

AICO INSURANCE
AMERICAN INTERNATIONAL

2013 ANNUAL REPORT & FINANCIAL STATEMENTS

**YESTERDAY, TODAY,
EVERYDAY...**
...YOUR STABLE FRIEND



...stability assured

ABOUT US

AIICO Insurance Plc commenced operations in Nigeria in 1963, as an agency office of American Life Insurance Company (U.S.A).

AIICO was incorporated as a Nigerian company, and later became a full subsidiary of its parent company in 1970. The Company became a public liability company in 1989 and was listed on the floor of the Nigeria Stock Exchange in December 1990.

AIICO currently has an authorized share capital of N5 Billion and total Assets in excess of N29Billion. The company also prides itself as a leading Insurance company with capacity to underwrite all classes of insurance business. In addition,

AIICO currently leverages technical partnership arrangement with the world's largest Insurance conglomerate, America International Group (AIG) now known as Chartis Insurance and Zurich Insurance Services. AIICO's business has experienced significant growth in the past few years and the scope of its activities has also expanded greatly. AIICO is currently investing in skill, technological and quality advancements in its business as well as in communications, to inform those who need to know about what it is doing. In 2013, celebrated its Golden Jubilee and in the same year, became the first insurance company in Africa to be ISO 22301: 2012 Certified by the British Standard Institution.

AIICO Plc is the largest Life Insurance Company and the second largest Insurance Company in Nigeria with agency network and branches in Nigeria covering eighteen states. AIICO's business is structured into two (2) highly specialized divisions:

Life

The Life Division offers a wide range of Life products in order to cater to the changing needs of our individual clients. These products include - Annuity Plan, Funeral Insurance Plan, Group Life Assurance, Individual Life etc. Also there are several investment plans that are tied to some of our Life products e.g. Education Plan, Cash Accumulation Plan and many more.

Non Life

This area of our business specializes in the provision of Insurance products that offer both corporate and individual clients comprehensive protection against potential losses, damages and liability claims. Products here are intended to offer a replacement to losses incurred. These include products to protect homes, money, vehicles, and so on, against a wide variety of risks and special perils and travel.

Our Vision

To become the indisputable leader in all markets we chose to play

Our Mission

We exist to create and protect wealth for our Clients

AIICO CORE VALUES



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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 44th Annual General Meeting of AllCO Insurance Plc. will be held at Transcorp Hotels, 10, Murtala Mohammed Highway, Calabar on Tuesday 5th August, 2014 at 11.00 am to transact the following businesses:-

Ordinary Business:

1. To receive the Report of the Directors and the Balance Sheet as at 31st December 2013, together with the Profit and Loss Account for the period ended on that date and the Reports thereon of the Auditors and the Statutory Audit Committee.
2. To re-elect Directors.
3. To approve Directors' Remuneration.
4. To authorize the Directors to appoint and fix remuneration of the auditors
5. To elect shareholders as members of the Statutory Audit Committee.

NOTES:

1. PROXY

- i. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his or her place. A proxy need not be a member of the Company. A form of proxy is attached at the last page of this report.
- ii. If the proxy form is to be valid for the purpose of this meeting, it must be completed, detached and deposited at the Office of the Registrar, United Securities Limited, 10 Amodu Ojikutu Street, Off Bishop Oluwole Street, Victoria Island. P.M.B. 12753, Lagos, not later than 48 hours before the time for holding the meeting.

2. CLOSURE OF REGISTER OF MEMBERS

In compliance with the provisions of Section 89 of the Companies and Allied Matters Act, 2004, the Register of Members and Share Transfer Books will be closed from the 29th July – 5th August 2014 [all the days inclusive].

3. APPOINTMENT OF MEMBERS OF THE STATUTORY AUDIT COMMITTEE.

Pursuant to and in accordance with Section 359(5) of the Companies and Allied Matters Act 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least 21 days before the Annual General Meeting.

4. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Some dividend warrants and share certificates remain unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of such members is circulated with the Annual Report and Financial Statements. Members affected are advised to write to or call at the office of the Company's Registrar, United Securities Ltd., 10 Amodu Ojikutu Street, Off Bishop Oluwole Street, Victoria Island, P.M.B. 12753, Lagos.

BY ORDER OF THE BOARD



Donald KANU
 FRC/2013/NBA/00000002884
 Dated this 2nd Day of July, 2014.
 Company Secretary/Legal Adviser
 AllCO Insurance Plc
 AllCO Plaza,
 PC 12, Churchgate Street
 (formerly, Afribank Street.)
 Victoria Island,



Corporate Information (Cont'd)

Major Bankers	First Bank of Nigeria Plc Union Bank of Nigeria Plc Zenith Bank Plc Citi Bank Nigeria Limited Guaranty Trust Bank Plc
Actuary	HR Nigeria Limited
Reinsurers	Africa Reinsurance Corporation Continental Reinsurance Plc Swiss Reinsurance WAICA Reinsurance
Estate Valuer	Niyi Fatokun & Co (Chartered Surveyors & Valuer)
Regulatory Authority	National Insurance Commission

Branch Networks

Abuja

Prime Plaza
Plot 1012, Adetokunbo Ademola Crescent,
Opposite Rockview Hotel(Classic)
Wuse II, Abuja.
Tel:08053099005

Kano

2, Post Office Road
Kano
Kano State
Tel: +234 802 833 8804, +234 803 629 9576

Abeokuta

46, Tinubu Street
Ita Eko, Abeokuta
Ogun State

Aba

7 Factory Road
Aba, Abia State
Tel: +234 805 531 4351
+234 806 724 6002
+234 802 358 0609

Kaduna

Yaman Phone House
1, Constitution Road
Kaduna, Kaduna State
Tel: +234 803 338 6968;
+234 802 371 1643

Akure

TISCO HOUSE, 3rd Floor, Opposite , Mr. Biggs,
Ado-Owo Rd, Akute, Ondo
Tel: 08062203566

Lagos Ikeja

AIICO House
Plot 2, Oba Akran Avenue
Opp. Dunlop, Ikeja, Lagos
Tel: +234 1 431 2400; +234 802 317 8534
Fax: +234 1 497 6590

Lagos Isolo

203/205, Apapa-Oshodi Expressway
Isolo, Lagos
Tel: +234 1 774 3730

Corporate Information (Cont'd)

Branch Networks (Cont'd)

Enugu

55-59 Chime Avenue
Haven, Enugu
Tel: +234 803 666 0737
+234 703 814 3357

Benin

28, Sokponba Road
Benin City
Edo State
Tel: +234 808 313 4875
+234 702 700 2609

Calabar

Henss Building Complex
24/26 Murtala Mohammed Highway
Calabar, Cross Rivers State
Tel: +234 808 422 2227
+234 803 676 4203

Ibadan

12, Moshood Abiola Way
Formerly Ring Road
Ibadan, Oyo State
Tel: +234 805 337 6604
+234 803 481 1605
+234 802 338 3753
+234 802 367 7424
+234 805 506 1886

Jos

4 Beach Road
Jos, Plateau State.
Tel: +234 805 735 6726
+234 803 595 1258
+234 0734 56997
+234 0734 59529-30

Lokoja

Plot 76, Opposite 1st Gate,
Phase 2, Lokongoma Housing Estate, Lokoja
Tel: 08034972051

Yenegoa

20, Inec Road, Yenegoa, Bayelsa State.

Lagos Ilupeju

AIICO House
36/38, Ilupeju Industrial Avenue
Ilupeju, Lagos
Tel: +234 1 819 4714;
+234 1 475 2157-8

Onitsha

NIPOST Building
Old Market Road, Onitsha
Tel: +234 46 212 830; +234 803 375 0361

Owerri

65/67 Douglass Road
Owerri, Abia State
Tel: +234 805 531 4351

Warri

60, Effurun/Sapele Road
Warri.
Delta State.
Tel: +234 803 971 0794

Port Harcourt

Plot II, Oromerezimbu Road
Stadium Link Road
G.R.A Phase 4, Port Harcourt
Rivers State
Tel: +234 802 307 1604
Tel: +234 803 337 3133

Ilorin

1, New Yidi Rd, Ilorin, Kwara State.
Tel: 08170223528

Mission

"We exist to create and protect wealth for our Customers"

Vision

"To become the indisputable leader in all markets we choose to play in"

Core Values – STTEP

- * Service Excellence
- * Trust
- * Team Spirit
- * Entrepreneurship
- * Professionalism

Financial Position

Consolidated Results at a Glance

	2013 N000	2012 N' 0 0 0	Change N000	%
Cash and Cash Equivalents	8,541,729	9,721,659	(1,179,930)	(12.14)
Trade Receivables	35,772	2,184,434	(2,148,662)	(98.36)
Financial Assets	19,045,539	12,443,625	6,601,914	53.05
Investment Properties	1,190,000	760,000	430,000	56.58
Deferred Tax Asset	2,907,536	1,502,062	1,405,475	93.57
Property and Equipment	4,657,122	4,745,310	(88,188)	(1.86)
Other Receivables and Prepayments	1,804,167	1,105,714	698,453	63.17
Statutory Deposit	500,000	500,000	-	-
Goodwill and Other Intangible Assets	878,603	894,005	(15,402)	(1.72)
Total Assets	42,100,835	35,054,680	7,046,154	20.10
Trade Payables	58,792	387,047	(328,255)	(84.81)
Other Payables and Accruals	1,776,463	969,394	807,069	83.26
Current Tax Payable	690,564	648,089	42,474	6.55
Investment Contract Liabilities	6,356,398	4,983,089	1,373,309	27.56
Insurance Contract Liabilities	21,870,036	15,576,898	6,293,138	40.40
Total Liabilities	31,527,696	23,541,995	7,985,701	33.92
Issued Share Capital	3,465,102	3,465,102	-	-
Share Premium	2,824,389	2,824,389	-	-
Available-for-Sale Reserve	1,913,995	1,461,683	452,312	30.94
Contingency Reserve	2,506,775	2,065,726	2,481,129	120.11
Retained Earnings	(1,407,214)	528,387	(1,070,890)	(202.67)
Shareholders' Fund	10,332,056	11,374,297	(1,042,241)	(9.16)
Profit or Loss and Other Comp. Income				
Gross Premium Written	23,602,618	21,273,100	2,329,517	10.95
Gross Premium Income	23,316,026	21,070,249	2,245,776	10.66
Net Premium Income	18,228,214	16,083,926	2,144,287	13.33
Other Revenue	4,683,287	4,675,157	8,130	0.17
Total Revenue	22,911,501	20,759,084	2,152,417	10.37
Net Benefits and Claims	(6,784,084)	(4,938,591)	(1,845,493)	37.37
Other Expenses	(11,256,664)	(9,720,499)	(1,536,165)	15.80
Total Benefits, Claims and Other Expenses	(18,040,748)	(14,659,090)	(3,381,658)	23.07
(Loss) / Profit Before Taxation	(1,279,555)	2,084,087	(3,363,642)	(161.40)
(Loss) / Profit After Taxation	(739,226)	1,320,663	(2,059,889)	(155.97)
Retained Loss	(1,935,605)	382,374	(2,317,979)	(606.21)
Other Comprehensive Income, Net of Tax	535,394	812,795	(277,401)	(34.13)
Total Comprehensive Income / (Loss) for the Year	(203,832)	2,133,458	(2,337,291)	(109.55)
(Loss) / Earning Per Share	(11.55)	18.84	(30.39)	(161.31)

A portrait of Chief (Dr.) Dele Fajemirokun, Chairman. He is wearing a white traditional cap (fila), glasses, and a light blue traditional Nigerian attire (boubou) with intricate embroidery. He is standing against a dark, textured background with warm, reddish-orange lighting. The text "Chairman's Statement" is overlaid in the top left corner.

Chairman's
Statement

Chief (Dr.) Dele
Fajemirokun
Chairman

Chairman's Statement

Fellow Shareholders:

When I wrote to you last year, our Company was celebrating her golden anniversary – 50 years of stability – having proven our ability to, time and again, transform ourselves and adapt to rapidly shifting external environments and formidable circumstances.

Over the last 50 years, the Company has transformed from an insurance agency office of AIG in 1963 to one of the leading non-bank financial institution (insurance, pensions, health, and asset management) – with total assets of N42billion for our insurance operations, over N40billion assets under management in our pensions business and group revenues of over N23billion. AllCO is the clear market leader in life insurance and a top-tier market leader in Non-Life insurance – our two main business lines.

Indeed, AllCO today is the insurer of choice for critical government risks, multinationals, and blue chip corporations in Nigeria, and the insurer of the largest number of lives in Nigeria; whilst there exist some legacy issues (which we have worked hard to resolve over the last couple of years) – as is normal for a 50-year old Company – we are indeed very proud of our Company's heritage and count ourselves fortunate to be stewards of our great company in such auspicious times as these.

In prosperous times as these, it is easy to get locked into short-term thinking. Yet, my fellow Directors and I did the opposite in 2013.

THE NEXT PHASE

My fellow Directors and I have always seen it as our responsibility to ensure that AllCO remains a premier financial institution with resilience to survive the different economic cycles and conditions, and that in the long term, AllCO remains an economic powerhouse. Carrying out this responsibility involves significant self-assessment and forward, long-term thinking.

As the Company celebrated our golden jubilee year – marking the end of an era, and the beginning of the next phase – my fellow Directors and I decided that this was indeed an opportune time to conduct a detailed assessment of our Company and positioning our Company on solid ground for this next phase. Hence, in 2013, the Directors focused on three main issues which needed to be addressed for sustainable growth going forward:

1. How do we position AllCO to remain the preeminent insurance franchise, continue to expand/widen the moats around our business and strengthen AllCO's competitive advantages – given the fast evolving environment (regulatory reforms, globalisation, and threat of foreign entrants and competition)?
2. How do we position AllCO as the most attractive opportunity for shareholders (current and future) to benefit from the immense potentials that the insurance sector and the financial services industry in Nigeria presents?
3. How do we ensure that, AllCO, as an insurer retains premier financial strength, to be able to always keep our promises to indemnify our "customers" in the future if certain events occur – even if economic chaos prevails when the payment time arrives?

In this year's letter, I would like to address some of the key actions and steps taken by the Board in 2013 in addressing these questions and positioning AllCO towards achieving these goals. I hope that, after reading this letter, you will share my confidence that AllCO is a much stronger and vibrant company for the future.

The 3 Pillars

To position our Company on the right path to achieving these long term goals, we decided that AllCO needed to sit on 3 solid pillars:

1. Strength of our Balance Sheet;
2. Strength of our people; and
3. Strength of our Business model

1. Strengthening our Balance Sheet

A rock-solid Reserve base and unquestionable financial strength is a key competitive advantage for our primary business – insurance – especially in the face of current and expected competition from leading foreign operators with significantly more capital than the aggregate capital base of the Nigerian insurance industry today. The Directors and I do believe that

Chairman's Statement

the exciting dynamics of the insurance industry today would result in a new wave of consolidation of industry operators in the next couple of years.

Hence, it is imperative that, as we go into the next phase of the Company's lifecycle and as we seek to benefit from the immense opportunities that the industry provides, we have underwriting capacity to ensure that: i) we are able to compete favourably for new business to grow; and ii) we are able to keep our promises to our customers and indemnify them in the worst of times when the payment time arrives.

To this end, we conducted a detailed assessment – a review of all our assets and liabilities – to ascertain what is available and indeed contribute to our financial strength and reserves, and also that we have made enough provisions for the liabilities, such that when they do occur, we have sufficient cash to pay/settle all valid claims.

First, we sought to ensure that AllCO meets regulatory standards of capital adequacy and solvency. We are pleased to report that AllCO continues to exceed the requirements for solvency by a significant margin. We are pleased to report that for 2013, our solvency margin ratio (for Non-life business) was 147% – significantly above regulatory requirements of 100%.

Second, we tested our assets for impairment and sought to institute fair value accounting discipline. This assessment, coupled with regulatory requirements of the NAICOM's policy of 'No premium no cover' – which became effective 01 January 2013 (requiring that all receivables that are not backed up by 30-day credit notes be written off) led us to write off a total of N1.8billion from our operating profits for 2013 – broken down into N1.1billion in trade receivables written off and N0.7billion in impairment of investment properties – all relating to prior year (preceding 2013) transactions. This negatively affected our profits available for distribution to shareholders in 2013.

Third, we tested our liabilities to determine whether adequate provisions were, indeed, made for our commitments. In line with our decision to institute fair value accounting principle and to err on the side of prudence, we decided to increase our provisions by N0.4billion for liabilities that relate to prior years. This increase in provisions was also written off against our operating profits for 2013. Following this, we are fully confident that full provisions have been made and more than adequate reserves back all our commitments and liabilities.

Lastly, we decided that – in order to take full advantages of the increasingly immense opportunities that exist in the sectors in which we operate, solidify our financial strength, and secure our pre-eminence as the leading long term savings, protection, and investment group in Nigeria – AllCO would be best served by forging partnerships with top-ranking financial institutions in the world who would bring to bear their global financial strength, expertise, and experience, and who would invest long-term capital in AllCO – thereby aligning their interests with those of our current shareholders.

Consequently, we initiated discussions with one of the strongest financial institutions in the world – the International Finance Corporation ("IFC") – private sector arm of the World Bank. We are pleased to report that, after a detailed due diligence, the IFC in January 2014, communicated to us its initial management approval to invest ca. US\$20million in AllCO via a convertible loan instrument. Finally, in May 2014, the Board of Directors of the World Bank gave its final approval for this investment. As I write to you, we are currently finalising the key agreements with the IFC, and following the Company's meeting the conditions of disbursement, IFC would officially become an investor in AllCO. IFC's investment, globally, represents a very critical stamp of approval and signals to the investing community and all stakeholders that AllCO is, and will continue to be, a pillar in the financial services industry in Nigeria. Fellow Shareholders, this is a partnership that we all should be proud of, and that we all know adds significant mileage to our efforts in achieving our key long term goals.

Finally, this partnership sends a clear message that all our efforts and decisions in 2013 were, indeed, steps in the right direction, and puts us in good stead to weather the storms and seize the opportunities that are sure to present themselves over the coming years.

2. Strengthening our people

The second critical pillar for AllCO's long term success is our people – key qualities of the AllCO leader, our ethos, and our culture.

First, our leaders. One of the objectives of the Board is to continually nurture and expand the Company's cadre of outstanding managers that would deliver exceptional results for the Shareholders. For the most part of 2013 and at the time of the last meeting, AllCO's Executive Management team – led by David Sobanjo as the Group Managing Director/Chief Executive Officer – consisted of the first Nigerian management team to lead the Company since inception. This team has been, in no small part, responsible for the stable platform that is AllCO today.

In pursuance of our objective, our decisions to strengthen and reposition AllCO for the next phase and our succession programme for the Executive Management team, the Directors, in 2013, decided that it was time we gave the next generation of leadership the opportunity to lead AllCO into its exciting future.

Chairman's Statement

Consequently, David stepped down as Group Managing Director and Chief Executive Officer in September 2013, following 7 years of meritorious service as the first Nigerian Managing Director and Chief Executive Officer. Along with David, 10 members of the management team (including the Chief Financial Officer, Company Secretary, Head of Life Business), also retired at the same time. David has been elevated to the Board as a Non-Executive Director and a colleague, where he will continue to provide guidance, when required, as one of the most respected and experienced insurance practitioners in Nigeria.

Edwin Igbiti – a 22-years veteran of AllCO and erstwhile Head of Non-Life Business and one of the most respected insurance experts in Nigeria – assumed the role of Group Managing Director and Chief Executive Officer immediately – and consequently, a member of the Board. Edwin leads a new team of strong leaders that brings to bear the youth, passion, global expertise, the AllCO ethos, and exhibits a real sense of ownership. My fellow Directors and I have never been prouder to work with a team.

Second, we believe that the alignment of the interests of the shareholders and those of the managers running the Company is critical to the achievement of our long term goals. In this vein, in 2013, we initiated a Management Stock Option Plan, as approved by the Shareholders at our last meeting. This plan would create a culture of where AllCO is able to align the compensation of management with that of shareholders and to encourage them to acquire a proprietary interest in the long term success of the Company. We strongly believe that this plan, upon implementation, would result in a dramatic change in the behaviour and commitment of our Executives, as well as put us in better stead to attract, retain, and motivate talented and dedicated first-class professionals, for whom the maximisation of shareholders' wealth would be a chief objective. Whilst this plan has resulted in a dilution of shareholding by about 5%, we have communicated to Edwin and his team that we do expect to see a significant uplift in our shareholders wealth and market capitalisation over the near-to-medium term to more than compensate the shareholders for this dilution.

Third, to support and deepen our Company's competencies and cement our extraordinary franchise, the Board decided to explore a strategic alliance and partnership with a leading global insurance operator with premier financial strength and rating. We are pleased to report that all the potential strategic operators that we initiated discussions with have expressed very strong interests in partnering with AllCO on the journey towards becoming the leading protection, long term savings, and asset management group in West Africa. We expect to complete this process in the coming months.

Lastly, in 2013 Chief Eugene Okwor retired from the Board. In 2014, Chief Rasheed Gbadamosi and Henry Semenitari retired from the Board during the year. Henry was appointed Managing Director and Chief Executive Officer of Unity Bank Plc – a position which requires 100% of his time. Please join me in thanking these gentlemen and pillars of the financial industry for their service to AllCO.

3. Strengthening our business model

Gross written premiums grew 11% in 2013 to N23.6billion and the Company generated Net premium income of N18.2billion, up 13% from 2012 – both presenting growth rates outperforming most of our competition in the industry. Total assets grew from 20% to N42.1billion. It is all more impressive given the environment in which these growth levels were achieved. 2013 was year in which the revenue generating ability of insurance operators was significantly curtailed by the NAICOM's No Premium No Cover policy – requiring, for the first time in the history of insurance in Nigeria, that insurance companies only recognise revenues materially on a cash-and-carry basis. Hence, our ability to generate these historic revenue levels presented a welcome validation of the strength of the AllCO franchise and our efforts to strengthen the franchise during the year.

From an annual return for shareholders perspective, 2013 was not a great year financially for the shareholders. On an after-tax basis, AllCO declared a loss of N0.7billion, down from a profit of N1.3billion in 2012 – resulting in a loss per share of 11.55kobo in 2013. Shareholders' equity also reduced 10% to N10.3billion in 2013, resulting in a reduction in book value per share to N1.49 from N1.65 in 2012. Clearly, this was a disappointing year in terms of returns to shareholders – and trust that I do share your disappointment in this regard as a fellow shareholder. The underlying fundamentals of our Company and its earnings power, were, however, much stronger at the end of 2013, than they were at the beginning.

Essentially, the year's financial performance was marred by three issues, all of which were conscious steps taken by the Board to clean up AllCO's balance sheet (please refer to the section under "Strengthening our balance sheet" for full details) and all relating to prior year transactions. The first related to provision for impairment of trade receivables of N1.1billion. The second related to a provision for impairment of investments of N0.7billion. The third related to additional provisions for liabilities of N0.4billion.

Chairman's Statement

These provisions resulted in a cumulative N2.2billion provisions made from our operational profits, thereby reducing profitability for 2013 by same amounts. Please note that these provisions do not have a bearing on the operational performance or profitability of the Company. My fellow Directors and I believe that the proper valuation of assets and liabilities, of positions and commitments, is essential if risk is to be managed effectively. Whilst this process can be difficult and sometimes painful, we believe it is a discipline that defines a financial institution such as ours and the best times to perform these sorts of reviews are the good times – especially as AllCO enters into this next phase. We do not expect to make provisions or write-downs of this magnitude in the short to medium term.

Our underlying business performed solidly and in some key areas, it outperformed. On a pro forma operational, recurring basis – that is, if these write offs and provisions were not made – AllCO would have earned N1.5billion in after-tax and distributable profits (resulting in earnings per share of 21.6kobo) and shareholders' equity would have increased to N12.9billion (resulting in book value per share of N1.86) before accounting for distributions to shareholders.

For the 2013 financial year, AllCO was the second biggest player in insurance in Nigeria (by revenue), the clear market leader in life and top 3 in non-life. We also have the largest number of insured/policy holders in the industry, making us the biggest retail insurer in Nigeria. Indeed, the revenue and earnings generating power of the AllCO franchise remain undiminished.

Using the operating and financial results for 2013 as a backdrop, I will now discuss our efforts to strengthen our business model.

First, we will continue our commitment to a balanced, well-diversified revenue stream. We do believe that having two twin engines – life and non-life insurance – and three supporting businesses – health management organisation, pension management and asset management, has served us well in the past. We continue to strongly believe that the combination of these businesses is a powerful and unique business model. Indeed, most of our peers, run by respectable professionals and entrepreneurs, over the last 24 months, worked hard to replicate our business model and strategy with regards to being a diversified non-bank financial institution offering long term savings, protection, and investments services to a broad range of customers. Imitation, they say, is the sincerest form of flattery. We continue to fine-tune our business model and strategy to stay ahead of competition.

Second, our goal is to be the best, not necessary the biggest. Insurance is, at core, a business of risk management. Our drive to grow the business is subject to a robust risk management framework and on four key disciplines: a) an analysis and understanding of risks, b) the evaluation of the likelihood of occurrence and probable liability, c) setting a premium that will deliver a profit after probable costs and operating expenses and d) discipline to only write risks that at set premiums, yield adequate returns vis-à-vis the risk.

Our drive to grow our business will always be tempered by a stronger desire to always preserve our capital. In terms of size, our goal is to build each of our businesses to rank among top three players in their respective industries. Our insurance businesses currently rank top three and we will seek to protect and acquire market share whenever we believe that this leads to an accretion to shareholders wealth.

Third, we know that size matters in financial services, as economies of scale are critical to success. In this regard, we will drive growth in the segments of the markets that we consider most profitable – retail – a segment that we intend to derive significant economies of scale due from our size. In this vein, we will make significant investments in key areas such as systems and information technology infrastructure, operational excellence, innovation and branding. These economies of scale, we believe, would enable us pursue a lower cost strategy for the retail market, which would in turn, significantly drive the uptake of insurance.

Fourth, we will, over the medium term, seek to emphasise and drive our recurring fee-driven businesses – where we do not have to risk our balance sheet to grow – our pension management and asset management businesses. For these businesses, what we sell is our expertise as investment managers and financial advisers. Hence, our return on capital could be in the high double digits, if we attain the right scale and third party uptake at very minimal risk to shareholders capital. These are the kind of businesses that we love.

Lastly, AllCO today is currently structured as an insurance company, with the asset management, pension management and health management businesses held as subsidiaries to the insurance business. This is not truly reflective of the businesses that we operate. Hence, we are currently reviewing the most effective way to structure our Company in a way that allows each business to effectively pursue strategies appropriate to its sector and unique characteristics and to enable each business contribute to and significantly benefit from being part of the AllCO group and franchise. One of the options the Board is considering restructuring AllCO as a holding company and all the businesses operate as subsidiaries, such that, AllCO's operating structure truly represents that of a non-bank financial services institution, with

Chairman's Statement

operations in insurance, pensions, asset management and health management. The Board would be presenting our final recommendations on structure to the shareholders for approval over the next couple of months.

LOOKING AHEAD

Fellow Shareholders, my fellow Directors and I assure you that all of our decisions are aimed at positioning AllCO as a stronger company with an effective governance system, solid businesses and a risk profile and capital structure in which you – our shareholders – our customers, regulators, employees can have unwavering confidence and pride.

Our objective remains cultivating AllCO's entrenched franchise in insurance and as an economic powerhouse that continues to generate significant operating profits for our shareholders. I have great confidence that we will succeed – given the strong leadership of the new team, the efforts of our entire employee group and the strategic partnerships with some of the most credible financial institutions in the world.

Indeed, the years ahead will bring with them rapidly shifting and demanding environments. My fellow Directors and I are enthusiastic about the state of our business today – and that the full execution of the initiatives that we commenced in 2013 would deliver a platform that is uniquely powerful.

We are confident that our Company today is more formidable to withstand any market or economic challenges, better positioned to realise the truly significant near and longer term market potentials in our various businesses and uniquely placed to produce substantial, industry-leading returns for our shareholders over the next phase of AllCO's lifecycle.

I look forward to sharing the successes of the renewed AllCO with you in 2014.

Directors' Report

The Directors present their annual report on the affairs of AIICO Insurance Plc ("The Company") and the subsidiary companies ("The Group"), together with the Group Audited Financial Statements and the Auditors' Report for the year ended December 31, 2013.

Legal Form and Principal Activity

The Company was established in 1963 by the American Life Insurance Company and was incorporated as a limited liability Company on July 14, 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) with effect from December 3, 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.

The Company has two subsidiaries:

Multishield Limited

Multishield Limited was incorporated in 1997 as a Health Maintenance Organization. It commenced operations in the same year with prepaid health plans to cater for the health needs of individuals and corporate organizations. The Company became a 100% subsidiary of AIICO Insurance Plc on July 1, 2012.

AIICO Pension Limited

AIICO Pension Manager Limited (AIICO Pension) provides pension administration services to private and public sector contributors. AIICO Pension is owned by consortium of five reputable companies namely: AIICO Insurance Plc, Oasis Insurance Plc, UNIC Insurance Plc, Wema Securities and Finance Plc and Magnatis Finance and Investment Limited. The Company was incorporated as a Limited Liability Company on February 1, 2005 under the Companies and Allied Matters Act, 2004, and licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006.

Operating Results

The following is a summary of the Group's operating results and transfers to reserves:

	2013 N'000	2012 N'000
Gross Premium Written	23,602,618	21,273,100
Gross Premium Income	23,316,026	21,070,249
Net Premium Income	18,228,214	16,083,926
Other Revenue	4,683,287	4,675,157
Total Revenue	22,911,501	20,759,084
Net Benefits and Claims	(6,784,084)	(4,938,591)
Other Expenses	(11,256,664)	(9,720,499)
Total Benefits, Claims and Other Expenses	(18,040,748)	(14,659,090)
(Loss) / Profit Before Taxation	(1,279,555)	2,084,087
(Loss) / Profit After Taxation	(739,226)	1,320,663
Retained Loss	(1,935,605)	382,374
Other Comprehensive Income, Net of Tax	535,394	812,795
Total Comprehensive Income / (Loss) for the Year	(203,832)	2,133,458
(Loss) / Earning Per Share	(11.55)	18.84

Directors' Report (Cont'd)

Director's Shareholding

The direct and indirect interest of Directors in the Issued Share Capital of the Company as recorded in the Register of Directors' Shareholding and/or as notified by the Directors for the purposes of section 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Listing Requirements of The Nigerian Stock Exchange are disclosed as follows:

Directors	Direct Holding	Indirect Holding	Dec. 2013	Dec. 2012
			Total Holding	Total Holding
Chief (Dr.) Oladele Fajemirokun	10,000	648,566,534	648,576,534	399,795,309
Senator Tokunbo Ogunbanjo	1,884,166	-	1,884,166	188,383,629
Mr. S.D.A. Sobanjo	37,284,985	-	37,284,985	37,284,985
Chief R.A. Gbadamosi (Ret'd wef Dec 13)	2,163,927	-	2,163,927	6,690,210
Mr. Jide Orimolade	5,682,980	-	5,682,980	1,000,000
Dr. (Mrs.) Adenike Fajemirokun-Koumpatis	-	-	-	-
Mr.Sonnie Ayere	-	-	-	-
Mr. Edwin Igbiti	-	-	-	-
Mr. Kundan Sainani - Alternative to Mr. Hareesh Aswani	-	-	-	-

Chief (Dr.) O. Fajemirokun also has an indirect holding amounting to 1,020,833,332 units (December 2012: 1,020,833,332 units) through AIICO Bahamas Limited who is a 15% equity holder in the Company.

Directors' Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Company and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts in which the company was involved during the year ended December 31, 2013.

Substantial Interest in Shares

According to the Register of Members at December 31, 2013, no shareholder held more than 10% of the issued share capital of the Company except as disclosed as follows:

	Dec. 2013	%	Dec. 2013	%
	Number of Shares held		Number of Shares Held	
AIICO Bahamas Limited	1,020,833,332	15	1,020,833,332	15
Others	5,909,371,148	85	5,909,371,148	85
	<u>6,930,204,480</u>	<u>100</u>	<u>6,930,204,480</u>	<u>100</u>

Directors' Report (Cont'd)

Shareholding Analysis

The shareholding pattern of the Holding Company as at December 31, 2013 is as stated below:

Share Range	Number of Holders	% of S/ Holders	Number of Shares	Percentages Shareholding
1-1000	3,100	3.14	1,892,142	0.03
1,001-5,000	18,679	18.91	48,723,220	0.70
5,001-10,000	25,919	26.24	174,894,156	2.52
10,001-50,000	42,702	43.22	901,037,643	13.00
50,001-100,000	4,170	4.22	292,079,852	4.21
100,001-500,000	3,322	3.36	664,985,545	9.60
500,001-1,000,000	423	0.43	308,420,022	4.45
1,000,001-5,000,000	360	0.36	714,497,584	10.31
5,000,001- 10,000,000	51	0.05	367,950,968	5.31
10,000,001-100,000,000	58	0.06	1,492,621,058	21.54
100,000,001-1,000,000,000	5	0.005	942,268,958	13.60
1,000,000,001-10,000,000,000	1	0.005	1,020,833,332	14.73
Total	98,790	100.00	<u>6,930,204,480</u>	100.00

Company's Distributors

The Company's products are marketed by insurance brokers and agents throughout the country. The Company also employs the direct marketing method to source for insurance business.

Post Balance Sheet Events

There has been no material change in the Group's financial position since 31st December, 2013 that would have affected the true and fair view of the Company's state of affairs as at that date.

Properties Plant and Equipment

Investment in Properties Plant and Equipment during the period is limited to the amounts shown in the financial statements. In the opinion of the directors, the market value of Properties Plant and Equipment is not less than the value indicated in the financial statements.

Acquisition of own Shares

The Company did not purchase any of its own shares during the year.

Corporate Governance

The Company is committed to the principles of Corporate Governance and Code of Best Practices and therefore takes account of and complies with the principles of good corporate governance. At AICO Insurance, the Board is committed to full disclosure and transparency in providing information to all stakeholders.

The Company maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. The business of the company is conducted with integrity which pays due regard to the legitimate interests of stakeholders.

Corporate Governance Policies are designed to ensure the protection of the long term interest of all stakeholders. To this end therefore, the Board exercises the best of judgment in policy making, monitoring executive actions and directing the group strategy.

The Board is accountable to the Shareholders and does this in a number of ways. The Board pro-actively evaluates the socio-economic, environmental and ethical matters that may impact on the stakeholders' interests. Accordingly, it uses various fora to advise shareholders on the performance of the company. This includes the Annual Reports and Accounts, announcements made through the Nigerian Stock Exchange, the company's web site (www.aicopl.com), and the media.

Directors also meet with shareholders at the Annual General Meetings and Extra-Ordinary General Meetings convened by the company.

The policies of the Board are designed to maintain its distinct duty as the link between shareholders and the company's management led by the Chief Executive Officer

The Board of Directors is made up of Eight (8) directors comprising two executive directors and six non-executive directors. The Board is responsible for controlling and managing the strategic business of the company and constantly reviews and presents a balanced and comprehensive assessment of the company's performance and future prospects. It may exercise all such powers of the company as are not by law or the Articles of Association of the company, required to be exercised by the company in General meetings.

Specifically, the functions and responsibilities of the Board of Directors include but are not limited to:

- Determining the Company's objectives and strategies as well as planning to achieve them and setting objectives, goals and strategic direction for management
- Approving Senior management staff appointments, promotions and discipline
- Approving Annual budgets and monitoring financial performance
- Ensuring that adequate budgetary and planning processes exist such that performance is measured against budget and plans
- Approving the general policies of the company
- Ensuring that an effective risk management process exists and is maintained
- Ensuring balanced and understandable reporting to shareholders
- Ensuring adequacy of systems of financial, operational and internal controls and regulatory compliance
- Ensure value creation for shareholders and employees
- Approve major capital expenditure acquisitions
- Ensure adequate disclosure and communication
- Succession Planning, etc.
- Present a balanced and understandable report of the company's performance in all price sensitive public reports
- Ensure the implementation of all decisions taken at the General Meetings
- Review and approve the Audited Financial Statements of the company for presentation subject to NAICOM approval to shareholders at the Annual General Meeting.
- Monitoring Compliance with Legal and regulatory requirements.

Directors' Report (Cont'd)

The Board, in compliance with the guidelines of the National Insurance Commission carried out its oversight function through its standing committees, each of which has a charter that clearly defines its purpose, composition and structure, frequency of meetings, duties, tenure and reporting lines to the Board.

The Board functions either as a full Board or through any of its committees whose membership are as follows:

Invest.& Enterprise Risk Management Committee

	Position	No of Meeting	Attendance
Chief Rasheed Gbadamosi	Chairman	4	4
Dr. (Mrs.) Adenike Fajemirokun-Koumpatis	Member	4	2
Mr. Kundan Sainani	Member	4	4
Mr. Buki Oluwadiya	Member	4	4
Mr. S.D.A Sobanjo	Member	4	2
Mr. Jide Orimolade	Member	4	4
Mr. O. O. Otusanya	Member	4	2
Mr. Dipo Oguntuga	Member	4	4
Mr. Sonnie Ayere	Member	4	2
Mr. Edwin Igbiti	Member	4	1

** These meetings were held on 9th April, 11th July, 11th October and 21st November, 2013.

Finance & General Purpose Committee

	Position	No of Meeting	Attendance
Chief Rasheed Gbadamosi	Chairman	7	7
Dr. (Mrs.) Adenike Fajemirokun-Koumpatis	Member	7	3
Mr. S.D.A Sobanjo	Member	7	4
Mr. Jide Orimolade	Member	7	7
Mr. O. O. Otusanya	Member	7	3
Mr. Dipo Oguntuga	Member	7	7
Mr. Henry Semenitari	Member	7	6
Mr. Edwin Igbiti	Member	7	2

** These meetings were held on 1st March, 9th April, 9th July, 24th July, 8th October, 19th November and 25 November, 2013.

Real Estate Committee

	Position	No of Meeting	Attendance
Dr. (Mrs.) Adenike Fajemirokun-Koumpatis	Chairman	3	2
Senator Tokunbo Ogunbanjo	Member	3	2
Mr. S.D.A Sobanjo	Member	3	2
Mr. Jide Orimolade	Member	3	3
Mr. Edwin Igbiti	Member	3	1

** These meetings were held on 29th April, 17 September 21st October, 2013.

Estab.& Corporate Governance Committee

	Position	No of Meeting	Attendance
Chief Eugene Okwor	Chairman	3	1
Senator Tokunbo Ogunbanjo	Member	3	3
Mr. Kundan Sainani	Member	3	3
Dr. (Mrs.) Adenike Fajemirokun-Koumpatis	Member	3	2
Mr. S.D.A Sobanjo	Member	3	1
Mr. Jide Orimolade	Member	3	3
Mr. Sonnie Ayere	Member	3	2
Mr. Edwin Igbiti	Member	3	2

** These meetings were held on 5th April, 4th October and 19th November, 2013.

Directors' Report (Cont'd)

Audit Committee

Mr. Henry Semenitari	Independent Director/Chairman	3	3
Mr. Adio Olaoluwa Simon	Shareholder/Vice Chairman	3	2
Sir Edmund U. Njoku	Shareholder/Member	3	3
Mrs. Funke Augustine	Shareholder/Member	3	2
Chief Rasheed Gbadamosi; OFR	Director/Member	3	3
Chief Eugene Okwor	Director/Member	3	3
Mr. Kundan Sainani ***	Director/Member	3	1
Chief Roberts I. Igwe	Shareholder/Member	3	1

These meetings were held on 1st March, 16 September and 19th November, 2013.

Nomination Committee	No of meeting	Attendance
Chief O. Fajemirokun	Chairman 1	1
Mr. Sonnie Ayere	Member 1	1
Dr. (Mrs.) Adenike Fajemirokun-Koumpatis	Member 1	1
Mr. Edwin Igbiti	Member 1	1

This meeting was held on Dec. 15, 2013 to fulfill the requirement of Code of Corporate Governance from NAICOM

All the committees endeavored to perform their duties competently during the period under review.

*Following the delayed approval of the Company's financials leading to late submission of the 2013 account to the Nigerian Stock Exchange, a penalty of N800,000.00 was imposed on the company and this has since been paid.

Employment and Employees:

Employees' Health, Safety and Environment

The Company strictly observes all health and safety regulations. The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. Financial provision is also made for all employees in respect of transportation, housing, medical expenses and meals.

Employment of Disabled Persons

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. All employees whether physically challenged or not are given equal opportunities to develop their knowledge and to qualify for promotion in furtherance of their careers.

Employees' Involvement and Training

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress. Views of employees are sought, where practicable, on matters which particularly affect them as employees. The Company runs an open door management policy. Management, professional and technical expertise are the Company's major assets and investment in developing such skills is continuous. The Company's expanding skills base is being brought about by a wide range of in-house and external training. Opportunities for career development within the company have also been broadened.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include staff retirement benefit, productivity bonus, promotion and salary review.

Directors' Report (Cont'd)

Dividend

In respect of the current year, the Directors have not proposed any dividend.

Donations

Donations during the year ended 31st December, 2013 amounted to N1, 646,307 (2012: N340,000) as follows:

	2013
	N
Federation of Tourism Association of Nigeria	150,000
Zamani College, Kaduna	150,000
Association of Senior Staff of Banks, Insurance & Fin. Inst. (ASSBIFI)	150,000
Ibadan Golf Club	150,000
Chartered Insurance Institute of Nigeria (CIIN)	210,000
Nigeria National Bureau	486,307
Ikoyi Club 1938	300,000
Rotary Club of Apakun	50,000
	1,646,307

Auditors

In compliance with Sections 362 and 365 of the Companies and Allied Matters Act 2004 on the Resignation of External Auditors, Messrs SIAO (Chartered Accountants), in accordance with the foregoing sections have indicated an intention to resign as auditors while a resolution will be proposed at the Annual General Meeting to authorize the Directors to appoint External Auditors and to determine their remuneration.

BY THE ORDER OF THE BOARD OF DIRECTORS



Mr. Donald Kanu
Company's Secretary
 FRC/2013/NBA/00000002884
 AICO Insurance PLC
 AICO Plaza
 Plot PC 12, Churchgate Street Victoria Island
 Lagos, Nigeria

Date 2nd July, 2014

Board of Directors



Chief (Dr.) Dele Fajemirokun
Chairman



Mr. Edwin Igbiti
GMD/CEO



Mr Jide Orimolade
ED



Dr. (Mrs.) Adenike
Fajemirokun-Koumpatis



Mr. S.D.A Sobanjo



Sen Tokunbo Ogunbanjo



Mr. Sonnie Ayere



Mr. H.G. Aswani

Do You See The **Future** You Deserve?



Make it happen at
AIICO PLC
Embrace your today...Protect your tomorrow

Life Insurance | General Insurance | Investments

Terms and conditions apply



Statement of Directors' Responsibilities in Relation to the Financial Statements

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act 2004 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of Annual Financial Statements which give a true and fair view of the financial position at the end of the financial year of the Company and of the operating result for the year then ended.

The responsibilities include ensuring that:

- * Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- * The Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2004, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003 as amended, Financial Reporting Council of Nigeria and the Operational Guidelines issued by NAICOM;
- * The Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- * The Financial Statements are prepared on a going concern basis unless it is presumed that the Group will not continue in business.

The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with;

- * Insurance Act 2003 as amended;
- * Pension Reform Act 2004
- * Financial Reporting Council Act 2011
- * Statements of Accounting Standards;
- * Companies and Allied Matters Act 2004;
- * Banks and Other Financial Institutions Act, 1991 as amended, and;
- * NAICOM Operational Guidelines.
- * The regulation of SEC and the Nigeria Stock Exchange

The Directors are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Group and of its operating result for the year ended. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the Financial Statements, as well as adequate systems of financial control.

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

Signed on behalf of the Directors on 28/4/14 by:



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



Mr. Ayodele Alonge
Ag. CFO
FRC/2014/ICAN/0000007002

Certification Pursuant to Section 60(2) of Investment and Securities Act No. 29 of 2007

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31st December, 2013 that:

- * We have reviewed the Report;
- * To the best of our knowledge, the Report does not contain:
 - Any untrue statement of a material fact, or
 - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the Financial Statements and other financial information included in the Report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in the Report.
- We:
 - Are responsible for establishing and maintaining internal controls.
 - Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic Reports are being prepared;
 - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the Report;
 - Have presented in the Report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the Auditors of the Company and Audit committee:
 - All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's Auditors any material weakness in internal controls, and
 - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

We have identified in the Report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



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



Mr. Ayodele Alonge
Ag. CFO
FRC/2014/ICAN/0000007002

Independent Auditor’s Report



To the members of AICO Insurance Plc

Report on the Financial Statements

We have audited the accompanying financial statements of AICO Insurance Plc, which comprise the Consolidated Statement of Financial Position as at December 31, 2013, and the Consolidated Profit or Loss and Other Comprehensive Income, Cashflow Statements and the statement of accounting policies and notes to the financial statements, as set out in pages 28 to 122.

Directors’ Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standard (IFRS) and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, Financial Reporting Council Act 2011, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and National Insurance Commission (NAICOM) circulars. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Nigerian Standard on Auditing (NSA) and International Standard on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments; the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of AICO Insurance Plc as at December 31, 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) applicable and in the manner required by the Financial Reporting Council Act 2011, Companies and Allied Matters Act, CAP C20 LFN 2004, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and the relevant NAICOM circulars.

Report on Other Legal Regulatory Requirements

Contraventions

The Company contravened the following guidelines during the year:

- (i) Non-Submission of Premium Income and Claims Reports.
- (ii) Non Rendition of Unremitted Premium.
- (iii) Late submission of 2012 Account to Nigerian Stock Exchange.

Appropriate penalties have been paid by the Company.

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and Company’s financial position and comprehensive income are in agreement with the books of accounts.



Joshua Ansa
 FRC/ICAN/2013/00000001728
 For SIAO
 Lagos, Nigeria

Date: 05/05/14

Report of the Audit Committee

To the members of AllCO Insurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap 59 of the Laws of the Federation of Nigeria 2004, we the Members of the Audit Committee of AllCO Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the Audit for the year ended December 31, 2013 and we confirm that they were adequate.
- The Company’s reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the departmental responses to the External Auditors’ Findings on management matters for the year ended December 31, 2013

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.



 Chief Edmund .U. Njoku
 Ag Chairman of the Audit Committee
 FRC/2013/CIIN/00000005513

Date: 30/4/14

Members of the Audit Committee

Chief Edmund. U. Njoku	(Shareholders’ Representative)	Ag. Chairman
Mr. Henry J. Semenitari	(Independent Directors’ Representative)	Member
Mr.Kundan Sainani	(Directors’ Representative)	Member
Chief Rasheed Gbadamosi	(Directors’ Representative)	Member
Mrs. Funke Augustine	(Shareholders’ Representative)	Member
Chief Robert I. Igwe	(Shareholders’ Representative)	Member

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.



MANAGEMENT TEAM

Mr. Edwin Igbiti	-	Group Managing Director / Chief Executive Officer
Mr. Jide Orimolade	-	Executive Director
Mr. Dipo Oguntuga	-	Managing Director, AICO Capital Ltd.
Mr. Eguarekhide Longe	-	Managing Director, AICO Pension Managers Ltd.
Dr. Leke Oshunniyi	-	Managing Director, Multishield Nigeria Ltd.
Mr. Moruf Apampa	-	Head, Corporate Business
Mr. Babatunde Fajemirokun	-	Chief Operating Officer
Mr. Sola Ajayi	-	Head, Retail Business
Mr. Ayodele Bamidele	-	Chief Financial Officer
Mrs. Phil Maduagwu	-	Head, Corporate Services
Mr. Donald Kanu	-	Company Secretary / Legal Adviser
Mr. Rotimi Aleshinloye	-	Head, Strategy & Corporate Communications
Mr. Abiodun Adebajo	-	Head, Internal Audit
Mr. Benson Ogunyanmoju	-	Head, Life Technical
Mr. Joseph Oduniyi	-	Head, Non-Life Technical
Mr. Olusanjo Shodimu	-	Chief Information Officer

Statement of Significant Accounting Policies

1.0 General Information

AllCO 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, AllCO Insurance Plc acquired Nigerian French Insurance Plc and Lamda Insurance Company Limited in February 2007.

The Company currently has authorized share capital of N5 billion divided into 10 billion units Ordinary Shares of 50k per share with a fully paid up capital of over N3.4 billion and shareholders' fund of over N10.38billion.

The Company, currently has its Corporate Head Office at Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria.

2.0 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Going Concern

These Financial Statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations. The Management believes that the going concern assumption is appropriate for the Group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operation of the Group.

2.2 Basis of Preparation and Compliance with IFRS

The Financial Statements have been prepared in accordance with all the requirements set out by the International Financial Reporting Standards (IFRS) in issue by International Accounting Standards Board (IASB). Additional information required by national regulation is included where appropriate.

The Consolidated Financial Statements comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of change in Equity, Consolidated Statement of Cash Flow and other Explanatory Notes.

(a) 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.

(b) Use of Estimates and Judgements

The preparation of the Consolidated Financial Statements in conformity with IFRS requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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, uncertainties and critical judgements in applying accounting policies

Statement of Significant Accounting Policies (Cont'd)

that have the most significant effect on the amounts recognised in the consolidated and separate interim financial statements are described in note 2.3 below.

2.3 Critical accounting estimate and Judgements

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

(a) Fair value of financial assets

(i) Impairment of available-for-sale equity financial assets.

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

(ii) Fair value of Held-To-Maturity Financial Instruments

Financial instruments held-to-maturity are carried by the Group at amortised cost. The quoted prices for the determination of the fair value of such instruments are readily available for quoted instruments. Fair values are estimated from observable data with respect to similar financial instruments.

(b) Liabilities arising from Insurance Contracts

(i) Claims arising from non-life insurance contracts.

The estimation of future contractual cash flow in relation to reported losses and loss incurred but not reported is a key 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. Liabilities for unpaid claims are estimated on case-by-case basis on the availability of information at the time the records of the year are closed. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analysis and the Group deems the reserves as adequate. However, had the nature and severity of the claims been changed by 25% as at 31 December 2013, an additional provision of N102 million (2012: N80 million) would have been incurred in the income statement.

(ii) 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. However if the Group should change its basis for mortality by -5%, the group would have recognised an actuarial valuation deficit of N10.8m (2012: N17.2 million) in the Comprehensive Income Statement.

(c) 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

Statement of Significant Accounting Policies (Cont'd)

is extended for 30 days if credit notes have been received from the Broker. If all insurance receivables within 30 days and reinsurance receivables within 90 days were deemed as impaired, a total impairment of N30 million would have been recognised in the income statement.

Changes in Accounting Policy and Disclosures

New and amended standards adopted by the Group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial period beginning on or after 1 January 2013 that would be expected to have an impact on the group.

IFRS Updates (Effective in 2013 and beyond) and IFRS Updates in 2013

List of amendments

Amendments Issued 2013

- Recoverable Amount Disclosures for Non Financial Assets- IAS 36 (Issued May 2013)
- IFRIC 21: New Interpretation (Issued May 2013)
- Novation of Derivatives and Continuation of Hedge Accounting for novations (Issued June 2013)

Amendments Effective 1st January, 2013

1. IFRS 1 (First time Adoption): IFRS 1 amendment includes an exception to the retrospective application of IFRS 9(Financial Instruments) and IAS 20 (Accounting for government grants).
2. IAS 19 (Employee benefit): This includes certain amendments such as eliminating the corridor approach to recognizing actuarial gains and losses.
3. IFRS 7 (Financial Instruments- Disclosures): The amendments require an entity to disclose information about rights of set-off (financial assets and liabilities) and related arrangements.

IFRS 10 (Consolidated Financial Statement), IAS 27(Separate Financial Statements): This amendment addresses IFRS 10 for consolidated financial statements and IAS 27 for separate financial statements. It also revises the definition of control.

4. IFRS 12 (Disclosures): IFRS 12 requires certain disclosures to facilitate understanding of financial statements by users of financial statements.
5. IFRS 13 (Fair value measurement): IFRS 13 gives a definition for fair value wherever fair value is used under IFRS with the exclusion of fair value under IFRS 2 (Share based payment) and IAS 17(Leases).
6. IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine:

Effective 1st January, 2014

8. IAS 32(Off-setting financial Assets and Financial Liabilities -Amendments to IAS 32) : IAS 32 clarifies the meaning of " legally enforceable rights to set off"
9. Investment Entities- Amendments to IFRS 10, IFRS 12, and IAS 27: This amendment requires Investment entities to account for investment in subsidiaries at Fair value through profit or loss in accordance with IAS 39. In addition, a criterion for qualifying as an Investment entity is that Investments in associates and Joint ventures are accounted for at Fair value through profit or loss in accordance with IAS 39.
10. Novation of Derivatives and Continuation of Hedge Accounting- IAS 39 Amendments: Amendments to IAS 39 provides relief from discontinuing hedge accounting for novations of hedging instruments that meet certain criteria.
11. Recoverable Amount Disclosures for Non financial Assets- Amendments to IAS 36: This amendment removes the

Statement of Significant Accounting Policies (Cont'd)

requirements for an entity to disclose the recoverable amount of every CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. Instead, such disclosure is required only when an impairment loss has been recognized or reversed.

IFRIC 21: IFRIC 21 provides guidance on determining the obligating event that give rise to a liability in connection with a levy imposed by a government. IFRIC 21 clarifies that the obligating event is the activity that triggers the payment of the levy as identified by the legislation. Income taxes in the scope of IAS 12, fines and penalties are not in the scope of IFRIC 21.

Effective January 1st, 2015

(13) IFRS 9 (Financial Instruments): These amendments apply to the classification and measurement of financial assets and liabilities.

- IFRS 1: Government Loans — Amendments to IFRS 1

Effective for annual periods beginning on or after 1 January 2013

Key requirements

The IASB has added an exception to the retrospective application of IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement, as applicable) and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. These amendments require first-time adopters to apply the requirements of IAS 20 prospectively to government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan.

The exception would give first-time adopters relief from retrospective measurement of government loans with a below market rate of interest. As a result of not applying IFRS 9 (or IAS 39, as applicable) and IAS 20 retrospectively, first-time adopters would not have to recognise the corresponding benefit of a below-market rate government loan as a government grant.

Transition

The amendments may be applied earlier than the effective date, in which case, this must be disclosed.

Impact

These amendments give first-time adopters the same relief as existing preparers of IFRS financial statements and therefore will reduce the cost of transition to IFRS

- IAS 19 Employee Benefits (Revised)

Effective for annual periods beginning on or after 1 January 2013.

Key requirements

The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording.

The more significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in OCI as they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognised in OCI with no subsequent recycling to profit or loss.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or

Statement of Significant Accounting Policies (Cont'd)

revised disclosure requirements. These new disclosures include quantitative information about the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

- Termination benefits will be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

Transition

The revised standard is applied retrospectively in accordance with the requirements of IAS 8 for changes in accounting policy. There are limited exceptions for restating assets outside the scope of IAS 19 and presenting sensitivity disclosures for comparative periods in the period the amendments are first effective. Early application is permitted and must be disclosed.

Impact

These changes represent a significant further step in reporting gains and losses outside of profit and loss, with no subsequent recycling. Actuarial gains and losses will be excluded permanently from earnings.

IFRS 7: Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

Effective for annual periods beginning on or after 1 January 2013.

Requirements

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments.

Presentation

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32.

Transition

These amendments are applied retrospectively in accordance with IAS 8. They do not refer to the ability to adopt early. However, if an entity chooses to early adopt IAS 32 "Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32, it also must make the disclosure required by IFRS 7 Disclosures — Offsetting Financial Assets and Financial liabilities — Amendments to IFRS 7.

IFRS 10 Consoli-dated Financial Statements, IAS 27 Separate Financial Statements

Effective for annual periods beginning on or after 1 January 2013.

Key requirements

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities which resulted in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements.

IFRS 10 does not change consolidation procedures (i.e., how to consolidate an entity). Rather, IFRS 10 changes whether an entity is consolidated by revising the definition of control.

Control exists when an investor has:

Statement of Significant Accounting Policies (Cont'd)

- Power over the investee (defined in IFRS 10 as when the investor has existing rights that give it the current ability to direct the relevant activities)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 10 also provides a number of clarifications on applying this new definition of control, including the following key points:

- An investor is any party that potentially controls an investee; such party need not hold an equity investment to be considered an investor.
- An investor may have control over an investee even when it has less than a majority of the voting rights of that investee (sometimes referred to as de facto control).
- Exposure to risks and rewards is an indicator of control, but does not in itself constitute control.
- When decision-making rights have been delegated or are being held for the benefit of others, it is necessary to assess whether a decision-maker is a principal or an agent to determine whether it has control.
- Consolidation is required until such time as control ceases, even if control is temporary.

Transition

The new standard is applied retrospectively in accordance with the requirements of IAS 8 for changes in accounting policy, with some relief being provided.

Earlier application is permitted if the entity also applies the requirements of IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) and IAS 28 Investments in Associates (as revised in 2011) at the same time.

Impact

IFRS 10 creates a new, and broader, definition of control than under current IAS 27. This may result in changes to a consolidated group (more or fewer entities being consolidated than under current IFRS).

Assessing control will require a comprehensive understanding of an investee's purpose and design, and the investor's rights and exposures to variable returns, as well as rights and returns held by other investors. This may require input from sources outside of the accounting function, such as operational personnel and legal counsel, and information external to the entity. It will also require significant judgment of the facts and circumstances.

IFRS 12 Disclosure of Interests in Other Entities

Effective for annual periods beginning on or after 1 January 2013.

Key requirements

IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28, while others are new.

The objective of the new disclosure requirements is to help the users of financial statements understand the following:

- The effects of an entity's interests in other entities on its financial position, financial performance and cash flows
- The nature of, and the risks associated with, the entity's interest in other entities

Some of the more extensive qualitative and quantitative disclosures of IFRS 12 include:

- Summarised financial information for each of its subsidiaries that have non-controlling interests that are material to the reporting entity.

Statement of Significant Accounting Policies (Cont'd)

- Significant judgments used by management in determining control, joint control and significant influence, and the type of joint arrangement (i.e., joint operation or joint venture), if applicable.
- Summarised financial information for each individually material joint venture and associate.
- Nature of the risks associated with an entity's interests in unconsolidated structured entities, and changes to those risks.

Transition

IFRS 12 must be applied retrospectively in accordance with the requirements of IAS 8 for changes in accounting policy, with comparative disclosures required.

An entity may early adopt IFRS 12 before adopting IFRS 10, IFRS 11, IAS 27 and IAS 28. Entities are also encouraged to provide some of the information voluntarily without necessarily adopting all of IFRS 12 before its effective date.

Impact

The new disclosures will assist users to make their own assessment of the financial impact were management to reach a different conclusion regarding consolidation. Additional procedures and changes to systems may be required to gather information for the preparation of the additional disclosures.

IFRS 13 Fair Value Measurement

Effective for annual periods beginning on or after 1 January 2013.

Key requirements

IFRS 13 does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. Fair value under IFRS 13 is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (i.e., an "exit price"). "Fair value" as used in IFRS 2 Share-based Payments and IAS 17 Leases is excluded from the scope of IFRS 13.

The standard provides clarification on a number of areas, including the following:

Concepts of "highest and best use" and "valuation premise" are relevant only for non-financial assets and liabilities

Market participants are assumed to transact in a way that maximizes value in situations where the unit of account for the item being measured is not clear from other IFRS

The impact of blockage discounts is prohibited in all fair value measurements

A description of how to measure fair value when a market becomes less active.

New disclosures related to fair value measurements are also required to help users understand the valuation techniques and inputs used to develop fair value measurements and the effect of fair value measurements on profit or loss.

Transition

IFRS 13 is applied prospectively. Early application is permitted and must be disclosed.

Impact

Specific requirements relating to the highest and best use and the principal market may require entities to re-evaluate their processes and procedures for determining fair value, and assess whether they have the appropriate expertise.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Effective for annual periods beginning on or after 1 January 2013.

Key requirements

This Interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine.

If the benefit from the stripping activity will be realised in the current period, an entity is required to account for the

Statement of Significant Accounting Policies (Cont'd)

stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognise these costs as a non-current asset, only if certain criteria are met.

This is referred to as the "stripping activity asset". The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset.

If the costs of the stripping activity asset and the inventory produced are not separately identifiable, the entity allocates the cost between the two assets using an allocation method based on a relevant production measure.

After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortisation and less impairment losses, in the same way as the existing asset of which it is a part.

Transition

This Interpretation is applied to production stripping costs incurred on or after the beginning of the earliest period presented. The Interpretation does not require full retrospective application. Instead it provides a practical expedient for any stripping costs incurred and capitalised prior to that date.

Earlier application is permitted and must be disclosed.

Impact

IFRIC 20 represents a change from the current life of mine average strip ratio approach used by many mining and metals entities reporting under IFRS. Depending on the specific facts and circumstances of an entity's mines, these changes may impact both financial position and profit or loss. In addition, changes may also be required to processes, procedures and systems of the reporting entity.

Effective Jan 1st, 2014

IAS 32 (Offsetting Financial Assets and Financial Liabilities) — Amendments to IAS 32

Effective for annual periods beginning on or after 1 January 2014.

Key requirements

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. IAS 32 paragraph 42(a) requires that "a financial asset and a financial liability shall be offset ... when, and only when, an entity currently has a legally enforceable right to set off the recognised amounts ..." The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion.

Transition

These amendments are applied retrospectively, in accordance with IAS 8. Early application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosure required by IFRS 7 Disclosures — Offsetting Financial Assets and Financial liabilities — Amendments to IFRS 7.

Impact

Entities will need to review legal documentation and settlement procedures, including those applied by the central clearing

Statement of Significant Accounting Policies (Cont'd)

houses they deal with to ensure that offsetting of financial instruments is still possible under the new criteria. Changes in offsetting may have a significant impact on financial presentation. The effect on leverage ratios, regulatory capital requirements, etc., will need to be considered by management.

Investment Entities- IFRS 10, IFRS 12 and IAS 27 (Amendments)

Effective for annual periods beginning on or after 1 January 2014.

Key requirements

The investment entities amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity.

The key amendments include:

- Investment entity' is defined in IFRS 10
- An investment entity must meet three elements of the definition and consider four typical characteristics, in order to qualify as an investment entity
- An entity must consider all facts and circumstances, including its purpose and design, in making its assessment
- An investment entity accounts for its investments in subsidiaries, associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as applicable), except for investments in subsidiaries, associates and joint ventures that provide services that relate only to the investment entity, which must be consolidated (investments in subsidiaries) or accounted for using the equity method (investments in associates or joint ventures)
- An investment entity must measure its investment in another controlled investment entity at fair value
- A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees
- For venture capital organizations, mutual funds, unit trusts and others that do not qualify as investment entities, the existing option in IAS 28, to measure investments in associates and joint ventures at fair value through profit or loss, is retained.

Transition

The amendments must be applied retrospectively, subject to certain transition reliefs. Early application is permitted and must be disclosed.

Impact

The concept of an investment entity is new to IFRS. The amendments represent a significant change for investment entities, which are currently required to consolidate investees that they control. Significant judgment of facts and circumstances may be required to assess whether an entity meets the definition of investment entity.

Effective 1st January, 2015

IFRS 9 Financial Instruments — Classification and Measurement

IFRS 9 for financial assets was first published in November 2009 and was later updated in October 2010 to include financial liabilities. These pronouncements initially required the adoption of the standard for annual periods on or after 1 January

Statement of Significant Accounting Policies (Cont'd)

2013. Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 from 1 January 2013 to 1 January 2015.

Key requirements

The first phase of IFRS 9 addresses the classification and measurement of financial instruments (Phase 1). The Board's work on the other phases is ongoing and includes impairment of financial instruments and hedge accounting, with a view to replacing IAS 39 in its entirety. Phase 1 of IFRS 9 applies to all financial instruments within the scope of IAS 39.

Financial assets

All financial assets are measured at fair value at initial recognition.

Debt instruments may, if the Fair Value Option (FVO) is not invoked, be subsequently measured at amortised cost if:

- The asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.
- All other debt instruments are subsequently measured at fair value.
- All equity investment financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss.

Equity instruments held for trading must be measured at fair value through profit or loss. However, entities have an irrevocable choice by instrument for all other equity financial assets.

Financial liabilities

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Transition

The entity may choose to apply the classification and the measurement requirements of IFRS 9 retrospectively, in accordance with the requirements of IAS 8. However, the restatement of comparative period financial statements is not required.

IFRS 7 has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. The new disclosures are either required or permitted on the basis of the entity's date of transition and whether the entity chooses to restate prior periods.

Early application of the financial asset requirements is permitted.

Early application of the financial liabilities requirements is permitted if the entity also applies the requirements for financial assets. Early application must be disclosed.

Impact

Phase 1 of IFRS 9 will have a significant impact on:

- The classification and measurement of financial assets
- Reporting for entities that have designated liabilities using the FVO

For entities considering early adoption, there are a number of benefits and challenges that should be considered. Careful planning for this transition will be necessary.

2.4 Consolidation

2.4.1 Subsidiaries

Statement of Significant Accounting Policies (Cont'd)

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, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

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. Investment in subsidiaries in the separate financial statement of the parent entity is 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.

2.4.2 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.

2.4.3 Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitization of particular assets, or the execution of specific borrowings, or lending transactions or the provision of certain benefits to employee. The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

2.5 Segment Reporting

For management purposes, the Company 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.
- Multishield segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The Company became a full subsidiary of AllCO 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.

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

Statement of Significant Accounting Policies (Cont'd)

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.

No inter-segment transactions occurred in 2012 and 2011. If any transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments.

2.6 Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Consolidated Financial Statements are presented in thousands of Naira (NGN).

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

Foreign exchange gains and losses are presented in profit and loss within 'Other operating income' or 'Other operating expenses'.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity.

2.7 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 statement of financial position.

Book overdraft

Book overdraft represents an excess of outstanding cheques on the company's book over its reported bank balances. Under our cash management, cheques issued but not yet presented to banks frequently result in book overdraft balances and when the bank has a right to offset the overdraft balance with another bank account of the business, the overdraft is netted off against the other bank accounts maintained with the same bank and the net balance is shown as cash and cash equivalents. When the bank has no such right to offset, the overdraft is classified as current liability in the company's statement of financial position. Changes in book overdrafts from period to period are reported in the company's statement of cash flow as an operating activity.

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

2.8 Trade Receivables

Trade Receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade Receivables are reviewed at every reporting period for impairment.

Statement of Significant Accounting Policies (Cont'd)

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect the entire amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

2.9 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.

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 income statement. The Group gathers the objective evidence that a Reinsurance Asset is impaired using the same process adopted for Financial Assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets. These processes are described in accounting policy on note 2.13.

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.

2.10 Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Statement of Significant Accounting Policies (Cont'd)

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial investment.

Reclassification of financial assets

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

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

Subsequent measurement

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

Available-for-Sale Financial Assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Available-for-sale financial assets in the Company include investment in equity instruments (both quoted and unquoted), investments in private equity, investment in treasury bills having tenor of more than three months and investment in debt securities (bonds) issued by Federal Government of Nigeria.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value, with unrealized gains or losses recognised in other comprehensive income in the available-for-sale reserve (equity).

Interest earned whilst holding available-for-sale investments is reported as interest income using the EIR. Dividends earned whilst holding available-for-sale investments are recognised in the income statement as 'Investment income' when the right of the payment has been established. When the asset is derecognized the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Group is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Loans and Other Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost

Statement of Significant Accounting Policies (Cont'd)

of the investment. After initial measurement, loans and receivables are measured at amortized cost, using the EIR, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in 'finance income' in the income statement. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

Loans and Receivables in the Company include deposits with bank and other financial institutions having maturity of more than three months; loans to employees, investment in debt securities (bonds) issued by private companies and loans to policy holders under insurance contracts.

Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortized cost, using the EIR, less impairment. The EIR amortization is included in 'investment income' in the income statement. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

Held to maturity financial assets in the company include investment in debt securities (bonds) issued by state government and other corporate entities.

Derecognition of Financial Assets

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

The rights to receive cash flows from the asset have expired; or

The Group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

The Group has transferred substantially all the risks and rewards of the asset; or

The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of Financial Assets

The Group assesses at each Reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability the debtor will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in payment status or economic conditions that correlate with defaults.

Financial Assets carried at Amortized Cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or

Statement of Significant Accounting Policies (Cont'd)

group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or"
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

2.11 Available-for-sale financial investments

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss measured as: the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated

Statement of Significant Accounting Policies (Cont'd)

income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.12 Impairment of Other Non-financial Assets

Assets that have an indefinite useful life – for example, land are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating).

2.13 Financial Assets carried at Cost

For Financial Assets carried at Cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.14 Offsetting of Financial Instruments

Financial Assets and Financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset. In respect of revalued noncurrent assets, impairment losses are recognized in other comprehensive income and presented in the revaluation reserve within equity, to the extent that it reverses a previous revaluation surplus relating to the same asset. Any excess is recognized in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years.

Statement of Significant Accounting Policies (Cont'd)

Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

2.15 Fair value of financial instruments

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

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

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

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

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

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

2.16 Policy Loans

The group grants cash loans to Policyholders in line with the 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 policyholder upon cancellation 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 not beyond 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 interest rate used by then actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings.

They are initially recognized at cost and subsequently measured at cost plus accumulated interest outstanding. Policy loans will not impair since the policy will terminate and become void when the principal and the accumulated interest equal the cash-value of the policy.

2.19 Staff Loans

This comprise of staff auto loan, staff emergency loan, mortgage loan and other interest bearing loans.

2.20 Investment in an Associate

In the consolidated financial statements, the Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate.

Statement of Significant Accounting Policies (Cont'd)

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates. The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group's.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

In the separate financial statement of the Company, investment in associate is accounted at cost.

2.21 Taxes

Current Income Tax

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

Current income tax relating to items recognised directly in equity is recognised in other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred Tax

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be

Statement of Significant Accounting Policies (Cont'd)

utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Statement of Significant Accounting Policies (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.22 Investment in Subsidiaries

Subsidiaries

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, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

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. Investment in Subsidiaries in the separate Financial Statement of the parent entity is 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.

2.23 Business Combinations 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 Group 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 Group 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

Statement of Significant Accounting Policies (Cont'd)

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 remeasured 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.

2.24 Investment Properties

Investment Properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing Investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an Investment property. Subsequent to initial recognition, Investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

When the company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statements.

2.25 Property and Equipment

Property and Equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Statement of Significant Accounting Policies (Cont'd)

Land and buildings are measured at fair value less accumulated depreciation on leasehold land and on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case, the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Depreciation is provided on a straight line basis so as to allocate the cost/revalue amounts less their residual values over the estimated useful lives of the following classes of assets

Leasehold land and buildings	50 years or over the lease period
Furniture, fixtures and equipment	5 years
Motor vehicles	4 years
Lifts	15 years
Central Air conditioners	10 years

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.

Impairment losses on revalued assets are recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset

2.26 Other Receivables and Prepayments

Other receivables and prepayments are carried at cost less accumulated impairment losses.

Deferred expenses

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.

Deferred expenses-Reinsurance commissions

Statement of Significant Accounting Policies (Cont'd)

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

2.27 Intangible Assets

Intangible Assets acquired separately are measured on initial recognition at cost. The cost of Intangible Assets acquired in a business combination is their fair value as at the date of acquisition. 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 income statement 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 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 income statement in the expense category consistent with the function of the Intangible Asset.

Intangible Assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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 the income statement when the asset is derecognized.

2.28 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 and the value of the insurance liabilities measured using the Company's existing accounting policies 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 income statement. 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.

A summary of the policies applied to the Company's intangible assets is as follows:

	PVIF	Other Intangibles
Useful lives	Finite	Finite
Amortization method used	Amortized over Period of the policy	Amortized over its useful economic life

2.29 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any

Statement of Significant Accounting Policies (Cont'd)

such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset. In respect of revalued non-current assets, impairment losses are recognized in other comprehensive income and presented in the revaluation reserve within equity, to the extent that it reverses a previous revaluation surplus relating to the same asset. Any excess is recognized in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

2.30 Goodwill

Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for Goodwill by assessing the recoverable amount of the cash-generating units, to which the Goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized. The Group performs its annual impairment test of goodwill as at 31 December.

The recoverable amount for the life insurance business cash generating unit has been determined based on a value in use calculation. This calculation is derived from embedded value (EV) principles together with the present value of expected profits from future new business. The EV represents the shareholder interests in the life business and is the total of the net worth of the life business and the value of the in-force business.

The recoverable amount of the non-life insurance cash generating unit has been determined based on a value-in-use calculation. The calculation requires the Group to make an estimate of the expected future cash flows from each of the cash-generating units and discount these amounts using a suitable rate which reflects the risk of those cash flows in order to calculate the present value of those cash flows.

Previously recorded impairment losses for Goodwill are not reversed in future periods.

When goodwill forms part of a cash-generating unit (or group of cash generating units) and part of the operations within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation to determine 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.

2.31 Intangible Assets

Intangible Assets with indefinite useful lives are tested for impairment annually at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.32 Trade Payables

Statement of Significant Accounting Policies (Cont'd)

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.

Derecognition of Insurance Payables

Insurance payables are derecognized when the obligation under the liability is settled, cancelled or expired.

2.33 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. If the due date of the liability is less than one year discounting is omitted.

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 income statement. Gains and losses are recognised in the income statement when the liabilities are derecognized.

2.34 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.

2.35 Classification of Financial Instruments between Debt and Equity

A Financial Instrument is classified as debt if it has a contractual obligation to:

- Deliver cash or another financial asset to another entity
- Or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

2.36 Pensions and Other Post Employment Benefits

In addition to complying with the provisions of the Pension Reforms Act of 2004, the Company operates a Defined Benefit Gratuity Plan which is not funded by the Company. The cost of providing benefits under the Defined Benefit Plan is determined separately using the projected unit credit valuation method. All actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. Actuarial gains and losses are presented in retained earnings in the statement of changes in equity.

The past service cost is recognised as an expense on a straight-line basis over the average period until the Benefits become vested. If the Benefits vest immediately following the introduction of, or changes to, a pension plan, the past service cost is recognised immediately.

Statement of Significant Accounting Policies (Cont'd)

The Defined Benefit Gratuity liability comprises the present value of the Defined Benefit obligation (using a discount rate based on Federal Government of Nigerian Treasury Bonds with terms to maturity similar to the average maturity period of the plan).

2.37 Insurance Contract Liabilities

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.

Adjustments to the liabilities at each reporting date are recorded in the income statement in 'Gross change in contract liabilities'. Profits originated from margins of adverse deviations on run-off contracts are recognized in the income statement over the life of the contract, whereas losses are fully recognized in the income statement during the first year of run-off. The liability is derecognized when the contract expires, is discharged or is cancelled.

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 income statement 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.

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 income statement by setting up a provision for premium deficiency.

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

Statement of Significant Accounting Policies (Cont'd)

and are not recognised as gross premium in the consolidated income statement. 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.

2.38 Asset Revaluation Reserve

Subsequent to initial recognition, an item of property, plant and equipment and, in certain circumstances, an intangible asset, may be revalued to fair value. 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 case 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.

2.39 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 income statements if an underline available-for-sale investment is either derecognized or impaired.

2.40 Technical reserves

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

Statement of Significant Accounting Policies (Cont'd)

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.

- **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 balance sheet date. The IBNR is based on the liability adequacy test (See 20b (vii))

- **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)"

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.

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 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 charged to 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, IFRS 4 however requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the

Statement of Significant Accounting Policies (Cont'd)

provision of the Insurance Act 2003, it serves the Company's prudential concerns well.

2.41 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value

of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Contingent rentals are recognized as an expense in the period in which they are incurred.

Company as a Lessor

Leases in which the Company does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.42 Equity Movements

Ordinary Share Capital

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.

Dividends on Ordinary Share Capital

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

2.43 Contingency Reserves

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.

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.

Statement of Significant Accounting Policies (Cont'd)

2.44 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.

2.45 Provisions

General

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 income statement 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.

Onerous contracts

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

2.46 Product classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Financial guarantee contracts such as performance bonds, advance payment guarantees and custom bonds are classified as insurance contract liabilities.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Derivatives embedded in an insurance contract are separated and fair valued through the income statement unless the embedded derivative is itself an insurance contract. The derivative is also not separated if the host insurance contract is measured at fair value through the income statement. Policyholder option to surrender a contract for a cash surrender value specified in a schedule is not separated and measured at fair value through the income statement.

2.47 Revenue Recognition

Gross Premium

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.

Statement of Significant Accounting Policies (Cont'd)

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.

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 on which the policy incepts.

Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting 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.

Fees and Commission Income

Insurance and Investment Contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. 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.

Investment Income

Interest Income is recognized in the income statement 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.

Realized Gains and Losses

Realized Gains and Losses recorded in the income statement on investments include gains and losses on financial assets and investment properties.

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.

2.48 Benefits, Claims and Expenses Recognition

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.

Statement of Significant Accounting Policies (Cont'd)

Reinsurance Claims

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

Reinsurance Expenses

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

2.49 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 charged in the accounting year in which they are incurred.

2.50 Other Operating Expenses

Other expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Other Operating expenses are accounted for on accrual basis and recognized in the income statement upon utilization of the service or at the date of their origin

2.51 Deficits and Surpluses on Actuarial Valuation

Actuarial Valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising there from are charged to the profit and loss account while the surplus is appropriated to the shareholders and credited to the income statement.

2.52 Finance cost

Interest paid is recognized in the income statement 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.

Group Statements of Financial Position

		Group		Parent	
		31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
	Notes	N'000	N'000	N'000	N'000
Assets					
Cash and Cash Equivalents	4	8,541,729	9,721,659	7,700,467	8,584,780
Trade Receivable	5	35,772	2,184,434	35,772	2,184,434
Reinsurance Assets	6	2,255,233	689,735	2,255,233	689,735
Deferred acquisition cost	7	285,133	508,137	285,133	508,137
Financial Assets:					
Available For Sale Financial Assets	8a	15,331,653	9,465,000	15,328,322	9,448,439
Loans and Receivables	8b	1,143,928	1,191,337	1,143,928	1,297,113
Held To Maturity Financial Assets	8c	2,569,958	1,787,288	2,064,562	1,787,288
Deferred Tax Asset	9c	2,907,536	1,502,062	2,741,784	1,305,111
Investment In Subsidiaries	10	-	-	1,619,479	1,557,945
Investment Properties	11	1,190,000	760,000	1,190,000	760,000
Property, Plant and Equipment	12	4,657,122	4,745,310	4,493,862	4,582,294
Other Receivables and Prepayments	13	1,804,167	1,105,714	1,495,485	776,376
Statutory Deposit	14	500,000	500,000	500,000	500,000
Goodwill and Other Intangible Assets	15	878,603	894,005	864,914	886,436
Total Assets		42,100,835	35,054,680	41,718,941	34,868,088
Liabilities and Equity					
Liabilities					
Trade Payables	16	58,792	387,047	58,792	308,620
Other Payables and Accruals	17	1,776,463	969,394	1,491,267	905,894
Book Overdraft	18	11,489	187,177	-	187,177
Current Tax Payable	9a	690,564	648,089	665,405	623,542
Dividend Payable	19	34,154	10,041	10,041	10,041
Deferred Tax Liability	9d	151,780	34,957	144,416	31,917
Retirement Benefit Obligations	20	528,021	695,303	528,021	695,303
Investment Contract Liabilities	21	6,356,398	4,983,089	6,356,398	4,983,089
Insurance Contract Liabilities	22	21,870,036	15,576,898	21,822,439	15,532,629
Irredeemable Preference Share	26	50,000	50,000	-	-
Total Liabilities		31,527,696	23,541,995	31,076,778	23,278,212
Equity					
Issued Share Capital	23	3,465,102	3,465,102	3,465,102	3,465,102
Share Premium	24	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation Reserves	25	1,029,009	1,029,009	1,029,009	1,029,009
Available-For-Sale Reserve	27	1,913,995	1,461,683	1,913,424	1,459,645
Contingency Reserve	28	2,506,775	2,065,726	2,481,129	2,065,726
Retained Earnings	29	(1,407,214)	528,387	(1,070,890)	746,005
Total equity shareholders of the Group		10,332,056	11,374,297	10,642,163	11,589,876
Non-Controlling Interest	10d	241,086	138,387	-	-
Total Liabilities and Equity		42,100,835	35,054,680	41,718,941	34,868,088

These Financial Statements were approved by the Board on 30th April 2014 and signed on its behalf by:



Chief Dele Fajemirokun
Chairman
FRC/2013/IODN/00000003604



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



Mr. Ayodele Alonge
Ag. CFO
FRC/2014/ICAN/0000007002

The accounting policies on pages 28 to 58 and the accompanying notes on pages 67 to 119 form an integral part of these Financial Statements.

Group Statement of Comprehensive Income

	Notes	Group		Parent	
		2013 N'000	2012 N'000	2013 N'000	2012 N'000
Gross Premium Written	30	23,602,618	21,273,100	22,830,564	20,716,780
Gross Premium Income	31a	23,316,026	21,070,249	22,543,972	20,513,929
Reinsurance Expenses	31b	(5,087,812)	(4,986,323)	(4,780,606)	(4,986,323)
Net Premium Income	31	18,228,214	16,083,926	17,763,366	15,527,606
Fees and Commission Income					
Insurance contract	32	1,514,722	983,493	874,108	522,755
Net Underwriting Income		19,742,936	17,067,419	18,637,474	16,050,361
Claims Expenses:					
Claims expenses (Gross)	33	10,187,515	7,053,259	10,187,515	7,053,259
Claims expenses recovered from reinsurer	33c	(3,403,431)	(2,114,668)	(3,403,431)	(2,114,668)
Claims expenses (Net)	33c	6,784,084	4,938,591	6,784,084	4,938,591
Underwriting Expenses	34	4,077,883	3,758,083	4,077,883	3,507,263
Change in Life Fund Estimate	31	6,150,308	4,015,907	6,150,308	4,015,907
Total underwriting expenses		17,012,275	12,712,581	17,012,275	12,461,761
Underwriting Profit		2,730,661	4,354,839	1,625,199	3,588,600
Investment Income	35	2,589,224	1,899,677	2,533,676	1,815,635
Net Realised Gains	36	272,815	1,201,487	272,814	1,200,800
Net Fair Value (Losses) / Gains on Financial Assets	37	(107,250)	52,000	(107,250)	52,000
Other Operating Income	38	413,776	538,501	324,904	531,899
Depreciation and Amortisation	39	(405,639)	(361,925)	(352,740)	(325,197)
Management Expenses	40	(4,338,477)	(3,900,013)	(3,389,593)	(3,225,061)
Finance cost		(16,691)	(28,822)	-	-
Impairment Loss on Investments	41a	(1,278,914)	(394,617)	(1,278,914)	(383,884)
Impairment Provision on Trade & Reinsurance Receivable	41b	(1,139,060)	(1,277,039)	(1,139,060)	(1,277,039)
(Loss)/ Profit Before profit		(1,279,555)	2,084,087	(1,510,963)	1,977,754
Income Taxes	42a	540,329	(763,424)	580,805	(729,791)
(Loss) /Profit After Taxation		(739,226)	1,320,663	(930,158)	1,247,963
Attributable to Shareholders		(800,463)	1,305,625	(930,158)	1,247,963
Attributable to Non-Controlling Interest		61,237	15,038	-	-
		(739,226)	1,320,663	(930,158)	1,247,963
Other Comprehensive Income, Net of Tax					
Items within OCI that may be reclassified to the P&L					
* Net gain on available-for-sale asset	45	452,312	983,928	453,779	984,139
* Actuarial gain/(loss) on defined benefit plan	45	118,689	(244,476)	118,689	(244,476)
* Income tax relating to other comprehensive income	42b	(35,607)	73,343	(35,607)	73,343
Total Other Comprehensive Income	45	535,394	812,795	536,861	813,006
Total Comprehensive (Loss) /Income for the year		(203,832)	2,133,458	(393,297)	2,060,969
Attributable to Shareholders		(203,832)	2,118,420	(393,297)	2,060,969
Attributable to Non-Controlling Interest		-	15,038	-	-
		(203,832)	2,133,458	(393,297)	2,060,969
Earnings per share					
(Loss) Basic Earning Per Share (Kobo)	44	(11.55)	18.84	(13.42)	18.00
Diluted (Loss)/Earning Per Share (Kobo)	44	(11.55)	18.84	(13.42)	18.00

The accounting policies on pages 28 to 58 and the accompanying notes on pages 67 to 119 form an integral part of these Financial Statements.

Group Statement of Changes in Equity

For the year ended 31 December, 2013.

	Notes	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available for-Sale Reserve	Revaluation Reserve	Owner's equity	Non Controlling Interest	Total equity
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at Jan 1 2013		3,465,102	2,824,389	528,387	2,065,726	1,461,683	1,029,009	11,374,296	138,387	11,512,683
Adjustment (Note 29)		-	-	(102,637)	-	-	-	(102,637)	84,928	(17,709)
Loss for the year		-	-	(863,809)	-	-	-	(863,809)	17,770	(846,038)
Negative Goodwill on consolidation		-	-	(56,772)	-	-	-	(56,772)	-	(56,772)
Other comprehensive income		-	-	83,082	-	452,312	-	535,394	-	535,394
Total Comprehensive Income for the year		-	-	(940,135)	-	452,312	-	(487,823)	102,698	(385,125)
Transfer		-	-	(441,049)	441,049	-	-	-	-	-
Share Capital Expenses		-	-	-	-	-	-	-	-	-
Dividend paid	43	-	-	-	(554,416)	-	-	(554,416)	-	(554,416)
At December 31 2013		3,465,102	2,824,389	(1,407,214)	2,506,775	1,913,995	1,029,009	10,332,056	241,086	10,573,142

Parent Statement of Changes in Equity

For the year ended 31 December, 2013.

Notes	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available for-Sale Reserve	Revaluation Reserve	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1 2013	3,465,102	2,824,389	746,005	2,065,726	1,459,645	1,029,009	11,589,876
Loss for the year	-	-	(930,158)	-	-	-	(930,158)
Other comprehensive income	-	-	83,082	-	453,779	-	536,861
Total Comprehensive Income for the year	-	-	(847,076)	-	453,779	-	(393,297)
Transfer	-	-	(415,403)	415,403	-	-	-
Dividend paid	-	-	(554,416)	-	-	-	(554,416)
At December 31 2013	3,465,102	2,824,389	(1,070,890)	2,481,129	1,913,424	1,029,009	10,642,163

Group Statement of Cash Flows

	Note	Group		Parent	
		2013	2012	2013	2012
		N'000	N'000	N'000	N'000
Operating activities:					
Total premium received		24,826,911	19,957,158.32	24,054,858	19,400,838
Commission received		1,514,722	983,493	874,108	522,755
Commission paid		(3,202,131)	(3,089,790)	(3,202,131)	(2,838,969)
Reinsurance premium paid		(6,653,310)	(5,568,234)	(6,346,104)	(5,568,234)
Gross benefits and claim paid net of recoveries		(6,784,084)	(3,991,769)	(6,784,084)	(3,991,768)
Payments to employees		(2,618,247)	(1,617,050)	(2,061,225)	(1,231,141)
Other operating cash payments		(5,822,564)	(2,972,888)	(5,287,596)	(2,758,289)
Other income received		413,776	538,501	324,904	531,900
Tax paid		(637,521)	(587,920)	(618,382)	(584,461)
Net cash inflow from operating activities	46	1,037,551	3,651,501	954,348	3,482,631
Investing activities:					
Investment income received		2,589,224	1,899,677	2,533,676	1,802,062
Purchase of property and equipment		(345,781)	(1,052,053)	(271,615)	(891,535)
Proceed from sale of property and equipment		9,906	6,143	9,906	2,941
Purchase of investments		(6,572,886)	(3,175,721)	(5,618,698)	(3,078,281)
Purchases of Investment Properties		(537,250)	-	(537,250)	-
Purchase of Investments in Subsidiaries		-	-	(61,534)	(1,072,406)
Proceed from sale of investments		3,369,412	2,133,655	2,848,447.03	2,172,826
Net cash outflows from investing activities		(1,487,375)	(188,299)	(1,097,068)	(1,064,393)
Financing activities:					
Dividend paid to equity holders		(554,416)	(415,812)	(554,416)	(415,812)
Net cash outflows from financing activities		(554,416)	(415,812)	(554,416)	(415,812)
Net (decrease) / increase in cash and cash equivalents		(1,004,241)	3,047,390	(697,136)	2,002,427
Cash and cash equivalents at 1 January		9,534,481	6,487,091	8,397,603	6,395,176
Cash and cash equivalents at 31 December		8,530,240	9,534,481	7,700,466	8,397,603
		Group	Group	Parent	Parent
Summary of Cash & Cash Equivalent		2013	2012	2013	2012
		N'000	N'000	N'000	N'000
Cash and Cash Equivalent as per Financial Position		8,541,729	9,721,658	7,700,467	8,584,780
Book overdraft		(11,489)	(187,177)	-	(187,177)
		8,530,240	9,534,481	7,700,467	8,397,603

The accounting policies on pages 28 to 58 and the accompanying notes on pages 67 to 119 form an integral part of these Financial Statements.

3.0 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 corporate entities and individuals. 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.
- Multishield segment is a Health Management Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The company became a full subsidiary of AllCO Insurance PLC on July 1, 2012.
- Pension Managers 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.

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.

No inter-segment transactions occurred in 2013 and 2012. If any transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments.

3.1 Segment Statement of Comprehensive Income as at 31 December, 2013

	Life Business	General Business	Multishield Limited	AICO Pension Managers	31 Dec. 2013
	N'000	N'000	N'000	N'000	N'000
Gross Premium Written	13,475,702	9,354,862	772,054	-	23,602,618
Gross Premium Income	13,388,519	9,155,453	772,054	-	23,316,026
Premiums ceded to reinsurers	(438,539)	(4,342,067)	(307,206)	-	(5,087,812)
Net premium Income	12,949,980	4,813,386	464,848	-	18,228,214
Fees and commission income					
Insurance Contract	57,186	816,922	-	-	874,108
Pension Contract	-	-	-	640,614	640,614
Net Underwriting Income	13,007,166	5,630,308	464,848	640,614	19,742,936
Claims Expenses:					
Claims expenses (Gross)	6,709,933	3,477,582	-	-	10,187,515
Claims expenses recovered from reinsurer	(1,701,320)	(1,702,110)	-	-	(3,403,431)
Claims expenses (Net)	5,008,614	1,775,472	-	-	6,784,084
Change in life fund	-	-	-	-	-
Underwriting Expenses	2,575,733	1,502,149	-	-	4,077,883
Change in life fund Estimate	6,150,308	-	-	-	6,150,308
Total underwriting expenses	13,734,655	3,277,621	-	-	17,012,275
Underwriting Profit	(727,489)	2,352,687	464,848	640,614	2,730,663
Investment income	1,939,804	593,872	55,548	-	2,589,224
Net realised gains and losses	229,368	43,447	-	-	272,815
Fair value gains and losses	(68,350)	(38,900)	-	-	(107,250)
Other operating revenue	103,066	221,838	730	88,142	413,776
Depreciation and amortisation	(211,900)	(140,839)	(11,380)	(41,520)	(405,639)
Management expenses	(2,019,029)	(1,370,567)	(392,401)	(556,481)	(4,338,477)
Finance costs	-	-	-	(16,691)	(16,691)
Impairment loss on investments	(1,082,736)	(196,178)	-	-	(1,278,914)
Impairment provision on trade and reinsurance receivables	(507,905)	(631,155)	-	-	(1,139,060)
(Loss) / Profit before tax	(2,345,169)	834,207	117,344	114,065	(1,279,555)
Income tax expense	1,579,491	(998,686)	(14,555)	(25,921)	540,329
(Loss) Profit for the year	(765,678)	(164,479)	102,789	88,144	(739,226)
Attributable to Shareholders of the Parents	(765,678)	(164,479)	78,572	51,124	(800,463)
Attributable to Non-Controlling Interest	-	-	24,217	37,020	61,237
Other Comprehensive Income					
Net gain on available-for-sale asset	429,510	24,269	-	(1,467)	452,312
Actuarial gain on defined benefit plan	71,213	47,476	-	-	118,689
Income tax relating to other comprehensive income	(21,364)	(14,243)	-	-	(35,607)
Other comprehensive income for the year, net of tax	479,359	57,502	-	(1,467)	535,394
Total comprehensive income for the year, net of tax	(286,319)	(106,977)	102,789	86,677	(203,832)

3.2 Segment Statement of Financial Position as at 31 December, 2013

	Life	General	Multishield	AICO Pension	Total
	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and cash equivalents	6,620,797	1,079,669	563,264	277,999	8,541,729
Trade receivable	-	35,772	-	-	35,772
Reinsurance assets	37,373	2,217,861	-	-	2,255,233
Deferred acquisition cost	-	285,133	-	-	285,133
Financial assets:					
Available-for-sale financial assets	11,237,141	4,091,181	-	3,331	15,331,653
Loans and receivables	964,566	179,363	-	-	1,143,929
Held to maturity financial assets	1,629,541	435,021	-	505,396	2,569,958
Deferred tax asset	2,741,784	-	-	165,752	2,907,536
Investment in subsidiary	1,123,020	496,459	-	-	1,619,479
Investment properties	953,035	236,965	-	-	1,190,000
Property, Plant and equipment	3,085,562	1,404,216	38,372	128,973	4,657,122
Other receivables and prepayments	1,144,706	350,779	198,354	110,328	1,804,167
Statutory deposit	200,000	300,000	-	-	500,000
Goodwill and other intangible assets	57,936	811,061	-	9,606	878,603
Total Assets	29,795,460	11,923,479	799,990	1,201,384	43,720,313
Liabilities and Equity Liabilities					
Trade payables	51,717	7,075	-	-	58,792
Other payables and accrual	1,486,711	4,555	115,110	170,088	1,776,464
Book overdraft	-	-	11,489	-	11,489
Current tax payable	126,250	539,155	14,912	10,246	690,564
Dividend payable	10,041	-	24,113	-	34,154
Deferred tax liability	-	144,416	7,364	-	151,780
Retirement benefit obligations	327,755	200,267	-	-	528,021
Investment contract liabilities	6,356,398	-	-	-	6,356,398
Insurance contract liabilities	17,000,919	4,821,521	47,597	-	21,870,036
Total liabilities	25,359,790	5,716,988	220,586	180,334	31,477,698
Equity					
Issued share capital	1,838,863	1,626,239	400,000	800,000	4,665,102
Share premium	2,046,073	778,317	47,494	40,365	2,912,249
Revaluation reserves	764,538	264,471	-	-	1,029,009
Irredeemable Preference shares	-	-	-	775,000	775,000
Available-for-sale reserve	1,487,003	426,421	-	985	1,914,409
Contingency reserve	985,445	1,495,684	-	14,629	2,495,758
Retained earnings	2,686,252	1,615,359	131,910	609,929	1,548,912
Non-Controlling Interest	-	-	-	-	-
Total Equity	4,435,670	6,206,491	579,404	1,021,050	12,242,615
Total Liabilities and Equity	29,795,460	11,923,479	799,990	1,201,384	43,720,313

Notes to the Financial Statements

4 Cash and Cash Equivalents	Group		Parent	
	2013 N000	2012 N000	2013 N000	2012 N000
Cash at Hand and Bank	2,805,830	2,379,920	1,964,568	1,847,325
Short-term deposits	5,702,899	7,152,239	5,702,899	6,547,955
Investment in Trading Securities	33,000	189,500	33,000	189,500
Total Cash and Cash Equivalents	8,541,729	9,721,659	7,700,467	8,584,780
For Shareholders				
Cash at Hand and Bank	932,897	1,246,097	91,636	109,218
Foreign Bank Balances	317,567	85,735	317,567	85,735
For Policyholders:				
Local Bank Balances	1,555,366	1,652,372	1,555,366	1,652,372
Short term Deposits (Note 4a)	5,702,899	6,547,955	5,702,899	6,547,955
Investment in Trading Securities	33,000	189,500	33,000	189,500
Total Cash and Cash Equivalents	8,541,729	9,721,659	7,700,467	8,584,780

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. All deposits are subject to an average interest rate of 10%. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

	Group		Parent	
	2013	2012	2013	2012
4a Short-term Deposits				
For Policy Holders		N'000	N'000	N'000
Placements with Local Banks	5,702,899	7,152,239	5,702,899	6,547,955
Investments in Trading Securities	33,000	189,500	33,000	189,500
	5,735,899	7,341,739	5,735,899	6,737,455

5 Trade Receivables	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	2,184,434	2,050,888	2,184,434	2,050,888
Gross premium written (Note 30)	23,602,618	21,273,100	22,830,564	20,716,780
Premium Received (Note 30a)	(24,826,911)	(19,957,158)	(24,054,858)	(19,400,838)
Impairment charged during the year (Note 5d)	(924,369)	(1,182,396)	(924,369)	(1,182,396)
At 31 December	35,772	2,184,434	35,772	2,184,434

Notes to the Financial Statements (Cont'd)

	Group		Parent	
	2013	2012	2013	2012
5a Analysis of Premium Received	N'000	N'000	N'000	N'000
Prior year	1,260,065	868,492	1,260,065	868,492
Current Year	23,566,846	19,088,666	22,794,793	18,532,346
	24,826,911	19,957,158	24,054,858	19,400,838
5b Trade Receivables				
Due from Insurance brokers	1,630,529	2,468,651	1,630,529	2,468,651
Due from Insurance companies	1,263,666	1,167,789	1,263,666	1,167,789
Due from Agents	430,947	696,040	430,947	696,040
Due from Direct Insured	905,145	1,121,995	905,145	1,121,995
Allowance for impairment	(4,194,515)	(3,270,041)	(4,194,515)	(3,270,041)
Total Insurance receivables	35,772	2,184,434	35,772	2,184,434

	Group		Parent	
	2013	2012	2013	2012
5c Analysis of Trade Receivables	N'000	N'000	N'000	N'000
Life contract trade receivables	-	483,345	-	483,345
Non-Life contract trade receivable	35,772	1,701,089	35,772	1,701,089
	35,772	2,184,434	35,772	2,184,434
5d Analysis of Impaired Trade Receivable				
Life contract trade receivable	483,345	93,174	483,345	93,174
Non-life contract trade receivable	441,024	1,089,222	441,024	1,089,222
At 31 December	924,369	1,182,396	924,369	1,182,396
5e Non-life business				
Due from Insurance brokers	1,630,529	2,468,651	1,630,529	2,468,651
Due from Insurance companies	1,263,666	1,167,789	1,263,666	1,167,789
Due from Agents	430,947	696,040	430,947	696,040
Due from Direct Insured	421,800	638,650	421,800	638,650
	3,746,942	4,971,130	3,746,942	4,971,130
Less: Impairment for receivables				
From Insurance brokers	1,594,757	1,574,472	1,594,757	1,574,472
From Insurance companies	1,263,666	810,183	1,263,666	810,183
From Agents	430,947	464,537	430,947	464,537
From Direct Insured	421,800	420,849	421,800	420,849
	3,711,170	3,270,041	3,711,170	3,270,041
Non-life business (Net Outstanding)				
Insurance brokers	35,772	894,179	35,772	894,179
Insurance companies	-	357,606	-	357,606
Agents	-	231,503	-	231,503
Direct Insured	-	217,801	-	217,801
	35,772	1,701,089	35,772	1,701,089

Notes to the Financial Statements (Cont'd)

The movement in impairment of trade receivable is as follows;

5f Impairment of trade receivables	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
At 1 January	3,270,041	2,669,035	3,270,041	2,669,035
Additions, during the year	924,369	1,182,396	924,369	1,182,396
Written-off during the year	-	(581,390)	-	(581,390)
At 31 December	4,194,410	3,270,041	4,194,410	3,270,041

5g The age analysis of trade receivable as required in the NAICOM 2012 Operational guidelines. These are as follows:

	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Up to 90 days	35,772	2,204,364	35,772	2,204,364
91-180 days	-	587,817	-	587,817
Above 180 days	-	2,178,949	-	2,178,949
	35,772	4,971,130	35,772	4,971,130

6 Reinsurance Assets

The movement in prepaid reinsurance is as follows

	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Balance at January 1,	689,735	204,467	689,735	204,467
Changes during the year	1,565,498	485,268	1,565,498	485,268
Balance at December 31	2,255,233	689,735	2,255,233	689,735

The carrying amount of reinsurance asset disclosed above is made up of estimated re-insurance recoveries of N885m and estimated reinsurance prepaid of N1.522b An impairment review was conducted in accordance with the risk rating of the reinsurance companies and expected cash flow discounted to arrive at an impairment loss of =N=190 million which was recognised in the income statement.

