11, Garki District, FCT Abuja	Valuation was based the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Estimated price per square metre ₦240,000 - ₦330,000

11 Statutory deposit

	Group		Company	
	2018	2017	2018	2017
	=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.

12 Insurance contract liabilities

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Insurance contract liabilities consist of the following:				
Provision for reported claims	3,657,385	3,421,325	3,657,385	3,421,325
Provision for incurred but not reported claims	181,498	314,646	181,498	314,646
Reserve for outstanding claims	3,838,883	3,735,971	3,838,883	3,735,971
Reserve for unearned premium	117,994	325,622	117,994	325,622
	3,956,877	4,061,593	3,956,877	4,061,593
Movement in reserve for outstanding claims				
At 1 January	3,735,971	2,982,454	3,735,971	2,982,454
Claims incurred in the current accident year (Note 30)	592,131	1,180,539	592,288	1,180,539
Claims paid during the year	(489,219)	(427,022)	(489,376)	(427,022)
At 31 December	3,838,883	3,735,971	3,838,883	3,735,971
Movement in reserve for unearned premium				
At 1 January	325,622	501,502	325,622	501,502
Premium written in the year (Note 27)	459,596	966,864	463,059	966,864
Premium earned during the year (Note 27)	(667,224)	(1,142,744)	(670,687)	(1,142,744)
At 31 December	117,994	325,622	117,994	325,622
Current	3,956,877	4,061,593	3,956,877	4,061,593
Non-current	-	-	-	-
	3,956,877	4,061,593	3,956,877	4,061,593

Age Analysis of Outstanding Claims as at 31 December 2018

2018	0 - 90 days =N='000	91-180 days =N='000	181 - 270 days =N='000	271 - 360 days =N='000	Above 365 days =N='000	Total =N='000
1-250,000	50,000	52,000	4,500	25,000	49,500	181,000
250,001-500,000	37,084	20,000	47,000	25,000	76,666	205,750
500,001-1,500,000	25,334	50,269	35,987	76,984	21,426	210,000
1,500,001-2,500,000	65,269	90,232	77,312	81,040	88,150	402,003
2,500,001-5,000,000	-	15,000	61,500		357,132	433,632
Above 5,000,000	-	-	625,000	765,000	835,000	2,225,000
Total	177,687	227,501	851,299	973,024	1,427,874	3,657,385

2017						
1-250,000	50,000	52,000	4,500	25,000	73,176	204,676
250,001-500,000	37,084	20,000	47,000	25,000	56,377	185,461
500,001-1,500,000	25,334	50,269	35,987	76,984	61,677	250,251
1,500,001-2,500,000	65,269	90,232	75,633	81,040	101,040	413,214
2,500,001-5,000,000	-	15,000	60,000	-	84,132	159,132
Above 5,000,000	-	-	500,000	750,000	958,591	2,208,591
Total	177,687	227,501	723,120	958,024	1,334,993	3,421,325

Number of Claimants in each category

	0 -90 days	91 - 180 days	181 -270 days	271 - 365 days	Above 365 days	Total
At December 2017	188	358	568	325	928	2,367
At December 2018	150	230	199	449	999	2,027

13 Trade payables

	Group 2018	Group 2017	Company 2018	Company 2017
This represents the amount payable to insurance companies on facultative placements.	158,356	300,068	158,356	300,068

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 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Staff pension	149,003	102,440	125,644	102,268
Pay-As-You-Earn	144,273	89,166	114,193	70,801
Accruals (Note 14.1)	431,765	340,746	391,446	288,450
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	18,813	14,193	18,813
Sundry creditors (Note 14.2)	323,169	306,914	323,167	406,912
Deposit premium	21,044	21,044	21,044	21,044
Unclaimed dividend	64,211	64,211	64,211	64,211
	1,387,878	1,183,555	1,294,118	1,212,720

14.1 *Accruals comprise:*

	Group 2018	Group 2017	Company 2018	Company 2017
Accrued expense	255,754	147,136	235,354	138,045
Professional fees	64,528	66,448	64,528	66,448
WHT payable	46,782	64,262	37,174	36,454
AGM expenses	9,776	9,076	9,776	9,076
VAT payable	20,939	22,965	10,628	10,628
Industrial Training Fund (ITF)	17,599	16,472	17,599	13,412
Audit fee	15,000	13,000	15,000	13,000
Accrued claims	1,387	1,387	1,387	1,387
	431,765	340,746	391,446	288,450

14.2 Sundry creditors comprise:

	Group 2018	Group 2017	Company 2018	Company 2017
Anchor pension limited	-	-	46,180	146,180
Staff cooperative	67,043	75,455	67,043	75,455
Rivbank	5,981	5,981	5,981	5,981
Uncleared reconciling items	146,987	142,020	146,987	142,020
GMD Automobile	6,992	6,992	6,992	6,992
Vine Capital	3,168	3,168	3,168	3,168
WHT FSN	30,358	19,988	30,358	19,988
Other creditors	62,640	53,310	16,458	7,128
	323,169	306,914	323,167	406,912

	Group 2018	Group 2017	Company 2018	Company 2017
Financial liabilities	964,732	849,449	898,150	794,176
Non-financial liabilities	423,146	334,106	395,968	418,544
	1,387,878	1,183,555	1,294,118	1,212,720

Uncleared reconciling items represents various receipts from all other "online" bank transactions. They are classified as "uncleared reconciling items" for lack of full details of such transactions, as at the date when the transactions was initiated. "Other Creditors" consist of various accrued expenses on commission and other ancillary expenses.

15 Taxation

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Per statement of profit or loss:				
Company income tax	8,269	7,932	-	-
Minimum tax	64,581	24,714	64,581	24,714
Education tax	13,115	12,404	12,572	10,983
Information technology development levy	-	450	-	-
	85,965	45,500	77,15335,697	
Deferred tax expense	97,146	122,269	106,713122,269 income	
tax expense	183,111	167,769	183,866157,966	
Per statement of financial position:				
Current income tax payable				
At 1 January	429,237	396,667	410,525	378,828
Charge to profit or loss	85,965	45,500	77,153	35,697
Withholding tax credit notes utilised	-	(7,646)	-	-
Payment during the year	(8,423)	(5,284)	(7,002)	(4,000)
At 31 December	506,779	429,237	480,676	410,525
Reconciliation of tax charge At 31 December				
Loss before income tax expense	(3,995,596)	(2,080,492)	(3,981,220)	(2,127,588)
Tax at Nigeria income tax rate of 30%	(1,198,679)	(624,146)	(1,194,366)	(638,276)
Non-deductible expenses	1,499,600	1,122,101	1,361,282	1,023,334
Tax exempt income	(163,135)	(132,338)	(43,002)	(12,205)
Minimum tax	64,581	24,714	64,581	24,714
Education tax	13,115	12,404	12,572	10,983
Information technology development levy	-	450	-	-
Utilisation of previously unrecognised tax losses	(15,170)	(208,333)	-	(223,503)
Tax rate differential on fair value gains on investment properties	(17,201)	(27,081)	(17,201)	(27,081)
	183,111	167,769	183,866	157,966

16 Deferred taxation

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

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
Deferred tax liabilities				
Accelerated depreciation	(232,193)	(212,144)	(180,416)	(160,058)
Revaluation gain on land and building	(458,553)	(450,650)	(448,805)	(450,650)
Unutilised tax credit	63,833	143,418	63,833	143,418 Fair value
gains on investment properties	(65,825)	(57,225)	(65,825)	(57,225) Losses
carried forward	61,525	52,086		
impairment on financial assets	760	-	305	-
	(630,453)	(524,515)	(630,908)	(524,515)

	Group		Company	
	2018	2017	2018	2017
Movement in temporary differences during the year:				
At 1 January	524,515	402,246	524,515	402,246
Recognised in profit or loss:				
Accelerated depreciation	20,049	53,199	20,358	38,029
Revaluation gain on land and building	(1,885)	(1,845)	(1,845)	(1,845)
Unutilised tax credit	79,585	108,220	79,585	111,805
Fair value gains on investment properties	8,600	(18,550)	8,600	(22,135)
Impairment on financial assets	236	-	15	-
Losses carried forward	(9,439)	(18,755)	-	(3,585)
	97,146	122,269	106,713	122,269
Recognised in other comprehensive income:				
Revaluation surplus on property	9,788	-	-	-
Amount recorded in accumulated losses impacting from IFRS 9	(996)	-	(320)	-
At 31 December	630,453	524,515	630,908	524,515

A deferred tax asset has not been recognised in respect of a tax loss carry forward of N 402,012,000 (2017: N 335,373,000) relating to its subsidiary, as there is insufficient certainty as to the availability of future profits. This tax loss has no expiry date.

17 Borrowings

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
Book overdrafts	-	6,039	-	6,039
Daewoo Securities (Europe) Limited (Note 17.1)	12,454,934	9,310,605	12,454,934	9,310,605
	12,454,934	9,316,644	12,454,934	9,316,644

17.1 Daewoo Securities (Europe) Limited	-	-	-	-
At 1 January	9,310,605	8,102,556	9,310,605	8,102,557
Interest	1,031,664	825,309	1,031,664	825,308
Exchange rate differences	2,112,665	382,740	2,112,665	382,740
	12,454,934	9,310,605	12,454,934	9,310,605

International Energy Insurance Plc issued a bond valued at 1,850,000,000 Japanese Yen (JPY) to Daewoo Securities (Europe) Limited who has 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 Advisor,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

On 6 February 2012, both parties reached a settlement agreement, part of which was that IEI Plc would pay certain sums in tranches. After which a 10% interest will accrue on capitalized balances which remain unpaid at the end of the year. The last tranch paid by IEI Plc was on 31 March 2014 after which interest has continued to accrue up till date on unpaid balances.

18 Deposit for shares

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Private placement	279,360	279,360	279,360	279,360
Staff (Note 18.1)	94,207	96,668	94,207	96,668
	373,567	376,028	373,567	376,028

18.1 Deposit for shares - Staff

	Group 2018	Group 2017	Company 2018	Company 2017
Opening Balance - 1st January	96,668	96,668	96,668	96,668
Additions	-	-	-	-
Refunds	(2,461)	-	(2,461)	-
Closing Balance-31st December	94,207	96,668	94,207	96,668

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

19 Share capital

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =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 31 December	963,097	963,097	963,097	963,097

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

21 Statutory contingency reserve

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
At 1 January	1,520,163	1,489,485	1,498,831	1,469,825
Transfer from profit or loss	25,514	30,678	13,892	29,006
At 31 December	1,545,677	1,520,163	1,512,723	1,498,831

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap I17 LFN 2004. In addition, part of the statutory contingency reserve at the Group level represents 12.5% of net profit after tax in accordance with the new Pension Reform Act 2014.

22 Capital reserve

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
At 31 December	7,926,398	7,926,398	7,926,398	7,926,398

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

23 Accumulated losses

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
At 1 January	(19,994,814)	(17,708,789)	(19,718,024)	(17,403,464)
Impact of IFRS 9 - Note 5(i)	(2,024)	-	(747)	-
At 1 January Restated	(19,996,838)	(17,708,789)	(19,718,771)	(17,403,464)
Transfer to contigency reserve	(25,514)	(30,678)	(13,892)	(29,006)
Transfer from profit or loss	(4,176,119)	(2,255,347)	(4,165,086)	(2,285,554)
At 31 December	(24,198,471)	(19,994,814)	(23,897,749)	(19,718,024)

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

24 Property revaluation reserve

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
At 1 January	1,071,640	1,071,640	1,071,640	1,071,640
Transfer from OCI	18,500	-	-	-
At 31 December	1,090,140	1,071,640	1,071,640	1,071,640

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

25 Fair value reserve

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
At 1 January	-	-	-	-
Transfer from OCI (Note 41.2)	(15,626)	-	(15,626)	-
At 31 December	(15,626)	-	(15,626)	-

The fair value reserve represents accumulation of fair value gains/losses on investment in equity instruments measured subsequently at fair value through other comprehensive income (OCI).

26 Non-controlling interest

International Energy Insurance Plc has a controlling interest of 81% (2017: 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.

	GROUP	
	31 Dec-2018	31 Dec-2017
Opening balance	174,646	167,560
Impact of IFRS 9	(299)	-
At 1 January Restated	174,347	167,560
Share from total comprehensive income	1,752	7,086
Closing balance	176,099	174,646

27 Gross premium income

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
Gross premium written:				
Direct	454,293	960,975	457,756	960,975
Inward	5,303	5,889	5,303	5,889
Total gross written premium (Note 12)	459,596	966,864	463,059	966,864
Change in unearned premium	207,628	175,880	207,628	175,880
Gross premium income (Note 12)	667,224	1,142,744	670,687	1,142,744

Gross premium income represents the total premium that the Group 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 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Outward reinsurance	182,487	275,646	182,487	275,646
Decrease in prepaid reinsurance (Note 5)	22,059	40,665	22,059	40,665
	204,546	316,311	204,546	316,311

Reinsurance expenses represent outward premium paid to reinsurance companies.

29 Commission income

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Commission income	7,762	5,530	7,762	5,530

Commission income represents commission received on transactions ceded to reinsurance during the year under review. Commission income is recognised over the time of the premium.

30 Claims expenses

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Gross claims paid	489,219	427,022	489,376	427,022
Change in outstanding claims reserve	236,060	661,273	236,060	661,273
Changes in IBNR	(133,148)	92,244	(133,148)	92,244
	592,131	1,180,539	592,288	1,180,539
Recoverable from reinsurance (Note 30.1)	(69,894)	(186,814)	(69,894)	(186,814)
	522,237	993,724	522,394	993,724

30.1 *Recoverable from reinsurance:*

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Reinsurance share of claims paid (Note 5)	(262,012)	(498,945)	(262,012)	(498,945)
Change in reinsurance share of outstanding claims	183,593	333,052	183,593	333,052
Changes in reinsurance share of IBNR	8,525	(20,922)	8,525	(20,922)
	(69,894)	(186,814)	(69,894)	(186,814)

31 Acquisition costs

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Deferred acquisition costs at 1 January	31,272	63,480	31,272	63,480
Commission for the year (Note 6)	56,554	128,513	56,554	128,513
Gross commission	87,826	191,993	87,826	191,993
Deferred acquisition costs at 31 December	(14,454)	(31,272)	(14,454)	(31,272)
	73,372	160,721	73,372	160,721

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.

33.1 Interest revenue calculated using effective interest method

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Short term investment income	18,855	38,978	-	13,558
Interest on bank and statutory deposits	72,888	50,699	70,685	48,647
	91,743	89,677	70,685	62,205

33.2 Other investment income	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Dividend income	433	231	213	-

34 Net realised (loss)/gains

On disposal of property, plant and equipment	5,727	1,971	5,727	1,971
Recycled to profit or loss on available for sale financial asset	-	71,645	-	71,645
(Loss)/gain on disposal of financial asset	(19,620)	701,358	(19,620)	701,358
	(13,893)	774,974	(13,893)	774,974

35 Net fair value loss

On fair value through profit of loss/held-for-trading financial assets (Note 2.1)	(154,963)	17,876	(154,963)	17,876
On investment properties (Note 8)	86,000	(221,350)	86,000	(221,350)
	(68,963)	(203,474)	(68,963)	(203,474)

36 Other income

Fee based income (Note 36.1)	774,016	661,066	-	-
Recovery on financial asset	-	47,721	-	47,721
Foreign exchange gains	10,160	25,886	10,160	25,886
Sundry income (Note 36.2)	55,021	44,773	55,021	44,773
	839,197	779,446	65,181	118,380

36.1 *Fee based income is related to the income accrued to the Group, through its subsidiary line of business, which is Pensions administration. Principally, Pensions Administration revenue are generally "fee based" in nature. Thus, the income is at a point in time.*

36.2 *Sundry income consist of recovery from lost investments and refund of excess bank charges.*

37 Charge on impairment of assets

Impairment on cash and cash equivalents (Note 1.3)	(316)	-	(243)	-
Impairment on amortised costs (Note 2.3)	194	-	194	-
Impairment on fees receivable (Note 3.3)	(665)	-	-	-
Impairment on FVOCI (Note 41)	-	413,036	-	413,036
	(787)	413,036	(49)	413,036

38 Management expenses

Personnel cost (Note 47)	765,168	731,361	434,411	466,505
Directors emoluments	95,445	81,753	8,411	12,635
Auditors remuneration	16,500	14,500	15,000	13,000
Depreciation (note 10)	92,783	119,140	29,421	68,575
Amortisation (Note 9)	1,250	1,250	-	
Legal and other professional fees	83,687	85,038	74,484	59,085
Motor running expenses	30,498	28,194	21,198	28,194
Subscription	7,147	27,265	2,071	24,040
Corporate gift and miscellaneous	33	1,771	34	1,771
Repairs and maintenance	48,294	50,396	10,500	14,439
Rent and rates	28,286	18,910	12,606	14,241
Postage and telephone	15,364	17,379	3,138	4,744
Transport and travelling	27,381	28,722	8,494	8,450
Advertisements, sales and marketing	9,043	10,858	1,366	4,346
Printing and stationery	12,755	17,051	4,579	8,720
Security expenses	8,237	7,706	6,818	6,431
Oil and diesel	21,399	25,714	7,217	13,553
Insurance and license	8,406	11,364	8,124	10,256
State and local government levy	2,206	4,101	2,206	2,085
NAICOM Levy	13,562	5,101	13,562	5,101
Balance carried forward	1,287,444	1,287,574	663,640	766,171

38 Management expenses - continued

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
Balance brought forward	1,287,444	1,287,574	663,640	766,171
Other operating expenses	40,800	62,392	20,881	43,396
ICT consumables	7,877	674	7,877	674
Internet subscription	30,247	18,165	21,045	13,570
Bank charges	1,263	3,240	962	2,963
Electricity and utilities	10,062	11,505	7,051	9,698
Fines and penalty	14,310	6,265	14,310	6,265
Sales and marketing	150,866	94,595	-	-
	1,542,869	1,484,410	735,766	842,737

38.1 Non-audit service

The Company did not engage the auditors for non-audit services during the year (2017: Nil).

39 Finance costs

	Group 2018	Group 2017	Company 2018	Company 2017
Interest on borrowings	1,031,664	825,309	1,031,664	825,309
Other interest expense	10	-	10	-
Exchange loss on borrowings	2,112,665	382,740	2,112,665	382,740
	3,144,339	1,208,049	3,144,339	1,208,049

40 Basic and diluted loss per share

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

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

	Group		Company	
	2018	2017	2018	2017
Net losses attributable to owners of the parent =N='000	(4,176,119)	(2,255,347)	(4,165,086)	(2,285,554)
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 (Kobo)	(325)	(176)	(324)	(178)

41.1 Net loss on available-for-sale financial assets

	Group 2018	Group 2017	Company 2018	Company 2017
Fair value loss on available-for-sale financial assets (Note 2.2)	-	(413,036)	-(413,036)	
Gain on disposal (note 34)	-	(71,645)	-(71,645) Impairment	
recycled through p or l (Note 37)	-	413,036	-413,036	
	-	(71,645)	-	(71,645)

41.2 Net loss on equity instrument designated at fair value through other comprehensive income

	Group 2018	Group 2017	Company 2018	Company 2017
Fair value loss on financial assets at FVTOCI (Note 2.2)	(15,626)	-	(15,626)	-

42 Revaluation surplus on property

	Group 2018	Group 2017	Company 2018	Company 2017
Arising during the year (Note 10)				
Revaluation surplus	32,628	-	-	-
	32,628	-	-	-
Income tax effect (Note 16)	(9,788)	-	-	-
	22,840	-	-	-

	Note	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
43 Reconciliation of loss before income tax expense to cash provided by operating activities					
Loss before income tax expense		(3,995,596)	(2,080,492)	(3,981,220)	(2,127,588)
Adjustments for items not involving movement of cash:					
Depreciation	10	92,783	119,140	29,421	68,575
Amortisation of intangible assets	9	1,250	1,250	-	-
Profit on disposal of PPE	34	(5,727)	(1,971)	(5,727)	(1,971)
Loss/(profit) on disposal of financial asset	34	19,620	(701,358)	19,620	(701,358)
Recycled to profit or loss (financial asset)	34	-	(71,645)	-	(71,645)
Interest income	33.1	(91,743)	(89,677)	(70,685)	(62,205)
Dividend income	33.2	(433)	(231)	(213)	-
Fair value loss/(gain) on held-for-trading assets	35	154,963	(17,876)	154,963	(17,876)
Recovery on other financial asset (Waica Re)	36	-	(47,771)		(47,771)
Fair value (gains)/loss on investment properties	8	(86,000)	221,350	(86,000)	221,350
Charge on impairment of assets	37	(787)	413,036	(49)	413,036
Finance costs	39	3,144,339	1,208,049	3,144,339	1,208,049
Exchange gains	36	(10,160)	(25,886)	(10,160)	(25,886)
		3,218,105	1,006,410	3,175,509	982,298
Changes in working capital:					
Loans and receivables		(48,885)	9,538	(48,885)	9,538
Trade receivables		(22,833)	114,942	16,788	(15,414)
Other receivables and prepayments		(73,202)	(45,190)	101,501	8,737
Reinsurance assets		214,177	352,796	214,177	352,796
Deferred acquisition costs		16,818	32,208	16,818	32,208
Insurance contract liabilities		(104,716)	577,637	(104,716)	577,637
Trade payables		(141,712)	(220,017)	(141,712)	(220,017)
Provisions and other payables		204,313	160,578	81,388	143,072
		43,960	982,492	135,359	888,557
Cash used in operating activities		(733,531)	(91,590)	(670,352)	(256,733)
44 Reconciliation of other operating cash payments					
Auditors' remuneration		(14,500)	(11,500)	(13,000)	(10,000)
Other expenses		(1,464,860)	(1,442,889)	(723,869)	(854,531)
Change in other assets and receivables		(161,708)	94,704	52,616	18,275
Change in trade payables and other liabilities		60,601	(62,439)	(62,324)	(79,945)
		(1,580,467)	(1,422,124)	(746,577)	(926,201)
45 Cash and cash equivalents for the purposes of the consolidated and separate statements of cash flows:					
Cash and cash equivalents	1	279,390	347,526	166,477	266,113
Overdrafts	17	-	(6,039)	-	(6,039)
		279,390	341,487	166,477	260,074

46 Loss before income tax expense

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

	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Depreciation of property, plant and equipment	92,783	119,140	29,421	68,575
Amortisation of intangible assets	1,250	1,250	-	1,079
Directors' emoluments	95,445	81,753	8,411	12,635
Auditors' remuneration	16,500	14,500	15,000	13,000
Profit on disposal of property and equipment	(5,727)	(1,971)	(5,727)	(1,971)
Net exchange loss	2,102,505	356,854	2,102,505	356,854

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 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Short-term employee benefits:				
Salaries and allowances	126,924	132,358	55,577	76,453
Long-term employee benefits:				
Post employment pension benefits	2,198	1,250	2,198	1,250
	129,122	133,608	57,775	77,703

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	51	67	25	36
Technical	115	70	50	56
General services	74	91		23
	240	228	75	115

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

Emolument range	Number	Number	Number	Number
=N=500,001 - =N=600,000	21	15	-	9
=N=600,001 - =N=1,000,000	45	39	4	16
=N=1,000,001 - =N=2,000,000	83	48	6	28
=N=2,000,001 - =N=3,000,000	18	34	10	29
=N=3,000,001 - =N=4,000,000	21	33	16	12
=N=4,000,001 - =N=5,000,000	18	17	13	14
=N=5,000,001 - =N=8,000,000	26	35	22	2
=N=8,000,001 - =N=10,000,000	5	2	2	3
=N=10,000,001 - and above	3	5	2	2
	240	228	75	115

47 Directors and employees - continued

	Group		Company	
	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000
Staff costs				
Wages and salaries	648,872	637,746	381,795	418,439
Other staff costs	60,935	48,333	29,246	24,903
Pensions	55,361	45,282	23,370	23,163
	765,168	731,361	434,411	466,505

48 Related parties

Subsidiary

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

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

Company	2018	2017
	=N='000	=N='000
Premium received	3,463	-
Claims paid	157	-
Amount due from subsidiary	-	100,000
Amount due to subsidiary	46,180	146,180

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

49 Contingencies and commitments

49.1 Outstanding litigations
In the ordinary course of business, there are pending litigations involving the Company for which no provision has been made amounting to N56.7 million (2017: 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 the reporting date that require adjustments in the financial statements.

On 20 May 2019, the National Insurance Commission (NAICOM) issued a circular in which it reviewed the minimum paid-up share capital for insurance and reinsurance companies. It required General Insurance companies to shore up their share capital to N10 billion by 30 June 2020. In subsequent circulars dated 30 December 2019 and 03 June 2020, the regulator extended the deadline to 31 December 2020 and then 30 September 2021 respectively.This events have no financial adjustment as at the reporting date.

The recent Coronavirus outbreak is an emerging risk that the Group is monitoring closely. As things presently stand, International Energy Insurance Plc does not expect the consequences of the outbreak to have an overall material impact on the annual result. However, the more the virus spreads coupled with lockdowns, the greater the impact could be on the Group with more far-reaching effects on the capital markets and more significant implications on the Company's results.

The Group has performed a line-by-line analysis of its statement of financial position and has done an assessment of whether the current uncertainty may impact any of the amounts presented at 31 December 2018. Management has concluded that the amounts recognised in the financial statement do not require further adjustment but will continue to monitor situation as new information becomes available and adjustment thereof will be reflected in the appropriate reporting period.

Management has assessed the impact of the COVID-19 on the going concern of the Group and has concluded that despite the COVID-19 Pandemic, the going concern of the Group is not threatened. See Note 2.35.1 of summary of significant accounting policies for the going concern disclosures.

51 Non Compliance with laws and regulations
The Company contravened certain laws and regulations during the year ended 31 December 2018. Details of the contraventions and penalty is as follows:

	Name of Regulator	Company 2018	2017
		=N='000	=N='000
Late submission of accounts.	SEC	4,850	3,125
Late filing of audited accounts	NSE	9,000	2,500
Late filing of accounts	NAICOM	460	640
		14,310	6,265

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 2018	Non-life =N='000	Pension =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Gross written premium	463,059	-	463,059	(3,463)	459,596
Gross premium income	670,687	-	670,687	(3,463)	667,224
Reinsurance expenses	(204,546)	-	(204,546)	-	(204,546)
Net premium income	466,141	-	466,141	(3,463)	462,678
Commission income	7,762	-	7,762	-	7,762
Net underwriting income	473,903	-	473,903	(3,463)	470,440
Claims expenses	(522,394)	-	(522,394)	157	(522,237)
Underwriting expenses	(105,896)	-	(105,896)	-	(105,896)
Underwriting results	(154,387)	-	(154,387)	(3,306)	(157,693)
Interest revenue caluculated using effective interest method	70,685	21,058	91,743		91,743
Investment income	213	220	433	-	433
Net realised gains	(13,893)	-	(13,893)	-	(13,893)
Net fair value gains/(loss)	(68,963)	-	(68,963)	-	(68,963)
Other income	65,181	774,016	839,197	-	839,197
Impairment charge on assets	49	738	787	-	787
Depreciation	(29,421)	(63,363)	(92,784)	-	(92,784)
Amortisation	-	(1,250)	(1,250)	-	(1,250)
Management expenses	(735,766)	(716,374)	(1,452,140)	3,306	(1,448,834)
Results from operating activities	(866,302)	15,045	(851,257)	-	(851,257)
Finance costs	(3,144,339)	-	(3,144,339)	-	(3,144,339)
Loss before income tax	(4,010,641)	15,045	(3,995,596)	-	(3,995,596)
Income tax expense	(183,866)	755	(183,111)	-	(183,111)
Loss after income tax	(4,194,507)	15,800	(4,178,707)	-	(4,178,707)

52 Segment information - continued

Consolidated statement of financial position 2018	Non-life =N='000	Pension =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Segment assets	7,551,962	953,064	8,505,026	(906,370)	7,598,656
Segment liabilities	19,349,436	71,169	19,420,605	48,694	19,469,299
Consolidated statement of profit or loss 2017					
Gross written premium	966,864	-	966,864	-	966,864
Gross premium income	1,142,744	-	1,142,744	-	1,142,744
Reinsurance expenses	(316,311)	-	(316,311)	-	(316,311)
Net premium income	826,433	-	826,433	-	826,433
Commission income	5,530	-	5,530	-	5,530
Net underwriting income	831,963	-	831,963	-	831,963
Claims expenses	(993,724)	-	(993,724)	-	(993,724)
Underwriting expenses	(254,090)	-	(254,090)	-	(254,090)
Underwriting results	(415,851)	-	(415,851)	-	(415,851)
Interest revenue caluculated using effective interest method	89,677		89,677		89,677
Investment income	-	231	231	-	231
Net realised gains	774,974	-	774,974	-	774,974
Net fair value gains/(loss)	(203,474)	-	(203,474)	-	(203,474)
Other income	118,380	661,066	779,446	-	779,446
Allowance for impairment of assets	(413,036)	-	(413,036)	-	(413,036)
Depreciation	(68,575)	(50,565)	(119,140)	-	(119,140)
Amortisation	-	(1,250)	(1,250)	-	(1,250)
Management expenses	(774,162)	(589,858)	(1,364,020)	-	(1,364,020)
Results from operating activities	(892,067)	19,624	(872,443)	-	(872,443)
Finance costs	(1,208,049)	-	(1,208,049)	-	(1,208,049)
Loss before income tax	(2,100,116)	19,624	(2,080,492)	-	(2,080,492)
Income tax credit	(157,966)	(9,803)	(167,769)	-	(167,769)
Loss after income tax	(2,258,082)	9,821	(2,248,261)	-	(2,248,261)
Consolidated statement of financial position 2017					
Segment assets	8,586,078	953,064	9,539,142	(1,044,329)	8,494,813
Segment liabilities	16,202,093	71,169	16,273,262	(81,622)	16,191,640

53 Asset and Liability Management

The Company 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 Company 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 Company is allocated to cover insurance contract liabilities of the Group.

The Company 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 Company's non-life business within the Statement of Financial Position to the classes and portfolios used in the Company's ALM framework.

The Company	Insurance contract	Shareholders' funds	31-Dec 2018 Total
Assets	=N='000	=N='000	=N='000
Cash and cash equivalents	165,653	-	165,653
Financial assets			
- Fair value through P/L	236,320	-	236,320
- Fair value through OCI	38,361	-	38,361
- Loans and receivables- Amortised cost	-	53,295	53,295
Trade receivables	-	100	100
Other receivables and prepayments	-	5,222	5,222
Reinsurance assets	319,085	-	319,085
Deferred acquisition costs	-	14,454	14,454
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	989,219	1,697,031	2,686,250
Property, plant and equipment	-	2,710,722	2,710,722
Statutory deposit	-	322,500	322,500
Total assets	1,748,638	5,803,324	7,551,962
Liabilities			
Insurance contract liabilities	3,956,877	-	3,956,877
Trade payables	-	158,356	158,356
Provisions and other payables	-	1,294,118	1,294,118
Current income tax payable	-	480,676	480,676
Deferred tax liabilities	-	630,908	630,908
Borrowings	-	12,454,934	12,454,934
Deposit for shares	-	373,567	373,567
Total liabilities	3,956,877	15,392,559	19,349,436
	(2,208,239)	(9,589,235)	(11,797,474)

53 Asset and Liability Management - continued

The Company

Assets	Insurance contract =N='000	Shareholders' funds =N='000	31-Dec 2017 Total =N='000
Cash and cash equivalents	266,113	-	266,113
Financial assets			
- Held-for-trading	910,336	-	910,336
- Available-for-sale	53,987	-	53,987
- Loans and receivables	-	4,604	4,604
Trade receivables	-	16,888	16,888
Other receivables and prepayments	-	106,723	106,723
Reinsurance assets	533,262		533,262
Deferred acquisition costs	-	31,272	31,272
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	1,015,398	1,584,852	2,600,250
Property, plant and equipment	-	2,740,143	2,740,143
Statutory deposit	-	322,500	322,500
Total assets	2,779,096	5,806,982	8,586,078
Liabilities			
Insurance contract liabilities	4,061,593	-	4,061,593
Trade payables	-	300,068	300,068
Provisions and other payables	-	1,212,720	1,212,720
Current income tax payable	-	410,525	410,525
Deferred tax liabilities	-	524,515	524,515
Book overdraft	-	6,039	6,039
Borrowings	-	9,310,605	9,310,605
Deposit for shares	-	376,028	376,028
Total liabilities	4,061,593	12,140,500	16,202,093
Gap	(1,282,497)	(6,333,518)	(7,616,015)

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.

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 N11.80 billion (2017:N7.62 billion).

	31-Dec 2018 =N='000	31-Dec 2017 =N='000
Shareholders funds as per statement of financial position	(11,797,474)	(7,616,015)
Capital Base	(11,797,474)	(7,616,015)

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.

54 Capital Management - continued

	2018 Admissible =N='000	2018 Inadmissible =N='000	2018 Total =N='000	2017 Admissible =N='000	2017 Inadmissible =N='000	2017 Total =N='000
Cash and cash equivalents	165,653	-	165,653	266,113	-	266,113
Financial assets	327,976	-	327,976	968,927	-	968,927
Trade receivables	100	-	100	16,888	-	16,888
Reinsurance assets	319,085	-	319,085	533,262	-	533,262
Other receivables and prepayments	-	5,222	5,222		106,723	106,723
Deferred acquisition costs	14,454	-	14,454	31,272	-	31,272
Investment in subsidiary	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Investment properties	1,989,219	697,031	2,686,250	2,600,250	-	2,600,250
Intangible assets	-	-	-	-	-	-
Property, plant and equipment (Land)	-	2,688,549	2,688,549	2,740,143	-	2,740,143
Property, plant and equipment (Others)	22,173	-	22,173	-	-	-
Statutory deposit	322,500	-	322,500	322,500	-	322,500
	4,161,160	3,390,802	7,551,962	8,479,355	106,723	8,586,078
Insurance contract liabilities	3,956,877	-	3,956,877	4,061,593	-	4,061,593
Trade payables and other payables	1,452,474	-	1,452,474	1,512,788	-	1,512,788
Current income tax payable	480,676	-	480,676	410,525	-	410,525
Deferred tax liabilities	-	630,908	630,908	-	524,515	524,515
Book overdraft	-	-	-	6,039	-	6,039
Borrowings	12,454,934	-	12,454,934	9,310,605	-	9,310,605
Deposit for shares	373,567	-	373,567	376,028	-	376,028
	18,718,528	630,908	19,349,436	15,677,578	524,515	16,202,093
Solvency margin	(14,557,368)			(7,198,223)		
The higher of: 15% of net premium income and Shareholders' funds	3,000,000			3,000,000		
Shortfall in solvency margin	(17,557,368)			(10,198,223)		

55.1 Valuation bases

Fair value is 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.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than

The table below shows financial assets carried at fair value.

Group	Note	Fair value through OCI	Fair value through P or L
31 December 2018		=N='000	=N='000
Quoted equities at FVTPL		-	236,320
Fair value through OCI - unquoted	2.1	38,361	-
		38,361	236,320
31 December 2017			
- Held-for-trading		-	1,059,846
- Available-for-sale		53,987	-
		53,987	1,059,846

Company	Note	Fair value through OCI	Fair value through P or L
31 December 2018		=N='000	=N='000
Quoted equities at FVTPL		-	236,320
Fair value through OCI - unquoted	2.1	38,361	-
		38,361	236,320
31 December 2017			
- Held-for-trading		-	910,336
- Available-for-sale		53,987	-
		53,987	910,336

The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

I Unquoted equity

The management of IEI ("Management") estimated the fair value of its investment in WAICA Re using the Market Approach (the Comparable Company Trading ("CCT")) for financial reporting purpose as at 31 December 2018. Management used the above valuation methodology, considering the nature of the activities of the investee company, its minority equity stake and their financial performance.

Furthermore, most of management's significant assumptions used in developing the estimates were supported by the observable market data, given the facts and circumstances as of the Valuation Date. The value of the unquoted shares calculations in WAICA indicated a range of value per share between US$1.14 to US$1.41. Therefore the middle range was used in arriving at the reported value.

55.1 Valuation bases- Continued

iii Listed debt securities - bonds

Fair values of publicly traded debt securities are based on quoted market prices in an active market for identical assets with adjustments for accrued interest on the instrument after the last interest/coupon payment date. The Company values these investments at closing bid price.

iv Money market funds and similar securities (treasury bills)

The estimated fair value of money market funds is based on discounted cash flows using prevailing quoted Money-market interest rates for debts with similar credit risk and maturity.

Group	2018	2017
Financial Assets measured at	=N='000	=N='000
Quoted prices in active markets (level 1)	236,320	1,059,846
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	38,361	53,987
	274,681	1,113,833

Company	2018	2017
Financial Assets measured at	=N='000	=N='000
Quoted prices in active markets (level 1)	236,320	910,336
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	38,361	53,987
	274,681	964,323

55.1.1 Fair value and fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, into Levels 1 to 3 based on the degree to which the fair value is observable. The categorisation also includes items not measured at fair value but whose fair value is disclosed.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities.

Financial instruments in level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Financial instruments in level 3

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

55.1.1 Fair value and fair value hierarchy - continued

Group

Items measured at fair value

	2018			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:	N'000	N'000	N'000	N'000
Quoted equity shares	236,320	-	-	236,320
	236,320	-	-	236,320
Financial assets at FVOCI:				
Unquoted equity shares	-	-	38,361	38,361
	236,320	-	38,361	274,681
Items whose fair values are disclosed				
Total financial assets	236,320	-	38,361	274,681

Items measured at fair value	2017			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets Held-for-trading:	N'000	N'000	N'000	N'000
Quoted equity shares	1,059,846	-	-	1,059,846
Financial assets-Available-for-sale				
Unquoted equity shares	-	-	53,987	53,987
Total financial assets	1,059,846	-	53,987	1,113,833

Company

Items measured at fair value

	2018			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:	N'000	N'000	N'000	N'000
Quoted equity shares	236,320	-	-	236,320
Financial assets at FVOCI:				
Unquoted equity shares	-	-	38,361	38,361
Items whose fair values are disclosed				
Total financial assets	236,320	-	38,361	274,681

Items measured at fair value	2017			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets Held-for-trading:	N'000	N'000	N'000	N'000
Quoted equity shares	910,336	-	-	910,336
Financial assets-Available-for-sale				
Unquoted equity shares	-	-	53,987	53,987
Total financial assets	910,336	-	53,987	964,323

There were no transfers between level 1 and 2 or in and out of level 3 in 2018 and 2017.

55.2 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.

55.2.1 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	2018			2017		
	Gross OCR =N='000	Gross IBNR =N='000	Total =N='000	Gross OCR =N='000	Gross IBNR =N='000	Total =N='000
Fire	246,274	85,372	331,746	431,895	62,138	494,033
Motor	75,425	44,307	119,732	161,159	92,280	253,439
General accident	510,357	(814)	509,543	569,473	62,916	632,389
Marine	97,171	27,007	124,178	56,506	44,866	101,372
Oil and gas	2,529,550	23,709	2,553,259	1,997,616	52,046	2,049,662
Bond	198,509	1,917	200,426	204,676	401	205,077
	3,657,285	181,498	3,838,884	3,421,325	314,647	3,735,972

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.

55 Management of insurance and financial risk - continued

55.2.1 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.

55.1 Management of insurance and financial risk - continued

Fire

Accident Year	Development Year										
	0	1	2	3	4	5	6	7	8	9	10
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	53,772,419	54,567,006
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	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	99,917,070	99,917,070	-	
2011	13,923,481	35,511,599	48,106,407	50,315,587	50,779,549	51,536,719	51,536,719	51,536,719	-	-	
2012	9,347,077	69,421,670	152,096,308	152,171,189	155,729,020	155,729,020	155,729,020	-	-	-	
2013	103,285,228	255,104,668	265,256,015	268,935,635	268,935,635	268,941,623	-	-	-	-	
2014	59,852,787	142,857,622	150,774,147	150,774,147	150,774,147	-	-	-	-	-	
2015	85,621,507	149,547,998	150,602,679	150,602,679	-	-	-	-	-	-	
2016	132,457,527	138,834,030	138,834,030	-	-	-	-	-	-	-	
2017	19,528,512	20,818,462	-	-	-	-	-	-	-	-	
2018	739,900	-	-	-	-	-	-	-	-	-	

General Accident

Accident Year	Development Year										
	0	1	2	3	4	5	6	7	8	9	10
2008	18,030,115	23,066,040	25,538,373	25,610,918	25,610,918	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	50,594,703	50,594,703	
2010	8,269,673	33,539,645	52,083,610	52,083,610	52,083,610	52,083,610	57,646,935	57,646,935	57,646,935	-	
2011	22,017,774	49,852,042	67,337,157	67,337,157	77,488,583	77,488,583	77,488,583	77,488,583	-	-	
2012	17,833,789	91,791,902	95,417,901	95,417,901	95,417,901	95,417,901	95,417,901	-	-	-	
2013	26,949,610	74,470,453	102,975,737	102,975,737	102,975,737	102,975,737	-	-	-	-	
2014	2,401,025	31,551,960	36,329,224	36,329,224	36,329,224	-	-	-	-	-	
2015	63,206,983	175,767,690	175,781,078	175,781,078	-	-	-	-	-	-	
2016	35,714,338	38,024,308	38,024,308	-	-	-	-	-	-	-	
2017	7,386,270	7,861,754	-	-	-	-	-	-	-	-	
2018	-	-	-	-	-	-	-	-	-	-	

55.1 Management of insurance and financial risk - continued

Marine

Accident Year	Development Year 0	1	2	3	4	5	6	7	8	9	10
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	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	50,594,703	50,594,703	
2010	8,269,673	33,539,645	52,083,610	52,083,610	52,083,610	52,083,610	57,646,935	57,646,935	57,646,935	-	
2011	22,017,774	49,852,042	67,337,157	67,337,157	77,488,583	77,488,583	77,488,583	77,488,583	-	-	
2012	17,833,789	91,791,902	95,417,901	95,417,901	95,417,901	95,417,901	95,417,901	-	-	-	
2013	26,949,610	74,470,453	102,975,737	102,975,737	102,975,737	102,975,737	-	-	-	-	
2014	2,401,025	31,551,960	36,329,224	36,329,224	36,329,224	-	-	-	-	-	
2015	63,206,983	175,767,690	175,781,078	175,781,078	-	-	-	-	-	-	
2016	35,714,338	38,024,308	38,024,308	-	-	-	-	-	-	-	
2017	7,386,270	7,861,754	-	-	-	-	-	-	-	-	
2018	-	-	-	-	-	-	-	-	-	-	

Motor

Accident Year	Development Year 0	1	2	3	4	5	6	7	8	9	10
2008	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	105,359,090
2009	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	310,200,968	
2010	207,330,758	383,403,669	415,894,073	417,500,101	417,735,694	417,735,694	417,735,694	417,735,694	417,735,694		
2011	238,955,405	413,433,834	424,694,083	425,673,148	428,635,326	429,186,629	431,470,754	431,470,754			
2012	242,075,173	380,541,338	386,386,154	386,386,154	386,386,154	386,386,154	386,386,154				
2013	182,242,762	310,002,731	320,616,652	320,768,694	320,768,694	320,768,694					
2014	162,378,160	289,443,120	317,776,399	318,122,399	318,122,399						
2015	166,054,616	346,209,995	357,767,689	357,781,844							
2016	276,753,010	415,153,155	415,159,995								
2017	226,736,201	234,858,203									
2018	42,323,559										

55.1 Management of insurance and financial risk - continued

Oil and Energy

	Development Year										
Accident Year	0	1	2	3	4	5	6	7	8	9	10
2008	783,984	783,984	783,984	783,984	783,984	783,984	783,984	783,984	783,984	783,984	783,984
2009	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	19,533,572	
2010	412,916	21,228,288	31,849,260	36,094,994	36,837,000	46,623,405	50,850,214	50,850,214	50,850,214		
2011	53,371,561	73,395,703	137,920,496	269,104,918	278,966,761	278,966,761	278,966,761	278,966,761			
2012	39,519,397	125,257,576	198,063,682	262,496,263	271,803,479	271,803,479	271,803,479				
2013	159,329,379	430,151,435	529,590,485	578,563,649	578,563,649	578,563,649					
2014	86,844,517	204,419,169	245,075,351	245,075,351	245,075,351						
2015	97,999,141	189,846,172	190,232,254	190,232,254							
2016	71,553	1,587,963	1,587,963								
2017	-	-									
2018	757,011										

55.3 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.

55.3.1 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.

55.3 Financial risk - continued

55.3.1 Market risk - continued

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

Currency risk

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

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

At 31 December 2018	=N='000	¥'000	£'000	$'000	€'000	Total
Assets:						
Financial assets						
- Fair value through profit or loss	236,320	-	-	-	-	236,320
- Fair value through other comprehensive income	38,361	-	-	-	-	38,361
- Debt instruments at amortised cost	53,295	-	-	-	-	53,295
Trade receivables	159,372	-	-	-	-	159,372
Other receivables and prepayments	256,165	-	-	-	-	256,165
Reinsurance assets	319,085	-	-	-	-	319,085
Deferred acquisition costs	14,454	-	-	-	-	14,454
Investment properties	2,686,250	-	-	-	-	2,686,250
Intangible assets	8,271	-	-	-	-	8,271
Property, plant and equipment	3,225,670	-	-	-	-	3,225,670
Deferred tax assets	455	-	-	-	-	455
Statutory deposit	322,500	-	-	-	-	322,500
Bank balances, deposits and cash	219,094	-	170	48,488	10,706	278,458
Total assets	7,539,292	-	170	48,488	10,706	7,598,656
Liabilities:						
Insurance contract liabilities	3,956,877	-	-	-	-	3,956,877
Trade payables	158,356	-	-	-	-	158,356
Provision and other payables	1,387,878	-	-	-	-	1,387,878

55.3 Financial risk - continued

55.3.1 Market risk - continued

At 31 December 2018	=N='000	¥'000	£'000	$'000	€'000	Total
Liabilities:						
Current income tax payable	506,779	-	-	-	-	506,779
Deferred tax liabilities	630,908	-	-	-	-	630,908
Deposit for shares	373,567	-	-	-	-	373,567
Borrowings	3,144,329	9,310,605	-	-	-	12,454,934
Total liabilities	10,158,694	9,310,605	-	-	-	19,469,299
At 31 December 2017						
Assets:						
Financial assets						
- Held-for-trading	1,059,846	-	-	-	-	1,059,846
- Available-for-sale	53,987	-	-	-	-	53,987
- Loans and receivables	4,604	-	-	-	-	4,604
Trade receivables	137,945	-	-	-	-	137,945
Other receivables and prepayments	182,963	-	-	-	-	182,963
Reinsurance assets	533,262	-	-	-	-	533,262
Deferred acquisition costs	31,272	-	-	-	-	31,272
Investment properties	2,600,250	-	-	-	-	2,600,250
Intangible assets	9,521	-	-	-	-	9,521
Property, plant and equipment	3,211,137	-	-	-	-	3,211,137
Statutory deposit	322,500	-	-	-	-	322,500
Bank balances, deposits and cash	314,813	-	152	23,130	9,431	347,526
Total assets	8,462,100	-	152	23,130	9,431	8,494,813
Liabilities:						
Insurance contract liabilities	4,061,593	-	-	-	-	4,061,593
Trade payables	300,068	-	-	-	-	300,068
Provision and other payables	1,183,555	-	-	-	-	1,183,555
Current income tax payable	429,237	-	-	-	-	429,237
Deferred tax liabilities	524,515	-	-	-	-	524,515
Book overdraft	6,039	-	-	-	-	6,039
Deposit for shares	376,028	-	-	-	-	376,028
Borrowings	1,208,049	8,102,556	-	-	-	9,310,605
Total liabilities	8,089,084	8,102,556	-	-	-	16,191,640

55.3 Financial risk - continued

55.3.1 Market risk - continued

	=N='000	¥'000	£'000	$'000	€'000	Total
At 31 December 2017						
Assets:						
Financial assets						
- Held-for-trading	910,336	-	-	-	-	910,336
- Available-for-sale	53,987	-	-	-	-	53,987
- Loans and receivables	4,604	-	-	-	-	4,604
Trade receivables	16,888	-	-	-	-	16,888
Other receivables and prepayments	106,723	-	-	-	-	106,723
Reinsurance assets	533,262	-	-	-	-	533,262
Deferred acquisition costs	31,272	-	-	-	-	31,272
Investment in subsidiary	1,000,000	-	-	-	-	1,000,000
Investment properties	2,600,250	-	-	-	-	2,600,250
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	2,740,143	-	-	-	-	2,740,143
Deferred tax assets	-	-	-	-	-	-
Statutory deposit	322,500	-	-	-	-	322,500
Bank balances, deposits and cash	233,400	-	152	23,130	9,431	266,113
Total assets	8,553,365	-	152	23,130	9,431	8,586,078
Liabilities:						
Insurance contract liabilities	4,061,593	-	-	-	-	4,061,593
Trade payables	300,068	-	-	-	-	300,068
Provision and other payables	1,212,720	-	-	-	-	1,212,720
Current income tax payable	410,525	-	-	-	-	410,525
Deferred tax liabilities	524,515	-	-	-	-	524,515
Book overdraft	6,039	-	-	-	-	6,039
Deposit for shares	376,028	-	-	-	-	376,028
Borrowings	1,208,048	8,102,556	-	-	-	9,310,604
Total liabilities	8,099,536	8,102,556	-	-	-	16,202,092

55.3 Financial risk - continued

Equity price risk - continued

Group/Company 2017	Carrying value	Decrease by 5%	Increase by 5%
Financial assets	=N='000	=N='000	=N='000
Listed equities (Held-for-trading)	1,059,846	(52,992)	52,992
Impact on profit or loss before tax		(52,992)	52,992

Group/Company 2017	Carrying value	Decrease by 5%	Increase by 5%
Financial assets	=N='000	=N='000	=N='000
Unlisted equities (Available-for-sale)	53,987	(2,699)	2,699
Impact on equity		(2,699)	2,699

55.3.2 Credit risks

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

(i)

The Group's Enterprise Risk Management policy sets out the assessment and determination of what constitutes 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 of statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of default, when such balances are settled on a net basis. The group's reinsurance treaty contracts involve netting arrangements.

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

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

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

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

55.3 Financial risk - continued

55.3.2 Credit risks - continued

Credit exposure

The credit risk analysis below is presented in line with how the Group 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	Others ₦'000	Total ₦'000
31 December 2018				
Cash and cash equivalents	279,059	-		279,059
Trade receivables	-	-	160,678	160,678
Debt instrument at amortised costs		52,255	1,234	53,489
Statutory deposit	-	322,500	-	322,500
Reinsurance assets	319,085			
	598,144	374,755	161,912	815,726
31 December 2017				
Cash and cash equivalents	346,443	-		346,443
Trade receivables	-	-	137,945	137,945
Loans and receivables	-	-	4,604	4,604
Statutory deposit	-	322,500	-	322,500
Reinsurance assets	533,262			
	879,705	322,500	142,549	811,492
Company				
31 December 2018				
Cash and cash equivalents	166,165	-		166,165
Trade receivables	-	-	-	-
Debt measured at amortised cost	-	52,255	1,234	53,489
Statutory Deposit	-	322,500	-	322,500
Reinsurance assets	319,085			
	485,250	374,755	1,234	542,154
31 December 2017				
Cash and cash equivalents	265,293	-		265,293
Trade receivables	-	-	16,888	16,888
Loans and receivables	-	-	4,604	4,604
Statutory Deposit	-	322,500	-	322,500
Reinsurance assets	533,262			
	798,555	322,500	21,492	609,285

55.3 Financial risk - continued

55.3.2 Credit risks - continued

Credit exposure - continued

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

	Neither past due nor impaired				
	Investment Grade	Non Investment Grade: Satisfactory	Non Investment Grade: Unsatisfactory	unrated	Total
Group					
31 December 2018	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	279,059	-	-	279,059
Trade receivables	160,678	-	-		160,678
Debt instrument at amortised costs				53,489	53,489
Statutory deposit	322,500	-	-	-	322,500
Reinsurance assets	319,085				319,085
	802,263	279,059	-	53,489	1,134,811
31 December 2017					
Cash and cash equivalents	-	346,443	-	-	346,443
Trade receivables	-	-	-	121,057	121,057
Loans and receivables	-	4,604	-	-	4,604
Statutory deposit	322,500	-	-	-	322,500
Reinsurance assets	533,262				533,262
	855,762	351,047	-	121,057	1,327,866
Company					
31 December 2018					
Cash and cash equivalents	166,165	-	-	-	166,165
Trade receivables	-	-	-		-
Finanacial assets at amortized Cost	-	53,295	-	-	53,295
Statutory deposit	322,500	-	-	-	322,500
Reinsurance assets	319,085	-	-	-	319,085
	807,750	53,295	-	-	861,045

55.3 Financial risk - continued

55.3.2 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 2017	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	265,293	-	-	265,293
Trade receivables	-	-	-	16,888	16,888
Loans and receivables	-	4,604	-	-	4,604
Statutory deposit	322,500	-	-	-	322,500
Reinsurance assets	533,262	-	-	-	533,262
	855,762	269,897	-	16,888	1,142,547

Impairment assessment
The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure
The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

There has been no significant increase in credit risk or default for financial assets during the year.

Expected credit loss
The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

55.3 Financial risk - continued

55.3.2 Credit risks - continued
Impairment assessment - continued

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on Moody's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are also provided.

Group	31-Dec-2018			01-Jan-18
Moody's rating	12mECL	LTECL	Total	Total
Performing	N'000	N'000	N'000	N'000
Cash and cash equivalents				
AAA-A+	-	-	-	-
BBB-B+	279,059	-	279,059	346,443
C-CCC	-	-	-	-
Total Gross Amount	279,059	-	279,059	346,443
ECL	(932)	-	(932)	(1,248)
Total Net Amount	278,127	-	278,127	345,195
Financial assets - amortised cost				
AAA-A+	-	-	-	-
BBB-B+	52,255	-	52,255	-
C-CCC	-	-	-	-
Total Gross Amount	52,255	-	52,255	-
ECL	(194)		(194)	
Total Net Amount	52,061	-	52,061	-
Unrated				
Trade receivables	160,678	-	160,678	121,057
Total Gross Amount	160,678	-	160,678	121,057
ECL	(1,406)	-	(1,406)	
Total Net Amount	159,272	-	159,272	121,057

55.3 Financial risk - continued

55.3.2 Credit risks - continued
Impairment assessment - continued

Company	31-Dec-2018			01-Jan-18
Moody's rating	12mECL	LTECL	Total	Total
Performing	N'000	N'000	N'000	N'000
Cash and cash equivalents				
AAA-A+	-	-	-	-
BBB-B+	166,165	-	166,165	265,293
C-CCC	-	-	-	-
Total Gross Amount	166,165	-	166,165	265,293
ECL	(824)		(824)	(1,067)
Total Net Amount	165,341	-	165,341	264,226
Financial assets - amortised cost				
AAA-A+	-	-	-	-
BBB-B+	52,255	-	52,255	-
C-CCC	-	-	-	-
Total Gross Amount	52,255	-	52,255	-
ECL	(194)		(194)	
Total Net Amount	52,061	-	52,061	-

55.3 Financial risk - continued

55.3.2 Credit risks - continued
Impairment assessment - continued

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Baa3 or higher based on the Moody rating.

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do no align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECLmeasurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- Its risk of default occuring at the reporting date based on the modified term; with
- The risk of default occuring estimated based on data on initial recognition and the original contractual terms.

55.3 Financial risk - continued

55.3.2 Credit risks - continued

Impairment assessment - continued

Definition of default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of Forward looking information

The Company incorporates forward-looking information into its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company's Investment and Risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

Measurement of ECL

The calculation of the expected credit loss is based on the key risk parameters of Probability of default(PD), Loss given default(LGD) and Exposure at default (EAD).

To determine the Lifetime and 12-month PDs, the Company uses the PD tables supplied by Moodys based on the default history of sovereign and corporate obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated and adjusted to reflect forward looking information as described below. changes in the rating for counterparties and exposure lead to a change in estimate of the associated PD.

Loss Given Default is the magnitude off the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against the defaulted counterparties. The LGD for sovereign fixed income exposures are based on publications by Moody's and the models consider the structure, collateral, seniority of claims and recovery of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated on discounted cash flow basis using effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis.

An overview of the approach to estimating ECLs is set out in Note 2 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moodys, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at 31 December 2018 and 1 January 2018.

55.3 Financial risk - continued

55.3.2 Credit risks - continued

Impairment assessment - continued

The Company has identified and documented key divers of credit risk amd ECL for each portfolio of financial instruments and , using an anlysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Analysis of inputs to the ECL model under multiple economic scenarios
31 December 2018

Key drivers	ECL Scenario	Assigned Probabilities	2019	2020	2021
Macroeconomic variable					
GDP Growth rate (%)					
	Upside	18%	2.44	2.71	2.60
	Base case	66%	2.26	2.53	2.42
	Downside	16%	2.08	2.35	2.24
Inflation rates (%)					
	Upside	18%	0.14	0.15	0.14
	Base case	66%	0.15	0.16	0.14
	Downside	16%	0.15	0.16	0.15
Oil Prices "USD"(price per barrel)					
	Upside	18%	74	69	69
	Base case	66%	74	69	69
	Downside	16%	74	69	69
Unemployment rates (%)					
	Upside	18%	17.40	15.00	16.20
	Base case	66%	17.40	15.00	16.20
	Downside	16%	17.40	15.00	16.20

Analysis of inputs to the ECL model under multiple economic scenarios
31 December 2017

Key drivers	ECL Scenario	Assigned Probabilities	2018	2019	2020
Macroeconomic variable					
GDP Growth rate (%)					
	Upside	18%	2.13	2.44	2.71
	Base case	66%	1.95	2.26	2.53
	Downside	16%	1.77	2.08	2.35
Inflation rates (%)					
	Upside	18%	0.14	0.14	0.15
	Base case	66%	0.15	0.15	0.16
	Downside	16%	0.16	0.15	0.16
Oil Prices "USD"(price per barrel)					
	Upside	18%	72	74	69
	Base case	66%	72	74	69
	Downside	16%	72	74	69

55.3 Financial risk - continued

55.3.2 Credit risks - continued

Impairment assessment- Continued

Key drivers	ECL Scenario	Assigned Probabilities	2018	2019	2020
Unemployment rates (%)					
	Upside	18%	18.80	17.40	15.00
	Base case	66%	18.80	17.40	15.00
	Downside	16%	18.80	17.40	15.00

Since the beginning of the year, as the Company has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majorly due to the unstable politicaL outlook of the country. Unemployment and oil price assumptions follow a similar trend. Central Bank base rates have been stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

The following tables outline the impact of multiple scenarios on the allowance

		Cash and cash equivalents	Financial assets - amortised cost	Other receivables	Total
31-Dec-18					
Upside	18%	168	35	253	456
Base case	66%	615	128	928	1,672
Downside	16%	149	31	225	405
		932	194	1,406	2,533
31-Dec-17					
Upside	18%	225	-	373	598
Base case	66%	824	-	1,367	2,191
Downside	16%	200	-	331	530
		1,248	-	2,071	3,319

55.3.3 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.

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

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. Assets are included in this table because Management uses those assets to manage liquidity risk.

	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
GROUP - 31 December 2018	N'000	N'000	N'000	N'000	N'000
Financial and insurance assets					
Debt instruments at amortised cost	53,489	-	-	-	53,489
Trade receivables	160,678	-	-	-	160,678
Provision and other payables	964,732				964,732
Cash and cash equivalents	279,059	-	-	-	279,059
	1,457,958	-	-	-	1,457,958

	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
GROUP - 31 December 2018					
Financial and insurance liabilities	N'000	N'000	N'000	N'000	N'000
Insurance contract liabilities	3,838,883	-	-	-	3,838,883
Borrowings	12,454,934	-	-	-	12,454,934
Deposit for shares	373,567	-	-		373,567
	16,667,384	-	-	-	16,667,384
GROUP - 31 December 2017					
Financial and insurance assets					
Loans and receivables	4,604	-	-	-	4,604
Reinsurance assets	533,262	-	-	-	533,262
Trade receivables	137,945	-	-	-	137,945
Other receivables	11,729	-	-	-	11,729
Cash and cash equivalents	346,443	-	-	-	346,443
	1,033,983	-	-	-	1,033,983
Financial and insurance liabilities					
Insurance contract liabilities	3,735,971	-	-	-	3,735,971
Book overdraft	6,039				6,039
Borrowings	9,310,605	-	-	-	9,310,605
Provision and other payables	898,150				898,150
Deposit for shares	376,028	-	-		376,028
	14,326,793	-	-	-	14,326,793
Company - 31 December 2018					
Financial and insurance assets					
Debt instrument at amortized cost	53,295	-	-	-	53,295
Reinsurance assets	319,085	-	-	-	319,085
Trade receivables	100	-	-	-	100
Other receivables	2,203	-	-	-	2,203
Cash and cash equivalents	166,165	-	-	-	166,165
	540,848	-	-	-	540,848
Financial and insurance liabilities					
Insurance contract liabilities	3,838,883	-	-	-	3,838,883
Borrowings	12,454,934	-	-	-	12,454,934
Provision and other payables	849,449				849,449
Deposit for shares	373,567	-	-	-	373,567
	17,516,833	-	-	-	17,516,833
31 December 2017					
Financial and insurance assets					
Loans and receivables	4,604	-	-	-	4,604
Reinsurance assets	533,262	-	-	-	533,262
Trade receivables	16,888	-	-	-	16,888
Other receivables	106,723	-	-	-	106,723
Cash and cash equivalents	265,293	-	-	-	265,293
	926,770	-	-	-	926,770

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

Company - 31 December 2017	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	3,735,971	-	-	-	3,735,971
Borrowings	9,310,605	-	-	-	9,310,605
Provision and other payables	794,176	-	-	-	794,176
Deposit for shares	376,028	-	-	-	376,028
	14,216,780	-	-	-	14,216,780

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation of assets and liabilities

Group - 31 December 2018	Current	Non-current	Total
Assets	₦'000	₦'000	₦'000
Cash and cash equivalents	278,458	-	278,458
Financial assets			
Fair value through profit or loss	236,320	-	236,320
Fair value through other comprehensive in	38,361	-	38,361
Debt instruments at amortised cost	53,295	-	53,295
Trade receivables	159,372	-	159,372
Other receivables and prepayments	256,165	-	256,165
Reinsurance assets	319,085	-	319,085
Deferred acquisition costs	14,454	-	14,454
Investment in subsidiary	-	-	-
Investment properties	-	2,686,250	2,686,250
Intangible assets	-	8,271	8,271
Property, plant and equipment	-	3,225,670	3,225,670
Statutory deposit	-	322,500	322,500
Deferred tax assets	455	-	455
Total assets	1,355,965	6,242,691	7,598,656
Liabilities			
Insurance contract liabilities	3,956,877	-	3,956,877
Trade payables	158,356	-	158,356
Provisions and other payables	1,387,878	-	1,387,878
Current income tax payable	506,779	-	506,779
Deferred tax liabilities	-	630,908	630,908
Borrowings	12,454,934	-	12,454,934
Deposit for shares	373,567	-	373,567
Total liabilities	18,838,391	630,908	19,469,299

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

Group - 31 December 2017	Current	Non-current	Total
Assets	N'000	N'000	N'000
Cash and cash equivalents	347,526	-	347,526
Financial assets			
- Held-for-trading	1,059,846	-	1,059,846
- Available-for-sale	-	53,987	53,987
- Loans and receivables	4,604	-	4,604
Trade receivables	137,945	-	137,945
Other receivables and prepayments	182,963	-	182,963
Reinsurance assets	533,262	-	533,262
Deferred acquisition costs	31,272	-	31,272
Investment properties	-	2,600,250	2,600,250
Intangible assets	-	9,521	9,521
Property, plant and equipment	-	3,211,137	3,211,137
Statutory deposit	-	322,500	322,500
Total assets	2,297,418	6,197,395	8,494,813
Liabilities			
Insurance contract liabilities	4,061,593	-	4,061,593
Trade payables	300,068	-	300,068
Provisions and other payables	1,183,555	-	1,183,555
Current income tax payable	429,237	-	429,237
Deferred tax liabilities	-	524,515	524,515
Book overdraft	6,039	-	6,039
Borrowings	9,310,605	-	9,310,605
Deposit for shares	376,028	-	376,028
Total liabilities	15,667,125	524,515	16,191,640

Company - 31 December 2018	Current	Non-current	Total
Assets			
Cash and cash equivalents	165,653	-	165,653
Financial assets			
- Held-for-trading	236,320	-	236,320
- Available-for-sale	-	38,361	38,361
Debt instruments at amortised cost	53,295	-	53,295
Trade receivables	100	-	100
Other receivables and prepayments	5,222	-	5,222
Reinsurance assets	319,085	-	319,085
Deferred acquisition costs	14,454	-	14,454
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	-	2,686,250	2,686,250
Intangible assets	-	-	-
Property, plant and equipment	-	2,710,722	2,710,722
Statutory deposit	-	322,500	322,500
Total assets	794,129	6,757,833	7,551,962
Liabilities			
Insurance contract liabilities	3,956,877	-	3,956,877
Trade payables	158,356	-	158,356
Provisions and other payables	1,294,118	-	1,294,118
Current income tax payable	480,676	-	480,676
Deferred tax liabilities	-	630,908	630,908
Borrowings	12,454,934	-	12,454,934
Deposit for shares	373,567	-	373,567
Total liabilities	18,718,528	630,908	19,349,436

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

Company - 31 December 2017	Current	Non-current	Total
Assets	₦'000	₦'000	₦'000
Cash and cash equivalents	266,113	-	266,113
Financial assets			
- Held-for-trading	910,336	-	910,336
- Available-for-sale	-	53,987	53,987
- Loans and receivables	4,604	-	4,604
Trade receivables	16,888	-	16,888
Other receivables and prepayments	106,723	-	106,723
Reinsurance assets	533,262	-	533,262
Deferred acquisition costs	31,272	-	31,272
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	-	2,600,250	2,600,250
Intangible assets	-	-	-
Property, plant and equipment	-	2,740,143	2,740,143
Statutory deposit	-	322,500	322,500
Total assets	1,869,198	6,716,880	8,586,078
Liabilities			
Insurance contract liabilities	4,061,593	-	4,061,593
Trade payables	300,068	-	300,068
Provisions and other payables	1,212,720	-	1,212,720
Current income tax payable	410,525	-	410,525
Deferred tax liabilities	-	524,515	524,515
Book overdraft	6,039		6,039
Borrowings	9,310,605	-	9,310,605
Deposit for shares	376,028		376,028
Total liabilities	15,677,578	524,515	16,202,093

Fair value of financial assets and liabilities

a *Financial instruments not measured at fair value*

	31 December 2018		31 December 2017	
Group	Carrying value	Fair value	Carrying value	Fair value
Financial assets	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	278,458	278,458	347,526	347,526
Loans and receivables	-	-	4,604	4,604
Debt instrument at amortized Cost	53,295	53,295	-	-
Trade receivables	159,272	159,272	121,057	121,057
Financial liabilities				
Trade payables	158,356	158,356	300,068	300,068
Book Overdraft	-	-	6,039	6,039
Borrowings	12,454,934	12,454,934	9,310,605	10,810,277
Deposit for shares	373,567	373,567	376,028	376,028

55.3 Financial risk - continued

Fair value of financial assets and liabilities - continued

a *Financial instruments not measured at fair value - continued*

Company	31 December 2018 Carrying value	Fair value	31 December 2017 Carrying value	Fair value
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Cash and cash equivalents	165,653	165,653	266,113	266,113
Loans and receivables	53,295	-	4,604	-
Financial liabilities				
Trade payables	158,356	158,356	300,068	300,068
Borrowings	12,454,934	12,454,934	9,310,605	10,810,277
Book overdraft	-	-	6,039	-
Deposit for shares	373,567	373,567	376,028	376,028

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.

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.

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 2018

COMPANY REVENUE	Fire =N='000	Motor =N='000	General accident =N='000	Marine =N='000	Oil and energy =N='000	Total 2018 =N='000	Total 2017 =N='000
Direct premium	64,247	166,122	93,495	60,160	73,732	457,756	960,975
Inward premium	693	2,177	1,132	1,301	-	5,303	5,889
Gross written premium	64,940	168,299	94,627	61,461	73,732	463,059	966,864
Change in unearned premium	13,131	135,178	13,670	12,617	33,032	207,628	175,880
Gross premium earned	78,071	303,477	108,297	74,078	106,764	670,687	1,142,744
Outward reinsurance	(121,478)	(7,744)	(28,911)	(39,741)	(6,671)	(204,546)	(316,311)
Net premium earned	(43,407)	295,733	79,386	34,337	100,093	466,141	826,433
Commission received	5,948	(2,343)	(3,286)	8,955	(1,513)	7,762	5,530
Net underwriting income	(37,459)	293,390	76,100	43,292	98,580	473,903	831,963
EXPENSES							
Gross claims paid	21,582	125,824	306,928	19,226	15,816	489,376	427,022
Change in outstanding claims	(132,999)	(133,707)	(142,046)	22,807	488,856	102,912	753,517
Gross claims incurred	(111,417)	(7,883)	164,882	42,033	504,672	592,288	1,180,539
Reinsurance claims recovery	(31,694)	(8,157)	(10,205)	(19,837)	-	(69,894)	(186,814)
Net claims incurred	(143,110)	(16,041)	154,677	22,196	504,672	522,394	993,724
Acquisition costs	14,660	20,708	14,734	13,083	10,186	73,372	160,721
Maintenance costs	117	1,577	29,990	140	700	32,524	93,369
Underwriting expenses	(128,334)	6,245	199,401	35,419	515,558	628,290	1,247,814
Underwriting profit/(loss)	90,875	287,145	(123,301)	7,873	(416,979)	(154,387)	(415,851)

INTERNATIONAL ENERGY INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2018

	GROUP				COMPANY			
	2018 =N='000	%	2017 =N='000	%	2018 =N='000	%	2017 =N='000	%
Gross premium income	667,224		1,142,744		670,687		1,142,744	
Commission	7,762		5,530		7,762		5,530	
Interest revenue calculated using effective interest method	91,743		89,677		70,685		62,205	
Other investment income	433		89,908		213		-	
Other income	756,341		1,350,946		(17,675)		689,880	
	1,523,503		2,678,805		731,672		1,900,359	
Reinsurance expenses, net claims incurred, commission paid and other operating expenses -	(1,515,559)		(2,699,497)		(1,104,721)		(2,284,818)	
Value added/(consumed)	7,944		(20,692)		(373,049)		(384,459)	
Applied as follows:								
To pay employees:								
Salaries, wages and benefits	765,168	9,632	731,361	(3,534.5)	434,411	(116.4)	466,505	(121.3)
To pay Government:								
Taxes	85,965	1,082	45,500	(219.9)	77,153	(20.7)	35,697	(9.3)
To pay providers of capital:								
Finance costs	3,144,339	39,582	1,208,049	(5,838.2)	3,144,339	(842.9)	1,208,049	(314.2)
Retained for asset replacement and future expansion of business:								
-Depreciation and amortisation	94,033	1,184	120,390	(581.7)	29,421	(7.9)	68,575	(17.7)
-Deferred taxation	97,146	1,223	122,269	(590.9)	106,713	(28.6)	122,269	(31.8)
-Loss for the year	(4,178,707)	(52,602)	(2,248,261)	10,865.4	(4,165,086)	1,116.5	(2,285,554)	594.5
Value added/(consumed)	7,944	100	(20,692)	100	(373,049)	100	(384,459)	100

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			>>>>>>>>>>>>>>>>>>>>>>>	
	2018	2017	2016	20152014	
Assets	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents	278,458	347,526	553,560	876,623	1,364,638
Financial assets	327,976	1,118,437	624,546	1,255,860	1,221,478
Trade receivables	159,372	137,945	252,887	76,149	122,136
Other receivables and prepayments	256,165	182,963	145,420	178,183	107,077
Reinsurance assets	319,085	533,262	886,058	381,651	739,092
Deferred acquisition costs	14,454	31,272	63,480	145,373	176,039
Investment properties	2,686,250	2,600,250	2,821,600	2,028,000	2,028,000
Intangible assets	8,271	9,521	4,271	1,079	4,194
Property, plant and equipment	3,225,670	3,211,137	3,282,970	2,217,312	2,245,215
Deferred tax assets	455	-	-	-	-
Statutory deposit	322,500	322,500	322,500	322,500	322,500
Total assets	7,598,656	8,494,813	8,957,292	7,482,730	8,330,369
Liabilities					
Insurance contract liabilities	3,956,877	4,061,593	3,483,956	3,354,543	4,007,977
Trade payables	158,356	300,068	520,085	454,906	315,652
Provisions and other payables	1,387,878	1,183,555	1,023,027	1,019,857	1,138,021
Current income tax payable	506,779	429,237	396,667	398,292	331,382
Deferred tax liabilities	630,908	524,515	402,246	-	-
Book overdraft		6,039	25,493		
Borrowings	12,454,934	9,310,605	8,102,557	4,460,739	4,016,850
Deposit for shares	373,567	376,028	380,182	381,582	393,761
Total liabilities	19,469,299	16,191,640	14,334,213	10,069,919	10,203,643
Equity					
Share capital	642,043	642,043	642,043	642,043	642,043
Share premium	963,097	963,097	963,097	963,097	963,097
Other reserves	(13,651,882)	(9,476,613)	(7,149,621)	(4,335,345)	(3,632,368)
Non-controlling interest	176,099	174,646	167,560	143,016	153,954
Total deficit	(11,870,643)	(7,696,827)	(5,376,921)	(2,587,189)	(1,873,274)
Total liabilities and equity	7,598,656	8,494,813	8,957,292	7,482,730	8,330,369
STATEMENT OF PROFIT OR LOSS					
Loss before income tax	(3,995,596)	(2,080,492)	(3,555,104)	(698,916)	(1,871,233)
Income tax	(183,111)	(167,769)	(110,465)	(68,662)	(293,529)
Loss for the year	(4,178,707)	(2,248,261)	(3,665,569)	(767,578)	(2,164,762)
Other comprehensive income/(loss)	7,214	(71,645)	875,837	53,663	(36,428)
Total comprehensive loss	(4,171,493)	(2,319,906)	(2,789,732)	(713,915)	(2,201,190)
Basic and diluted loss per share (kobo)	(325.22)	(175.64)	(285.46)	(59.78)	(168.58)
Net liabilities per share (kobo)	(938.16)	(613.00)	(431.78)	(212.62)	(157.87)

Note: The losses 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.

INTERNATIONAL ENERGY INSURANCE PLC

FIVE-YEAR FINANCIAL SUMMARY - COMPANY

STATEMENT OF FINANCIAL POSITION AS AT	<<<<<<<<<<<<<<<<<<<<<<<<<< 31 DECEMBER			>>>>>>>>>>>>>>>>>>>>>>>>	
	2018	2017	2016	2015	2014
Assets	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents	165,653	266,113	461,814	697,968	952,573
Financial assets	327,976	968,927	624,546	1,255,860	1,221,478
Trade receivables	100	16,888	1,474	13,381	12,629
Other receivables and prepayments	5,222	106,723	115,460	133,868	138,140
Reinsurance assets	319,085	533,262	886,058	381,651	739,092
Deferred acquisition costs	14,454	31,272	63,480	145,373	176,039
Investment in subsidiary	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Investment properties	2,686,250	2,600,250	2,821,600	2,028,000	2,028,000
Intangible assets	-	-	-	1,079	2,158
Property, plant and equipment	2,710,722	2,740,143	2,807,296	1,720,994	1,829,924
Statutory deposit	322,500	322,500	322,500	322,500	322,500
Total assets	7,551,962	8,586,078	9,104,228	7,700,674	8,422,533
Liabilities					
Insurance contract liabilities	3,956,877	4,061,593	3,483,956	3,354,543	4,007,977
Trade payables	158,356	300,068	520,085	454,906	315,652
Provisions and other payables	1,294,118	1,212,720	1,069,697	1,070,172	1,064,841
Current income tax payable	480,676	410,525	378,828	318,638	307,012
Deferred tax liabilities	630,908	524,515	402,246	-	-
Book overdraft		6,039	25,493		
Borrowings	12,454,934	9,310,605	8,102,557	4,460,739	4,016,850
Deposit for shares	373,567	376,028	380,182	381,582	393,761
Total liabilities	**19,349,436**	**16,202,093**	**14,363,044**	**10,040,580**	**10,106,093**
Equity					
Share capital	642,043	642,043	642,043	642,043	642,043
Share premium	963,097	963,097	963,097	963,097	963,097
Other reserves	(13,402,614)	(9,221,155)	(6,863,956)	(3,945,046)	(3,288,700)
Total defict	(11,797,474)	(7,616,015)	(5,258,816)	(2,339,906)	(1,683,560)
Total liabilities and equity	7,551,962	8,586,078	9,104,228	7,700,674	8,422,533
STATEMENT OF PROFIT OR LOSS					
Loss before income tax expense	(3,981,220)	(2,127,588)	(3,672,398)	(698,383)	(1,871,233)
Income tax expense	(183,866)	(157,966)	(122,349)	(11,626)	(293,529)
Loss profit for the year	(4,165,086)	(2,285,554)	(3,794,747)	(710,009)	(2,164,762)
Other comprehensive income/(loss)	(15,626)	(71,645)	875,837	53,663	(36,428)
Total comprehensive loss	(4,180,712)	(2,357,199)	(2,918,910)	(656,346)	(2,201,190)
Basic and diluted loss per share (kobo)	(324.36)	(177.99)	(295.52)	(55.29)	(168.58)
Net liabilities per share (kobo)	(918.74)	(593.11)	(409.54)	(182.22)	(131.11)

Note: The losses 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.