Thriving in Changing Times

Annual Report& Accounts// 2012

LEADWAY
ASSURANCE COMPANY LIMITED
RC 7588

THRIVING IN CHANGING TIME

Change is the only thing constant in life.
At Leadway, we embrace this ideal knowing
that overall we become refined and better for it.
Our 2012 Report is accordingly a
touchstone for upholding the dynamics of this change,
showing that through thick and thin, we thrive.
We are your partners...through life,
through times.

Mission Statement

" A service provider of choice, bringing insurance as a risk management tool to the consciousness of all; adding value to our clients and other stakeholders, in an efficient and reliable manner"

Contents

AGM Report:
Business Review

This section provides information about the AGM and the Chairman's review of the business. It also contains background market information, the six core elements of our strategy (iSCORE).

Directors' Report:
Corporate Governance

This section provides information about the Board of Directors and senior management, in addition to the governance framework under which the Group operates.

Financial Statements
Group Financial Statements

This section contains statutory information on the Group and parent company account as well as Shareholder Information.

“iSCORE”

Integrity
Service
Customer Focus
Openness
Respect For Individual
Excellence

LEADWAY
ASSURANCE COMPANY LIMITED
RC 7588

Notice of Annual General Meeting

Notice of the 41st Annual General Meeting

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of LEADWAY ASSURANCE COMPANY LIMITED will be held at the Conference Hall of Protea Hotel Leadway, No 1, Mogambo Close, Maryland Estate, Ikeja, Lagos on Monday, 23rd September, 2013 at 11.30 am for the following purposes:

Ordinary Business

1. To adopt the reports of the Directors and Auditors, including the Statement of Accounts for the year ended 31st December, 2012.
2. To declare a dividend.
3. To elect and re-elect the Directors of the Company.
4. To transact any other business that may be transacted at an Annual General Meeting, viz:
   To consider and if thought fit pass the following resolutions:

5. That the Directors be and are authorized to appoint and fix the remunerations of new auditors in the place of Messrs. KPMG Professional Services whose period of office comes to an end at the conclusion of this meeting.

BY ORDER OF THE BOARD

Adetola Adegbayi
Company Secretary

NOTES

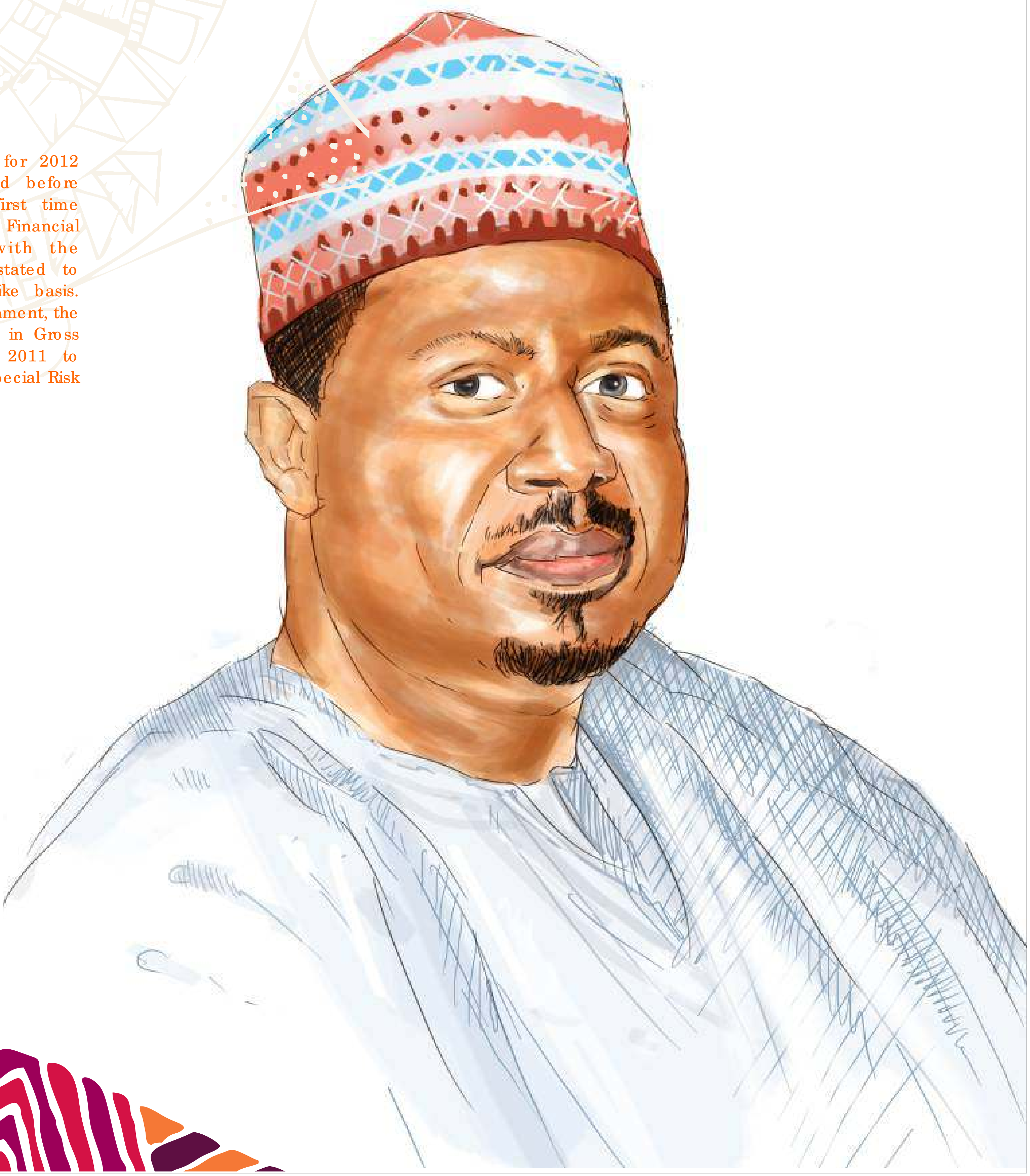
1. *Any member entitled to attend and vote at the meeting may appoint a proxy (who need not be a member) to attend and vote in his place. In order to be valid, an instrument appointing a proxy must be deposited at the office of the Company Secretary, Leadway House, 121/123, Funso Williams Avenue, Iponri, Lagos not later than 48 hours before the time appointed for the meeting.*

2. *The register of members and their shareholding is available for inspection, at the office of the Company Secretary during normal business hours, from the date of this notice until the close of business on 18th September, 2013.*

Chairman's Statement

"The audited financial statements for 2012 financial year which are presented before shareholders today is for the first time compliant with the International Financial Reporting Standards (IFRS) with the corresponding 2011 numbers re-stated to ensure comparison on a like–for-like basis. In spite of the harsh operating environment, the Company recorded a 53% increase in Gross Premium Written from ₦24bn in 2011 to ₦36.9b in 2012 largely driven by Special Risk businesses".

Mallam Umar Yahaya
Chairman



Chairman's Statement

Fellow shareholders, my colleagues on the board, ladies and gentlemen, I am pleased to welcome you to the 41st Annual General Meeting of our Company and to present the financial statements and reports as well as the review of the performance of our Company for the year ended 31st December, 2012.

The year 2012 was marked by protest, but was also a year of financial market recovery. It will equally remain a sadly memorable one in the annals of the company following the demise of our founding and past Chairman, Alhaji Hassan Hadejia (Shettiman Hadejia), the last of the founding triumvirate of directors (Sir Hassan O. Odukale, Mallam Mohammed Faruku and Alh. Hassan Hadejia). It is our prayers that God grants him Al- Janah Firdaus.

ECONOMIC BACKGROUND

The year 2012 for the Nigerian economy was characterized by average economic growth rate, double digit inflation rate fostered by the partial removal of the fuel subsidy and a recovering financial market. The Central Bank of Nigeria's efforts to combat inflation using all monetary and administrative tools at its disposals appear to have moderated outcomes as evident in the inflation and exchange rate numbers during the year. The fuel subsidy protest at the beginning of the year and the flood disaster that affected Northern and Southern States put a lot of pressure on inflation in 2012. However, CBN's efforts at curtailment largely succeeded as inflation tended downwards to 12% from 12.6% at the end of the year.

Despite the breakup of the state owned monopoly, the Power Holding Company of Nigeria (PHCN), electric power supply from the national grid only improved marginally and the country continued to grapple with basic infrastructural problems of power, water and transportation. However, given the significant progress made on the privatization of the generation and distribution of electricity by the Federal Government, it is expected that electric power supply will gradually become stabilized with a positive impact on the cost of business and improvement in entrepreneurial and industrial activities.

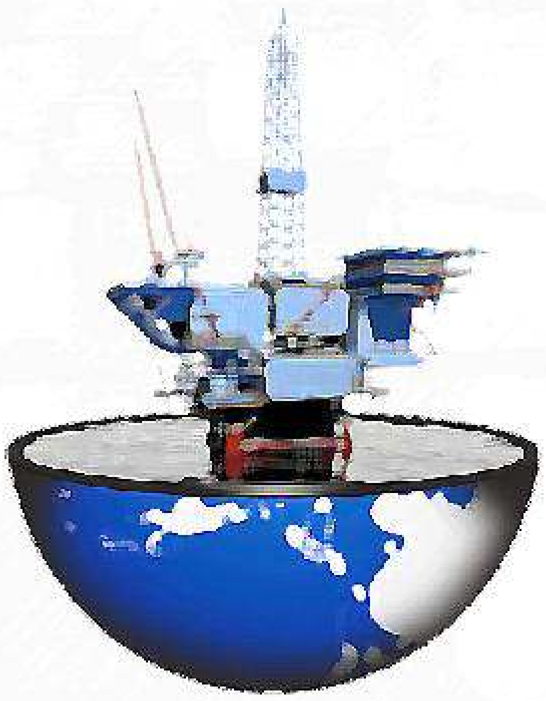
INSURANCE INDUSTRY

The insurance industry continues to be reformed as evidenced by the launch of the Nigerian Insurance Industry Database to serve as a vehicle for easy identification of genuine motor insurance documents by authorized persons, and also monitor insurance transactions.

The National Insurance Commission also, in a bid to check the incidences of outstanding premiums, also released a guideline on Premium Collection and Remittance to enforce the provisions of the Insurance Act, 2003 on premium payment before granting of cover. The guideline became effective on the 31st of December, 2012.

FINANCIAL PERFORMANCE AND DIVIDEND

The audited financial statements for 2012 financial year which are presented before shareholders today is for the first time compliant with the International Financial Reporting Standards (IFRS) with the corresponding 2011 numbers re-stated to ensure comparison on a like–for-like basis. In spite of the harsh operating



Chairman's Statement

environment, the Company recorded a 53% increase in Gross Premium Written from ₦24bn in 2011 to ₦36.9b in 2012 largely driven by Special Risk businesses. The jump was however mitigated by the corresponding increase in the level and cost of reinsurance which increased by 37% from ₦9.3bn in 2011 to ₦12.8bn in 2012; thus resulting in a slight decline in net underwritten premiums from ₦13.1bn in 2011 to ₦13bn in 2012.

Against the decline in Net Premium Income, the company recorded an increase in Claims Expense of 14% from ₦7.1bn in 2011 to N8.3bn in 2012 largely contributed by claims from the Industrial Property and Specialty Credit Insurance (IATA – Default Insurance Program) lines of business.

The rise in Claims Expenses affected Underwriting Profit which dropped by 42% from ₦4.1bn in 2011 to ₦2.2bn in 2012. Despite the fact that Investment Income increased by 60% from ₦1.8bn in 2011 to ₦2.9bn in 2012, the company still recorded a marginal decrease in Profit After Tax from ₦973m in 2011 to ₦673m in 2012, given the need to make provisions for outstanding premiums and reinsurance adjustment premiums for additional losses retained by the company as a result of worsening portfolio loss ratio.

Despite all this, our balance sheet size grew by 58% from ₦42bn in 2011 to ₦66.3bn in 2012 with total trading liabilities of ₦54.3bn in 2012 compared to ₦32.1bn in 2011 while Shareholders Fund grew by 20% from ₦9.9bn in 2011 to ₦11.9bn in 2012. The major contributor to the Shareholders' Funds was the significant improvement in the capital market.

In spite of the challenges encountered in the year and due to the need for direct cash returns on investment by our dedicated shareholders, your board of directors has recommended a dividend of 4.5kobo which translates to ₦400m subject to withholding tax at prevailing rate.

GENERAL BUSINESS

The General Business operations witnessed 40% growth in gross premium written from ₦19.6 billion in 2011 to ₦ 27.3 billion in 2012. The net premium was maintained at about the same level with what was achieved in the previous year, due to large reinsurance premium paid on Special Risks assets.

The reason for minimal change in net premium position was brought about by the need to take out huge reinsurance programme of the oil and gas assets.

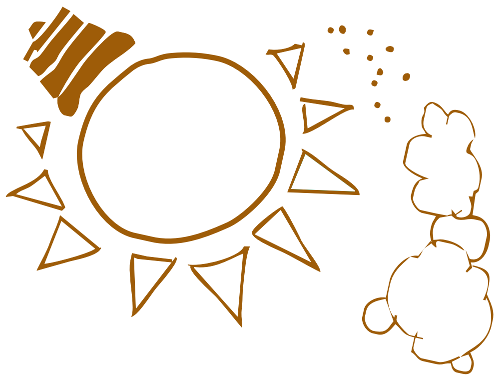
General Business contribution to total premium stood at 74% (gross premium) and 76% (net premium).

LIFE BUSINESS

The Life Business operations witnessed tremendous growth in premium income by closing the year with ₦ 9.5 billion GPI as against ₦4.5 billion posted in previous year. The performance represents 113% growth. The net premium was maintained at about the same level with what was achieved in the previous year.

Life Business contribution to total premium stood at 26% (gross premium) and 24% (net premium).

Chairman's Statement



The major growth areas in Life Business were from Annuity and Individual Life.

FUTURE OUTLOOK

We expect that 2013 will be a better year as cash premium collection will improve significantly with the effective implementation of the Regulations on Premium Collection and Remittances which seeks to enforce the provision on "No Premium No Cover" rule in the 2003 Insurance Act. This dispenses with the old regime where insurance companies had to grapple with provisions arising from the gap in the Act which deemed premiums paid to brokers as premiums paid to insurers.

CONCLUSION

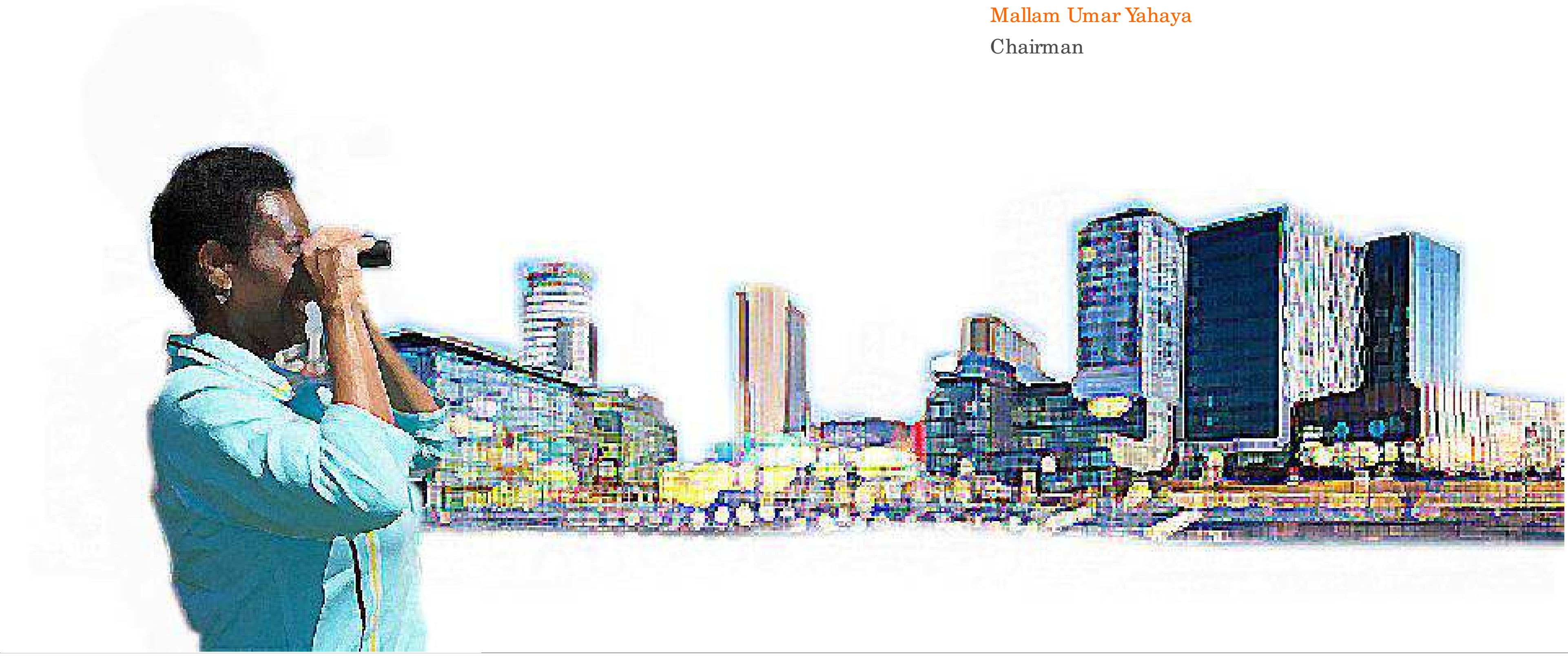
On behalf of the Board of Directors, I thank our customers who have remained steadfast with us in the course of the year. We are aware that without their patronage, we would not be in business and based on this, we express our heartfelt gratitude.

I should also thank the management and staff of our great company for their dedication, enthusiasm and unflinching focus on managing the operations of the Company in spite of the challenging operating environment.

I equally want to thank the retiring Auditors, Messrs KPMG Professional Services for their professionalism throughout their tenure as external auditors.

Distinguished shareholders, my colleagues on the board, ladies and gentlemen, I thank you for your presence at this year's Annual General Meeting and your full participation at today's meeting.

Mallam Umar Yahaya
Chairman



Corporate Profile

Certificate of incorporation number	RC 7588
Date of incorporation	22 September 1970
NAICOM License Number	RIC -025

Directors

Alhaji Hassan Hadejia	Chairman	(deceased)
Mallam Umar Yahaya	Chairman (appointed wef 15 March 2013)	
Mr. Oye Hassan-Odukale	Managing Director	
Mr. Tunde Hassan-Odukale	Executive	
Mr. Olawale Oyedele	Executive	(retired wef 16/02/2012)
Mr. Jeremy Rowse	Non -executive	
Dr. Konyinsola Ajayi	Non-executive	
Dr. A.B.C Orjiako	Non-executive	
Mrs. Fehintola Obatusin	Non -executive	
Ms Adetola Adegbayi	Executive (appointed wef 1 January 2013)	

Secretary
Adetola Adegbayi

Registered Office
Leadway Assurance House
NN 28/29 Constitution Road,
P.O.Box 458 Kaduna State
Nigeria

Corporate Office
Leadway Assurance House
121/123 Funso Williams Avenue,
Iponri, Lagos
G.P.O. Box 6437, Marina, Lagos

Bankers and other professional advisors
Access Bank Plc
Citibank Nigeria Limited
First Bank of Nigeria PLC
Guaranty Trust Bank PLC
Mainstreet Bank Limited
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
United Bank of Africa
Wema Bank Plc
Zenith bank Plc

Reinsurers
African Reinsurance Corporation
Continental Reinsurance Plc
General Insurance Corporation, India
Hannover Reinsurance Company Limited
Munich Reinsurance of Africa Limited
Swiss Reinsurance Africa Limited

Auditors
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos, Nigeria

Actuaries
HR Nigeria Limited
FRC/NAS/0000000073

Estate Surveyor and Valuer
Funsho Oladimeji & Co.
FRC/2013/NIESV/00000001304

Board of Directors

Mallam Umar Yahaya
Director

- Managing Director, Associated Haulages (Nigeria) Limited
- Former Director, First Bank of Nigeria Plc.
- Former Director, New Africa Merchant Bank Ltd.
- AMP Alumnus, Harvard Business School, USA
- EMP Alumnus, Stamford Graduate School of Business, USA
- Alumnus, Ahmadu Bello University, Zaria

Mr. Oye Hassan-Odukale, mfr
Chief Executive Officer

- Member, Executive Committee of the African Insurance Organization
- Past Chairman, Nigerian Insurers Association
- Former Member, Federal Government of Nigeria's Committee for the review of Insurance Laws.
- Munich Re Fellow, Georgia State University
- Alumnus, University of Houston, Texas, USA
- Alumnus, Harvard Business School, USA

Mr. Jeremy Rowse
Director

- Director, Ned Bank Insurance Holdings, South Africa
- Former Chief Executive of African Life Assurance, Johannesburg, South Africa.
- Former Director, Life Offices Association of South Africa
- Former Member, Ghana Investment Advisory Council,
- Alumnus, Rhodes University South Africa
- Alumnus, University of Cape Town, South Africa

Board of Directors

Mrs. Fehintola Obatusin
Director

- Director, Leadway Capital and Trusts Limited
- Managing Director, Pebbles International Limited
- Alumnus, Ahmadu Bello University, Zaria

Dr. Konyinsola Ajayi, SAN
Director

- Managing Partner, Olaniwun Ajayi and Co.
- Director, Nigerian Economic Summit Group
- Member, International Bar Association
- Alumnus, University of Cambridge, England
- Alumnus, Harvard Law School, USA
- Alumnus, University of Ife

Dr. A.B.C. Orjiako
Director

- Chairman/Medical Director, Rebs Memorial Specialist Hospital
- Fellow, West African College of Surgeons
- Alumnus, College of Medicine University of Calabar

Board of Directors

Mr. Tunde Hassan-Odukale
Executive Director

- Director, Union Assurance Limited
- Former Director, Stanbic IBTC Bank Plc.
- Member, Royal Society of Mathematics and the Institutes of Actuaries
- Alumnus, University of London
- Alumnus, City University, London
- Alumnus, Harvard Business School, USA

Ms. Adetola Adegbayi
Executive Director

- Director, Leadway Hotels Limited
- Director, Prestige Assurance plc
- Alumnus, University of Bristol
- Alumnus , University of Glamorgan, Wales
- Alumnus, The Nigerian Law School
- Associate, Chartered Insurance Institute, London
- Associate, Chartered Institute of Arbitrators, UK

Directors' Report For the year ended 31 December 2012

The directors have pleasure in presenting their annual report on the affairs of Leadway Assurance Company Limited ("the Company") and subsidiary companies ("the Group") together with the audited financial statements and the auditor's report for the year ended 31 December 2012.

Legal form and principal activity
The Company was incorporated as a private limited liability company in September 1970. It obtained a license to operate as an insurance company in January 1971 and commenced business in January 1971.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and general business insurance services to both corporate and individual customers.

Subsidiary and associated companies
The Company holds 53% share holding in Leadway Capital and Trust Limited (formerly Leadway Trustees Limited), 51% in Leadway Hotels Limited and 100% in Leadway Properties and Investments Limited. The Company also holds 46% shareholding in Leadway Pensure PFA Limited and 25% in Total Health Trust Limited that are associated companies.

The financial results of all the subsidiaries have been consolidated in these financial statements. Leadway Pensure PFA Limited and Total Health Trust Limited, being associated companies, have been accounted for using the equity method.

Directors' Report For the year ended 31 December 2012

Operating results

The highlights of the Group and Company's operating results for the year ended 31 December 2012 were as follows:

In thousands of Naira	Group 2012	Group 2011	Company 2012	Company 2011
Group Premium written	36,920,537	24,085,772	36,920,537	24,085,772
Profit before taxation	1,431,676	1,878,265	826,488	1,492,946
Taxation	(275,957)	(610,699)	(152,920)	(519,122)
Profit after taxation	1,155,719	1,267,565	673,568	973,824
Non-controlling interest	(123,383)	(35,379)	-	-
Profit attributable to equity holders	1,032,336	1,232,187	673,568	973,824
Transfer to statutory contingency reserve	(916,618)	(632,866)	(916,618)	(632,866)
Transfer to asset replacement reserve	-	-	-	-
Transfer to retained earnings	115,718	599,321	(243,050)	340,958
Shareholders' funds	12,402,421	10,096,134	11,986,525	9,967,650
Earnings per share (k)- Basic	13	14	8	11
Declared dividend per share (k)	5	6	5	6

Dividends

Proposed dividends:
The board of directors has proposed a dividend of 5k for 2012, (2011:6k) per share on the issued share capital of 8,779,596,000 ordinary shares of 50k each, subject to the approval of the shareholders at the next annual general meeting.

Declared dividends:
The shareholders, at the annual general meeting held on 9th August 2012, approved the payment of N500,000,000 (2011:N500,000,000) as dividend during the year. The dividends were subject to deduction of withholding tax.

Directors' Report For the year ended 31 December 2012

Directors and their interest

The Directors who held office during the year, together with their direct and indirect interests in the shares of the Company, were as follows:

		(Number of 50k ordinary shares held)			
		2012 Direct	2012 Indirect	2011 Direct	2011 Indirect
Alhaji Hassan Hadejia	Chairman (Deceased)	106,365,062	238,833,901	106,365,062	238,833,901
Mallam Umar Yahaya	Chairman (appointed effective from 15 March 2013)	2,488,888	-	2,488,888	-
Mr. Oye Hassan-Odukale	Managing Director	20,432,172	1,187,422,571	17,432,172	1,187,422,571
Mr. Tunde Hassan-Odukale	Executive	-	530,384,901	-	530,384,901
Mr. Olawale Oyedele	Executive (resigned effective from 16 Feb 2012)	-	3,800,528	-	13,800,528
Mr. Jeremy Rowse	Non-executive	-	-	-	-
Dr. Konyinsola Ajayi	Non-executive	-	14,144,000	-	14,144,000
Dr. A.B.C Orjiako	Non-executive	-	-	-	-
Mrs. Fehintola Obatusin	Non-executive	347,925,463	-	347,925,463	-
Ms Adetola Adegbayi	Executive (appointed effective from 1st Jan 2013)	12,203,011		12,203,011	

Retirement and appointment of Directors

Following the demise of the Company's founding Chairman, Alhaji Hassan Hadejia, the board of directors of the Company announced the appointment of Mallam Umar Yahaya as the new Chairman of the Company. The appointment takes effect from 15 March 2013.

Another director of the Company, Mr Olawale Oyeniyi Oyedele, retired from the services of the Company with effect from 16 February 2012.
Ms Adetola Adegbayi was also appointed as an Executive Director during the year under review. The appointment take effect from 1 January 2013.

Analysis of shareholding

The analysis of the distribution of the shares of the Company is as follows:

2012

Share range	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Above 400,000,000 5	12%	5,946,720,426	68%	
200,000,001 - 400,000,000	5	12%	1,557,333,710	18%
100,000,001 - 200,000,000	4	10%	573,612,772	7%
50,000,001 - 100,000,000	7	17%	489,593,107	6%
1,000,001 - 50,000,000	21	49%	212,333,394	2%
Total	42	100%	8,779,593,409	100%

Directors' Report For the year ended 31 December 2012

2011

Share range	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Above 400,000,000 5	12%	5,946,720,426	68%	
200,000,001 - 400,000,000	5	12%	1,557,333,710	18%
100,000,001 - 200,000,000	4	10%	573,612,772	7%
50,000,001 - 100,000,000	7	17%	489,593,107	6%
1,000,001 - 50,000,000	21	50%	212,333,394	2%
Total	42	100%	8,779,593,409	100%

Property and equipment

Information relating to changes in property, plant and equipment is given in Note 16 to the financial statements.

Donations and charitable gifts

A total sum of N41,130,852(2011:N11,001,919) was donated to non-political and charitable organizations, in order to identify with the aspirations of the community and the environment within which the Group operates. Details of such donations and charitable contributions are as follows:

Beneficiaries	2012	2011
Chartered Insurance Institute of Nigeria	15,329,250	200,000
University of Ibadan	2,500,000	1,000,000
Lagos State Security Trust Fund	2,000,000	1,000,000
Lagos Preparatory School foundation	-	2,500,000
Methodist Church of Nigeria	-	1,000,000
Iponri Grammar School	4,150,790	-
National Association Of Nigerian Travel Agencies	2,500,000	-
Presidential Committee on flood relief	2,500,000	-
Others	12,150,812	5,301,919
	41,130,852	11,001,919

Directors' Report For the year ended 31 December 2012

Employment of disabled persons

The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the group has no persons on its employment with physical disability.

Health, safety and welfare of employees

The Group 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.

Employee involvement and training

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. Towards this end, the Group provides opportunities where employees deliberate on issues affecting the interest of the Group and its employee, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, the Group sponsors its employees for various training courses both locally and overseas.

Directors' interests in contracts

In accordance with section 277 of the Companies and Allied Matters act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year (2011: Nil).

Acquisition of own shares

The Company did not purchase any of its own shares during the year (2011: Nil).

Auditors

In line with the NAICOM Corporate Governance regulation with respect to audit firm rotation, Messrs KPMG Professional Services will no longer be seeking reappointment as auditors.

BY ORDER OF THE BOARD

Adetola Adegbayi
FRC/2013/CIIN/00000002071
Company Secretary
121/123 Funso Williams Avenue
Iponri
Lagos

4 June 2013

Statement of Directors' Responsibilities

in Relation to the Financial Statements For the year ended 31 December 2012

The directors accept responsibility for the preparation of the annual financial statements set out on pages12 to 114 that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, of Nigeria, the Financial Reporting Council of Nigeria Act 2011, the Insurance Act of Nigeria and National Insurance Commission (NAICOM) circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE DIRECTORS BY:

Mallam Umar Yahaya (Chairman) FRC/2013/IODN/00000003223 4 June 2013	Mr. Oye Hassan Odukale (Managing Director) FRC/2013/IODN/00000001963 4 June 2013

Corporate Governance Report

Introduction

Leadway Assurance Company Limited ("Leadway" or" the Company") is committed to adhering with high standards of good corporate governance at all levels of its operations. The Board of Directors has continued to ensure the implementation of corporate governance principles that guarantee fairness, accountability and transparency in all its dealing within and outside the Company and its subsidiaries. Leadway complies with all laws, regulations, rules and guidelines, applicable to insurance business, including the Code of Business Ethics and Principles on Good Corporate Governance issued by the National Insurance Commission (NAICOM).

Board structure

The Board of Leadway is composed of eight directors including the Chairman, who is a Non-Executive Director, the Managing Director, two Executive Directors and four Non-Executive Directors. The Board is composed of directors with the right mix of experience, skill and competence in their relevant fields and do bring that to bear in the discharge of their responsibilities of policy formulation and implementation.

Board responsibility

The Board is responsible for policy formulation, review of corporate performance, monitoring of strategic decisions while ensuring regulatory compliance and safeguarding shareholders' interest and fulfilling the expectations of stakeholders. The Board provides the required leadership for the achievement of the company's objective. The Board met four times in 2012.

Separation of role of Chairman from the Managing Director

In line with best practice and in accordance with the NAICOM's guidelines on Code of Good Corporate Governance for Insurance Industry, the responsibilities of the Chairman and of the Managing Director have remained separate. While the Chairman is responsible for the overall leadership of the Board and for creating enabling environment for the effectiveness of individual directors, the Managing Director is responsible for the overall efficiency of management controls on day-to-day basis.

Retirements and appointments

All directors have a fixed tenure of office and are required to retire at every three years. A former Executive Director - Mr. Olawale Oyeniyi Oyedele retired from the board in February, 2012 and regrettably, the Chairman - Alhaji Hassan Hadejia passed away on 6 November, 2012. The board has observed well-defined appointment process laid down by NAICOM for the appointment of directors to replace them. Mallam Umar Yahaya was an existing Non-executive Director appointed as the new Chairman and Ms. Adetola Adegbayi as an Executive Director.

Conflict of interest

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

Corporate Governance Report

Committees of the board

The Board established committees amongst its members, for specific, strategic areas of the company's business and set terms of reference (ToR) and rules with respect to delegation of authority. The committees assist the board and make regular reports for board resolutions. There are three standing committees of the Board.

Risk and Technical Committee:

The committee comprises six directors with three as Non-Executive Directors, one of whom is the chairman. The committee's functions include overseeing the group risk management, set appetite and tolerance limits, monitor risk and ensure the effectiveness of risk responses and control activities. It meets regularly to review the activities of strategic divisions responsible for risk underwriting, risk management and reporting. Average attendance rating in 2012 was 80%. The meetings were held on 14 February 2012, 10 May 2012 and 7 August 2012 and 6 December 2012.

Finance and Investment Committee: The committee consists of 6 directors with three as non-executives directors. One of the non-executives is the chairman. The committee assists the Board in its financial oversight functions, including periodic review of management accounts, corporate finance, investment portfolio performance assessment, budgeting and budgetary control, capital investment appraisal and compliance with relevant accounting standards. The committee's average attendance in 2012 was 85%. The meetings were held on 15 February 2012, 16 May 2012 , 8 August 2012 and 6 December 2012.

Audit and Establishment Committee:

The committee is responsible for review of financial statements, internal audit work plan, evaluation of the effectiveness of internal controls to safeguard the company's assets, compliance with regulatory and financial standards' requirements, liaison with external auditors and reviewing their terms of engagement. The committee's membership includes two non-executive directors, one of which is the chairman. It recorded an average attendance rate of 83% in 2012. The meetings were held on 15 February 2012, 16 May 2012 , 7 August 2012, and 6 December 2012.

KPMG Professional Services
Lagos (Head Office)
KPMG Tower
Bishop Aboyade Cole Street,
Victoria Island
PMB 40014 Falomo
Lagos, Nigeria

Telephone 234 (1) 271 8955
Fax 234 (1) 462 0704
Internet www.ng.kpmg.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Leadway Assurance Company Limited

Report on the financial statements

We have audited the accompanying financial statements of Leadway Assurance Company Limited ("the Company) and its subsidiary companies (together" the Group"), which comprise the consolidated and separate statement of financial position as at 31 December, 2012, and the consolidated and separate statements of comprehensive income, statements of changes in equity and the consolidated and separate statements of cash flows for the year ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 114.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria (CAMA), the Insurance Act of Nigeria, relevant National Insurance Commission (NAICOM) guidelines and circulars, the Financial Reporting Council of Nigeria Act (FRC) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International Standards on Auditing. 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 control relevant to the entity's

Independent Auditors' Report

preparation and fair presentation of the financial statements that give a true and fair view 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 control. 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 consolidated and separate 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, these financial statements give a true and fair view of the financial position of Leadway Assurance Company Limited ("the Company") and its subsidiary companies (together" the Group") as at 31 December, 2012, and of the Group and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant NAICOM guidelines and circulars and the Financial Reporting Council of Nigeria Act.

Report on Other Legal and Regulatory Requirements

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 the Company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.

KPMG

28 June 2013
Lagos, Nigeria
FRC/2012/ICAN/00000000428

1 Company information

Leadway Assurance Company Limited is a company incorporated and domiciled in Nigeria. The address of its registered office is: 28/29 Constitution Road, Kaduna State, Nigeria. The Company was incorporated as a private limited liability company on 22 September 1970. It obtained a license to operate as an insurance company in January 1971 and commenced business in January 1971.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and general business insurance services to both corporate and individual customers.

The Company holds 53% shareholding in Leadway Capital and Trust Limited (formerly, Leadway Trustees Limited), 51% in Leadway Hotels Limited and 100% in Leadway Properties and Investments Limited. The Company also holds 46% shareholding in Leadway Pensure PFA Limited and 25% in Total Health Trust Limited that are associated companies.

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as " Group entities") and the Group's interest in associates.

2 Basis of Preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs as issued by the International Accounting Standard Board) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria, and relevant National Insurance Commission (NAICOM) guidelines and circulars, to the extent that they do not conflict with the requirement of IFRS. These are the Group's first financial statements prepared in accordance with IFRSs as issued by IASB, and IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance is provided in notes to the accounts. This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported under IFRS as well as IFRS election options adopted by the Group.

A summary of the mandatory and optional exemptions adopted in line with the provisions of IFRS 1 are as follows:

- Mandatory exception on estimate as required by IFRS 1 was adopted.
- The latest revaluation of land and buildings carried out under Nigerian GAAP prior to the date of transition was used as deemed cost at the date of transition.
- Investments in its subsidiary in the separate opening IFRS statement of financial position is measured at cost.
- Financial assets or financial liability are designated as either, held to maturity, loans and receivable and available for sale for those that meets the criteria in IAS 39.
- The estimates made under the Nigerian GAAP at the transition date, i.e. 1 January 2011 was consistent with estimates made in the opening IFRS statement of financial position (after adjustments to reflect any difference in accounting policies).

The financial statements for the year ended 31 December 2012 were approved for issues by the Board of Directors on 4 June 2013.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following:

(i) Financial instruments designated at fair value through profit or loss are measured at fair value;
(ii) Available for sale financial instruments are measured at fair value;
(iii) Investment properties are measured at fair value

The directors are of the opinion that the Company will continue as a going concern for the foreseeable future.

(c) 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 (N), which is the Group's presentation currency..

(d) Use of estimates and judgement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the note 4 to the financial statements.

(e) Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

(i) Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;

(ii) Section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;

(iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under Note 3.22 to cover fluctuations in securities and variation in statistical estimates;

(iv) Section 22 (1a) requires the maintenance of a general reserve fund which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation and an additional 25 percent of net premium for every year between valuation date;

(v) Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act.

(vi) Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria.

(vii) Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See Note 49 for assets allocation that covers policy holders' funds.

However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

(i) Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 3.14(b) on accounting policy for outstanding claims.

(ii) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 3.14(a) on accounting policy for unexpired risk and unearned premium.

3 Significant accounting policies

Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties, and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 January 2012 for the purposes of the transition to IFRSs. The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Investments in subsidiary companies are carried at cost less any accumulated impairment in the Company's accounts.

(b) Associates

Associates are those entities in which the Company has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method of accounting and are recognised at cost less any accumulated impairment losses in the Company's separate financial statements.

The Company's share of the associates' post acquisition profits or losses is recognised in the profit and loss accounts. Its share of pre-acquisition reserves is recognised in reserves. The cumulative post acquisition investments are adjusted against the carrying amount of the investments.

When the Company's?share of losses equals or exceeds its interest in an associate including any other unsecured receivables, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate. Distributions received from an associate are applied to reduce the carrying amount of the investment.

(c) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. Therefore no goodwill is recognised as a result of such transactions.

(d) Transactions eliminated on consolidation

Intra-Company balances and transactions and any unrealized gains or losses arising from intra-Company transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency translation

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 income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or 'Other operating expenses'..

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in 'Other comprehensive income..

Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in 'Other comprehensive income'..

3.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.4 Financial assets and liabilities

Classification

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Company classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables, and
- available-for-sale financial assets

The Company's financial assets include cash and cash equivalents, trade and other receivables, commercial loans, quoted and unquoted equity instruments and debt securities.

The Company's financial liabilities are classified as other financial liabilities and it includes investment contract liabilities, trade payables, borrowings, accruals and managed funds.

Initial recognition

All financial instruments are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified as at fair value through profit and loss. Financial instruments are derecognized when the rights to receive cash flows from the financial instruments have expired or where the Company has transferred substantially all risks and rewards of ownership.

Subsequent measurement

Subsequent measurement of financial instruments depends on their classification. Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(a) Financial assets held at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading or assets designated as such on initial recognition. Financial assets classified as trading are acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss are investments the Group manages and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

These investments are initially recorded at fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognized in the income statement in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices.
Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

(b) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intention and ability to hold to maturity other than:

- Those that the Company designates as available for sale.
- Those that meet the definition of loans and receivables.

Such instruments include corporate bonds, government bonds.

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs and are subsequently carried at amortised cost, using the effective interest method, less any accumulated impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying financial assets as held-to-maturity for the current and the following two financial years.

(c) Available-for-sale

Available for sale financial investments include equity and debt securities. The Company classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments at fair value through profit or loss. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to the income statement upon sale or de-recognition of the investment.
Dividends received on available-for-sale instruments are recognised in income statement when the Company's?right to receive payment has been established.

(d) Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as at fair value through profit or loss or available-for-sale.

Loans and advances consist primarily of trade receivables, commercial loans, staff loans, other debtors. These are managed in accordance with a documented policy.

Loans and receivables are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

- *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 (See 3.4f(iii)) for the accounting policy on impairment of trade receivables).

- *Loans to policy holders*

Loans to policy holders represents loans availed to life insurance policy holders and are recognised at amortised cost.

(e) *Fair value measurement*

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's? length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions.

Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in a setting price.

(f) Impairment of financial assets

(i) *Financial assets carried at amortised cost*

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. Objective evidence that a financial asset or 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 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 cashflow 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.

For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the 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 the financial asset 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. Those characteristics are relevant to the estimation of future cashflows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (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.

(ii) Assets classified as available-for-sale

Available-for-sale financial assets are considered impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. 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.

All impairment losses are recognized through profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to the income statement and is recognized as part of the impairment loss. The amount of the loss recognized in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

Subsequent decreases in the amount relating to an impairment loss, that can be linked objectively to an event occurring after the impairment loss was recognized in the income statement, is reversed through the income statement. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the income statement but accounted for directly in equity.

(iii) Trade receivables

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

(iv) Impairment of non financial assets

The Group's non financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

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.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(h) De-recognition of financial instruments

A financial asset is derecognized when the contractual rights of the Company to the cash flows from the asset expire, or its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or when it assumes an obligation to pay those cash flows to one or more recipients, subject to certain criteria.
Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

3.5 Reinsurance assets

These are receivables that arise from reinsurance contracts. The details of recognition and measurement of reinsurance contracts have been set out under note 3.13 (b)(iii).

3.6 Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts.

Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the ratio of unearned premium to written premium.

3.7 Prepayments

Prepayments are carried at cost less accumulated impairment losses and are amortised on a straight line basis to the profit and loss account.

3.8 Leases

(a) Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

(b) Finance leases

Leases of equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the outstanding balance of the liability.

The corresponding lease obligations, net of finance charges, are included in liabilities. The finance cost is charged to the income statement over the lease period according to the effective interest method. The equipment acquired under the finance lease is depreciated over the shorter of the useful life of the asset and the lease term, if ownership does not pass at the end of the lease term. Leased assets under finance leases are treated in the same manner as property, plant and equipment.

3.9 Investment property

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both.

Investment property is initially recognized 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 cost of day to day servicing of an investment property. An investment property is subsequently measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by independent valuer, holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued. