

AIICO INSURANCE PLC AND SUBSIDIARY COMPANIES

ANNUAL REPORT

31 March 2017

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Corporate Information

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Actuary	HR Nigeria Limited FRC/NAS/00000000738
Reinsurers	Africa Reinsurance Corporation Continental Reinsurance PLC Swiss Reinsurance WAICA Reinsurance
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Regulatory Authority	National Insurance Commission

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Consolidated Results at a Glance

Profit or loss and other comprehensive income

<i>In thousands of naira</i>	Mar 2017	Mar 2016	Changes	%
Gross premium written	7,092,621	8,216,378	(1,123,757)	(14)
Gross premium income	4,961,614	5,070,272	(108,658)	(2)
Net premium income	4,143,926	4,210,771	(66,845)	(2)
Claim expenses (net)	(3,399,796)	(2,471,558)	(928,238)	(38)
Profit before taxation	673,036	1,262,652	(589,616)	(47)
Profit after taxation	547,142	937,496	(390,354)	(42)
Other comprehensive loss, net of tax	(81,755)	(1,567,894)	1,486,139	95
Total comprehensive loss for the year	465,387	(630,398)	1,095,785	174
Basic earnings per share (kobo)	7	14	(7)	(50)
Diluted earnings per share (kobo)	5	11	(6)	(54)

Financial Position

<i>In thousands of naira</i>	Dec 2017	Dec 2016	Changes	%
Cash and cash equivalents	7,524,082	7,491,178	32,904	0
Financial assets	59,640,757	56,556,261	3,084,496	5
Trade receivable	712,698	411,969	300,729	73
Reinsurance assets	2,716,164	2,816,503	(100,339)	(4)
Deferred acquisition cost	402,047	285,232	116,815	41
Other receivables and prepayments	349,713	324,457	25,255	8
Deferred tax asset	1,125,074	1,088,677	36,397	3
Investment property	860,000	990,000	(130,000)	(13)
Goodwill and other intangible assets	1,091,997	1,092,031	(34)	(0)
Property and equipment	5,906,575	5,915,891	(9,316)	(0)
Statutory deposit	530,000	530,000	-	-
Total assets	80,859,107	77,502,200	3,356,908	4
Insurance contract liabilities	49,879,018	49,987,893	(108,875)	0
Investment contract liabilities	10,946,180	10,061,636	884,544	(9)
Trade payables	2,542,771	1,599,841	942,930	(59)
Other payables and accruals	1,589,811	1,787,068	(197,257)	11
Fixed income liabilities	3,801,149	2,531,870	1,269,279	(50)
Current tax payable	742,766	623,761	119,005	(19)
Deferred tax liability	270,408	270,408	-	0
Finance lease obligation	4,314	7,368	(3,054)	41
Long term borrowing	1,767,613	1,785,650	(18,037)	1
Derivative liabilities	143,725	143,725	-	0
Total liabilities	71,687,756	68,799,220	2,888,536	(4)
Issued share capital	3,465,102	3,465,102	-	-
Share premium	2,824,389	2,824,389	(0)	(0.00)
Revaluation reserves	1,221,707	1,221,707	-	-
Available-for-sale reserve	(14,147,211)	(14,065,457)	(81,755)	(1)
Currency reserves	596,977	596,977	1	0
Statutory reserve	84,614	96,688	(12,074)	(12)
Contingency reserve	4,703,531	4,703,531	-	0
Retained earnings	10,043,792	9,498,054	545,738	6
Shareholders' funds	8,792,900	8,340,991	451,909	5
Non - Controlling Interest	378,446	361,987	16,459	4
Total equity	9,171,347	8,702,978	468,368	5
Total equity and liabilities	80,859,102	77,502,198	3,356,904	4

Statement of Significant Accounting Policies

For the period ended 31 March 2017

1 Reporting entity

AIICO Insurance Plc was established in 1963 by American Life Insurance Company and was incorporated in 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) in December 1990. The Company was registered by the Federal Government of Nigeria to provide insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals. Arising from the merger in the insurance industry, AIICO Insurance Plc acquired Nigerian French Insurance Plc and Lamda Insurance Company Limited in February 2007.

The Company currently has its corporate head office at Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria.

These consolidated financial statements comprise the Company and its subsidiary (together referred to as “the Group”). The Group is primarily involved in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers.

2 Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, Financial Reporting Council of Nigeria Act, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

2.2 Going concern

These financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group has adequate resources to continue as going concern for the foreseeable future.

2.3 Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group's and Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.4 Basis of measurement

These consolidated and separate financial statements have been prepared under the historical cost convention, as modified by the valuation of investment property, available-for-sale financial assets, insurance liabilities, and financial assets and liabilities designated at fair value.

These financial statements have being prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations.

2.5 Use of estimates and judgement

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

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 in note to the financial statements below.

2.6 Changes in accounting policies

There has been no changes in the accounting policies of the Group during the year ended 31 December 2016 as the amendments to IFRS in 3.38 below which became effective for annual period beginning on or ending 1 January 2016 had no impact on the Group's reporting.

2.7 Segment reporting

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

- The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk). It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.
- The non-life insurance segment comprises general insurance to individuals and businesses. Non-life insurance products offered include motor, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.
- The Health management segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The segment became a full subsidiary of AIICO Insurance Plc on July 1, 2012.
- The Pension management Segment was licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006, provides pension administration services to private and public sector contributors.
- The Wealth management segment is registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. The segment commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research based approach for every investment decision.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

Inter-segment transactions occurred in 2016 as shown in Note 5.1 Segment income, expenses and results will include those transfers between business segments

2.8 Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non performance risk.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

2.9 Disclosures - offsetting financial assets and financial liabilities (Amendment to IFRS 7)

As a result of the amendments to IFRS 7, the Group has expanded disclosure about offsetting financial assets and financial liabilities.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

3.1 Basis of Consolidation

(a) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. However, this does not preclude the Company from reclassifying insurance contracts to accord with its own policy only if classification needs to be made on the basis of the contractual terms and other factors at the inception or modification date.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or a liability, will be recognized as measurement period adjustments in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not be remeasured and its subsequent settlement will be accounted for within equity.

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed and net of the fair value of any previously held equity interest in the acquiree. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which the date on which control commences until the date on which control ceases.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are measured at cost.

Acquisition-related costs are expensed as incurred

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

Disposal of subsidiaries

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

Non-controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the (c) acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and
- qualifying cash flow hedges to the extent that the hedges are effective.

Statement of Significant Accounting Policies (cont'd)
For the period ended 31 March 2017

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the consolidated statement of financial position.

For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.4 Financial instruments

The group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

(a) Non-derivative financial assets and financial liabilities- recognition and derecognition

The group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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 in a transaction in which substantially all of the risks and reward of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised asset financial asset that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of the financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(b) Non-derivative financial assets -measurement

Financial assets at fair value through profit or loss	A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial asset at fair value through profit or loss are measured at fair value and changes therein, including any interest expense or dividend income, are recognised in profit or loss.
Loans and receivables	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.
Available-for-sale financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments see 4(a), are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(c) Non-derivative financial liabilities - measurement

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial assets - impairment

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes;

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortised cost	<p>The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant asset are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.</p> <p>In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.</p> <p>An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospect of recovery of the asset, the relevant amount written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.</p>
Available- for-sale financial assets	<p>Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit and loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.</p>

(e) Derivative liabilities

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not itself carried at fair value through profit or loss
- the terms of embedded derivative would meet the definition of a derivative if they were contained in a separate contract and;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss.

3.5 Trade receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" policy. Trade receivables are classified as loans and receivables.

3.6 Reinsurance assets

The group cedes insurance risk in the normal course of business on the bases of our treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

(a) Impairment of reinsurance assets

The Group assesses its reinsurance assets for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. 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 profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets measured at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognised based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

Investment income on these contracts is accounted for using the effective interest rate method when accrued.

3.7 Trade payables

Trade 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 amortized cost using the effective interest rate method. Trade payables are recognised as financial liabilities.

3.8 Other payables and accruals

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. Discounting is omitted for payables that are less than one year as the effect is not material. A financial liability is derecognized 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 profit or loss. Gains and losses are recognised in the profit or loss when the liabilities are derecognized. Other payables are recognised as financial liabilities.

3.9 Deferred expenses

(a) Deferred acquisition costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.

DAC for life insurance are expensed as incurred. Subsequent to initial recognition, DAC for general insurance are amortized over the period in which the related revenues are earned. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate. DAC are derecognized when the related contracts are either settled or disposed of.

(b) Deferred expenses-Reinsurance commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

3.10 Other receivables and prepayment

Other receivables are carried at amortised cost using the effective interest rate less accumulated impairment losses. Prepayments are carried at cost less accumulated amortization and impairment losses and are amortized on a straight line basis to the profit or loss account.

3.11 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss except to the extent that this relates to a business combination, or items recognized directly in equity or OCI.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to the income taxes, if any. It is measured using tax rate enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends received by the Company.

(b) NITDA Levy

The National Information Technology Development Agency Act (2007) empowers and mandates the Federal Inland Revenue Service (FIRS) to collect and remit 1% of profit before tax of Companies with turnovers of a minimum of ₦100million under the third schedule of the Act.

(c) Deferred income taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profit improves.

Unrecognised deferred tax asset are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value presumed to be recovered through sale, and the Group has not been rebutted this presumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.12 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.13 Intangible assets and goodwill

(a) Goodwill

Goodwill arising on acquisition of subsidiaries is measured at cost less accumulated impairment losses

(b) Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic lives, using a straight line method, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset.

Computer software, not integral to the related hardware acquired by the Group, is stated at cost less accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. The estimated useful life is 5 years.

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(c) Present value of acquired in-force business (PVIF)

When a portfolio of insurance contracts is acquired, whether directly from another insurance company or as part of a business combination, the difference between the fair value of insurance rights acquired and insurance obligation assumed are measured using the Company's existing accounting policies and is recognized as the value of the acquired in-force business.

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses. The intangible asset is amortized over the useful life of the acquired in-force policy during which future premiums are expected, which typically varies between five and fifty years. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and they are treated as a change in an accounting estimate. An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit and loss. PVIF is also considered in the liability adequacy test for each reporting period.

PVIF is derecognized when the related contracts are settled or disposed of.

(d) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(e) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and generally recognised in profit or loss. Goodwill is not amortised. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.14 Property and equipment

(a) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss

(b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of significant items of property and equipment for current and comparative periods are as follows:

Leasehold land	Over the lease period
Building	50 years
Furniture and Equipment	5 years
Motor vehicles	4 years
Lifts	15 Years
Central Air Conditioners	10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An 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 recoverable amount is the higher of the asset's value less costs to sell or the value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount. Gains and losses are included in the profit and loss account for the period.

(d) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are 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 proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(e) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

3.15 Statutory deposit

Statutory deposit represent 10% of required minimum paid up capital of AICO Insurance PLC. The amount is held by CBN (Central Bank of Nigeria) pursuant to Section 10(3) of the Insurance Act 2003. Statutory deposit is measured at cost.

3.16 Insurance contract liabilities

(a) Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is calculated adopting current financial and decrement assumptions. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for claims outstanding.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate by carrying out a liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. Discounted cash flows model is used in the valuation.

The interest rate applied is based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the profit or loss by establishing an additional insurance liability for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation.

(b) Guaranteed annuity

Guaranteed annuity is recognised as an insurance contract.

Annuity premium are recognised as income when received from policy holders, payments to policy holders are recognised as an expense when due.

The amount of insurance risk under contracts with guaranteed annuity is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Company under the annuities issued. The Group does not have sufficient historical data on which to base its estimate of the number of contract holders who exercise their option.

(c) Non-life insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the profit or loss by setting up a provision for premium deficiency.

(d) Investment contract liabilities

Investment contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment, contract liabilities are measured at amortized cost.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement of financial position and are not recognised as gross premium in the consolidated profit or loss.

The liability is derecognized when the contract expires, is discharged or is cancelled.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position as described above.

3.17 Portfolio under Management

The Group acts in other fiduciary capacities that results in holding or placing of assets on behalf of individuals and other institutions. These assets arising thereon are excluded from these financial statement as they are not assets of the Group. However, fee income earned and fee expenses incurred by the Group relating to the Group's responsibilities from fiduciary activities are recognised on profit or loss.

3.18 Leases

(a) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(b) Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(c) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.19 Borrowing Costs

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

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

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizable value, the carrying amount is written down or written off. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Statement of Significant Accounting Policies (cont'd)
For the year ended 31 March 2017

3.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.21 Share capital

(a) Ordinary shares

The Company's issued ordinary shares are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity.

(b) Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from retained earnings when they are approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are paid. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

(c) Share Premium

The Group classifies share premium as equity when there is no obligation to transfer cash or other assets.

3.22 Asset Revaluation Reserve

Subsequent to initial recognition, an item of property, plant and equipment and intangibles is carried using the cost model. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which it is recognised in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in profit or loss.

3.23 Available-for-Sale Reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of the group's available-for-sale investments. Net fair value movements are recycled to profit or loss if an underlying available-for-sale investment is either derecognized or impaired.

3.24 Technical reserves

These are computed in compliance with the provisions of Section 20, 21, and 22 of the Insurance Act 2003 as follows:

(a) General Insurance Contracts

Reserves 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.

(b) Reserves 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.

(c) Reserves for Unexpired Risk

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

(d) Life Business General Reserve Fund

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

(e) Liability Adequacy Test

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

The provisions of the Insurance Act 2003 requires an actuarial valuation for life reserves only. However, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. Hence, the Company carries out actuarial valuation on both life and non-life insurance businesses.

3.25 Statutory Reserve

In accordance with the provisions of Section 69 of the Pension Reform Act 2004, the statutory reserve is credited with an amount equivalent to 12.5% of net profit after tax or such other percentage of the net profit as the National Pension Commission may from time to time stipulate.

3.26 Contingency Reserves

(a) Non-life business

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, 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.

(b) Life business

In compliance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit and accumulated until it reaches the amount of the minimum paid up capital – NAICOM ACT 22 (1)(b).

3.27 Retained Earnings

This account accumulates profits or losses from operations.

3.28 Revenue recognition

(a) Gross premium income

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(b) Reinsurance premium

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date the policy becomes effective.

Premiums includes any adjustments arising in the accounting period in respect of reinsurance contracts that commenced in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

(c) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. The administration fee is calculated as a flat charge payable monthly from contributions received while the fund management fee is an asset based fee charged as a percentage of the opening net assets value of the pension fund investment. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

(d) Investment income

Interest income is recognized in the 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 recognized as an adjustment to the effective interest rate of the instrument. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

(e) Realized gains and losses

Realized gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment property. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

(f) Investment property rental income

Rental income from investment property is recognised as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental Income from other property is recognised as other income.

3.30 Benefits, claims and expenses recognition

(a) Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included.

Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

(b) Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

(c) Reinsurance expenses

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

3.31 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/ contract. These expenses are recognised in the accounting year in which they are incurred.

3.32 Other operating income

Other operating income comprises of income from realised profits on sale of securities, fair value gain or loss on investment property, realised foreign exchange gains and other sundry income.

3.33 Employee benefits

(a) Short term employee benefit

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3.34 Other operating expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Other operating expenses are accounted for on accrual basis and recognized in the profit or loss upon utilization of the service or at the date of their origin.

3.35 Finance cost

Interest paid is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

3.36 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Group. 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.

3.37 Standards issued but not yet effective

A number of new standards, amendment to standards and interpretations are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group and Company have not applied the following new or amended standards in preparing these consolidated and separate financial statements. The Group and Company do not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated:

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
<p>Amendments to IAS 7 Disclosure Initiative</p>	<p>The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances arising from financing activities.</p> <p>The amendment was issued in January 2016 and would be effective The Group will adopt the amendments for the year ending 31 December 2017</p>	<p>The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment</p>
<p>Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses</p>	<p>The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.</p> <p>The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.</p> <p>Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.</p> <p>Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.</p> <p>The Group will adopt the amendments for the year ending 31 December 2017.</p>	<p>The amendment is not expected to have any significant impact on the (consolidated) financial statement of the Group.</p>

<p>IFRS 15 Revenue from Contracts with Customers</p>	<p>This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.</p> <p>The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized.</p> <p>This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognized and the amount of revenue recognized.</p> <p>The Group is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Group will adopt the standard for the year ending 31 December 2018.</p>	<p>The Group is assessing the potential impact on its consolidated financial statements resulting from application of IFRS 15</p>
<p>IFRS 9 Financial Instruments</p>	<p>On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.</p> <p>IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.</p> <p>The Group will adopt the standard for the year ending 31 December 2018.</p>	<p>The Group is yet to carry-out an assessment to determine the impact that the initial application of IFRS 9 could have on its business</p>
<p>IFRS 16 Leases</p>	<p>IFRS 16 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.</p> <p>The standard set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance lease as required by IAS 17 and introduces a single lessee accounting model. Applying the model, a lessee is required to recognize:</p> <ul style="list-style-type: none"> a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value and b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss. <p>For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating lease or finance leases, and to account for these two types of leases differently.</p> <p>The Group will adopt the standard for the year ending 31 December 2019.</p>	<p>The Group is yet to carry-out an assessment to determine the impact that the initial application of IFRS 16 could have on its business</p>

<p>IFRIC 22 Foreign currency transactions and advance consideration</p>	<p>The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.</p> <p>The amendments clarifies that the transaction date is the date on which the Company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.</p> <p>The interpretation applies when a Company:</p> <ul style="list-style-type: none"> • pays or receives consideration in a foreign currency; and • recognises a non-monetary asset or liability – eg. non-refundable advance consideration – before recognising the related item. <p>The Group/Company will adopt the amendments for the year ending 31 December 2018.</p>	<p>The Group is assessing the potential impact on its consolidated financial statements resulting from application of IFRIC 22</p>
<p>Amendments to IAS 40 Transfers of Investment Property</p>	<p>The IASB has amended the requirements of IAS 40 Investment Property on when a Company should transfer a property to, or from, investment property. The amendments state that a transfer is made when and only when there is a change in use – i.e. an asset ceases to meet the definition of investment property and there is evidence of a change in use. A change in management intention alone does not support a transfer.</p> <p>A company has a choice on transition to apply:</p> <ul style="list-style-type: none"> • the prospective approach – i.e. apply the amendments to transfers that occur after the date of initial application – and also reassess the classification of property assets held at that date; or • the retrospective approach – i.e. apply the amendments retrospectively, but only if it does not involve the use of hindsight. <p>The Group will adopt the amendments for the year ending 31 December 2018.</p>	<p>The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment</p>
<p>Amendments to IFRS 4</p>	<p>The differing effective dates of IFRS 9 Financial Instruments and the new insurance contracts standard could have a significant impact on insurers. In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB has issued amendments to IFRS 4 Insurance Contracts. The amendments reduce the impacts, but companies need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. The two optional solutions raise some considerations which require detailed analysis and management judgement. The optional solutions are:</p> <ol style="list-style-type: none"> 1. Temporary exemption from IFRS 9 – Some Companies will be permitted to continue to apply IAS 39 Financial Instruments: Recognition and Measurement. To qualify for this exemption the Company’s activities need to be predominantly connected with insurance. 2. Overlay approach – This solution provides an overlay approach to alleviate temporary accounting mismatches and volatility. For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39. The Group/Company will adopt the amendments 	<p>The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment</p>

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual Improvements to IFRSs 2010 – 2012 Cycle.
- Annual Improvements to IFRSs 2011 – 2013 Cycle.
- Annual Improvements to IFRSs 2012 – 2014 Cycle.
- Disclosure Initiative (Amendments to IAS 1)

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

The main assumption underlying these technique is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates 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 and 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, (for example 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.

(b) Impairment of available-for-sale equity financial assets

The Group determines that available for sale financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee industry and sector performance and operational and financing cashflow. In this respect, a decline of 30% or more is regarded as significant, and a period of 12months 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.

(i) Measurement of fair values

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data

(ii) Fair value of unquoted equity financial instruments

Investments in unquoted equity financial instrument should be measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

The Group's investment in unquoted equity financial instrument could not be fair valued as there were no observable data for which the entity could be fair valued, the carrying amount was based on cost. The investment is tested for impairment by comparing the cost of investment with the share of net assets in the investee Group. Other factors such as whether the Group is making profits from its operations and returns on the investment in form of dividend received are also considered.

(c) Liabilities arising from life insurance contracts

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expenses inflation, valuation interest rate, mortality and further mortality improved in estimating the required reserves for life contracts

(d) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(e) Determination of impairment of property and equipment and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(f) Current tax

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act. It states that an Insurance business shall be taxed as;

- an insurance company, whether proprietary or mutual, other than a life insurance company; or
- a Nigerian company whose profit accrued in part outside Nigeria,

The profit on which tax may be imposed, shall be ascertained by taking the gross premium interest and other income receivable in Nigeria less reinsurance and deducting from the balance so arrived at, a reserve fund for unexpired risks at the percentage consistently adopted by the company in relation to its operation as a whole for such risks at the end of the period for which the profits are being ascertained, subject to the limitation below:

An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes-

(a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance;

(b) for other reserves, claims and outgoings of the company an amount equal to 25 percent of the total premium.

The Directors have adopted current tax practices in computing the tax liabilities. Actual results may differ from these estimates based on the interpretation by the tax authorities. The Directors acknowledge that changes in the application of the current tax practices can have a significant impact on the tax expense and tax liabilities recorded in the financial statements.

(g) Deferred tax asset and liabilities

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

(h) Sensitivity analysis

The sensitivity analysis reflects the impact, on profit or loss and equity, of changes in the relevant risk variables that are reasonably possible at the reporting date.

(i) Determining control over investee entities

Management applies its judgement to determine whether the Group has control over subsidiaries or significant influence over an investee company as set out in Note 3.1(b).

The Group has determined that it exercises control and significant influence over certain investee companies due to its representation on the Board of such companies and its significant participation in the Companies' operating and financial policies

(j) Impairment for receivables

The Group tests annually whether premium receivables have suffered any impairment. With this policy, all premium transactions are paid for immediately except in the cases of broker transactions. For broker transactions, the period is extended for 30 days if credit notes have been received from the broker.

Consolidated and separate statement of financial position

<i>In thousands of naira</i>	Notes	Group		Company	
		Mar-17	Dec-16	Mar-17	Dec-16
Assets					
Cash and cash equivalents	6	7,524,082	7,491,178	2,816,780	4,335,655
Financial assets	7	59,640,757	56,556,261	58,043,603	54,677,784
Trade receivable	8	712,698	411,969	258,913	133,022
Reinsurance assets	9	2,716,164	2,816,503	2,716,164	2,816,503
Deferred acquisition cost	10	402,047	285,232	402,047	285,232
Other receivables and prepayments	11	349,713	324,457	224,629	230,216
Deferred tax asset	12(c)	1,125,074	1,088,677	978,114	978,114
Investment in subsidiaries	13	-	-	2,308,690	2,308,690
Investment property	14	860,000	990,000	860,000	990,000
Goodwill and other intangible assets	15	1,091,997	1,092,031	1,084,032	1,080,822
Property and equipment	16	5,906,575	5,915,891	5,534,884	5,546,924
Statutory deposit	17	530,000	530,000	530,000	530,000
Total assets		80,859,106	77,502,199	75,757,856	73,912,962
Liabilities and equity					
Liabilities					
Insurance contract liabilities	18	49,879,018	49,987,893	49,648,859	49,805,659
Investment contract liabilities	19	10,946,180	10,061,636	10,946,180	10,061,636
Trade payables	20	2,542,771	1,599,841	2,538,495	1,599,841
Other payables and accruals	21(a)	1,589,811	1,787,068	1,524,503	1,738,392
Fixed income liabilities	21(b)	3,801,149	2,531,870	-	-
Current tax payable	12(a)	742,766	623,761	691,503	572,512
Deferred tax liability	12(c)	270,408	270,408	265,236	265,237
Finance lease obligation	22	4,314	7,368	4,314	7,368
Borrowings	23	1,767,613	1,785,650	1,767,613	1,785,650
Derivative liabilities	24	143,725	143,725	143,725	143,725
Total liabilities		71,687,756	68,799,221	67,530,428	65,980,021
Equity					
Issued share capital	25(a)(ii)	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	25(b)	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	25(c)	1,221,707	1,221,707	1,221,707	1,221,707
Available-for-sale reserve	25(d)	(14,147,211)	(14,065,457)	(14,140,483)	(14,019,431)
Exchange gains/(loss) reserve	25(e)	596,977	596,977	596,977	596,977
Statutory reserve	25(f)	84,614	96,688	-	-
Contingency reserve	25(g)	4,703,531	4,703,531	4,703,531	4,703,531
Retained earnings	25(h)	10,043,792	9,498,054	9,556,201	9,140,665
Shareholders' funds		8,792,904	8,340,991	8,227,427	7,932,941
Non-controlling interest	13(d)(i)	378,446	361,987	-	-
Total equity of the group		9,171,350	8,702,978	8,227,427	7,932,941
Total liabilities and equity		80,859,106	77,502,199	75,757,856	73,912,962

These financial statements were approved by the Board on 27 April 2017 and signed on its behalf by:



Mr. Bukola Oluwadiya
Chairman
FRC/2013/CISN/00000005132



Mr. Edwin Igbiti
Group MD/CEO
FRC/2013/CIIN/00000005551



Mr. Ayodele Bamidele
Chief Financial Officer
FRC/2013/ICAN/0000004332

**Consolidated and separate statement of profit or loss and other comprehensive income
For the period ended 31 March**

<i>In thousands of naira</i>	Notes	Group		Company	
		31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Gross premium written	26(a)	7,092,621	8,216,378	6,816,486	7,989,948
Gross premium income	26(c)	4,961,614	5,070,272	4,830,901	4,961,618
Reinsurance expenses	26(d)	(817,688)	(859,501)	(817,688)	(859,501)
Net premium income		4,143,926	4,210,771	4,013,213	4,102,117
Fees and commission income					
Insurance contract	27	147,065	204,388	147,064	204,388
Pension and other contracts	27	483,614	313,423	-	-
Net underwriting income		4,774,605	4,728,582	4,160,277	4,306,505
Claims expenses:					
Claims expenses (Gross)	28(a)	3,792,756	2,341,974	3,707,760	2,258,978
Claims expenses recovered from reinsurer	28(b)	(392,960)	129,584	(392,960)	129,584
Claims expenses (Net)		3,399,796	2,471,558	3,314,800	2,388,562
Underwriting expenses	29	766,168	876,215	742,964	862,473
Total underwriting expenses		4,165,965	3,347,773	4,057,764	3,251,035
Underwriting profit/(loss)		608,641	1,380,809	102,513	1,055,470
Investment income	30(a)	2,007,010	1,481,090	1,892,992	1,413,450
Profit from deposit administration	30(b)	66,817	60,152	66,817	60,152
Net realised gains	31	(30,160)	6,415	(33,410)	5,805
Net fair value (losses)/gains	32	-	6,000	-	6,000
Other operating income	33	43,394	81,634	18,634	27,918
Personnel expenses	34	(728,119)	(652,872)	(521,003)	(465,091)
Other operating expenses	35	(1,223,471)	(1,091,047)	(927,193)	(928,036)
Finance cost	36	(64,825)	(9,529)	(64,825)	(11,445)
Impairment loss on financial assets	37	(6,250)	-	-	-
Profit before taxation		673,036	1,262,652	534,525	1,164,223
Income taxes	12(b)(ii)	(125,895)	(325,156)	(118,991)	(268,076)
Minimum tax	12(b)(i)	-	-	-	-
Profit after taxation		547,142	937,496	415,534	896,147
Attributable to shareholders		533,664	927,155	415,534	896,147
Attributable to non-controlling interest holders	13(d)(ii)	13,478	10,341	-	-
Other comprehensive income, net of tax					
Items within OCI that may be reclassified to profit or loss					
These financial statements were approved by the Board (25(d))		(81,755)	(1,567,894)	(121,052)	(1,419,373)
Exchange gains on available-for-sale financial assets	25(e)	0	-	0	-
Income tax relating to other comprehensive income	25(e)	-	-	-	-
Total other comprehensive loss		(81,755)	(1,567,894)	(121,052)	(1,419,373)
Total comprehensive (loss) for the year		465,387	(630,398)	294,482	(523,226)
Attributable to shareholders		449,512	(640,740)	294,482	(523,226)
Attributable to non-controlling interest		15,875	10,342	-	-
Basic earning per share (Kobo)	38	8	13	6	13
Diluted earning per share (Kobo)	38	6	11	4	11

Group Statement of Changes in Equity
For the year ended 31 March 2017.

	Attributable to owners of the Group											
	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Statutory Reserve	Cumulative Irredeemable convertible preference shares	Exchange gains reserve	Shareholders' Equity	Non Controlling Interest	Total equity
<i>In thousands of naira</i>												
At January 1 2016	3,465,102	2,824,389	898,089	3,482,076	(2,723,536)	1,221,707	55,240	-	148,521	9,371,588	342,592	9,714,180
Total comprehensive income for the year												
Profit for the year	-	-	10,209,378	-	-	-	-	-	-	10,209,378	29,033	10,238,411
Other comprehensive income	-	-	-	-	(11,341,921)	-	-	-	448,456	(10,893,465)	(2,397)	(10,895,862)
Total other comprehensive income for the year	-	-	10,209,378	-	(11,341,921)	-	-	-	448,456	(684,087)	26,636	(657,451)
Transfers within equity												
Transfer to contingency reserve	-	-	(1,221,455)	1,221,455	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	(41,448)	-	-	-	41,448	-	-	-	-	-
Total transfers	-	-	(1,262,903)	1,221,455	-	-	41,448	-	-	-	-	-
Transactions with owners, recorded directly in equity												
Loss on transactions with NCI	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to ordinary shareholders	-	-	(346,510)	-	-	-	-	-	-	(346,510)	(7,241)	(353,751)
Total contributions by and distributions to equity	-	-	(346,510)	-	-	-	-	-	-	(346,510)	7,241	(353,751)
Balance as at 31 December 2016	3,465,102	2,824,389	9,498,054	4,703,531	(14,065,457)	1,221,707	96,688	-	596,977	8,340,991	361,987	8,702,978
Total comprehensive income for the year												
Profit for the year	-	-	533,664	-	-	-	-	-	-	533,664	13,478	547,142
Other comprehensive income	-	-	-	-	(81,755)	-	-	-	0	(81,755)	2,397	(79,357)
Total other comprehensive income for the year	-	-	533,664	-	(81,755)	-	-	-	0	451,909	15,875	467,784
Transfers within equity												
Transfer to contingency reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	12,074	-	-	-	(12,074)	-	-	-	-	-
Total transfers	-	-	12,074	-	-	-	(12,074)	-	-	-	-	-
Transactions with owners, recorded directly in equity												
Profit/(Loss) on transactions with NCI	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	3,465,102	2,824,389	10,043,792	4,703,531	(14,147,211)	1,221,707	84,614	-	596,977	8,792,901	377,862	9,170,762

Company Statement of Changes in Equity
For the year ended 31 March 2017

<i>In thousands of naira</i>	Attributable to owners of the Company							Shareholders' Equity
	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for- Sale Reserve	Revaluation Reserve	Exchange gains reserve	
At January 1 2016	3,465,102	2,824,389	1,026,516	3,482,076	(2,723,536)	1,221,707	148,521	9,444,775
Total comprehensive income for the year								
Profit for the year	-	-	9,682,115	-	-	-	-	9,682,115
Other comprehensive income	-	-	-	-	(11,295,895)	-	448,456	(10,847,439)
Total other comprehensive income for the year	-	-	9,682,115	-	(11,295,895)	-	448,456	(1,165,324)
Transfers within equity								
Transfer to contingency reserve	-	-	(1,221,455)	1,221,455	-	-	-	-
Dividend paid to ordinary shareholders	-	-	346,510	-	-	-	-	(346,510)
Total transfers within equity	-	-	(1,567,965)	1,221,455	-	-	-	(346,510)
Balance as at 31 December 2016	3,465,102	2,824,389	9,140,666	4,703,531	(14,019,431)	1,221,707	596,977	7,932,941
Total comprehensive income for the year								
Profit for the year	-	-	415,535	-	-	-	-	415,535
Other comprehensive income	-	-	-	-	(121,052)	-	0	(121,052)
Total other comprehensive income for the year	-	-	415,535	-	(121,052)	-	0	294,483
Transfers within equity								
Transfer to contingency reserve	-	-	-	-	-	-	-	-
Total transfers within equity	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity								
Dividend paid to ordinary shareholders	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	3,465,102	2,824,389	9,556,201	4,703,531	(14,140,483)	1,221,707	596,977	8,227,424

Consolidated Statement of Cash Flows

For the period ended 31 March

In thousands of naira

	Notes	Group		Company	
		Mar-17	Mar-16	Mar-17	Mar-16
Operating activities:					
Total premium received		7,314,669	7,951,127	7,215,275	7,825,848
Commission received		564,129	517,811	80,514	204,388
Commission paid		(725,438)	(893,101)	(702,234)	(879,359)
Reinsurance premium paid		(677,198)	(971,005)	(677,198)	(971,005)
Gross benefits and claim paid		(5,200,256)	(4,272,720)	(5,115,260)	(4,189,725)
Claims recoveries		392,960	129,584	392,960	129,584
Receipt from deposit administration		139,328	9,958	139,328	9,958
Withdrawal from deposit administration		(8,193)	(27,965)	(8,193)	(27,965)
Other underwriting expenses paid		(117,580)	(94,386)	(117,580)	(94,386)
Payments to employees	34	(728,119)	(652,872)	(521,003)	(465,091)
Other operating cash payments		(1,033,607)	(739,791)	(785,295)	(77,493)
Other income received		1,997,263	141,786	67,197	88,071
Tax paid	12(a)	(6,890)	-	-	-
Net cash flows from operating activities		1,911,067	1,098,426	(31,489)	1,552,825
Investing activities:					
Investment income received		2,007,009	1,481,090	1,892,992	1,413,451
Purchase of property and equipment	16	(145,150)	(369,127)	(88,903)	(308,981)
Purchase of intangibles	15	(25,193)	(15,139)	(25,193)	(15,139)
Proceeds from sale of property and equipment		4,411	18,021	2,294	17,430
Net purchase of available-for-sale financial assets		-	2,245,952	-	1,830,632
Purchase of treasury bills & bonds		(57,698,450)	-	(57,360,381)	-
Proceed from redemption of treasury bills & bonds		55,190,346	-	54,762,941	-
Purchase of fixed deposit		(1,300,526)	-	(760,526)	-
Payment for loans and receivables		(43,110)	-	(43,110)	-
Proceeds from sale of investment property	14(b)	130,000	84,000	130,000	84,000
Net cash flows from investing activities		(1,880,664)	3,444,797	(1,489,887)	3,021,393
Financing activities:					
Loan from IFC		-	-	-	-
Dividend paid to equity holders		-	-	-	-
Net cash flows from financing activities		-	-	-	-
Net(decrease)/increase in cash and cash equivalents		30,404	4,543,223	(1,521,375)	4,574,218
Cash and cash equivalents at 1 January		7,491,178	8,451,795	4,335,655	6,437,403
Effect of exchange rate on cash and cash equivalent		2,501	-	2,501	-
Cash and cash equivalents at 31 March		7,524,082	12,995,018	2,816,780	11,011,621

5 Segment Information

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

- The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk). It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.
- The non-life insurance segment comprises general insurance to individuals and businesses. Non-life insurance products offered include motor, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.
- The Health segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The segment became a full subsidiary of AIICO Insurance Plc on July 1, 2012.
- Pension Manager Segment was licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006 provides pension administration services to private and public sector contributors.
- The Wealth management segment is registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. The segment commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research based approach for every investment decision. The segment offers portfolio management services, structured investments and mutual funds to suit the investment needs of corporate and individual clients.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a Group basis and are not allocated to individual operating segments.

5.1 Segment statement of profit or loss and other comprehensive income

<i>In thousands of naira</i>	Life Business	General Business	Elimination of inter-business transactions	Company	Health management services	Pensions	Asset management	Elimination of inter-segment transactions	31 March 2017	31 March 2016
Gross premium written	3,813,521	3,002,965	-	6,816,486	276,135	-	-	-	7,092,621	8,216,378
Gross premium income from external customers	2,843,412	1,987,489	-	4,830,901	130,713	-	-	-	4,961,614	5,070,272
Premiums ceded to reinsurers	(10,468)	(807,220)	-	(817,688)	-	-	-	-	(817,688)	(859,501)
Net premium income	2,832,944	1,180,269	-	4,013,213	130,713	-	-	-	4,143,926	4,210,771
Fees and Commission Income										
Insurance contract	492	146,572	-	147,064	87,190	-	-	-	234,254	288,184
Pension and other contracts	-	-	-	-	-	284,075	112,349	-	396,424	229,627
Net underwriting income	2,833,436	1,326,841	-	4,160,277	217,903	284,075	112,349	-	4,774,605	4,728,582
Claims expenses:										
Claims expenses (Gross)	3,695,118	12,642	-	3,707,760	84,996	-	-	-	3,792,756	2,341,974
Claims expenses recovered from reinsurer	(298,643)	(94,317)	-	(392,960)	-	-	-	-	(392,960)	129,584
Claims expenses (Net)	3,396,475	(81,675)	-	3,314,800	84,996	-	-	-	3,399,796	2,471,558
Underwriting expenses	482,516	260,448	-	742,964	15,548	7,656	-	-	766,168	876,215
Total underwriting expenses	3,878,991	178,773	-	4,057,764	100,544	7,656	-	-	4,165,965	3,347,773
Underwriting profit/(loss)	(1,045,555)	1,148,068	-	102,513	117,359	276,419	112,349	-	608,640	1,380,809
Investment income	1,642,256	250,736	-	1,892,992	3,621	42,352	68,045	-	2,007,010	1,481,090
Profit from deposit administration	66,817	-	-	66,817	-	-	-	-	66,817	60,152
Net realised gains and losses	(12,013)	(21,397)	-	(33,410)	-	3,250	-	-	(30,160)	6,415
Fair value gains/(losses)	-	-	-	-	-	-	-	-	-	6,000
Other operating revenue	87,784	(69,150)	-	18,634	44	416	24,300	-	43,394	81,634
Employee Benefits expense	(255,291)	(265,712)	-	(521,003)	(53,111)	(122,926)	(31,080)	-	(728,119)	(652,872)
Other operating expense	(468,283)	(458,910)	-	(927,193)	(92,991)	(104,547)	(98,741)	-	(1,223,471)	(1,091,047)
Finance costs	(32,674)	(32,151)	-	(64,825)	-	-	-	-	(64,825)	(9,529)
Other material non-cash items:										
- Impairment loss on investments	-	-	-	-	(6,250)	-	-	-	(6,250)	-
Profit/(loss) before tax	(16,959)	551,484	-	534,525	(31,329)	94,965	74,873	-	673,036	1,262,652
Income tax expense	(8,693)	(110,297)	-	(118,990)	-	-	(6,904)	-	(125,894)	(325,156)
Minimum tax	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year	(25,652)	441,187	-	415,535	(31,329)	94,965	67,969	-	547,142	937,496
Attributable to Shareholders of the Company	(25,652)	441,187	-	415,535	(25,339)	75,497	67,969	-	533,662	927,156
Attributable to Non-Controlling Interest	-	-	-	-	(5,990)	19,468	-	-	13,478	10,342
Other Comprehensive Income										
Net loss on available-for-sale asset	(166,114)	45,062	-	(121,052)	-	11,694	27,603	-	(81,755)	(1,567,894)
Unrealised exchange gain on unquoted investments	0	-	-	0	-	-	-	-	0	-
Available for sale gains reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
Revaluation gain on property and equipment	-	-	-	-	-	-	-	-	-	-
Income tax relating to other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	(166,114)	45,062	-	(121,052)	-	11,694	27,603	-	(81,755)	(1,567,894)
Total comprehensive income for the year, net of tax	(191,766)	486,249	-	294,483	(31,329)	106,659	95,572	-	465,387	(630,398)

4.2 Segment Statement of Financial Position

	Life	General	Elimination of inter-business transactions	Company	Health management services	Pensions	Asset management	Elimination of inter-segment transactions	31 March 2017	31 December 2016
<i>In thousands of naira</i>										
Assets										
Cash and cash equivalents	1,399,617	1,417,163	-	2,816,780	50,425	582,405	4,459,721	(385,251)	7,524,081	7,491,178
Trade receivable	-	258,913	-	258,913	93,602	165,165	323,608	(128,590)	712,698	411,969
Reinsurance assets	418,132	2,298,032	-	2,716,164	-	-	-	-	2,716,164	2,816,503
Deferred acquisition cost	-	402,047	-	402,047	-	-	-	-	402,047	285,232
Financial assets:										
Available-for-sale financial assets	50,179,181	6,304,398	-	56,483,579	393,386	487,122	661,645	-	58,025,732	54,972,339
Loans and receivables	1,471,883	88,141	-	1,560,024	30,806	24,195	-	-	1,615,025	1,583,922
Held to maturity financial assets	-	-	-	-	-	-	-	-	-	-
Deferred tax asset	978,114	-	-	978,114	12,757	33,143	101,061	-	1,125,075	1,088,677
Investment in subsidiary	1,506,958	801,732	-	2,308,690	-	-	-	(2,308,690)	-	-
Investment property	515,000	345,000	-	860,000	-	-	-	-	860,000	990,000
Property, plant and equipment	4,038,001	1,496,883	-	5,534,884	43,326	264,893	63,472	-	5,906,575	5,915,891
Other receivables and prepayments	2,236,197	107,600	(2,119,168)	224,628	26,459	52,681	45,944	-	349,713	324,457
Statutory deposit	230,000	300,000	-	530,000	-	-	-	-	530,000	530,000
Goodwill and other intangible assets	235,451	848,580	-	1,084,031	-	2,394	5,572	-	1,091,997	1,092,031
Total Assets	63,208,534	14,668,489	(2,119,168)	75,757,856	650,761	1,611,997	5,661,023	(2,822,532)	80,859,106	77,502,199
Liabilities and Equity										
Liabilities										
Trade payables	1,732,754	805,741	-	2,538,495	4,276	-	-	-	2,542,771	1,599,841
Other payables and accrual	921,257	2,722,416	(2,119,168)	1,524,505	33,193	78,900	81,804	(128,590)	1,589,813	1,787,068
Fixed income liability	-	-	-	-	-	-	4,186,400	(385,251)	3,801,149	2,531,870
Current tax payable	266,485	425,017	-	691,502	-	44,359	6,904	-	742,766	623,761
Deferred tax liability	-	265,237	-	265,237	-	-	5,172	-	270,409	270,409
Finance lease obligation	-	4,314	-	4,314	-	-	-	-	4,314	7,368
Investment contract liabilities	10,946,180	-	-	10,946,180	-	-	-	-	10,946,180	10,061,636
Insurance contract liabilities	44,321,370	5,327,489	-	49,648,859	230,159	-	-	-	49,879,018	49,987,893
Borrowings	1,767,613	-	-	1,767,613	-	-	-	-	1,767,613	1,785,650
Derivative liabilities	143,725	-	-	143,725	-	-	-	-	143,725	143,725
Total liabilities	60,099,383	9,550,213	(2,119,168)	67,530,428	267,629	123,260	4,280,281	(513,841)	71,687,756	68,799,221
Equity										
Issued share capital	1,838,863	1,626,240	-	3,465,103	400,000	1,078,777	500,000	(1,978,777)	3,465,103	3,465,102
Share premium	2,046,073	778,316	-	2,824,389	47,494	40,365	-	(87,860)	2,824,388	2,824,389
Statutory reserve	-	-	-	-	7,813	76,801	-	-	84,614	96,688
Revaluation reserves	876,792	344,914	-	1,221,706	-	-	-	-	1,221,707	1,221,707
Exchange gains reserves	580,638	16,339	-	596,977	-	-	-	-	596,977	596,977
Available-for-sale reserve	(13,265,428)	(875,055)	-	(14,140,483)	-	-	(6,729)	-	(14,147,212)	(14,065,457)
Contingency reserve	2,463,929	2,239,601	-	4,703,530	-	-	-	-	4,703,531	4,703,531
Retained earnings	8,568,287	987,913	-	9,556,200	(72,175)	292,795	887,470	(620,500)	10,043,791	9,498,053
Shareholders funds	3,109,151	5,118,276	-	8,227,427	383,133	1,488,737	1,380,741	(2,687,137)	8,792,904	8,340,991
Non- controlling interest	-	-	-	-	-	-	-	378,446	378,447	361,988
Total equity	3,109,151	5,118,276	-	8,227,427	383,133	1,488,737	1,380,741	(2,308,691)	9,171,350	8,702,978
Total liabilities and equity	63,208,534	14,668,489	(2,119,168)	75,757,856	650,761	1,611,997	5,661,023	(2,822,532)	80,859,106	77,502,199

Notes to the Financial Statements

6 Cash and cash equivalents

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Cash at hand and bank	2,004,228	3,361,862	1,866,006	3,218,433
Short-term deposits	5,519,854	4,129,316	950,774	1,117,222
	<u>7,524,082</u>	<u>7,491,178</u>	<u>2,816,780</u>	<u>4,335,655</u>

- (a) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

Interest rates on this deposit ranges from 12-18% and maturities ranging between 30-90days. These funds are placed with local banks.

7 Financial assets

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Available-for-sale financial assets (see note (a) below)	58,025,732	54,972,339	56,483,579	53,148,863
Loans and receivables (see note (b) below)	1,615,025	1,583,922	1,560,024	1,528,921
	<u>59,640,757</u>	<u>56,556,261</u>	<u>58,043,603</u>	<u>54,677,784</u>

(a) Available-for-sale financial assets

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Equity securities measured at fair value	1,760,900	1,771,115	1,692,218	1,702,433
Unquoted equity securities measured at cost	568,927	568,927	568,927	568,927
Unquoted equity securities measured at fair value	1,378,245	1,378,245	1,378,245	1,378,245
Money market placements	-	100,000	-	-
Federal government bonds	41,935,429	40,722,014	41,242,900	39,436,997
State bonds	1,352,890	1,294,951	1,352,890	1,294,951
Corporate bonds	1,409,382	1,390,524	1,409,382	1,390,524
Commercial papers	-	-	-	-
Treasury bills	9,619,959	7,746,563	8,839,017	7,376,786
	<u>58,025,732</u>	<u>54,972,339</u>	<u>56,483,579</u>	<u>53,148,863</u>

(b) Loans and receivables

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Loans to policy holders (see note (i) below)	1,121,153	1,095,525	1,121,153	1,095,525
Finance lease receivables	16,224	70,841	16,224	70,841
Other loans	489,654	471,713	434,653	416,712
	<u>1,627,031</u>	<u>1,638,079</u>	<u>1,572,030</u>	<u>1,583,078</u>
Less allowance for impairment (see note (ii) below)	(12,007)	(54,158)	(12,007)	(54,158)
	<u>1,615,025</u>	<u>1,583,922</u>	<u>1,560,024</u>	<u>1,528,921</u>

(i) Policy loans

The Group grants loans to policyholders in line with the insurance policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 90% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholders upon surrender of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted.

The tenor of the loan is within the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 12% per annum and it is reviewed periodically.

The rate is determined after due consideration on the interest rate used by the actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings. Policy loans are not impaired as balances are set-off against benefits accruable to the policyholders.

(ii) Impairment allowance

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Balance at 1 January	54,158	42,151	54,158	12,007
Charge for the year	-	12,007	-	42,151
Write-offs	(42,151)	-	(42,151)	-
Balance at 31 March	<u>12,007</u>	<u>54,158</u>	<u>12,007</u>	<u>54,158</u>

8 Trade Receivables

(a) Trade receivables comprise:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Insurance receivables (see (i) below)	258,913	133,022	258,913	133,022
Due from direct clients	460,035	283,295	-	-
	718,948	416,317	258,913	133,022
Impairment on trade receivables	(6,250)	(4,348)	-	-
	712,698	411,969	258,913	133,022

(i) Insurance receivable is analyzed as follows:

Due from brokers	254,528	132,665	254,528	132,665
Due from others (see (ii) below)	4,385	357	4,385	357
	258,913	133,022	258,913	133,022

(ii) Due from others represent receivables from travel insurance policies.

The age analysis of gross insurance trade receivables as at year end is as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
0 - 90 days	258,913	133,022	258,913	133,022
91 - 180 days	-	-	-	-
180 days and above	-	-	-	-
	258,913	133,022	258,913	133,022

9 Reinsurance assets

Reinsurance assets is analyzed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Prepaid reinsurance (see note (a) below)	1,172,782	950,482	1,172,782	950,482
Recoverable on outstanding claims + IBNR (see note (b) below)	1,029,835	1,370,908	1,029,835	1,370,908
Recoveries on Claims paid (see note (c) below)	513,547	495,113	513,547	495,113
	2,716,164	2,816,503	2,716,164	2,816,503

(a) The movement in prepaid reinsurance is as follows;

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Balance at 1 January	950,482	868,839	950,482	868,839
Additions during the year	1,039,988	3,423,407	1,039,988	3,423,407
Reinsurance expense in the year (see note 26(d))	(817,688)	(3,341,764)	(817,688)	(3,341,764)
Balance as at 31 March	1,172,782	950,482	1,172,782	950,482

(b) The movement in outstanding claims is as follows;

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Balance at 1 January	1,370,908	1,318,705	1,370,908	1,318,705
Changes during the year	(341,073)	52,203	(341,073)	52,203
Balance as at 31 March	1,029,835	1,370,908	1,029,835	1,370,908

(c) The movement in Recoveries on claims paid is as follows;

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Balance at 1 January	495,113	291,525	495,113	291,525
Changes during the year	18,434	203,588	18,434	203,588
Balance as at 31 March	513,547	495,113	513,547	495,113

10 Deferred acquisition cost

The analysis of deferred acquisition costs (DAC), which represents commission paid during the year on unearned premium received among different classes of business is shown below:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Fire	100,512	71,308	100,512	71,308
Motor	136,696	96,979	136,696	96,979
Workmen Compensation	16,082	11,409	16,082	11,409
Marine	60,307	42,785	60,307	42,785
Personal accident	28,143	19,966	28,143	19,966
Casualty accident	40,205	28,523	40,205	28,523
Oil and Gas	20,102	14,262	20,102	14,262
	402,047	285,232	402,047	285,232

The movement in deferred acquisition costs is as follows:

Balance at 1 January	285,232	264,842	285,232	264,842
Acquisition during the year	742,199	2,873,571	742,199	2,873,571
Amortization for the year (see note 29(b))	(625,384)	(2,853,181)	(625,384)	(2,853,181)
Balance as at 31 March	402,047	285,232	402,047	285,232

11 Other receivables and prepayments

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Prepaid expenses (see note (a) below)	286,739	237,000	201,811	202,532
Receivable from agents	10,750	14,016	10,750	14,016
Other receivables	52,224	73,441	12,067	13,668
	349,713	324,457	224,629	230,216

The carrying amount of other receivables approximate their fair value.

- (a) Prepaid expenses relate to rent and other expenses. The average amortisation period for these expenses is 24 months.

12 Income taxes

(a) Current income tax liability

The movement in current tax payable can be analyzed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	623,761	592,961	572,512	518,443
Back duty (see note (b)(iii) below)	-	320,790	-	320,790
Charge for the year (see note (b)(iii) below)	125,895	595,067	118,991	511,912
Payments made during the year	(6,890)	(885,057)	-	(778,633)
At 31 March	742,766	623,761	691,503	572,512

(b) Amounts recognised in profit or loss

(i) Current tax expense

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Minimum tax* (see note (iii) below)	-	63,331	-	63,331
	-	63,331	-	63,331

(ii) Income tax

Corporate income tax**	125,895	330,046	118,991	255,579
Tertiary tax	-	88,367	-	82,153
NITDA levy	-	113,323	-	110,849
	125,895	531,737	118,991	448,582
Back duty	-	320,790	-	320,790
	125,895	852,527	118,991	769,372
Deferred tax expense				
Origination and reversal of temporary differences	-	680,968	-	680,969
Total income taxes	125,895	1,212,705	118,991	1,129,550

(iii) Current tax expense

Minimum tax (see note (i) above)	-	63,331	-	63,331
Corporate tax (see note (ii) above)	125,895	531,737	118,991	448,582
	125,895	595,067	118,991	511,912
Back duty (see note (ii) above)	-	320,790	-	320,790
Current tax expense	125,895	595,067	118,991	511,912

* The life business of the Company was assessed using section 33 of the Company Income Tax Act (CITA) as there was no taxable profit.

** The non-life business of the Company was assessed using section 16 of CITA which provides for tax at 30% of taxable profit.

The Directors believe that accruals for tax liabilities are adequate for all open tax years based on its assessment of relevant factors, including the interpretations of tax law and tax practices in the determination of obligation for income taxes

(c) Movement in deferred tax balances

2017

Group

<i>In thousands of naira</i>	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	126,123	-	-	126,123	79,078	47,045
Property and Equipment	(251,244)	-	-	(251,244)	53,097	(304,341)
Unrelieved losses	1,062,438	-	-	1,100,650	1,106,361	(5,711)
Investment property	(5,586)	-	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	(113,462)	-	-	(115,277)	(113,462)	(1,815)
	818,269	-	-	854,666	1,125,074	(270,408)

2017

Company

<i>In thousands of naira</i>	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
Gratuity payable	126,123	-	-	126,123	79,078	47,045
Property and equipment	(257,495)	-	-	(257,495)	47,386	(304,881)
Unrelieved losses	963,297	-	-	963,297	963,297	-
Investment property	(5,586)	-	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	(113,463)	-	-	(113,463)	(111,648)	(1,815)
	712,876	-	-	712,876	978,114	(265,236)

2016

Group

<i>In thousands of naira</i>	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	126,123	-	-	126,123	79,078	47,045
Property and equipment	(251,784)	-	-	(251,244)	53,097	(304,341)
Unrelieved losses	1,701,545	(680,968)	-	1,062,438	1,068,149	(5,711)
Investment property	(5,586)	-	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	(63,652)	-	(47,995)	(113,462)	(111,647)	(1,815)
	1,506,646	(680,968)	(47,995)	818,269	1,088,677	(270,408)

2016

Company

<i>In thousands of naira</i>	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	126,123	-	-	126,123	79,078	47,045
Property and equipment (see note 23)	(257,495)	-	-	(257,495)	47,386	(304,881)
Unrelieved losses	1,644,265	(680,968)	-	963,297	963,298	-
Investment property	(5,586)	-	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	(63,652)	-	(47,995)	(113,463)	(111,648)	(1,815)
	1,443,655	(680,968)	(47,995)	712,876	978,114	(265,237)

13 **Investment in subsidiaries**

The Group is made up of four entities, as follows:

AIICO Insurance PLC	- Parent
AIICO Pension Managers Limited	- Subsidiary
Multishield Health Management Organization	- Subsidiary
AIICO Capital Limited	- Subsidiary

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
AIICO Pension Fund Managers Limited (see note (b) below)	-	-	1,365,042	1,365,042
Multishield Health Management Organization (see note (c) below)	-	-	443,648	443,648
AIICO Capital Limited see note (d) below)	-	-	500,000	500,000
At 31 March	-	-	2,308,690	2,308,690

(a) The movement in investment in subsidiaries is as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Balance at January 1	-	-	2,308,690	2,308,690
Net increase during the year	-	-	-	-
At 31 March	-	-	2,308,690	2,308,690

(b) **AIICO Pension Fund Managers Limited**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Balance at January 1	-	-	1,365,042	1,365,042
Additions	-	-	-	-
Disposal	-	-	-	-
At 31 March	-	-	1,365,042	1,365,042

The Company has 79.5% interest in AIICO Pension Managers Limited (2015: 79.5%), which is involved in Pension Administration Services to private and public sector contributors. AIICO Pension was incorporated as a Limited Liability Company on February 1, 2005 under the Company and Allied Matter Act, 1990 and licensed as a Pension Fund Administrator by National Pension Commission on April 13, 2006. AIICO Pension Managers is domiciled in Nigeria and its registered office is at Plot 2 Oba Akran Avenue, Ikeja Lagos.

In 2012, and in response to National Pension Commission's directive for PFAs to increase their minimum share capital to ₦1 billion, the Company increased its investment by ₦775 million by converting existing N300 million 5% convertible loans and additional injection of ₦475 million investment in the issued 9% irredeemable preference shares.

In 2015, the conversion option was exercised and the preference shares were converted into ordinary shares of the business at the price of ₦2.78 per share.

(c) **Multishield Limited**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Balance at January 1	-	-	443,648	443,648
Additions	-	-	-	-
At 31 March	-	-	443,648	443,648

The Company has 80.88% interest in Multishield Limited. Multishield Limited is involved in health management insurance. It is a private entity that is not listed on any public exchange and there are no published price quotations for the fair value of this investment. In accordance with IAS 27, this investment is stated at cost less impairment.

AIICO Capital Limited

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Balance at January 1	-	-	500,000	500,000
Additions	-	-	-	-
At 31 March	-	-	500,000	500,000

The company has 100% interest in AIICO Capital Limited

(d)(i) **Non-controlling interest**

<i>In thousands of naira</i>	NCI Percentage Holding		NCI Percentage Holding	
	Mar-17	Dec-16	Mar-17	Dec-16
AIICO Pension Managers Limited	20%	305,191	20%	283,130
Multishield HMO	19%	73,255	19%	78,857
		378,446		361,987

14 Investment property

(a) The balance in this account can be analysed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Fair value at 1 January	990,000	1,115,000	990,000	1,115,000
Change in fair value	-	1,000	-	1,000
Disposals	(130,000)	(126,000)	(130,000)	(126,000)
Balance at 31 March	860,000	990,000	860,000	990,000

15 Goodwill and other intangible assets

(a) Reconciliation of carrying amount

GROUP			
<i>In thousands of naira</i>	Goodwill	Computer Software	Total
Cost			
Balance at 1 January 2016	800,863	536,449	1,337,312
Acquisitions	-	42,222	42,222
Transfer from property and equipment	-	-	-
Disposals	-	-	-
Balance At 31 March 2016	800,863	578,671	1,379,534
Balance at 1 January 2017	800,863	578,671	1,379,534
Acquisitions	-	25,193	25,193
Transfer from property and equipment	-	-	-
Disposals	-	-	-
Balance at 31 March 2017	800,863	603,864	1,404,727
Accumulated amortization and impairment losses			
Balance at 1 January 2016	-	194,592	194,592
Amortization	-	92,911	92,911
Disposals	-	-	-
Balance At 31 March 2016	-	287,503	287,503
Balance at 1 January 2017	-	287,503	287,503
Amortization	-	25,227	25,227
Disposals	-	-	-
Balance at 31 March 2017	-	312,730	312,730
Carrying amounts			
Balance at 1 January 2016	800,863	341,857	1,142,720
Balance At 31 March 2016	800,863	291,168	1,092,031
Balance at 31 March 2017	800,863	291,134	1,091,997
COMPANY			
<i>In thousands of naira</i>	Goodwill	Computer Software	Total
Cost			
Balance at 1 January 2016	800,863	387,900	1,188,763
Acquisitions	-	41,098	41,098
Transfer from property and equipment	-	-	-
Disposals	-	-	-
Balance At 31 March 2016	800,863	428,998	1,229,861
Balance at 1 January 2017	800,863	428,998	1,229,861
Acquisitions	-	25,193	25,193
Transfer from property and equipment	-	-	-
Disposals	-	-	-
Balance at 31 March 2017	800,863	454,191	1,255,054
Accumulated amortization and impairment losses			
Balance at 1 January 2016	-	67,891	67,891
Amortization	-	81,148	81,148
Disposals	-	-	-
Balance At 31 March 2016	-	149,039	149,039
Balance at 1 January 2017	-	149,039	149,039
Amortization	-	21,983	21,983
Disposals	-	-	-
Balance at 31 March 2017	-	171,022	171,022
Carrying amounts			
Balance at 1 January 2016	800,863	320,009	1,120,872
Balance At 31 March 2016	800,863	279,959	1,080,822
Balance at 31 March 2017	800,863	283,169	1,084,032

16 Property and equipment

(a) Group

<i>In thousands of naira</i>	Leasehold land & buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost						
At 1 January 2017	4,901,660	603,783	2,133,821	996,694	104,890	8,740,848
Additions	-	53,233	74,213	17,704	-	145,150
Disposals	-	-	(11,027)	(35,340)	-	(46,367)
At 31 March 2017	4,901,660	657,016	2,197,007	979,058	104,890	8,839,631
Accumulated depreciation						
At 1 January 2017	679,654	-	1,438,382	657,999	48,922	2,824,957
Depreciation for the period	33,064	-	64,341	50,256	6,556	154,217
Disposals	-	-	(9,520)	(36,598)	-	(46,118)
At 31 March 2017	712,718	-	1,493,203	671,656	55,478	2,933,056
Net book value						
At 31 March 2017	4,188,942	657,016	703,804	307,401	49,412	5,906,575
At 1 January 2017	4,222,006	603,783	695,439	338,695	55,968	5,915,891

(b) Company

<i>In thousands of naira</i>	Leasehold land & buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost						
At 1 January 2017	4,901,660	603,783	1,776,942	565,763	104,890	7,953,038
Additions	-	53,233	35,670	-	-	88,903
Disposals	-	-	(2,126)	(10,800)	-	(12,926)
At 31 March	4,901,660	657,016	1,810,486	554,963	104,890	8,029,015
Accumulated depreciation						
At 1 January 2017	679,654	-	1,207,374	466,280	52,807	2,406,115
Depreciation for the period	33,064	-	45,944	13,997	6,556	99,561
Disposals	-	-	(744)	(10,800)	-	(11,544)
At 31 March	712,718	-	1,252,574	469,477	59,363	2,494,132
Net book value						
At 31 March	4,188,942	657,016	557,912	85,486	45,527	5,534,884
At 1 January 2017	4,222,006	603,783	569,568	99,483	52,083	5,546,924

17 Statutory deposits

This represents the amount deposited with the Central Bank of Nigeria as at 31 March, 2017 in accordance with section 9(1) and section 10(3) of Insurance Act 2003 interest income earned on this deposit is included in the investment income.

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Non life business	300,000	300,000	300,000	300,000
Life business	230,000	230,000	230,000	230,000
	530,000	530,000	530,000	530,000

18 Insurance contract liabilities

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Life insurance contract (see (a) below)	44,321,370	44,675,974	44,321,370	44,675,974
Non-life insurance contract (see (b) below)	5,557,648	5,311,919	5,327,489	5,129,685
Total insurance contract liabilities	49,879,018	49,987,893	49,648,859	49,805,659

(a) Life insurance contract liabilities

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Provision for reported claims(see note (i) below)	422,898	1,012,726	422,898	1,012,726
Total life contract outstanding claims provision	422,898	1,012,726	422,898	1,012,726
Liability on long term insurance contract (see note (ii) below)	43,898,472	43,663,248	43,898,472	43,663,248
	44,321,370	44,675,974	44,321,370	44,675,974

(a)(i) Movement in life contract outstanding claims provision can be analyzed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	1,012,726	2,248,785	1,012,726	2,248,785
Claims incurred during the year (see note 28(i))	3,695,118	11,476,954	3,695,118	11,476,954
Claims paid during the year	(4,284,946)	(12,713,013)	(4,284,946)	(12,713,013)
At 31 March	422,898	1,012,726	422,898	1,012,726

(a)(ii) Analysis of liability on long term insurance contract fund is as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Annuity	27,080,559	27,160,163	27,080,559	27,160,163
Group life	1,754,999	1,600,622	1,754,999	1,600,622
Ordinary life	15,062,914	14,902,463	15,062,914	14,902,463
	43,898,472	43,663,248	43,898,472	43,663,248

(a)(iii) Movement in long term life insurance contract fund can be analyzed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	43,663,248	47,854,907	43,663,248	47,854,907
Movement during the year	235,224	(4,191,659)	235,224	(4,191,659)
At 31 March	43,898,472	43,663,248	43,898,472	43,663,248

(b) Non-life insurance contract liabilities

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Provision for reported claims	1,340,057	2,007,729	1,340,057	2,007,729
Provision for claims incurred but not reported (IBNR)	643,605	793,605	643,605	793,605
Total non-life contract outstanding claims provision (see note (i) below)	1,983,662	2,801,334	1,983,662	2,801,334
Provision for unearned premium (see note (ii) below)	3,573,986	2,510,585	3,343,827	2,328,351
Total non-life insurance contract liabilities	5,557,648	5,311,919	5,327,489	5,129,685

(b)(i) Movement in non-life contract outstanding claims provision can be analyzed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	2,801,334	3,226,950	2,801,334	3,226,950
Claims incurred in the current accident year (see note 28(ii))	12,642	3,094,252	12,642	3,094,252
Claims paid during the year	(830,314)	(3,519,868)	(830,314)	(3,519,868)
At 31 March	1,983,662	2,801,334	1,983,662	2,801,334

(b)(ii) Movement in non-life contract unearned premium can be analyzed as follows:

At 1 January	2,510,585	2,217,512	2,328,351	2,049,335
Changes in health insurance unearned premium	47,925	14,057	-	-
Premium written in the year	3,279,100	8,247,611	3,002,965	7,611,765
Premium earned during the year	(2,263,624)	(7,968,595)	(1,987,489)	(7,332,749)
At 31 March	3,573,986	2,510,585	3,343,827	2,328,351

19 Investment contract liabilities

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Deposit administration (see note (a) below)	3,201,583	3,051,923	3,201,583	3,051,923
Other investment contract liabilities (see note (b) below)	7,744,597	7,009,713	7,744,597	7,009,713
Total investment contract liabilities	10,946,180	10,061,636	10,946,180	10,061,636

(a) Movement in deposit administration is shown below:

At 1 January	3,051,923	2,909,940	3,051,923	2,909,940
Deposits	139,328	45,957	139,328	45,957
Withdrawals	(8,193)	(71,466)	(8,193)	(71,466)
Credit of interest and other income	28,124	167,492	28,124	167,492
Impact of actuarial valuation	(9,599)	-	(9,599)	-
At 31 March	3,201,583	3,051,923	3,201,583	3,051,923

(b) Other investment contract liabilities are stated at amortised cost and the amount is analysed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	7,009,713	5,385,106	7,009,713	5,385,106
Increase during the year	734,884	1,624,607	734,884	1,624,607
At 31 March	7,744,597	7,009,713	7,744,597	7,009,713

Other investment contract liabilities represent deposit-based policies for individual savings business.

20 Trade payables

Trade payables represent amounts payable to reinsurers, co-insurers, agents and brokers at year end. The carrying amounts disclosed below approximate the fair values at the reporting date

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Reinsurance and co-insurance payable	838,914	476,124	838,914	476,124
Due to policyholders	1,703,857	1,123,717	1,699,581	1,123,717
	2,542,771	1,599,841	2,538,495	1,599,841

21 (a) Other payables and accruals

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Accrued expenses	166,900	176,898	94,183	121,613
Agent provident fund	20,619	123,223	20,619	123,223
Commission payable	553,950	513,985	553,950	513,985
Gratuity payable (see note (i) below)	261,040	267,659	261,041	267,659
Deferred income	275,482	208,932	275,482	208,932
Other payables	292,128	204,896	170,948	82,916
Other credit balances (see note (ii) below)	19,691	291,474	19,691	291,475
Payable to subsidiaries	-	-	128,589	128,589
	1,589,811	1,787,068	1,524,503	1,738,392

- (i) The Company's retirement benefit obligation was terminated in 2014 and the liability as at the date of termination - April 30, 2014, was transferred to a payable account.
- (ii) Other credit balances represent outstanding bank credits which have not been matched to the prospective policyholders.

(b) Fixed income liability

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Guaranteed income notes (see note (i))	3,801,149	2,531,870	-	-
	3,801,149	2,531,870	-	-

- (i) AIICO Capital Limited, a subsidiary company, manages a guaranteed income product, held as fixed income liabilities. The assets held under this arrangement are in the name of AIICO Capital Limited and the underlying risks are retained by the Company.
- (ii) These fixed income liabilities are invested as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Cash and cash equivalents (see note 6(b))	3,414,462	1,886,025	-	-
AFS financial assets (see note 7(b)(i))	386,687	645,845	-	-
	3,801,149	2,531,870	-	-

22 Finance lease obligations

Finance lease liabilities are payable as follows:

<i>In thousands of naira</i>	GROUP		Interest		Present value of minimum lease payments	
	Future minimum lease payments					
	2017	2016	2017	2016	2017	2016
Less than one year	4,495	8,248	181	880	4,314	7,368
Between one and five years	-	-	-	-	-	-
	4,495	8,248	181	880	4,314	7,368

<i>In thousands of naira</i>	COMPANY		Interest Company		Present value of minimum lease payments	
	Future minimum lease payments					
	2017	2016	2017	2016	2017	2016
Less than one year	4,495	8,248	181	880	4,314	7,368
Between one and five years	-	-	-	-	-	-
	4,495	8,248	181	880	4,314	7,368

It is the Group's policy to lease certain of its equipment under finance leases. The average lease term is four years.

For the year ended 31 March 2017, the average effective borrowing rate was 20% (2016: 20%). Interest rates are fixed at the date of contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Naira. The fair value of the Group's obligations under finance leases are secured by the asset to which the leases relate.

23 (a) Borrowings

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
IFC Loan	1,767,613	1,785,650	1,767,613	1,785,650
	1,767,613	1,785,650	1,767,613	1,785,650

The Company obtained a loan of US\$7million from the International Finance Corporation (IFC) on 30 June 2015 at an interest rate of 6.5% plus 6-month LIBOR for a period of 7 years with moratorium period of 4 years on the principal. The loan has an embedded derivative (a conversion option) whereby IFC has the right to convert all or a portion of the outstanding principal amount into the equivalent number of shares of the Company. This option may be exercised 3 years from 23 December 2016 or in the event of a change in control or sale of a substantial part of the Company's assets or business.

(b) The movement in borrowings is as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Opening balance	1,720,103	1,073,376	1,720,103	1,073,376
Foreign exchange difference	-	646,727	-	646,727
	1,720,103	1,720,103	1,720,103	1,720,103
Accrued interest	47,509	65,547	47,509	65,547
	1,767,612	1,785,650	1,767,612	1,785,650

(c) The loan, which is a hybrid financial instrument, was split into debt and derivative liability components at inception. Current carrying values is as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Long term debt measured at amortised cost	1,767,613	1,785,650	1,767,613	1,785,650
Derivative liability measured at fair value (see note 24)	143,725	143,725	143,725	143,725
	1,911,338	1,929,375	1,911,338	1,929,375

24 (a) Derivative liabilities

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Option in Convertible Debt - IFC (see note (c) below)	143,725	143,725	143,725	143,725
	143,725	143,725	143,725	143,725

(b) Option in Convertible Debt - IFC

This represents the embedded options to convert the outstanding notional amount of the borrowing granted by the International Finance Corporation (IFC), into shares (see further details in Note 23(c)). This is carried at fair value.

25 Capital and reserves

(a) Share capital

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
(a)(i) Authorised:				
At 1 January:				
10,000,000,000 ordinary shares of 50 kobo each	7,500,000	7,500,000	7,500,000	7,500,000
At 31 March	7,500,000	7,500,000	7,500,000	7,500,000

(a)(ii) Ordinary shares issued and fully paid:

6,930,204,480 ordinary shares at 50 kobo each	3,465,102	3,465,102	3,465,102	3,465,102
	3,465,102	3,465,102	3,465,102	3,465,102

(a)(iii) Ordinary shares issued and fully paid can be further analysed as follows:

General business - 3,252,479,682 ordinary shares at 50 kobo	1,626,239	1,626,239	1,626,239	1,626,239
Life business - 3,677,724,798 ordinary shares at 50 kobo each	1,838,863	1,838,863	1,838,863	1,838,863
	3,465,102	3,465,102	3,465,102	3,465,102

(b) Share premium

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Share premium	2,824,389	2,824,389	2,824,389	2,824,389
	2,824,389	2,824,389	2,824,389	2,824,389

(c) Revaluation reserves

(i) The balance in this account is analysed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
Revaluation surplus	1,745,295	1,745,295	1,745,295	1,745,295
Deferred tax	(523,588)	(523,588)	(523,588)	(523,588)
At 31 March	1,221,707	1,221,707	1,221,707	1,221,707

(ii) Revaluation reserves warehouses revaluation gains and losses on land and building.

The movement in this account is as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	1,221,707	1,221,707	1,221,707	1,221,707
At 31 March	1,221,707	1,221,707	1,221,707	1,221,707

(d) Available-for-sale reserves

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	(14,065,457)	(2,723,536)	(14,019,431)	(2,723,536)
Net available-for-sale losses	(81,755)	(11,341,921)	(121,052)	(11,295,895)
At 31 March	(14,147,211)	(14,065,457)	(14,140,483)	(14,019,431)

(e) Exchange gains/(loss) reserve

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	596,977	148,521	596,977	148,521
Exchange gains on available for sale financial assets	0	496,451	0	496,451
	596,977	644,972	596,977	644,972
Deferred tax	-	(47,995)	-	(47,995)
At 31 March	596,977	596,977	596,977	596,977

(f) Statutory reserves

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	96,688	55,240	-	-
Transfer from retained earnings	(12,074)	41,448	-	-
At 31 March	84,614	96,688	-	-

(g) Contingency reserves

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	4,703,531	3,482,076	4,703,531	3,482,076
Transfer from retained earnings	-	1,221,455	-	1,221,455
At 31 March	4,703,531	4,703,531	4,703,531	4,703,531

Contingency reserve is calculated, in the case of non-life business, at the rate of the higher of 3% of total premium receivable during the period or 20% of the net profits in accordance with Section 21(2) of Insurance Act, 2003 and, in respect of Life Insurance Business, at the rate of the higher of the higher of 1% of the gross premium and 10% of net profits, in accordance with Section 22(1)(b) of the Insurance Act 2003.

(h) Retained earnings

The movement in retained earnings can be analysed as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
At 1 January	9,498,054	898,089	9,140,665	1,026,516
Transfer from statement of profit or loss and other comprehensive income	533,664	10,209,378	415,534	9,682,115
Transfer to contingency reserve	-	(1,221,455)	-	(1,221,455)
Transfer to statutory reserve	12,074	(41,448)	-	-
Loss on conversion of preference shares to ordinary shares	-	-	-	-
Dividend paid to ordinary shareholders	-	(346,510)	-	(346,510)
Loss on transactions with NCI	-	-	-	-
Loss on dilution of shareholding	-	-	-	-
At 31 March	10,043,792	9,498,054	9,556,200	9,140,665

26 **Gross premium**

(a) **Gross premium written**

Gross premium written by business is as follows:

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Non-life	3,002,965	2,682,304	3,002,965	2,682,304
Life (individual and group)	3,810,978	3,334,328	3,810,978	3,334,328
Annuity	2,543	1,973,316	2,543	1,973,316
Health Management	276,135	226,430	-	-
	7,092,621	8,216,378	6,816,486	7,989,948

(b) **Premium received**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Gross premium written per income statement	7,092,621	8,216,378	6,816,486	7,989,948
Increase/(decrease) in trade receivables	(302,631)	(265,251)	(125,891)	(164,100)
Premium received	6,789,989	7,951,127	6,690,595	7,825,848

(c) **Gross premium income**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Gross premium written	7,092,621	8,216,378	6,816,486	7,989,948
Unearned premium	(2,131,006)	(3,146,106)	(1,985,585)	(3,028,330)
	4,961,614	5,070,272	4,830,901	4,961,618

(d) **Reinsurance expenses**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Reinsurance premium charge for the year	1,039,988	971,005	1,039,988	971,005
Unexpired reinsurance cost	(222,300)	(111,504)	(222,300)	(111,504)
Net reinsurance expense	817,688	859,501	817,688	859,501

27 **Fees and commission income**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Insurance contract	147,065	204,388	147,064	204,388
Pension and other contracts (see note (a) below)	483,614	313,423	-	-
	630,679	517,811	147,064	204,388

(a) Pension and other other contracts relate to pension fund and asset management fees earned by the subsidiary companies.

28 (a) **Gross benefits and claims incurred**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Life insurance contracts (see note (i) below)	3,780,114	2,468,266	3,695,118	2,385,270
Non-life insurance contracts (see note (ii) below)	12,642	(126,292)	12,642	(126,292)
	3,792,756	2,341,974	3,707,760	2,258,978

(i) **Life insurance contract gross benefits and claims incurred can be analysed as follows:**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Gross benefits incurred	2,076,497	1,607,464	2,076,497	1,524,468
Gross claims incurred	1,703,617	1,460,436	1,618,621	1,460,436
Change in outstanding claims reserve	-	(599,634)	-	(599,634)
	3,780,114	2,468,266	3,695,118	2,385,270

(ii) **Non-life insurance contract gross claims Incurred**

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Gross claims incurred	162,642	126,292	162,642	126,292
Changes in outstanding claims reserve + IBNR	(150,000)	-	(150,000)	-
	12,642	126,292	12,642	126,292

(b) Claim recoveries				
Life	298,643	1,530	298,643	1,530
Non-life	94,317	(131,114)	94,317	(131,114)
	392,960	(129,584)	392,960	(129,584)
29 Underwriting expenses				
	Group		Company	
<i>In thousands of naira</i>	Mar-17	Mar-16	Mar-17	Mar-16
Acquisition costs (see note (a) below)	648,588	781,829	625,384	768,087
Maintenance expenses (see note (c) below)	117,580	94,386	117,580	94,386
	766,168	876,215	742,964	862,473
(a) Acquisition costs by business is as follows:				
	Group		Company	
<i>In thousands of naira</i>	Mar-17	Mar-16	Mar-17	Mar-16
Life	405,180	555,437	405,180	555,437
Non-life	220,204	212,650	220,204	212,650
Multishield HMO	23,204	13,742	-	-
	648,588	781,829	625,384	768,087
(b) Acquisition costs is analysed as follows:				
Commission paid during the year	508,569	656,815	508,569	656,815
Net movement in deferred acquisition cost	116,815	111,272	116,815	111,272
Commission incurred	625,384	768,087	625,384	768,087
Providers' capitation fee and other direct expenses	23,204	13,742	-	-
	648,588	781,829	625,384	768,087
(c) Maintenance expenses can be analysed as follows:				
	Group		Company	
<i>In thousands of naira</i>	Mar-17	Mar-16	Mar-17	Mar-16
Policy administration expenses	104,820	87,108	104,820	87,108
Tracking expenses	2,152	2,267	2,152	2,267
Service charges	10,608	5,011	10,608	5,011
	117,580	94,386	117,580	94,386
30 (a) Investment income				
	Group		Company	
<i>In thousands of naira</i>	Mar-17	Mar-16	Mar-17	Mar-16
<i>Investment income is attributable to the following:</i>				
Policyholders' funds (see note (i) below)	559,935	352,910	559,935	352,910
Annuity funds (see note (ii) below)	1,082,321	958,123	1,082,321	958,123
Shareholders' funds (see note (iii) below)	364,755	170,057	250,736	102,417
	2,007,010	1,481,090	1,892,992	1,413,450
(i) Investment income attributable to policyholders' funds				
	Group		Company	
<i>In thousands of naira</i>	Mar-17	Mar-16	Mar-17	Mar-16
Interest income on Available-for-sale financial assets	543,550	291,518	543,550	291,518
Interest income on cash and cash equivalents	2,016	33,548	2,016	33,548
Trading gains on equities	-	-	-	-
Interest income from structured investments	-	22,285	-	22,285
Dividend income on available-for-sale financial assets	14,369	5,921	14,369	5,921
	559,935	352,910	559,935	352,910
(ii) Investment income attributable to annuity funds				
Interest income on Available-for-sale financial assets	1,080,284	929,345	1,080,284	929,345
Interest income on cash and cash equivalents	2,037	28,778	2,037	28,778
Trading gains on equities	-	-	-	-
Dividend income on available-for-sale financial assets	-	-	-	-
	1,082,321	958,123	1,082,321	958,123
(iii) Investment income attributable to shareholders' funds				
Income from investment property	-	-	-	-
Interest income on Available-for-sale financial assets	224,078	25,975	224,078	25,975
Interest income on cash and cash equivalents	170,757	50,971	13,588	50,971
Income from Structured investments	-	13,213	-	13,213
Interest income on loans and receivables	1,257	-	1,257	-
Dividend income on available-for-sale financial assets	(31,337)	74,553	11,813	6,914
	364,755	164,712	250,736	97,073

(b) Profit on deposit administration

Investment income on deposit administration can be analysed as follows:

Investment income on deposit	85,386	60,152	85,386	60,152
Guaranteed interest to policyholders	(28,168)	-	(28,168)	-
Impact of actuarial valuation	9,599	-	9,599	-
Profit from deposit administration	66,817	60,152	66,817	60,152

31 (a) Net realised gains

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
<i>Net realised gains are attributable to the following:</i>				
Property and equipment	4,162	6,415	912	5,802
Available-for-sale investments (see (b) below)	(34,322)	-	(34,322)	-
	(30,160)	6,415	(33,410)	5,802

32 Net fair value (losses)/gains

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Investment property	-	6,000	-	6,000
	-	6,000	-	6,000

33 Other operating income

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Sundry income (see note (a) below)	133,226	81,634	108,466	27,918
Exchange gains/(loss)	(89,832)	-	(89,832)	-
	43,394	81,634	18,634	27,918

34 Personnel expenses

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Salaries	358,399	272,171	282,427	103,492
Other personnel benefits	369,721	380,701	238,576	361,599
	728,119	652,872	521,003	465,091

35 Other operating expenses

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Travel and representation	128,867	99,150	94,662	76,292
Marketing and administration	126,410	47,747	107,732	43,541
Advertising	30,651	15,894	30,651	11,767
Occupancy	177,043	125,473	149,180	102,591
Communication and postages	76,707	51,563	61,112	40,777
Dues and subscriptions	21,920	29,980	16,249	23,169
Office supply and stationery	41,694	23,177	38,641	20,005
Fees and assessments	398,766	507,897	279,160	475,720
Depreciation and amortisation	179,444	152,958	121,544	111,562
Miscellaneous expenses	41,970	36,849	28,262	22,288
	1,223,471	1,091,047	927,193	928,036

36 Finance cost

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Finance cost (see note (i) below)	64,825	9,529	64,825	11,445
	64,825	9,529	64,825	11,445

37 Impairment expense

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Impairment loss on investments and other receivables	6,250	-	-	-
	6,250	-	-	-

38 **Earnings per share**

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

<i>In thousands of naira</i>	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
Net profit attributable to ordinary shareholders for basic and diluted earnings	533,664	927,155	415,534	896,147
Dividend paid to preference shareholders	-	-	-	-
	533,664	927,155	415,534	896,147
Number of shares in issue	6,930,204	6,930,204	6,930,204	6,930,204
Dilutive effect of the IFC loan conversion option	2,569,106	1,519,798	2,569,106	1,519,798
Net	9,499,310	8,450,002	9,499,310	8,450,002
Basic earnings per share (kobo)	8	13	6	13
Diluted earnings per share (kobo)	6	11	4	11

39 Hypothecation of assets

	Policyholder's fund			Insurance Contract Liabilities	Shareholders' fund	Total
	Life Fund	Annuity	Investment Contract Liabilities			
Cash and cash equivalents	718,610	-	557,555	1,417,163	123,452	2,816,780
Financial assets:						
Bonds and treasury bills	10,349,001	29,667,795	7,032,593	5,647,542	147,257	52,844,188
Quoted equities	594,964	49,930	335,086	577,915	134,323	1,692,218
Unquoted equities	141,408	-	209,455	19,909	1,576,400	1,947,172
Money market placements	-	-	-	-	-	-
Loans & receivables	1,121,153	-	30,620	88,141	320,111	1,560,025
Investment In Subsidiaries	1,256,958	-	-	-	1,051,732	2,308,690
Investment Properties	135,000	-	380,000	345,000	-	860,000
Property and Equipment	913,481	-	1,167,074	108,033	3,346,295	5,534,883
Statutory Deposit	-	-	-	-	530,000	530,000
Other Assets (See a below)	418,132	-	1,280,598	2,958,992	1,006,177	5,663,899
	15,648,707	29,717,725	10,992,981	11,162,695	8,235,747	75,757,855
Other Assets						
Trade Receivable	-	-	-	258,913	-	258,913
Reinsurance Assets	418,132	-	-	2,298,032	-	2,716,164
Deferred acquisition cost	-	-	-	402,047	-	402,047
Other Receivables and Prepayments	-	-	67,031	-	157,598	224,629
Deferred Tax Asset	-	-	978,114	-	-	978,114
Goodwill and Other Intangible Assets	-	-	235,453	-	848,579	1,084,032
	418,132	-	1,280,598	2,958,992	1,006,177	5,663,899