7 Deferred Acquisition Cost

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

	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Balance at January 1,	508,137	563,341	508,137	563,341
Expenses deferred	409,045	258,368	409,045	258,368
Amortisation	(632,049)	(313,572)	(632,049)	(313,572)
Balance at December 31, (Note 7a)	285,133	508,137	285,133	508,137

Notes to the Financial Statements (Cont'd)

7b Deferred Expenses By Class

Fire	71,283	140,828	71,283	140,828
Motor	96,945	75,368	96,945	75,368
Workmen compensation	11,405	12,259	11,405	12,259
Marine	42,770	15,735	42,770	15,735
Personal accident	19,959	25,144	19,959	25,144
Casualty accident	28,513	34,210	28,513	34,210
Oil and Gas	14,257	204,593	14,257	204,593
	285,133	508,137	285,133	508,137

8 Financial Assets

The Company's financial assets are summarised by categories as follows:

	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Available-for-Sale Financial Assets (Note 8a)	15,331,653	9,465,000	15,328,322	9,448,439
Loans and receivables (Note 8b)	1,143,928	1,191,337	1,143,928	1,297,113
Held to maturity financial assets (Note 8c)	2,569,958	1,787,288	2,064,562	1,787,288
Total financial instruments other than derivative financial instruments	19,045,539	12,443,625	18,536,812	12,532,840

8a Available-for-Sale Financial Assets	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Equity securities	5,554,587	4,344,310	5,551,256	4,327,749
Debt securities	9,667,448	4,783,783	9,667,448	4,783,783
Total at fair value	15,222,035	9,128,093	15,218,704	9,111,532
Equity securities at cost	109,618	336,907	109,618	336,907
Total available-for-sale financial assets	15,331,653	9,465,000	15,328,322	9,448,439

8a1 Available-for-Sale Financial Assets For Policyholders:	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Quoted Equities	5,551,256	4,327,749	5,551,256	4,327,749
Treasury Bills and Federal Govt. Bonds	9,667,448	3,835,818	9,667,448	3,835,818
Total at Fair Value	15,218,704	8,163,567	15,218,704	8,163,567
Unquoted Equities at Cost	-	-	-	-
Total available-for-sale financial assets	15,218,704	8,163,567	15,218,704	8,163,567

Notes to the Financial Statements (Cont'd)

8a Available-for-Sale Financial Assets For Shareholders:	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Quoted Equities	-	-	-	-
Treasury Bills and Federal Govt. Bonds	-	947,965	-	947,965
Total at Fair Value	-	947,965	-	947,965
Unquoted Equities at Cost	112,949	353,468	109,618	336,907
Total available-for-sale financial assets	112,949	1,301,433	109,618	1,284,872

8b Loans and receivables	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Amortised cost				
Loans to policyholders	585,282	744,579	585,282	744,579
Other loans	558,646	446,758	558,646	552,534
Total loans and receivables	1,143,928	1,191,337	1,143,928	1,297,113
Fair value				
Loans to policyholders	585,282	744,579	585,282	744,579
Other loans	159,174	446,758	159,174	533,558
Total loans and receivables	744,456	1,191,337	744,456	1,278,137

8bi Policy Loans

The Group grants cash loans to policyholders in line with the 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 policyholder upon cancellation 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 not beyond 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 policyholder.

8bil Other Loans	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Staff Mortgage Loans	265,834	178,935	265,834	178,935
Lease & Guarantee stock	252,892	219,974	252,892	325,750
Staff Personal, Car and Emergency Loans	39,920	47,849	39,920	47,849
	558,646	446,758	558,646	552,534

The Group grants loans to staff at below market rate (4%) per annum, these loans were remeasured at transition date at amortize cost using average prime lending rate issued by Central Bank of Nigeria. The difference between the fair value using average prime lending rate and the rate at which the loan was granted is debited to employee cost and credited to profit or loss account.

Notes to the Financial Statements (Cont'd)

8c Held to Maturity Financial Assets	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Amortised cost				
Debt securities	2,569,958	1,787,288	2,064,562	1,787,288
Inter-group indebtedness (convertible loan stocks)	-	-	-	-
Total held to maturity financial assets	2,569,958	1,787,288	2,064,562	1,787,288
Fair value				
Debt securities	2,170,143	1,288,399	2,170,143	1,288,399
Total held to maturity financial assets	2,170,143	1,288,399	2,170,143	1,288,399

The fair values of the held to maturity financial assets have been estimated by comparing current market interest rates for similar debt securities to the rates offered when the debt securities were first recognised together with appropriate market credit adjustments.

For the held to maturity financial assets that are traded in active market, their fair values are determined using the unadjusted market quotes.

8cd Held to Maturity Financial Assets For Policyholders:	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Amortised Cost				
State Govt. and Corporate Bonds	1,629,541	1,787,288	1,629,541	1,787,288
Total Held to Maturity Financial Assets	1,629,541	1,787,288	1,629,541	1,787,288

8cii Held to Maturity Financial Assets For Shareholders:	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Amortised Cost				
State Govt. and Corporate Bonds	940,417	-	435,021	-
Total Held to Maturity Financial Assets	940,417	-	435,021	-

8d Group Carrying values of financial instruments

	Available-for-sale	Loans and receivables	Held to maturity	Total
	N'000	N'000	N'000	N'000
At 31 December, 2012	9,476,533	1,042,000	1,593,609	12,112,142
Purchases	4,719,338	394,473	1,459,075	6,572,886
Maturities	-	-	-	-
Disposals	(413,888)	(134,004)	(482,726)	(1,030,618)
Fair value gains recorded in other comprehensive income	482,551	-	-	482,551
Amortisation adjustment	1,067,119	(158,541)	-	908,578
At 31 December, 2013	15,331,653	1,143,928	2,569,958	19,045,539

Notes to the Financial Statements (Cont'd)

8e Company Carrying values of financial Instruments	Available-for-sale	Loans and receivables	Held to maturity	Total
	N'000	N'000	N'000	N'000
At 31 December, 2013	9,448,439	1,297,113	1,787,288	12,532,840
Purchases	4,719,338	139,360	760,000	5,618,698
Maturities	-	-	-	-
Disposals	(389,125)	(134,004)	(482,726)	(1,005,855)
Fair value gains recorded in other comprehensive Income	482,551	-	-	482,551
Amortisation adjustment	1,067,119	(158,541)	-	908,578
At 31 December, 2013	15,328,322	1,143,928	2,064,562	18,536,812

8f Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements (i.e. held to maturity and loans and receivables).

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months), demand deposits and savings accounts without a specific maturity, the carrying amounts approximate to their fair value.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were initially recognised with current market rates for similar financial instruments.

The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debt securities, the fair values are determined based on quoted market prices. For those debt securities where quoted market prices are not available a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

8g Determination of fair value and fair values hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments.

Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company.

Financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated

Notes to the Financial Statements (Cont'd)

to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy;

31 December, 2013	Level 1	Level 2	Level 3	Total
	N000	N000	N000	N000
Available-for-sale financial assets:				
Equity securities	5,551,256	-	-	5,551,256
Debt securities	-	-	9,531,123	9,531,123
Total financial assets	5,551,256	-	9,531,123	15,082,379

31 December, 2012	Level 1	Level 2	Level 3	Total
	N000	N000	N000	N000
Available-for-sale financial assets:				
Equity securities	4,344,310	-	-	4,344,310
Debt securities	-	-	-	-
Total financial assets	4,344,310	-	-	4,344,310

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Assets Representing				
Policyholders' Fund				
Cash and Cash Equivalents				
Bank Balance	1,555,366	1,652,372	1,555,366	1,652,372
Short Term Investments	5,702,899	6,547,955	5,702,899	6,547,955
Treasury Bills	33,000	189,500	33,000	189,500
Available For Sale Investments				
Quoted Equities	5,551,256	4,327,749	5,551,256	4,327,749
Treasury Bills and Bonds	9,667,448	3,835,818	9,667,448	3,835,818
Unquoted Equities	-	-	-	-
Held To Maturity Investments:				
State Govt. and Corporate Bonds	1,677,139	1,787,288	1,629,541	1,787,288
Investment Property	1,190,000	760,000	1,190,000	760,000
Leasehold and Building	2,811,954	1,602,213	2,811,954	1,602,213
	28,189,061	20,702,895	28,141,463	20,702,895

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
9 Taxation				
9a Current tax payable				
At 1 January	648,089	482,357	623,542	478,148
Amounts recorded in the income statements	679,996	753,652	660,245	729,855
Payments made on-account during the year	(637,521)	(587,920)	(618,382)	(584,461)
At 31 December,	690,564	648,089	665,405	623,542

Notes to the Financial Statements (Cont'd)

	Group		Parent	
9b	2013	2012	2013	2012
Statement of Comprehensive Income	N'000	N'000	N'000	N'000
Employee benefit deficit	50,185	(84,354)	50,185	(84,354)
Accelerated capital allowances	-	(743)	-	(743)
Losses carried forward	-	-	-	-
Provision and other temporary differences	-	-	-	-
Depreciation of investment properties	-	(5,200)	-	(5,200)
Total deferred tax expense	50,185	(90,297)	50,185	(90,297)

9c Deferred tax asset	Group		Parent	
	2013	2012	2013	2012
Statement of Financial Position	N'000	N'000	N'000	N'000
Employee benefit deficit	(50,185)	242,317	(50,185)	242,317
Accelerated capital allowance	(23,377)	(245,378)	-	(221,548)
Losses carried forward	189,129	1,549,509	-	1,311,373
Provision and other temporary differences	2,791,969	(44,387)	2,791,969	(27,031)
Deferred tax asset	2,907,536	1,502,062	2,741,784	1,305,111

9d Deferred tax Liability				
Deferred tax liabilities	151,780	34,957	144,416	31,917

9e Reconciliation of Deferred Tax Asset				
Balance brought forward	1,502,062	1,411,450	1,305,111	1,214,499
Current Year Charge	1,670,123	-	1,692,200	-
Amounts recorded in the income statement	(301,277)	90,612	(336,783)	90,612
Tax effect of IFRS adjustments	15,599	-	68,639	-
Deferred tax relating to Retirement Benefit obligation charged to Other comprehensive income	35,607	-	21,364	-
Deferred tax relating to Retirement Benefit obligation charged to Statement of Comprehensive income	(14,578)	-	(8,747)	-
Balance carried forward	2,907,536	1,502,062	2,741,784	1,305,111

A deferred tax asset is recognised for a tax loss carry forward only to the extent that realisation of the related tax benefit is probable. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the Financial Statements (Cont'd)

10 Investment in Subsidiaries	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Balance at January 1,	-	-	1,557,945	464,769
Increase/(Decrease) in the year	-	-	61,534	1,093,176
Consolidation adjustments	-	-	-	-
Balance at December 31	-	-	1,619,479	1,557,945

10a Summary of Investment in Subsidiaries	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
AllCO Pension Managers Limited	-	-	1,189,769	1,189,769
Multishield Health Management Organisation	-	-	429,710	368,176
	-	-	1,619,479	1,557,945
10b AllCO Pension Managers Limited				
Balance at January 1,	-	-	1,189,769	464,769
Additions (Irredeemable Preference Shares)	-	-	-	725,000
Disposals	-	-	-	-
Balance at December 31,	-	-	1,189,769	1,189,769

The Company has 58% interest in AllCO Pension Managers Limited, which is involved in Pension Administration Services to private and public sector contributors. AllCO Pension was incorporated as a Limited Liability Company on February 1, 2005 under the Company and Allied Matter Act, 2004 and licensed as a Pension Fund Administrator by National Pension Commission on April 13, 2006. AllCO Pension Managers is domiciled in Nigeria and its registered office is at Plot 2, Oba Akran Avenue, Ikeja, Lagos.

In the course of the year 2012, and in response to National Pension Commission's directive for PFAs to increase their minimum share capital to N1billion, the Company increased its investment by N725 million by converting existing N300 million 5% convertible loans and additional injection of N425million investment in the newly issued 9% irredeemable preference shares. The irredeemable preference shares rank ahead of ordinary shares in the event of a liquidation.

10c Multishield Health Management Organisation	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Balance at January 1,	-	-	368,176	-
Additions	-	-	61,534	368,176
Disposals	-	-	-	-
Balance at December 31,	-	-	429,710	368,176

The Company has 76.44% 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.

Notes to the Financial Statements (Cont'd)

10d Non-Controlling Interest	Group		Company	
	2013	2012	2013	2012
N'000	N'000	N'000	N'000	
AllCO Pension	96,783	95,902	-	-
Multishield	143,889	41,009	-	-
Share of Other Comprehensive Income	413	1,476	-	-
Balance as at 31 December	241,086	138,387	-	-

10di AllCO Pension Managers Limited % of control 42%	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Share Capital	336,000	336,000	-	-
Share Premium	16,953	16,953	-	-
Share of Pre-acquisition profit and reserves	-	-	-	-
Net assets acquired	352,953	352,953	-	-
Share of post-acquisition profit and reserves	(256,170)	(257,051)	-	-
Balance as at 31 December	96,783	95,902	-	-

10dii Multishield Limited % of control 23.56 %	Group		Company	
	2013	2012	2013	2012
Share Capital	94,240	32,000	-	-
Share Premium	11,190	3,800	-	-
Share of Pre-acquisition profit and reserves	4,891	1,738	-	-
Net assets acquired	110,321	37,537	-	-
Share of post acquisition profit and reserves	33,568	3,472	-	-
Balance as at 31 December	143,889	41,009	-	-

11 Investment Properties For Policy Holders	Group		Company	
	2013	2012	2013	2012
As at Jan 1	760,000	718,000	760,000	718,000
Additions during the year	537,250	-	537,250	-
Revaluation Surplus	-	52,000	-	52,000
Revaluation Deficit	(107,250)	(10,000)	(107,250)	(10,000)
Disposals during the year	-	-	-	-
As at Dec 31	1,190,000	760,000	1,190,000	760,000

Notes to the Financial Statements (Cont'd)

11a Investment Properties	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Investment Properties in Awolowo Towers, Ikoyi	330,000	360,000	330,000	360,000
Investment Properties in Safecourt, Lekki	420,000	400,000	420,000	400,000
Investment Properties in GRA, Ikeja	440,000	-	440,000	-
	1,190,000	760,000	1,190,000	760,000

Investment properties are stated at fair value, which has been determined based on valuations performed by Niyi Fatokun & Co. with FRC registration number (FRC/2013/NIESV/00000001217, an estate surveyor and valuer/project manager as at December 2013. Niyi Fatokun & Co. is an industry specialist in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable, willing buyers and knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by international valuation standards committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the income statement.

This is an investment in land and buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the company. This is carried in the financial position at their market value and reviewed periodically on a systematic basis at least once every three years.

12 Property and Equipment - Group						
	Leasehold Land & Buildings	Construction in Progress	Furniture & Equipment	Motor Vehicles	Total	
	N'000	N'000	N'000	N'000	N'000	
At 1 January 2013	4,090,697	88,669	1,485,604	835,136	6,500,106	
Additions	41,954	13,877	157,919	132,032	345,781	
Written-off	-	-	(608)	-	(608)	
Write back to plant and machinery	(2,145)	-	2,145	-	-	
Write back to leasehold amortisation	(15,671)	-	-	-	(15,671)	
Disposals	-	-	(42,288)	(65,802)	(108,090)	
At 31 December 2013	4,114,835	102,546	1,602,772	901,365	6,721,518	
Accumulated depreciation						
At 1 January 2013	185,118	-	1,083,737	485,941	1,754,796	
Depreciation for the period	91,087	-	152,196	152,428	395,711	
Written down value to amortisation	(288)	-	-	(288)	-	
Written-off	-	-	(69)	-	(69)	
Disposals	-	-	(37,708)	(48,046)	(85,754)	
At 31 December 2013	275,917	-	1,198,156	590,324	2,064,397	
Net book value						
At 31 December, 2013	3,838,918	102,546	404,616	311,042	4,657,122	
At 31 December, 2012	3,905,579	88,669	401,867	349,195	4,745,310	

Notes to the Financial Statements (Cont'd)

12a Property and Equipment - Parent					
	Leasehold Land & Buildings	Construction in Progress	Furniture & Equipment	Motor Vehicles	Total
Cost	N'000	N'000	N'000	N'000	N'000
At 1 January 2013	4,076,291	88,669	1,333,033	705,929	6,203,922
Additions	38,545	13,877	127,826	91,368	271,615
Written-off	-	-	(608)	-	(608)
Disposals	-	-	(32,807)	(52,447)	(85,254)
At 31 December 2013	4,114,836	102,546	1,427,444	744,849	6,389,675
Accumulated depreciation					
At 1 January 2013	184,830	-	981,659	455,139	1,621,628
Depreciation for the period	91,087	-	135,675	121,894	348,656
Written-off	-	-	(69)	-	(69)
Disposals	-	-	(30,303)	(44,098)	(74,400)
At 31 December 2013	275,917	-	1,086,962	532,934	1,895,813
Net book value					
At 31 December, 2013	3,838,919	102,546	340,482	211,915	4,493,862
At 31 December, 2012	3,891,461	88,669	351,374	250,791	4,582,294

13 Other Receivables and Prepayments	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Rent Prepaid	43,253	65,439	41,562	65,439
Agents	132,937	219,955	89,373	187,054
Stocks	9,001	7,026	9,001	7,026
Fee receivables	65,852	115,228	-	-
Other Receivables	1,553,124	698,066	1,355,549	516,857
	1,804,167	1,105,714	1,495,485	776,376

The fair value of other receivables approximates their fair value.

Notes to the Financial Statements (Cont'd)

14 Statutory Deposit

This represents the amount deposited with the Central Bank of Nigeria as at 31 December, 2013 (December, 2012 : N 500,000,000) 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.

	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Amount Deposited	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000

15 Goodwill and Other Intangible Assets	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Intangible Assets (Note 15a)	77,740	93,142	64,051	85,573
Goodwill (Note15b)	800,863	800,863	800,863	800,863
	878,603	894,005	864,914	886,436
15a Intangible Assets				
Computer Software				
Cost				
As at Jan 1,	188,020	143,065	87,750	50,916
Additions during the year	15,326	44,955	3,360	36,834
Derecognition in the year	(19,025)	-	(19,025)	-
As at Dec 31,	184,321	188,020	72,085	87,750
Amortisation				
As at Jan 1,	94,878	88,140	2,177	576
Amortisation	11,702	6,737	5,857	1,601
On derecognition	-	-	-	-
Impairment Loss	-	-	-	-
As at Dec 31,	106,580	94,878	8,034	2,177
Carrying amount	77,740	93,142	64,051	85,573
15b Goodwill				
Cost:				
At 31 December	1,166,610	1,166,610	1,166,610	1,166,610
Accumulated impairment				
At 1 January	365,747	365,747	365,747	365,747
Impairment loss	-	-	-	-
At December	365,747	365,747	365,747	365,747
Carrying amount				
At 31 December	800,863	800,863	800,863	800,863

Goodwill has been allocated to the two individual cash-generating units: AllCO Life Insurance and AllCO General Insurance. The carrying amount of goodwill allocated to each of the cash- generating units is as shown above.



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Notes to the Financial Statements (Cont'd)

Life Insurance Units

The recoverable amounts for the life insurance business cash generating units have been determined based on a value in use calculation. The calculation is based on the value in use of the business, together with the present value of expected future profits from new business over a five year period. The value in use result was significantly lower than its carrying value, including goodwill. The result shows that the assets of life business are impaired to the tune of N14 billion. However, paragraph 105 of IAS 36, requires that in allocating an impairment loss, no individual asset should have its carrying value reduced below the highest of (a) its fair value less costs to sell (b) its value in use and (c) zero. It is assumed that the fair value less cost to sell of individual asset within Life business Cash Generating Unit (CGU) is not lower than the carrying value. Hence, only Goodwill of N365,747,386.38 allocated to Life CGU will be impaired.

The key assumptions used for the value in use impairment calculation for the Life Insurance were:

The shareholder interest in the life business is based on projected cash flows of the business including expected average investment returns of 11.50 %.

Risk-adjusted discount rates used for calculation of embedded value are calculated using a risk margin of 18%, based on the operating segment's weighted average cost of capital. Economic assumptions are based on market yields on risk-free fixed interest rates for the relevant currencies at the end of each reporting year.

New business contribution represents the present value of projected future distributable profit generated from business written in a period. This is initially based on the most recent five year business plans approved by senior management.

Growth rate represents the rate used to extrapolate new business contributions beyond the business plan period, and is based on management's estimate of future growth of 8% which is in line with the average growth rate of life insurance industry.

A pre-tax company-specific risk adjusted discount rate of 17 % (2012: 18 %) is used to discount expected profits from future new business.

Non-Life Insurance Unit

The recoverable amount of the non-life business has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. A pre-tax company-specific risk-adjusted discount rate of 18 % (2012: 18 %) is used. The projected cash flows beyond the five years excluding expenses have been extrapolated using a steady average growth rate of 17 % (2012: 8 %), not exceeding the long-term average growth rate for the market in which the units operate. The projected cash flows are determined by budgeted margins based on past performances and management expectations for market developments.

No impairment loss has been recognised during the period on non-life insurance business as a result of the impairment reviews on its cash generating units.

The key assumptions used for the value in use impairment calculation are:

Investment market conditions - Investment market conditions are based on market research and published statistics.

Management plans assume modest investment growth of 13.16 %, which is lower than the anticipated market growth forecast.

Policy lapses - The Group has retained records of policy lapses since its inception and is, therefore, able to predict trends over the coming years. Management plans assume on change from recent experiences.

Expenses - Estimates are obtained from published indices of inflation and market research. The financial budget plans assume that expenses will broadly increase in line with inflation.

Premiums and margins - Premium income is based on average values achieved in the three years preceding the start of the budget period. A factor of 8% per annum was applied for non-life insurance.

Gross margins are based on average percentages for the last three years while taking into account anticipated efficiency improvements, known expected expenditure and inflation. A factor of 8% per annum applied for non-life insurance.

Sensitivity to changes in assumptions

With regard to the assessment of value in use for the non-life insurance cash generating unit, management does not believe a reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amounts.

16 Trade Payables

This represents the amount payable to reinsurance companies. The carrying amounts disclosed above approximate fair value at the reporting date.

Notes to the Financial Statements (Cont'd)

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	387,047	211,049	308,620	211,049
Changes during the year	(328,255)	175,998	(249,828)	97,571
At 31 December	58,792	387,047	58,792	308,620

17 Other Payables and Accruals				
	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	969,394	1,146,511	905,894	1,105,809
Changes during the year	807,068	(177,117)	585,373	(199,915)
At 31 December	1,776,463	969,394	1,491,267	905,894

17a Other Payables and Accruals				
	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Accrued Expenses	305,769	267,355	206,236	253,020
Agents Provident Fund	62,915	114,589	62,915	114,589
Deposit for New Business	1,155,620	26,459	1,153,995	26,459
Other payables	252,159	560,991	68,121	511,826
	1,776,463	969,394	1,491,267	905,894

18 Book Overdraft				
	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	187,177	412,760	187,177	412,760
Changes during the year	(175,688)	(225,583)	(187,177)	(225,583)
At 31 December	11,489	187,177	-	187,177

19 Dividend Payable				
	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	10,041	10,041	10,041	10,041
Proposed	24,113	-	-	-
Paid during the year	-	-	-	-
At 31 December	34,154	10,041	10,041	10,041

20 Retirement Benefit Obligations

The Company has a defined benefit gratuity scheme covering all of its employee who have spent an average minimum number of five years. The scheme is not funded and such no contribution is made to any fund. Consequently, this year, the scheme has been cancelled and Management will commence payment to the beneficiaries shortly.

Notes to the Financial Statements (Cont'd)

The amounts recognised in the income statement (other operating and administrative expenses) are as follows:

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Current service cost	85,691	50,663	85,691	50,663
Interest cost on benefit obligation	89,812	52,338	89,812	52,338
	175,503	103,001	175,503	103,001

The amounts recognised in the statement of financial position at the reporting date based on HR Nigeria Limited (Consultants and Actuaries) report signed on March 2014 are as follows:

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Present value of the defined benefit obligation	528,021	695,303	528,021	695,303
Total defined benefit obligation	528,021	695,303	528,021	695,303

The movement in the defined benefit obligation is, as follows:

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	695,303	376,942	695,303	376,942
Current service cost	85,691	50,663	85,691	50,663
Interest cost	89,812	52,338	89,812	52,338
Benefits paid	(224,096)	(29,116)	(224,096)	(29,116)
Actuarial gains - Due to change in assumption	(130,028)	19,388	(130,028)	19,388
Actuarial losses - Due to experience adjustment	11,339	225,088	11,339	225,088
At 31 December 2013	528,021	695,303	528,021	695,303

The principal actuarial assumptions used in determining the pension benefit obligation for the Company's plan are as follows:

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Average pay increase	12	13	12	13
Average rate of inflation	9	10	9	10
Discount rate	13.5	14	13.5	14
Mortality rate				
Less than or equal to 30	3	3	3	3
31-39	2	2	2	2
40-44	2	2	2	2
45-50	0	0	0	0

The discount rate is the assumption that has the largest impact on the value of the obligation. A 1% increase in this rate would reduce the present value of the defined benefit obligation.

The mortality base table used for the schemes is A49/52 Ultimate Tables, published jointly by the Institute and Faculty Actuaries in the United Kingdom.

Notes to the Financial Statements (Cont'd)

Amounts for the current and previous three period from the date of transition to IFRS are as follows:

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Defined benefit obligation	528,021	695,303	528,021	695,303
Experience adjustments on plan liabilities	11,339	225,088	11,339	225,088
	539,360	920,391	539,360	920,391

20.1 Post Reporting Period Review of Benefits Obligation

At the Board meeting held on 2nd May 2014, the directors took a review of the total liability of the scheme as at 31st December, 2013 and consequently, resolve that the Retirement Benefits scheme should be cancelled and direct Management to commence payment to beneficiaries beginning 2014.

21 Investment Contract Liabilities	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Deposit administration (21a)	2,971,552	2,896,800	2,971,552	2,896,800
Other investment contract liabilities (21b)	3,384,846	2,086,289	3,384,846	2,086,289
Total investment contract liabilities	6,356,398	4,983,089	6,356,398	4,983,089

21a Deposit administration is stated at amortised cost and this is analysed as follows:

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	2,896,800	2,648,118	2,896,800	2,648,118
Deposits	2,550,729	1,929,137	2,550,729	1,929,137
Withdrawals	(2,548,572)	(1,788,693)	(2,548,572)	(1,788,693)
Fees and other deductions	(80,337)	(68,087)	(80,337)	(68,087)
Credit of interest and other income	152,933	176,325	152,933	176,325
At 31 December	2,971,552	2,896,800	2,971,552	2,896,800

Other investment contract liabilities are stated at amortised cost and the amount is analysed as 21b follows:

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	2,086,289	1,569,442	2,086,289	1,569,442
Deposits	1,298,557	516,847	1,298,557	516,847
Withdrawals	-	-	-	-
Fees and other deductions	-	-	-	-
Credit of interest and other income	-	-	-	-
At 31 December	3,384,846	2,086,289	3,384,846	2,086,289

Notes to the Financial Statements (Cont'd)

22 Insurance Contract Liabilities				
Life Insurance contract	17,000,918	11,392,439	17,000,918	11,392,439
Non-life Insurance contract	4,869,118	4,184,459	4,821,521	4,140,190
Total insurance contract liabilities	21,870,036	15,576,898	21,822,439	15,532,629
22a Insurance contract liabilities				
Liability on long term Insurance Fund	15,142,348	10,474,096	15,094,751	10,474,096
Unearned Premium Reserve (UPR)	2,477,532	2,078,863	2,477,532	2,034,594
Outstanding claim Provision	3,237,352	2,832,521	3,237,352	2,832,521
Incurred But Not Reported (IBNR)	1,012,804	191,418	1,012,804	191,418
	21,870,036	15,576,898	21,822,439	15,532,629
22a1 Life Insurance contract liabilities				
Liability on long term Insurance Fund	15,094,751	10,317,751	15,094,751	10,317,751
Unearned Premium Reserve (UPR)	243,529	156,345	243,529	156,345
	15,338,280	10,474,096	15,338,280	10,474,096
Outstanding claim Provision	1,202,104	359,496	1,202,104	359,496
Incurred But Not Reported (IBNR)	460,534	558,847	460,534	558,847
	17,000,918	11,392,439	17,000,918	11,392,439
Outstanding Claim Provision	1,202,104	2,832,521	1,202,104	2,832,521
IBNR	460,534	191,418	460,534	191,418
	1,662,638	3,023,939	1,662,638	3,023,939
22a11 Life contract outstanding claim provision				
At 1 January	918,343	748,300	918,343	748,300
Claims incurred in the current period/year	6,709,933	3,852,063	6,709,933	3,852,063
Claims paid during the year	(5,965,639)	(3,682,020)	(5,965,639)	(3,682,020)
At 31 December	1,662,638	918,343	1,662,638	918,343
22b Non-life Insurance contract liabilities				
Provision for unearned premiums	2,334,003	2,078,863	2,234,003	2,034,594
Provision for reported claims by policyholders	2,082,845	1,914,178	2,035,248	1,914,178
Provision for claims incurred but not reported (IBNR)	552,270	191,418	552,270	191,418
Total non life insurance contract liabilities	4,869,118	4,184,459	4,821,521	4,140,190
22b1 Outstanding claims provision				
	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	2,105,595	1,665,232	2,105,595	1,665,232
Claims incurred in the current accident period/year	3,525,179	2,864,780	3,477,582	2,864,780
Claims paid during the period/year	(2,995,660)	(2,424,417)	(2,995,660)	(2,424,417)
At 31 December	2,635,114	2,105,595	2,587,517	2,105,595

Notes to the Financial Statements (Cont'd)

22bii Provision for unearned premiums	Group		Parent	
Balance brought forward	2,078,863	1,630,562	2,034,594	1,630,562
Changes in Health Insurance				
Unearned Premiums	44,269	44,269	-	-
Premiums written in the period/year	9,354,862	9,631,783	9,354,862	9,631,783
Premiums earned during the period/year	(9,155,453)	(9,564,166)	(9,155,453)	(9,564,166)
Provision for premium deficiency	-	336,415	-	336,415
Balance carried forward	2,322,541	2,078,863	2,234,003	2,034,594

22biii Provision for premium deficiency	Group		Parent	
Balance brought forward	336,415	336,415	336,415	336,415
Incurred during the period/year	-	-	-	-
Utilised during the period/year	(336,415)	-	(336,415)	-
Balance carried forward	-	336,415	-	336,415

23 Issued Share Capital	Group		Parent	
Authorised Shares				
10,000,000,000 Ordinary Shares of 50 kobo each	5,000,000	5,000,000	5,000,000	5,000,000
Ordinary shares issued and fully paid				
At 1 January	3,465,102	3,465,102	3,465,102	3,465,102
Effect of rearrangement	-	-	-	-
At 31 December	3,465,102	3,465,102	3,465,102	3,465,102

24 Share Premium	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
As at Jan 1	2,824,389	2,824,389	2,824,389	2,824,389
Effect of rearrangement	-	-	-	-
As at Dec.31	2,824,389	2,824,389	2,824,389	2,824,389

All ordinary shares issued are fully paid. All ordinary shares are held by external, non-related parties and companies to the Company.

25 Revaluation Reserves	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
As at Jan 1	1,029,009	1,029,009	1,029,009	1,029,009
Remeasurement Adjustment	-	-	-	-
Reclassification Adjustment	-	-	-	-
Statement of Comprehensive Income	-	-	-	-
As at Dec.31	1,029,009	1,029,009	1,029,009	1,029,009

Notes to the Financial Statements (Cont'd)

26 Irredeemable preference shares	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Irredeemable preference shares	50,000	50,000	-	-

The above N50 million represents the portion of Irredeemable Preference shares in AllCO Pension netted off in the prior year against receivables, but now reclassified to align with current presentation.

27 Available-For-Sale Reserve	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
As at Jan 1	1,461,683	475,506	1,459,645	475,506
Other Comprehensive Income	452,312	986,177	453,779	984,139
As at Dec.31	1,913,995	1,461,683	1,913,424	1,459,645

28 Contingency Reserve	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
As at Jan 1	2,065,726	1,665,923	2,065,726	1,665,923
Transfer from retained Earnings	441,049	399,803	415,403	399,803
As at Dec.31	2,506,775	2,065,726	2,481,129	2,065,726

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.

29 Retained Earnings	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
As at Jan 1	528,388	146,011	746,005	484,791
Prior year adjustment	(102,637)	-	-	-
Dividend Paid	(554,416)	(415,812)	(554,416)	(415,812)
Other Comprehensive Income	83,082	(171,133)	83,082	(171,133)
Transfer to Contingency Reserve	(441,049)	(399,803)	(415,403)	(399,803)
Negative goodwill on consolidation	(56,772)	63,500	-	-
Statement of Comprehensive Income	(863,810)	1,305,625	(930,158)	1,247,963
As at Dec.31	(1,407,214)	528,387	(1,070,890)	746,005

Notes to the Financial Statements (Cont'd)

The Company's computation of Non-Controlling Interest (NCI) on the consolidation of accounts of Multishield Health Management Limited was based on 92% holding as against 75%. Also the basis of consolidation of AllCO Pension fund Administration Limited had been reviewed and resulted in adjustment of prior year balances as follows:

	Reserves	NCI
	N'000	N'000
Multishield Health Management Organisation	(87,145)	87,145
Pension fund Administration	(15,492)	(2,217)
	(102,637)	84,928

30 Gross Premium Written	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Total Gross Premium Written	23,602,618	21,273,100	22,830,564	20,716,780

Gross premium on life is recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date on which the policy is effective. Gross general insurance premium written comprises the total premium receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognized on the date on which the policy commences.

30a Premium Received	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Gross written premium per income statement	23,602,618	21,273,100	22,830,564	20,716,780
Less: Increase/ (Decrease) in trade receivables	2,148,662	(133,546)	2,148,663	(133,546)
Impairment of insurance receivable charged during the year	(924,369)	(1,182,396)	(924,369)	(1,182,396)
Premium received	24,826,911	19,957,158	24,054,858	19,400,838

31 Net Premium Income				
31a Gross Premiums on Insurance Contracts				
Gross Premium Written	23,602,618	21,273,100	22,830,564	20,716,780
Change in Unearned Premiums	(286,592)	(202,851)	(286,592)	(202,851)
Gross Premium Income	23,316,026	21,070,249	22,543,972	20,513,929
31ai Change in Life Fund Estimate Liability on Long Term Insurance Contract-Life Fund	6,150,308	4,015,907	6,150,308	4,015,907

The sum of N4,015,907 being change in Life Fund of year 2012 was reclassified from change in Unearned premium of N4,218,758.

Notes to the Financial Statements (Cont'd)

31b Premiums Ceded to Reinsurers on Insurance Contracts

	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Reinsurance Cost	(5,087,812)	(4,986,323)	(4,780,606)	(4,986,323)
Premium Ceded to Reinsurers	(5,087,812)	(4,986,323)	(4,780,606)	(4,986,323)
Net Premium Income	18,228,214	16,083,926	17,763,366	15,527,606

32 Fees and Commission Income	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Policyholder administration and investment management services	-	460,738	-	
Reinsurance commission income	1,514,722	522,755	874,108	522,755
Total Fees and Commission Income	1,514,722	983,493	874,108	522,755

33 Gross Benefits and Claims

33a Gross Benefits and Claims paid

Life insurance contracts	5,965,639	3,682,020	5,965,639	3,682,020
Non-life insurance contracts	2,995,660	2,424,417	2,995,660	2,424,417
Total gross benefits and claims paid	8,961,299	6,106,437	8,961,299	6,106,437

33b Gross Change in Outstanding Claims Reserve

Change in life outstanding claims reserve	744,294	170,044	744,294	170,044
Change in non-life outstanding claims provision	481,922	776,778	481,922	776,778
Total Gross change in Contract Liabilities	1,226,216	946,822	1,226,216	946,822
Gross Benefits and Claims	10,187,515	7,053,259	10,187,515	7,053,259
Life insurance contracts	(1,701,320)	(717,943)	(1,701,320)	(717,943)
Non-life insurance contracts	(1,702,111)	(1,396,725)	(1,702,111)	(1,396,725)
Total Claims Ceded to Reinsurers	(3,403,431)	(2,114,668)	(3,403,431)	(2,114,668)
Net Benefits and Claims	6,784,084	4,938,591	6,784,084	4,938,591

34 Underwriting Expenses

Acquisition Costs (Note 34a)	3,425,135	3,144,994	3,425,135	2,894,173
Maintenance Expenses (Note 34b)	652,748	613,089	652,748	613,089
	4,077,883	3,758,083	4,077,883	3,507,263
Commission Paid (Note 34ai)	2,594,244	2,358,187	2,594,244	2,356,917
Excess of Losses (Note 34aii)	911	89,970	911	89,970
Providers capitation fee and other direct expenses	-	249,551	-	-
Underwriting Salaries (Note 34aiii)	829,980	447,287	829,980	447,287
	3,425,135	3,144,994	3,425,135	2,894,173

Notes to the Financial Statements (Cont'd)

34 a) Commission Paid		Group		Parent	
	2013	2012	2013	2012	
	N'000	N'000	N'000	N'000	
Life	1,706,203	1,293,315	1,706,203	1,293,315	
Non Life	888,041	1,064,872	888,041	1,063,602	
	2,594,244	2,358,187	2,594,244	2,356,917	
34a) Excess of Losses					
Life	-	-	-	-	
Non Life	911	89,970	911	89,970	
	911	89,970	911	89,670	
34a) Underwriting Salaries					
Life	518,827	327,550	518,827	327,550	
Non Life	311,153	119,737	311,153	119,737	
	829,980	447,287	829,980	447,287	
34b) Maintenance Expenses					
VAT on Commission	38,515	54,681	38,515	54,681	
Policy Administration Expenses	190,771	101,355	190,771	101,355	
Tracking Expenses	45,361	36,069	45,361	36,069	
Service Charge (Note 34b)	71,194	69,080	71,194	69,080	
Business Promotion (Note 34b)	306,907	351,905	306,907	351,905	
	652,748	613,089	652,748	613,089	
34b) Service Charge					
Life	29,644	-	29,644	-	
Non Life	41,550	69,080	41,550	69,080	
	71,194	69,080	71,194	69,080	
34b) Business Promotion					
Life	130,563	215,378	130,563	215,378	
Non Life	176,344	136,527	176,344	136,527	
	306,907	351,905	306,907	351,905	
35 Investment Income					
Investment Income Attributable to Policyholders' Funds	1,560,044	1,216,409	1,560,044	1,216,227	
Investment Income Attributable to Shareholders' Funds	1,029,180	683,267	973,632	599,408	
	2,589,224	1,899,677	2,533,676	1,815,635	
35a) Investment Income Attributable to policy holders' Funds		Group		Parent	
	2013	2012	2013	2012	
	N'000	N'000	N'000	N'000	
Interest income on loans to policyholders	117,591	76,327	117,591	76,327	
Cash and cash equivalents interest income	1,023,486	825,501	1,023,486	825,501	
Available for sale interest income	146,603	152,308	146,603	152,308	
Available for sale dividend income	272,364	162,273	272,364	162,091	
	1,560,044	1,216,409	1,560,044	1,216,227	

Notes to the Financial Statements (Cont'd)

35b Investment Income Attributable to Shareholders' Funds				
Rental income from investment properties	78,336	55,856	78,336	55,856
Held to maturity financial assets interest income	1,014,392	317,916	958,844	260,985
Interest on statutory deposit	65,588	59,984	65,588	59,984
Profit from Deposit Administration	(185,611)	180,585	(185,611)	180,585
Loans and receivables interest income	56,476	68,927	56,476	41,998
	1,029,180	683,267	973,632	599,408
36 Net Realised Gains and Losses				
Property and equipment:				
Realised gains / (Losses)	(948)	950	(948)	263
Available-for-sale financial assets:				
Realised gains:				
Equity securities	273,763	1,200,537	273,762	1,200,537
Debt securities	-	-	-	-
Realised losses:				
Equity securities	-	-	-	-
Debt securities	-	-	-	-
Total net realised gains and losses for available-for-sale financial asset	273,763	1,200,537	273,762	1,200,537
Total net realised gains and losses	272,815	1,201,487	272,814	1,200,800
37 Net Fair Value (losses)/ Gains on Financial Assets	(107,250)	52,000	(107,250)	52,000
38 Other Operating Income				
Sundry income	375,700	306,776	286,828	300,174
Exchange gains	38,076	231,725	38,076	231,725
Total other operating income	413,776	538,501	324,904	531,899
39 Depreciation and Amortisation Expense				
	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Depreciation of Property and Equipment	399,794	355,188	352,740	323,596
Amortisation of Intangible Assets	5,845	6,737	-	1,601
	405,639	361,925	352,740	325,197
40 Management Expenses				
	Group		Parent	
		2012		2012
	N'000	N'000	N'000	N'000
Auditors' Remuneration	20,750	17,550	18,000	14,000
Employee Benefits Expense (Note 40a)	1,981,028	2,019,514	1,412,856	1,623,387
Other Management Expenses (Note 40b)	2,336,699	1,862,949	1,958,737	1,587,674
	4,338,477	3,900,013	3,389,593	3,225,061

Notes to the Financial Statements (Cont'd)

40a Employee benefits expense	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Salaries	1,525,763	1,777,374	1,004,411	1,398,034
Defined contribution pension costs	240,347	128,921	232,942	122,352
Defined benefit retirement gratuity costs	214,918	113,220	175,503	103,001
Total employee benefits expense	1,981,028	2,019,514	1,412,856	1,623,387

40b Other Management Expenses				
Travel and Representation	280,179	359,830	235,191	316,723
Advertising	122,286	106,381	98,280	69,878
Occupancy Expenses	331,656	293,302	303,412	265,777
Communication and Postages	40,775	57,496	40,775	44,403
Data Processing	101,352	108,028	91,608	55,417
Office Supply and Stationery	48,472	81,622	48,472	77,685
Fees and Assessments	797,791	336,728	770,287	305,443
Furniture, Equipments and Miscellaneous Expenses	614,188	519,562	370,712	452,347
	2,336,699	1,862,949	1,958,737	1,587,674

41 Impairment	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
41a Impairment to Investment				
Available for sales	579,662	394,617	579,662	383,884
Investment Properties	699,252	-	699,252	-
	1,278,914	394,617	1,278,914	383,884

Impairment in investment properties of N669 million represents the repayment made to PFA in respect of properties acquired at Broad Street transferred to AICO Pension Managers Limited which was subsequently reclaimed by Bayelsa State Government.

41b Impairment	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
41b Impairment to Trade Receivables				
Trade Receivables	949,033	1,212,127	949,033	1,212,127
Reinsurance Assets	190,027	64,912	190,027	64,912
	1,139,060	1,277,039	1,139,060	1,277,039

Notes to the Financial Statements (Cont'd)

42 Income Tax Expense

The major components of income tax expense for the year ended 31 December 2013 and 31 December 2012 are:

42a Current Tax Year Charge	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Current Tax				
Company income tax	569,313	253,106	553,932	240,407
Education tax	38,910	85,222	34,541	83,394
Other taxes	8,356	29,246	8,356	29,246
Prior year adjustment	63,416	245,663	63,416	245,663
Total Current Tax	679,996	613,236	660,245	598,710
Deferred Tax				
Origination of temporary differences	(1,220,325)	150,187	(1,241,051)	131,081
Total Deferred Tax	(1,220,325)	150,187	(1,241,051)	131,081
Total Income Tax Expense	(540,329)	763,424	(580,805)	729,791

42b Tax Recorded in Other Comprehensive Income	Group		Parent	
	2013	2012	2013	2012
Current tax	(35,607)	73,343	(35,607)	73,343
Total Tax Charge to Other Comprehensive Income	(35,607)	73,343	(35,607)	73,343

42c Reconciliation of Tax Charge	Group		Parent	
	2013	2012	2013	2012
(Loss) / Profit before tax	(1,279,555)	2,084,087	(1,510,963)	1,977,754
Tax at Nigerian's statutory income tax rate of 30%	(383,866)	625,226	(453,289)	593,326
Tax differential between tax calculated on statutory tax rate and Tax Computation	961,536	(342,874)	1,015,578	(269,525)
Adjustment to tax charge in respect of Deferred Tax	(1,571,577)	299,633	(1,601,041)	189,609.00
Deferred tax relating to Retirement Benefit obligation charged to Statement of Comprehensive Income	14,578	19,106	14,578	-
Education tax @ 2% of assessable profit	(38,910)	(83,394)	(34,541)	(29,246)
Adjustment to tax charge in respect of prior years	477,910	245,727	477,910	245,727
Total Tax Charge For The Year	(540,329)	763,424	(580,805)	729,791

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders other than tax withheld on payments of the dividend.

43 Dividend paid and proposed	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Declared and paid during the year	-	-	-	-
Equity dividends on ordinary shares:	-	-	-	-
Final dividend for 2012: 8 kobo (2011: 6 kobo)	554,416	415,812	554,416	415,812
	554,416	415,812	554,416	415,812
Proposed for approval at AGM (not recognised as a liability as equity dividends on ordinary shares at 31 December:	-	554,416	-	554,416
Final dividend for 2013: Nil (2012: 8k)	-	554,416	-	554,416

Notes to the Financial Statements (Cont'd)

44(Loss) Earning per share

(Loss) Basic earning per share amounts is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

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

	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Net (Loss)/profit attributable to ordinary shareholders for basic and diluted earnings	(800,463)	1,305,625	(930,158)	1,247,963
Weighted average number of ordinary shares for basic earnings per share	6,930,204	6,930,204	6,930,204	6,930,204
(Loss) Basic earning per ordinary share (kobo)	(11.55)	18.84	(13.42)	18.00
Diluted (loss) earning per Share (Kobo)	(11.55)	18.84	(13.42)	18.00

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

45 Components of other comprehensive Income	Group		Parent	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Actuary loss on defined benefit plan	118,689	(244,476)	118,689	(244,476)
Available-for-sale financial assets: Gains/(losses) arising during the year	452,312	983,928	453,779	984,139
Income tax relating to components of other comprehensive income	(35,607)	73,343	(35,607)	73,343
Other comprehensive income for the year, net of tax	535,394	812,795	536,861	813,006

Notes to the Financial Statements (Cont'd)

46 Reconciliation of profit before tax to cash flows provided by operating activities

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Profit before taxation	(1,279,555)	2,084,087	(1,510,963)	1,977,754
Adjustments for non-cash items:				
Depreciation of property and equipment	395,711	355,907	348,656	323,596
Amortisation of intangible	11,702	6,737	5,857	1,601
Impairment loss on intangible asset	-	-	-	-
Profit from sale of property and equipment	948	(950)	948	(263)
Profit on sale of investment	(1,981,817)	(1,200,537)	(1,981,817)	(1,200,537)
Fair value gains and losses	107,250	(52,000)	107,250	(52,000)
Impairment loss on Investment Properties	-	10,000	-	10,000
Investment income	(2,589,224)	(1,899,677)	(2,533,676)	(1,815,635)
Employee benefit charge	175,503	113,220	175,503	103,001
Impairment loss on trade receivables	(655,716)	1,182,396	(655,716)	1,182,396
Decrease/(increase) in loans and advances	47,409	1,152,712	153,185	1,046,936
Increase/(decrease) in book Overdraft	(175,688)	-	(187,177)	-
(Increase)/decrease in other receivables and prepayment	(1,000,933)	(384,815)	(1,582,878)	(233,145)
(Decrease)/Increase in trade and other payables	(328,255)	175,998	(249,828)	97,571
Decrease/(increase) in Deferred Acquisition Cost	223,004	55,204	223,004	55,204
Increase/(decrease) in life insurance contract liabilities	5,608,479	2,914,315	5,608,479	2,914,315
Increase/(decrease) in non-life insurance contract liabilities	626,807	888,665	534,938	844,396
Increase/(decrease) in investment contract liabilities	1,373,309	765,529	1,373,309	765,529
Increase in trade receivables	2,148,662	(1,235,870)	2,148,663	(1,239,329)
Increase in reinsurance asset	(1,565,498)	(485,268)	(766,282)	(485,268)
(Decrease)/Increase in other payables and accruals	757,069	(177,117)	585,373	(199,915)
Employee obligations paid	(224,096)	(29,116)	(224,096)	(29,116)
Tax paid	(637,521)	(587,919)	(618,382)	(584,461)
Net cash flows from operating activities	1,037,551	3,651,501	954,348	3,482,631

Notes to the Financial Statements (Cont'd)

47 Related party disclosures

47a Transactions with related parties

The Company enters into transactions with its associate and key management personnel in the normal course of business.

The sales to and purchases from related parties are made at normal market prices. Details of significant transactions carried out during the year with related parties are as follows:

	Group		Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Sale of				
Insurance and investment contracts to associate				
Multishield Limited	-	-	-	5,872
AllCO Pension Managers Limited	-	-	-	4,207
Insurance and investment contracts to key management personnel	-	-	-	-
	-	-	-	10,079
Purchase of				
Health services from associate - Multishield Ltd	-	-	-	-
	-	-	-	-

47b Balances with related parties

47bi Receivables from and payables to related parties are, as follows:

	Group		Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Receivables from related parties				
Multishield Ltd	-	-	-	5,945
AllCO Pension Managers Limited	-	-	-	-
	-	-	-	5,945
Payables to related parties				
Multishield Ltd	-	-	-	-
AllCO Pension Managers Limited	-	-	-	-
	-	-	-	-

Outstanding balances at the reporting date are unsecured. Settlement will take place in cash. There was no allowance for impairment on receivables at the reporting date and no bad debt expense in the year.

Notes to the Financial Statements (Cont'd)

47c Compensation of key management personnel

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the year is, as follow:

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Salaries	16,875	16,875	16,875	16,875
Fees	720	720	720	720
Bonuses	-	-	-	-
Other short-term employment benefits	55,585	55,585	55,585	55,585
Post employment pension benefits	-	-	-	-
Total compensation of key management personnel	73,180	73,180	73,180	73,180

48 Contraventions and Penalties Payment

The following contraventions for which payment of penalties was made by the Company were recorded in year under review:

	N'000
Non submission of Premium Income and Claims	1,000
Non rendition of unremitted premium	120
Late submission of 2012 account to Nigerian Stock Exchange	1,500
	2,620

49 Risk Management Framework

49a Government Framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The management recognises the critical importance of having efficient and effective risk Management systems in place. The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a Company policy framework which sets out the risk profiles for the Company, management, control and business conduct standards for the Company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Company.

The board of directors approves the Company risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

49b Capital Management Objectives, Policies and Approach

The Company has established the following capital management objectives, policies and approach in managing the risks that affect its capital position:

- * To maintain the required level of stability of the Company thereby providing a degree of security to policyholders
- * To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- * To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets *To align the profile of assets and liabilities taking account of risks inherent in the business

Notes to the Financial Statements (Cont'd)

- * To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- * To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Company's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator.

Approach to Capital Management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Company is equity shareholders' funds and borrowings.

The Company has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

Available Capital Resources at 31 December 2013	Group	Parent
	Total	Total
Total shareholders' funds per financial statements	10,382,053	10,642,163
Regulatory Required Capital	5,000,000	5,000,000
Excess Capital Reserve	5,382,053	5,642,163

Available Capital Resources at 31 December 2012	Group	Parent
	Total	Total
Total shareholders' funds per financial statements	11,374,297	11,589,876
Regulatory Required Capital	5,000,000	5,000,000
Excess Capital Reserve	6,374,297	6,589,876

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

49c Insurance industry regulator measures the financial strength of Non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement Section 24 of the Insurance Act 2003 define Solvency Margin of a Non-life insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of the Net Premium Income (Gross Premium Income less Reinsurance Premium paid) or the minimum capital base (N 3 billion) whichever is higher.

This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. During the year, the Group has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Group's operations if the Group falls below this requirement.

Notes to the Financial Statements (Cont'd)

The Solvency margin for non-life business as at 31 December is as follows:

SOLVENCY MARGIN COMPUTATION	N'000
TOTAL ADMISSIBLE ASSETS (A)	10,137,472
TOTAL ADMISSIBLE LIABILITIES (B)	5,716,989
NET ADMISSIBLE ASSETS (C)	4,420,483
NET PREMIUM FOR THE YEAR	4,813,386
15 % OF NET PREMIUM	722,008
MIN. PAID UP CAPITAL (SPECIAL RISKS)	3,000,000
NET ADMISSIBLE ASSETS (C)	4,420,483
HIGHER OF MIN PAID UP CAPITAL AND 15% OF NET PREM (D)	3,000,000
SINCE C > D , EXCESS SOLVENCY MARGIN" C-D'	1,420,483
SOLVENCY MARGIN RATIO	147%

49d Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

50 Insurance and Financial Risk

50a Insurance Risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programmed. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

50a1 Life Insurance Contract (Including Investment contract)

Life insurance contracts offered by the Company include: whole life, term assurance and deposit administration. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. Deposit administration is an investment product which accept deposit from clients and other businesses of savings nature by agreeing to pay interest on those deposit for an agreed period.

For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

Notes to the Financial Statements (Cont'd)

The company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. Insurance contracts also entitle the company to pursue third parties for payment of some or all costs. The company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the company.

Key Assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Sensitivities

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Non-Life Insurance Contracts (which comprise general insurance) The Company principally issues the following types of general insurance contracts: fire, motor, casualty, workmen compensation, personal accident, marine and oil and gas. Risks under nonlife insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key Assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Notes to the Financial Statements (Cont'd)

Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

Claims Development Table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Company has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS.

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

Claims Data

The claims data has seven risk groups – Marine, Motor, Casualty, Fire, Personal Accident, Oil and Gas and Workmen Compensation. The combined claims data for all lines of business between 2009 and 2013 are summarized in the table below;

Incremental Development Pattern – Annual Projections

A / Y Year/Dev	1	2	3	4	Claims Paid to Date
2009	492,376	617,246	118,207	38,888	1,306,605
2010	776,419	596,560	212,750	172,030	1,757,759
2011	779,973	1,336,799	223,108	-	2,339,880
2012	796,406	1,448,365	-	-	2,244,771
2013	919,861	-	-	-	919,861

Premium Data

For consistency the total gross and reinsurance premium amounts received by line of business with the amounts recorded in financial accounts and are pleased to report the differences as shown below:

	Gross Premium –Data	Gross Premium–Revenue
Class of Business		
Motor	1,803,453	1,803,777
Workmen Compensation	-	225,948
Fire	2,268,052	2,035,016
Personal Accident	-	155,709
Casualty	1,689,423	1,892,520
Marine	948,071	951,825
Oil and Gas	2,325,415	2,290,068
Travels	326,172	-
Total	9,360,586	9,354,863

Gross Claim Reserving

The claims paid are allocated to claim development years as illustrated below: Of the claims that arose in 2009, N292.37million was paid in 2009 (development year 1), N203.68million in 2010 (development year 2) etc.

Notes to the Financial Statements (Cont'd)

Basic Chain Ladder Method- Gross Motor Claims

Incremental Development Pattern - Annual Projections in naira				
A/Y Year/Dev	1	2	3	4
2009	292,367	203,681	36,530	12,350
2010	394,302	183,616	12,743	331
2011	369,420	229,952	8,594	-
2012	435,484	261,560	-	-
2013	511,222	-	-	-

We then cumulate the claim data as illustrated below. For instance

Cummulative Data

Cummulative Development Pattern - Annual Projections				
A/Y Year/Dev	1	2	3	4
2009	292,367	496,048	532,579	544,929
2010	394,302	577,918	590,661	590,992
2011	369,420	599,372	607,966	614,830
2012	435,484	697,044	721,149	729,291
2013	511,222	812,425	840,530	850,010

We then cumulate the data summing up the claims arising from each accident year until all claims are exhausted.

Unwinding the cumulative payments claims payment is expected to be made till 2017 as follows:

Year of Payment	Amount N'000
2014	332,845
2015	36,936
2016	10,319
2017	967
Total	381,067

We summarise Unearned Premium Reserve (UPR) estimation by class of business below.

Unearned Premium Reserve

Class of Business	Gross UPR	Reinsurance UPR	Net UPR
Motor	562,707	491,985	70,722
Fire	394,162	200,642	193,520
Casualty	301,964	202,827	99,137
Marine	135,184	134,797	387
Oil and Gas	763,099	471,535	291,564
Travels	76,887	20,708	56,179
Total	2,234,003	1,522,493	711,510

Notes to the Financial Statements (Cont'd)

Technical Reserves

We present Gross Claims Technical Reserves under Basic Chain Ladder and Inflation Adjusted Chain Ladder.

Basic Chain Ladder Method

Class of Business	Gross Claim Reserve	Estimated Reinsurance Recoveries	Net Outstanding Claims
	N'000	N'000	N'000
Motor	381,067	31,911	349,156
Workmen Compensation	105,302	39,383	65,919
Fire	488,102	297,338	190,764
Personal Accident	74,569	4,995	69,574
Casualty	505,299	149,999	355,299
Marine	298,363	89,362	209,001
Oil & Gas	787,687	295,675	492,012
Total	2,640,388	908,662	1,731,726
Accounts (Outstanding Claims)	2,238,773	531,860	1,706,913
Difference	401,615	376,802	24,813

Discounted Basic Chain Ladder Method

Class of Business	Gross Claim Reserve	Estimated Reinsurance Recoveries	Net Outstanding Claims
	N'000	N'000	N'000
Motor	341,525	28,402	313,123
Workmen Compensation	91,174	35,583	55,591
Fire	453,030	279,573	173,458
Personal Accident	65,335	4,995	60,340
Casualty	436,715	131,544	305,171
Marine	264,855	81,238	183,617
Oil & Gas	787,687	295,675	492,012
Total	2,440,322	857,010	1,583,312
Accounts (Outstanding Claims)	2,238,773	531,860	1,706,913
Difference	201,549	325,150	(123,601)

Inflation Adjusted Chain Ladder Method

Class of Business	Gross Claim Reserve	Estimated Reinsurance Recoveries	Net Outstanding Claims
	N'000	N'000	N'000
Motor	403,297	35,121	368,176
Workmen Compensation	123,212	40,502	82,710
Fire	508,859	304,777	204,082
Personal Accident	84,976	4,995	79,981
Casualty	580,665	166,229	414,436
Marine	325,835	94,272	231,563
Oil & Gas	787,687	295,675	492,012
Total	2,814,531	941,571	1,872,960
Accounts (Outstanding Claims)	2,238,773	531,860	1,706,913
Difference	575,758	409,711	166,046

Notes to the Financial Statements (Cont'd)

Discounted Inflation Adjusted Chain Ladder Method

Class of Business	Gross Claim Reserve	Estimated Reinsurance Recoveries	Net Outstanding Claims
	N'000	N'000	N'000
Motor	360,763	31,170	329,593
Workmen Compensation	106,356	36,569	69,787
Fire	471,260	286,133	185,128
Personal Accident	74,302	4,995	69,307
Casualty	498,381	145,150	353,231
Marine	288,768	85,702	203,067
Oil & Gas	787,687	295,675	492,012
Total	2,587,518	885,394	1,702,124
Accounts (Outstanding Claims)	2,238,773	531,860	1,706,913
Difference	348,745	353,534	(4,789)

Bornhuetter Fergusson Method

Class of Business	Gross Claim Reserve	Estimated Reinsurance Recoveries	Net Outstanding Claims
	N'000	N'000	N'000
Motor	355,032	41,299	313,733
Workmen Compensation	91,950	19,027	72,923
Fire	721,866	373,969	347,897
Personal Accident	66,533	4,995	61,538
Casualty	547,357	147,634	399,723
Marine	304,394	87,221	217,172
Oil & Gas	787,687	295,675	492,012
Total	2,874,819	969,820	1,904,999
Accounts (Outstanding Claims)	2,238,773	531,860	1,706,913
Difference	636,046	437,960	198,086

Bootstrap Method

Class of Business	Gross Claim Reserve	Estimated Reinsurance Recoveries	Net Outstanding Claims
	N'000	N'000	N'000
Motor	383,678	30,397	353,281
Workmen Compensation	67,211	2,323	64,889
Fire	470,514	293,963	176,551
Personal Accident	71,752	4,995	66,757
Casualty	510,075	175,422	334,653
Marine	271,454	10,867	260,587
Oil & Gas	787,687	295,675	492,012
Total	2,562,372	813,642	1,748,730
Accounts (Outstanding Claims)	2,238,773	531,860	1,706,913
Difference	323,599	281,782	41,817

Notes to the Financial Statements (Cont'd)

Estimated Gross UPR (net of reinsurance)

Class of Business	Gross Claim Reserve	Estimated Reinsurance Recoveries	Net Outstanding Claims
N'000	N'000	N'000	N'000
Motor	562,707	491,985	70,722
Fire	394,162	200,642	193,520
Casualty	301,964	202,827	99,137
Marine	135,184	134,797	387
Oil & Gas	763,099	471,535	291,564
Travels	76,887	20,708	56,179
Total	2,234,003	1,522,493	711,510

Marine

Incremental Development Pattern – Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	23,422	30,443	2,438	386	-
2010	42,586	37,181	16,452	205	-
2011	47,861	12,819	41,687	-	-
2012	34,699	187,968	-	-	-
2013	84,356	-	-	-	-
Cumulative Development Pattern – Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	23,422	53,865	56,302	56,689	56,689
2010	42,586	79,767	96,219	96,424	96,424
2011	47,861	60,681	102,368	102,765	102,765
2012	34,699	222,667	292,083	293,216	293,216
2013	84,356	236,759	310,568	311,773	311,773

Summary of Results

Years	Latest Paid	Dev to Date	Ultimate	IBNR
2009	56,689	100	56,689	-
2010	96,424	100	96,424	-
2011	102,368	100	102,765	397
2012	222,667	76	293,216	70,549
2013	84,356	27	311,773	227,416
Total	562,504	65	860,867.016	298,363

Workmen Compensation					
Incremental Development Pattern – Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	5,472.612	37,201	5,814	711	265,263
2010	21,668.02	45,126	6,960	30,110	-
2011	19,028.97	48,146	21,668	-	-
2012	54,961.59	29,463	-	-	-
2013	13,582.59	-	-	-	-

Notes to the Financial Statements (Cont'd)

Cumulative Development Pattern – Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	5,473	42,673	48,487	49,198	59,463
2010	21,668	66,794	73,753	103,864	104,424
2011	19,029	67,175	88,843	111,243	111,842
2012	54,962	84,424	100,885	126,321	127,003
2013	13,583	35,063	41,899	52,464	52,747

Summary of Results

A /Y year/Dev	Latest Paid	Dev to Date	Ultimate	IBNR
2009	49,463	100	49,463	0
2010	103,864	99	104,424	560
2011	88,843	79	111,842	23,000
2012	84,424	66	127,003	42,578
2013	13,583	26	52,747	39,164
Total	340,176	76	445,478	105,302

Motor

Incremental Development Pattern – Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	292,367	203,681	36,530	12,350	620
2010	394,302	183,616	12,743	331	-
2011	369,420	229,952	8,594	-	-
2012	435,484	261,560	-	-	-
2013	511,222	-	-	-	-

Cumulative Development Pattern – Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	292,367	496,048	532,579	544,929	545,549
2010	394,302	577,918	590,661	590,992	591,664
2011	369,420	599,372	607,966	614,830	615,529
2012	435,484	697,044	721,149	729,291	730,121
2013	511,222	812,425	840,520	850,010	850,977

Summary of Results

Years	Latest Paid	Dev to Date	Ultimate	IBNR
2009	545,549	100	545,549	-
2010	590,992	100	591,664	672
2011	607,966	99	615,529	7,563
2012	697,044	95	730,121	33,076
2013	511,222	60	850,977	339,755
Total	2,952,773	89	3,333,840	381,067

Notes to the Financial Statements (Cont'd)

Fire

Incremental Development Pattern - Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	88,442	99,786	26,907	988	153
2010	153,519	90,803	10,717	2,075	-
2011	232,681	390,814	33,345	-	-
2012	145,488	445,905	-	-	-
2013	161,371	-	-	-	-

Cumulative Development Pattern - Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	88,442	188,229	215,136	216,124	216,276
2010	153,519	244,322	255,039	257,114	257,295
2011	232,681	623,494	656,840	661,118	661,585
2012	145,488	591,393	631,136	635,247	635,696
2013	161,371	428,700	457,509	460,490	460,815

Summary of Results

Years	Latest Paid	Dev to Date	Ultimate	IBNR
2009	216,276	100	216,276	-
2010	257,114	100	257,295	181
2011	656,840	99	661,585	4,745
2012	591,393	93	635,696	44,303
2013	161,371	35	460,815	299,443
Total	1,882,994	84	2,231,667	348,673

Casualty

Incremental Development Pattern - Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	78,130	173,719	29,039	21,996	19,209
2010	157,188	230,734	67,112	24,002	-
2011	108,123	174,116	55,652	-	-
2012	106,965	155,250	-	-	-
2013	141,550	-	-	-	-

Cumulative Development Pattern - Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	78,130	251,849	280,888	302,884	322,093
2010	157,188	387,922	455,034	479,036	509,416
2011	108,123	282,239	337,891	359,011	381,779
2012	106,965	262,215	305,386	324,474	345,052
2013	141,550	372,169	433,444	460,536	489,743

Notes to the Financial Statements (Cont'd)

Summary of Results

Years	Latest Paid	Dev to Date	Ultimate	IBNR
2009	322,093	100	322,093	-
2010	479,036	94	509,416	30,380
2011	337,891	89	381,779	43,888
2012	262,215	76	345,052	82,838
2013	141,550	29	489,743	348,193
Total	1,542,785	75	2,048,083	505,299

Personal Accident

Incremental Chain ladder					
A /Y year/Dev	1	2	3	4	5
2009	4,542	4,914	1,930	1,728	-
2010	5,996	3,249	953	305	-
2011	1,179	12,498	28,606	-	-
2012	18,809	16,419	-	-	-
2013	7,878	-	-	-	-

Cumulative Development Pattern - Annual Projections					
A /Y year/Dev	1	2	3	4	5
2009	4,542	9,456	11,386	13,115	13,115
2010	5,996	9,245	10,197	10,502	10,502
2011	1,179	13,678	42,283	46,267	46,267
2012	18,809	35,228	69,487	76,034	76,034
2013	7,878	17,447	34,414	37,656	37,656

Summary of Results

Years	Latest Paid	Dev to Date	Ultimate	IBNR
2009	13,115	100	13,115	-
2010	10,502	100	10,502	-
2011	42,283	91	46,267	3,984
2012	35,228	46	76,034	40,806
2013	7,878	21	37,656	29,779
Total	109,006	59	183,574	74,569

Notes to the Financial Statements (Cont'd)

50b Financial Risks

50bi Credit Risk

Credit Risk is the risk of loss arising from the failure of a client or counterparty to fulfil its obligations to AllCO Insurance PLC. This Credit Risk Management framework being part of Enterprise Risk Management framework has been prepared and approved to provide broad guidelines for management of Credit Risk in the Insurance Company.

In addition to credit risks arising out of investments and transactions with clients, AllCO actively assumes Credit Risk through the writing of insurance business and the approval and issuance of loans.

AllCO's strategy as Insurance Company does not entail the elimination of Credit Risk but rather to take on Credit Risk in a well-controlled, planned and targeted manner pursuant to its business objectives. Its approach to measuring Credit Risk is therefore designed to ensure that it is assessed accurately in all its forms, and that relevant, timely and accurate Credit Risk information is available to the relevant decision makers at an operational and strategic level at all times.

At a strategic level, AllCO manages its credit risk profile within the constraints of its overall Risk Appetite and structured its portfolio so that it provides optimal returns for the level of risk taken. Operationally, the insurance company Credit Risk Management is governed by the overall risk appetite framework and aims to ensure that the risk inherent to individual exposures or certain business portfolios are appropriately managed through the economic cycle.

The organization is committed to:

- a) Create, monitor and manage Credit Risk in a manner that complies with all applicable laws and regulations;
 - b) Identify Credit Risk in each investment, loan or other activity of the Insurance Company;
 - c) Utilize appropriate, accurate and timely tools to measure Credit Risk;
 - d) Set acceptable risk parameters;
 - e) Maintain acceptable levels of Credit Risk for existing individual credit exposures;
 - f) Maintain acceptable levels of overall Credit Risk for AllCO's Portfolio; and
 - g) Coordinate Credit Risk Management with the management of other risks inherent in AllCO's business activities.
- Unsecured exposures to high risk obligors, transactions with speculative cash flows, Loans in which the Insurance Company will hold an inferior or subordinate position are some of the credit exposures that are considered undesirable by the organization.

50bii Credit Exposure

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2013 and 2012 is the carrying amounts as presented note to the account.

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

50biii Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

This is the potential for loss to the company arising from either its inability to meet its obligations or to fund increases in liabilities as they fall due without incurring unacceptable cost or losses. The Liquidity Risk Management framework which is a segment of ERM framework manual ensures that AllCO is not unduly exposed to Liquidity Risk and is in compliance with regulatory requirements and international best practice with respect to Liquidity Risk Management.

Final authority and responsibility (outlined in the ERM framework) for all activities that expose AllCO to Liquidity Risk Management rests with the Board of Directors and the Board of Directors subsequently, delegates this authority to the Board Investment and Enterprise Risk Management Committee and the Management Executive Committee (EXCO).

Notes to the Financial Statements (Cont'd)

The key elements of the organisation's Liquidity Risk Management Process are:

- Definition of AllCO's Liquidity Strategy.
- Identification of Liquidity Risk
- Measurement of Liquidity Risk
- Controlling, Monitoring and Reporting Liquidity Risk

The Board Investment and Enterprise Risk Management and Management meet monthly to review the liquidity position of the Company

Maturity Profiles

The table that follows summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched. Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.

Maturity Analysis (contractual undiscounted cash flow basis)

31 December, 2013	Carrying amount	0- 3 months	3-6 months	6-9 months	9 months -1 year	Over 1 year	Total
Financial assets	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Loans and advances	1,143,928	216,565	744,579	182,784	-	-	1,143,928
Other Receivables and Prepayments	1,804,167	593,217	1,210,950	-	-	-	1,804,167
Available-for-sales financial assets	15,331,653	2,619,092	965,474	417,000	11,330,087	-	15,331,653
Held to maturity financial assets	2,569,958	50,000	666,507	452,000	1,401,451	-	2,569,958
Reinsurance assets	2,255,233	2,255,233	-	-	-	-	2,255,233
Trade Receivables	35,772	35,772	-	-	-	35,772	35,772
Cash and cash equivalents	8,541,729	8,541,729	-	-	-	-	8,541,729
Total assets	31,682,440	14,311,608	3,587,510	1,051,784	12,731,539	-	31,682,440
Financial liabilities							
Insurance contract liabilities	21,870,036	-	-	-	-	21,870,036	21,870,036
Investment contract liabilities	6,356,398	-	-	-	-	6,356,398	6,356,398
Trade Payables	58,792	58,792	-	-	-	-	58,792
Other Payables and Accruals	1,776,463	1,776,463	-	-	-	-	1,776,463
Book Overdraft	11,489	11,489	-	11,489	-	-	11,489
Total liabilities	30,073,177	1,835,255	-	-	-	28,226,434	30,073,177
Total liquidity gap	1,609,263	12,476,353	3,587,510	1,051,784	12,731,539	(28,226,434)	1,609,263

Notes to the Financial Statements (Cont'd)

31 December, 2012	Carrying amount	0- 3 months	3-6 months	6-9 months	9 months -1 year	Over 1 year	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets							
Loans and advances	1,191,337	263,974	744,579	182,784	-	-	1,191,337
Other Receivables and Prepayments	1,055,714	593,217	462,497	-	-	-	1,055,714
Available-for-sales financial	9,465,000	2,619,092	965,474	417,000	5,463,434	-	9,465,000
Held to maturity financial assets	1,787,288	50,000	666,507	452,000	618,781	-	1,787,288
Reinsurance assets	689,735	689,735	-	-	-	-	689,735
Trade Receivables	2,184,434	-	-	-	-	2,184,434	2,184,434
Cash and cash equivalents	9,721,659	9,721,659	-	-	-	-	9,721,659
Total assets	26,095,166	13,937,677	2,839,057	1,051,784	6,082,215	2,184,434	26,095,166
Financial liabilities							
Insurance contract liabilities	15,576,898	-	-	-	-	15,576,898	15,576,898
Investment contract liabilities	4,983,089	-	-	-	-	4,983,089	4,983,089
Trade Payables	387,047	387,047	-	-	-	-	387,047
Other Payables and Accruals	969,394	969,394	-	-	-	-	969,394
Book Overdraft	187,177	187,177	-	-	-	-	187,177
Total liabilities	22,103,605	1,543,618	-	-	-	20,559,987	22,103,605
Total liquidity gap	3,991,561	12,394,059	2,839,057	1,051,784	6,082,215	(18,375,553)	3,991,561

Notes to the Financial Statements (Cont'd)

The table below summarises the expected utilisation or settlement of assets and liabilities.

Maturity analysis on expected maturity bases

	Current	Non-current	Total
31 December, 2013	N'000	N'000	N'000
Cash and Cash Equivalents	8,541,729		8,541,729
Trade Receivable	35,772		35,772
Reinsurance Assets	2,255,233		2,255,233
Financial Assets:			
Available For Sale Financial Assets		15,331,653	15,331,653
Loans and Receivables		1,143,928	1,143,928
Held To Maturity Financial Assets		2,569,958	2,569,958
Deferred Tax Asset		2,907,536	2,907,536
Investment In Subsidiaries		-	-
Investment Properties		1,190,000	1,190,000
Property and Equipment		4,657,122	4,657,122
Other Receivables and Prepayments		1,804,167	1,804,167
Statutory Deposit		500,000	500,000
Goodwill and Other Intangible Assets		878,603	878,603
	10,832,734	30,982,968	41,815,702
Trade Payables	58,792		58,792
Other Payables and Accruals	1,776,463		1,776,463
Book Overdraft	11,489		11,489
Current Tax Payable	690,564		690,564
Dividend Payable	34,154		34,154
Deferred Tax Liability		151,780	151,780
Retirement Benefit Obligations		528,021	528,021
Investment Contract Liabilities		6,356,398	6,356,398
Insurance Contract Liabilities		21,870,036	21,870,036
Total liabilities	2,571,461	28,906,235	31,477,696

Notes to the Financial Statements (Cont'd)

	Current	Non-Current	Total
31 December, 2012	N'000	N'000	N'000
Cash and Cash Equivalents	9,721,659	9,721,659	
Trade Receivable	2,184,434	2,184,434	
Reinsurance Assets	689,735	689,735	
Financial Assets:			
Available For Sale Financial Assets		9,465,000	9,465,000
Loans and Receivables		1,191,337	1,191,337
Held To Maturity Financial Assets		1,787,288	1,787,288
Deferred Tax Asset		1,502,062	1,502,062
Investment In Subsidiaries		-	-
Investment Properties		760,000	760,000
Property and Equipment		4,745,310	4,745,310
Other Receivables and Prepayments		1,055,714	1,055,714
Statutory Deposit		500,000	500,000
Goodwill and Other Intangible Assets		894,005	894,005
	12,595,828	21,900,715	34,496,543
Trade Payables	387,047	387,047	
Other Payables and Accruals	969,394	969,394	
Book Overdraft	187,177	187,177	
Current Tax Payable	648,089	648,089	
Dividend Payable	10,041		10,041
Deferred Tax Liability		34,957	34,957
Retirement Benefit Obligations		695,303	695,303
Investment Contract Liabilities		4,983,089	4,983,089
Insurance Contract Liabilities		15,576,898	15,576,898
Total liabilities	2,201,748	21,290,247	23,491,995

Notes to the Financial Statements (Cont'd)

50ciii Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Company follows an Asset-Liability matching framework in ERM framework. The liabilities and the assets that fund them are matched closely in currency and duration to mitigate material exposed to changes in currency values and interest rates. Value-at-Risk model, stress test and Asset-Liability gap analysis are used to measure market risk. Value-at-risk is a risk measurement tool used by the Company to measure the organisation exposure to market risk under normal market condition over a weekly time horizon. This is complement by stress tests when markets are observed to be turbulent.

Performance and Risk Reports are presented to senior management at the Department for better decision making process.

Policy set for asset allocation and portfolio limit structure are monitored and reported appropriately. This is to ensure assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders in accordance with expected benefits,

(a) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates dollar account for its oil and gas dollar transactions. All its payment and receivable in dollars are done through his account. The company being conservative, benchmarks it naira-dollars rate at N150.

This mitigates the foreign currency exchange rate risk for the oil and gas transactions.

(b) Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fixed interest rate instruments expose the Company to fair value interest risk. Floating rate instruments expose the company to cash flow interest risk.

The company has no significant concentration of interest rate risk. As stated in the Company Asset Allocation Policy Manual the investment portfolio is appropriately mixed to mitigate interest rate risk. The investment portfolio contains fixed interest rate with different durations to diversify the inherent interest rate risk.

(c) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities.

The Company invests a portion of its funds in marketable equity securities. The effects of diversification (the purchase of stocks from two industries that are somewhat opposed to each other in their functions) and the relatively small size of its investments in equities relative to total investments mitigate its exposure to equity price risk. The portion of its funds allocated to equity investment is twenty-five per cent as contained in its Asset Allocation Policy Manual and this is invested in stocks in different sections and this limit is constantly monitored by ERM department.

Objective analysis is conducted regularly to reveal specific asset class exposure. The company ensures that assets are adequately spread considering the safety and returns. Therefore, finding a good balance help reduce some of the price risks in equity.

Price risk management approach whereby standing orders to take a short or long position at predetermined price level is also used to lessen any potential impacts of devaluation.

(d) Operational Risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and

Notes to the Financial Statements (Cont'd)

by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

The company's approach to Operational Risk Management was embedded within the ERM Framework manual which set out operational risk management standards and objectives for all key underlying business and support processes. The policy:

- a) Govern risk management in all business activities;
- b) Facilitate the identification, measurement, management, monitoring and review of risk activities; and
- c) Reflect the internal and external environment within which the business activities take place.

51 Contingencies and Commitments

(a) Legal Proceedings and Regulations

At the balance sheet date, there were several lawsuits with claims amounting to N2.3 billion against the Company. The directors are of the opinion that the Company will not incur any significant loss with respect to these claims and accordingly, no provisions have been made in the accompanying financial Statements.

(b) Capital Commitments and Operating Leases

The Company has no Capital commitments at the reporting date.

52 Directors Emoluments

	Group		Parent	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Emolument	54,932	49,515	42,107	47,265
Fees	745	720	745	720
	55,677	50,235	42,852	47,985
Chairman	7,820	6,070	4,770	5,720
The highest paid Director	12,820	17,422	9,770	12,172

The number of Directors (including the Chairman) whose emoluments were within the following range were:

	Group		Parent	
	2013	2012	2013	2012
	No	No	No	No
1,000,001-1,500,000	0	16	-	6
2,000,001- Above	1	3	-	3
	1	19	-	9

53 Staff

The average number of person employed at the end of the period was:

	Group		Parent	
	2013	2012	2013	2012
	No	No	No	No
Managerial	154	65	64	57
Senior staff	325	308	309	293
Junior staff	92	111	26	27
	571	484	399	377

Notes to the Financial Statements (Cont'd)

53a The staff cost for the above persons were:

	Group		Parent	
	2013 N000	2012 N000	2013 N000	2012 N000
Wages & Salaries	804,374	1,777,374	648,942	1,398,034
Other staff costs	884,156	242,141	794,457	225,353
	1,688,530	2,019,515	1,443,399	1,623,387

53b The number of employees in receipt of emoluments (excluding pensions and allowances) above 60000 in the year were:

	Group		Parent	
	No	No	No	No
60,000-100,000	7	-	7	-
100,001-150,000	56	73	56	60
150,001-200,000	106	136	106	103
200,001-250,000	66	78	66	62
250,001-300,000	61	52	45	39
300,001-350,000	88	31	34	26
350,001-400,000	15	17	10	13
400,000-Above	172	97	75	74
	571	484	399	377

54 Comparative Figures

Certain comparative figures have been reclassified in line with the presentation in the current year for a more meaningful comparison and in line with IFRS requirement.

55 Post year end events

There were no post year end events which could have material effect on the state of affairs of the Group at 31st December 2013 and on the profit for the year ended on that which have not been adequately recognized or disclosed in the Group financial statements.

Group Statement of Value Added

	2013		2012	
	N000	%	N000	%
Gross Premium Written:				
Local	23,602,618		21,273,100	
Foreign	-		-	
Other Income:				
Local	413,776		538,501	
Foreign	-		-	
	24,016,394		21,811,601	
Bought in Martial and Services:				
Local	(23,500,609)		(16,946,272)	
Foreign				
Value Added	515,785	100	4,865,329	100

Applied as follows:

	2013	%	2012	%
Employees Salaries and other employees benefits	1,981,152	384.10	2,019,514	41.51
Provider of Capital				
Non-Controlling Interest	61,237	11.87	15,038	0.31
Government Taxation	679,996	131.84	613,236	12.60
Retention and Expansion				
Depreciation	405,639	78.65	361,925	7.44
Contingency reserves	441,049	85.51	399,803	8.22
Retained profits for the year	(1,832,964)	(355.37)	1,305,625	26.84
Deferred Taxation	(1,220,325)	(236.60)	150,187	3.09
Value Added	515,785	100	4,865,329	100

Value added represents the additional wealth the company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

Company Statement of Value Added

	2013		2012	
	N000	%	N000	%
Gross Premium Written:				
Local	22,830,564		20,716,780	
Foreign	-			
Other Income:				
Local	324,904		531,899	
Foreign	-			
	23,155,468		21,248,679	
Bought in Material and Services:				
Local	(22,956,767)		(16,174,724)	
Foreign				
Value Added	198,701	100	5,073,955	100
Applied as follows:				
Employees Salaries and other employees benefits	1,412,856	711.05	1,623,387	32
Government Taxation	660,245	332.28	598,774	12
Retention and Expansion				
Depreciation	352,740	177	325,197	6
Contingency reserves	415,403	209	399,803	8
Retained profits for the year	(1,401,492)	(705.3)	1,995,712	39
Deferred Taxation	(1,241,051)	(624.6)	131,081	3
Value Added	198,701	100	5,073,955	100

Value added represents the additional wealth the company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

Revenue Account-General Business

Note	Fire	Motor	Casualty	Workmen Comp.	Marine	Personal Accident	Special Oil	Total Dec-13	TOTAL Dec-12
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Direct Premium	2,019,226	1,795,029	1,878,185	224,866	919,072	155,709	2,288,007	9,280,092	9,582,541
Inward Premium	15,790	8,748	14,335	1,083	32,753	-	2,061	74,769	49,241
Gross Premium Written	2,035,016	1,803,777	1,892,520	225,948	951,825	155,709	2,290,068	9,354,862	9,631,783
Increase in Unexpired Risks	242,050	88,348	(11,635)	(4,656)	27,348	5,768	(546,633)	(199,409)	(67,617)
Gross Premium Earned	2,277,066	1,892,124	1,880,885	221,293	979,173	161,476	1,743,435	9,155,453	9,564,165
Reinsurance Cost	(1,309,778)	(527,447)	(596,853)	(113,453)	(564,362)	(12,488)	(1,217,686)	(4,342,067)	(3,582,089)
Net Premium Earned	967,288	1,364,678	1,284,032	107,839	414,811	148,989	525,749	4,813,386	5,982,076
Commission received	151,039	46,239	232,507	10,540	167,461	3,893	205,243	816,922	468,276
Total Income	1,118,327	1,410,916	1,516,540	118,379	582,272	152,882	730,992	5,630,307	6,450,352
Direct claims paid	827,310	654,750	227,702	427,309	281,613	13,647	563,328	2,995,660	2,424,417
Incr./Decr. in Outstanding Claims	(64,294)	253,817	(111,340)	3,539	126,228	41,236	232,737	481,922	776,779
Gross Claims Incurred	763,016	908,567	116,362	430,848	407,842	54,883	796,065	3,477,582	3,201,195
Reinsurance Recovery	(458,767)	(288,952)	(103,735)	(47,847)	(72,592)	(23,262)	(706,956)	(1,702,111)	(1,396,725)
Net Claims Incurred	304,249	619,615	12,626	383,001	335,250	31,621	89,110	1,775,471	1,804,470
Commission paid	205,587	182,224	305,088	35,973	125,307	26,093	7,770	888,041	1,230,731
Acquisition costs	78,700	105,792	31,115	12,446	46,673	21,781	15,558	312,064	42,577
Maintenance costs	44,727	126,922	100,038	4,490	25,540	10,154	(9,828)	302,044	285,119
Underwriting expenses	633,263	1,034,553	448,868	435,910	532,769	89,648	102,609	3,277,620	3,362,897
Underwriting profit	485,064	376,363	1,067,672	(317,531)	49,502	63,234	628,383	2,352,687	3,087,455

Financial Summary-Group

	IFRS				NGAAP	
	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010		
Assets	N'000	N'000	N'000	N'000		
Cash and Cash Equivalents	8,541,729	9,721,659	6,899,852	7,120,181	Cash and Bank Balance	1,827,516
Trade Receivable	35,772	2,184,434	2,050,888	1,153,217	Short Term Investment	7,573,951
Reinsurance Assets	2,255,233	689,735	204,467	145,718	Prerium Debtors	751,908
Deferred Acquisition Cost	285,133	508,137	563,341	390,927	Other Debtors and Prepayments	1,524,817
Financial Assets	19,045,540	12,443,624	10,255,310	12,009,254	Deferred Acquisition Cost	105,858
Investment in Associate	-	-	23,386	18,988	Deferred Tax Asset	786,086
Deferred Tax Asset	2,907,536	1,502,062	1,413,756	1,293,689	Long Term Investment	7,333,442
Investment Properties	1,190,000	760,000	718,000	733,364	Investment Properties	93,876
Property and Equipment	4,657,122	4,745,310	4,188,629	3,444,381	Investment in Subsidiaries	-
Other Receivables and Prepayments	1,804,167	1,105,714	670,899	319,720	Goodwill	1,166,610
Statutory Deposit	500,000	500,000	500,000	500,000	Statutory Deposit	500,000
Goodwill and Other Intangible Assets	878,603	894,005	855,788	859,346	Fixed Assets	3,240,160
Total Assets	42,100,835	35,054,680	28,344,316	27,988,785		24,904,224
Liabilities						
Trade Payables	58,792	387,047	211,049	425,635	Creditors and Accruals	2,714,112
Other Payables and Accruals	1,776,463	969,394	1,146,511	1,388,538	Intercompany Balance	-
Book Overdraft	11,489	187,177	412,760	212,921	Prov for Out. Claims	938,984
Current Tax Payable	690,564	648,089	482,357	572,817	Insurance Fund	5,736,818
Dividend Payable	34,154	10,041	10,041	10,053	Depositor Administration	1,878,798
Deferred Tax Liability	151,780	34,957	23,917	52,233	Dividend Payable	10,080
Retirement Benefit Obligations	528,021	695,303	376,942	305,634	Tax Payable	709,497
Investment Contract Liabilities	6,356,398	4,983,089	4,217,560	3,603,369	Deferred Tax Liabilities	76,985
Insurance Contract Liabilities	21,870,036	15,576,898	11,773,918	7,116,312		
Irredeemable Preference shares	50,000	50,000	-	-		
Non-Controlling Interest	241,086	138,387	83,320	90,431		
Total liabilities	31,768,782	23,680,382	18,738,375	13,777,943		12,065,274
Net Assets	10,332,056	11,374,297	9,605,941	14,210,842		12,838,950
Equity						
Issued Share Capital	3,465,102	3,465,102	3,465,102	4,400,102	Issued Share Capital	3,520,082
Share Premium	2,824,389	2,824,389	2,824,389	5,764,506	Share Premium	5,764,506
Revaluation Reserves	1,029,009	1,029,009	1,029,009	1,029,009	Bonus Issue Reserves	880,020
Available-For-Sale Reserve	1,913,995	1,461,683	475,506	800,519	Fixed Asset Revaluation Reserves	1,029,009
Contingency Reserve	2,506,775	2,065,726	1,665,923	1,312,930	Contingency Reserve	948,958
Retained Earnings	(1,407,214)	528,387	146,011	903,775	Quoted Inv Rev Reserves	467,832
General Reserves	228,543					
Shareholders' Fund	10,332,056	11,374,297	9,605,941	14,210,842		12,838,950
Gross Premium Written	23,602,618	21,273,100	18,444,704	14,952,247	Gross Premium Written	8,799,198
Gross Premium Income	23,316,026	21,070,249	14,699,104	14,625,130	Gross Premium Income	8,795,934
Net Premium Income	18,228,214	16,083,926	12,383,360	13,131,863	Net Premium Income	8,198,817
Other Revenue	4,683,287	4,675,157	2,147,322	1,162,439	Other Revenue	1,931,649
Total Revenue	22,911,501	20,759,084	14,530,682	14,294,302	Total Revenue	10,130,466
Net Benefits and Claims	(6,784,084)	(4,938,591)	(6,266,725)	(10,187,746)	Net Benefits and Claims	(6,510,663)
Other Expenses	(11,256,664)	(9,720,499)	(7,830,868)	(2,736,459)	Other Expenses	(2,807,493)
Total Benefits, Claims and Other Expenses	(18,040,748)	(14,659,090)	(14,097,592)	(12,924,205)	Total Benefits, Claims and Other Expense	(9,318,156)
(Loss) / Profit Before Taxation	(1,279,555)	2,084,087	433,090	1,230,252	Profit Before Taxation	837,527
(Loss) / Profit After Taxation	(739,226)	1,320,663	(28,381)	1,117,597	(Loss) / Profit After Taxation	1,002,729
Contingency Reserve	(441,049)	(399,803)	(352,993)	(363,971)	Contingency Reserve	(231,387)
Retained Loss / Profit	(1,935,605)	382,374	(28,381)	753,626	Retained Profit for the year.	771,342
Other Comprehensive Income, Net of Tax	535,394	812,795	(362,004)	(325,013)		-
Total Comprehensive Income/(Loss) for the year	(203,832)	2,133,458	(390,385)	428,613		-
(Loss)/Earning per share	(11.55)	18.84	0.31	12.7	Earning per share	14.24

Financial Summary-Parent

	IFRS				NGAAP	
	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011	1 Jan. 2011		
Assets	N'000	N'000	N'000	N'000		
Cash and Cash Equivalents	7,700,467	8,584,780	6,807,936	7,007,094	Cash and Bank Balance	666,284
Trade Receivable	35,772	2,184,434	2,050,888	1,153,217	Short Term Investment	4,526,679
Reinsurance Assets	2,255,233	689,735	204,467	145,718	Premium Debtors	310,830
Deferred Acquisition Cost	285,133	508,137	563,341	390,927	Other Debtors and Prepayments	1,391,865
Financial Assets	18,536,812	12,532,840	10,464,452	12,227,978	Deferred Acquisition Cost	-
Investment in Associate	-	-	20,770	20,201	Deferred Tax Asset	786,086
Deferred Tax Asset	2,741,784	1,305,111	1,214,499	1,066,398	Long Term Investment	6,553,836
Investment in Subsidiaries	1,619,479	1,557,945	464,769	464,769	Investment Properties	93,876
Investment Properties	1,190,000	760,000	718,000	733,364	Investment in Subsidiaries	4,000,000
Property and Equipment	4,493,862	4,582,294	4,151,305	3,402,626	Goodwill	1,166,610
Other Receivables and Prepayments	1,495,485	776,376	543,231	219,373	Statutory Deposit	200,000
Statutory Deposit	500,000	500,000	500,000	500,000	Fixed Assets	2,383,587
Goodwill and Other Intangible Assets	864,914	886,436	851,204	855,571		
Total Assets	41,718,941	34,868,087	28,554,862	28,187,236		22,079,653
Liabilities						
Trade Payables	58,792	308,620	211,049	387,779	Creditors and Accruals	1,896,109
Other Payables and Accruals	1,491,267	905,894	1,105,809	1,388,538	Intercompany Balance	1,726,785
Book Overdraft	-	187,177	412,760	212,921	Prov for Out. Claims	239,668
Current Tax Payable	665,405	623,542	478,148	570,362	Insurance Fund	4,977,598
Dividend Payable	10,041	10,041	10,041	10,053	Depositor Administration	1,878,798
Deferred Tax Liability	144,416	31,917	23,917	52,233	Dividend Payable	10,080
Retirement Benefit Obligations	528,021	695,303	376,942	305,634	Tax Payable	263,299
Investment Contract Liabilities	6,356,398	4,983,089	4,217,560	3,603,369	Deferred Tax Liabilities	-
Insurance Contract Liabilities	21,822,439	15,532,629	11,773,918	7,116,312		
Total liabilities	31,076,778	23,278,212	18,610,144	13,647,201		10,992,337
Net Assets	10,642,163	11,589,876	9,944,720	14,540,035		11,087,316
Equity						
Issued Share Capital	3,465,102	3,465,102	3,465,102	4,400,102	Issued Share Capital	3,520,082
Share Premium	2,824,389	2,824,389	2,824,389	5,764,506	Share Premium	5,764,506
Revaluation Reserves	1,029,009	1,029,009	1,029,009	1,029,009	Bonus Issue Reserves	880,020
Available-For-Sale Reserve	1,913,424	1,459,645	475,506	800,519	Fixed Asset Revaluation Reserves	764,538
Contingency Reserve	2,481,129	2,065,726	1,665,923	1,312,930	Contingency Reserve	557,516
Retained Earnings	(1,070,890)	746,005	484,791	1,232,969	Quoted Inv Rev Reserves	414,695
General Reserves	(814,041)					
Shareholders' Fund	10,642,163	11,589,876	9,944,720	14,540,035		11,087,316
Gross Premium Written	22,830,564	20,716,780	18,444,704	8,214,706	Gross Premium Written	4,899,678
Gross Premium Income	22,543,972	20,513,929	14,699,104	8,214,706	Gross Premium Income	4,899,678
Net Premium Income	17,763,366	15,527,606	12,383,360	8,077,041	Net Premium Income	4,586,296
Other Revenue	3,898,252	4,123,089	1,768,881	742,955	Other Revenue	194,859
Total Revenue	21,661,619	19,650,695	14,152,242	8,819,996	Total Revenue	4,781,155
Net Benefits and Claims	(6,784,084)	(4,938,591)	(6,266,725)	(7,861,406)	Net Benefits and Claims	(4,533,617)
Other Expenses	(10,238,190)	(8,718,443)	(7,445,438)	(997,613)	Other Expenses	(1,208,124)
Total Benefits, Claims and Other Expenses	(17,022,274)	(13,657,034)	(13,712,163)	(8,859,019)	Total Benefits, Claims and Other Expenses	(5,741,741)
Profit/(Loss) Before Taxation	(1,510,963)	1,977,754	440,079	(178,868)	Profit Before Taxation	(75,761)
Profit/(Loss) After Taxation	(930,158)	1,247,963	(11,684)	(26,912)	Profit After Taxation	189,411
Contingency Reserve	(415,403)	(399,803)	(352,993)	(82,147)	Contingency Reserve	(48,962)
Retained Profit for the year.	(1,345,561)	848,160	(364,677)	(109,059)	Retained Profit for the year.	140,449
Other Comprehensive Income, Net of Tax	536,861	813,006	(362,004)			
Total Comprehensive Income/(Loss) for the year	(393,297)	2,060,969	(373,688)			
(Loss)/Earnings per share	(13.42)	18.10	(0.17)	(0.31)	Earnings per share	2.69

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DONALD KANU
 Company Secretary/Legal Adviser

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 STATUTORY DOCUMENTS OF AIICO INSURANCE PLC TO ME THROUGH:

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ELECTRONIC COPY VIA A COMPACT DISC (CD) SENT TO MY POSTAL ADDRESS
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 I WILL DOWNLOAD FROM THE WEB ADDRESS FORWARDED TO MY E-MAIL
 ADDRESS STATED BELOW.
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DESCRIPTION OF SERVICE

By enrolling in electronic delivery service, you have agreed to receive future announcements/shareholder communication materials stated above by E-mail/Compact Disc (CD)/Internet Address (URL). These materials can be made available to you electronically either semi annually or annually. Annual Report, Proxy Form, Prospectus and Newsletter are examples of shareholder communications that can be made available to you electronically. The subscription enrolment will be effective for all your holdings in AIICO INSURANCE PLC on an ongoing basis unless you change or cancel your enrolment. This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to shareholders by electronic means"

.....
 Name (Surname First)

.....
 Signature and Date

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**The Managing Director
United Securities Limited
10, Amodu Ojikutu Street,
Off Bishop Oluwole Street
Victoria Island,
Lagos**

Application Form

For e-bonus and e- dividend

Dear Shareholder(s)

SHAREHOLDER'S DATA UPDATE

In our quest to update shareholders data with the current technology in the capital market (i.e. e bonus and e-dividend), we request you to complete this form with the following information:

NAME OF SHAREHOLDER / CORPORATE SHAREHOLDER AND CURRENT ADDRESS:

REGISTRARS' USE

NAME OF COMPANY IN WHICH YOU HAVE SHARES

AICO Insurance Plc.

Please notify our Registrars, United Securities Ltd of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
AICO INSURANCE PLC.

DONALD KANU
Company Secretary/Legal Adviser

SIGNATURE / RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use Company seal

Note: **Please be informed that by filling and sending this to our Registrars, United Securities Limited, for processing, you have applied for the e-dividend and e-Bonus; Thereby, authorizing AICO Insurance Plc to credit your account (in respect of dividends and bonuses electronically.)

PLEASE COMPLETE AND RETURN TO:
United Securities Limited
10, Amodu Ojikutu Street, Off Bishop Oluwole Street
Victoria Island, Lagos.

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**The Managing Director
United Securities Limited
10, Amodu Ojikutu Street,
Off Bishop Oluwole Street
Victoria Island,
Lagos**

Unclaimed Dividends And Share Certificates

FOR YEAR ENDED DECEMBER 31st 2013

AllCO had declared the following dividends and made public issues including bonuses since it became a public company in July 1989

DIVIDEND NO	DATE
01	15th November, 1990
02	20th November, 1991
03	23rd August, 1993
04	17th October, 1994
05	29th May, 1995
06	5th October, 1998
07	20th September, 2001
08	18th August, 2003
09	8th September 2004
10	25th October, 2010
11	27th July, 2011
12	2nd July, 2012

ISSUES

Allotment '90
 Rights '93
 Bonus '94
 Bonus '95
 Bonus '96
 Bonus '97
 Bonus 2001
 Bonus 2003
 Rights 2003
 Bonus 2005
 Public offer 2005
 Rights 2005
 Bonus 2006
 Public offer 2007
 Bonus 2008

According to our record, some unpaid dividend warrants have not been returned to the company for revalidation and subsequent payment. Also, about 67,831 share certificates have been returned unclaimed. Details are as contained in the CD already circulated to members.

Affected AllCO shareholders are hereby requested to contact the following address for collection of their dividend warrants or/and certificates yet unclaimed.

For dividend warrants and share certificates please contact:

The Registrar
 United Securities Limited
 10, Amodu Ojikutu Street
 Off Bishop Oluwole Street
 Victoria Island
 Lagos.

PROXY FORM

Annual General Meeting to be held at 11am on Tuesday 5th August 2014 at Transcorp Hotels, 10, Murtala Mohammed Highway, Calabar.

I/We.....

Being a member/members of AIICO Insurance Plc hereby appoint*

.....

Or failing him the Chairman of the Company as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the Tuesday 5th August 2014 and at any adjournment thereof.

Dated this.....Day of.....2014

Shareholder's Signature.....

*Delete as necessary

- (i) A member (Shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.
- (ii) In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.
- (iii) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.
- (iv) Provision has been made on this form for the Chairman of the Company to act as proxy, but if you wish, you may insert in the blank space on the form (marked**) the name of any person whether a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.
- (v) The Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 requires that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear a Stamp Duty of three (3) kobo.
- (vi) The proxy must produce the Admission Slip sent with the Notice of Meeting to obtain entrance to the Meeting

ADMISSION SLIP AIICO INSURANCE PLC

Please admit.....to the Annual General Meeting of AIICO Insurance Plc which will be held at Transcorp Hotels, 10, Murtala Mohammed Highway, Calabar on 5th August 2014 at 11am. The Admission Slip must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.



Donald Kanu
 Company Secretary

Name & Address of Shareholder..... Number of Shares.....

Resolutions		For	Against
1	To receive the Reports and Financial Statements		
2	To Re-elect Mr. H.G.Aswani (Alternate Kundain Sainani)		
3	To Re-elect Senator Tokunbo Ogunbanjo		
4	To Elect Mr. Edwin F. Igbiti		
5	To approve Director's Remuneration		
6	To authorize the Directors to appoint and fix remuneration of the auditors		
7	To Elect/re-elect shareholders as members of the Statutory Audit Committee		

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**The Managing Director
United Securities Limited
10, Amodu Ojikutu Street,
Off Bishop Oluwole Street
Victoria Island,
Lagos**

Share Capital History

For the Year Ended December 31st 2013

DATE	AUTHORISED SHARED CAPITAL INCREASE =N='000	CUMULATIVE =N='000	ISSUED SHARE CAPITAL INCREASE =N='000	CUMULATIVE =N='000	CONSIDERATION
1970	-	200,000	-	57,304	CASH
1976	400,000	600,000	384,212	451,516	BONUS
1977	1,400,000	2,000,000	748,484	1,200,000	BONUS
1887	-	2,000,000	800,000	2,000,000	BONUS
1989	8,000,000	10,000,000	2,000,000	4,000,000	BONUS
1993	15,000,000	25,000,000	6,000,000	10,000,000	CASH
1994	75,000,000	100,000,000	10,000,000	20,000,000	BONUS
1995	-	100,000,000	10,000,000	30,000,000	BONUS
1996	-	100,000,000	20,000,000	50,000,000	BONUS
1997	100,000,000	200,000,000	50,000,000	100,000,000	BONUS
2002	300,000,000	500,000,000	50,000,000	150,000,000	BONUS
2003	-	500,000,000	200,000,000	350,000,000	BONUS/CASH
2004	500,000,000	1,000,000,000	-	350,000,000	-
2005	1,500,000,000	2,500,000,000	350,000,000	700,000,000	BONUS
2006	-	2,500,000,000	457,765,688	1,157,765,688	CASH
2006	-	2,500,000,000	175,000,000	1,332,765,688	BONUS
2007	2,500,000,000	5,000,000,000	318,864,000	1,651,629,688	CONSOLIDATION
2007	-	5,000,000,000	222,128,000	1,873,757,688	BONUS
2008	-	5,000,000,000	1,611,580,000	3,485,337,688	CASH
2009	-	5,000,000,000	34,744,792	3,520,082,480	CONSOLIDATION
2009	-	5,000,000,000	880,020,000	4,400,102,480	BONUS
2010	-	5,000,000,000	-	4,420,102,480	-
2011	-	5,000,000,000	-	4,400,102,480	-
2012	-	5,000,000,000	-	4,420,102,480	-
2013	2,500,000,000	5,000,000,000	-	4,420,102,480	-

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AIICO Plaza, Plot PC 12, Churchgate Street, Victoria Island, P.O.Box 2577, Lagos, Nigeria
Tel: 07000 AIICARE (07000 2442273). Email: aiicare@aiicopl.com Website: www.aiicopl.com

RC: 7340
AIICO INSURANCE
AMERICAN INTERNATIONAL

...Stability assured



Our Subsidiaries: AIICO Capital Limited | AIICO Pension Managers Limited (APML) | Multishield Limited

AIICO Plaza
Plot PC 12 Churchgate Street, Victoria Island, Lagos, Nigeria. Tel: 234-1-2792930 | 0700 0AICARE (0700 02442273)
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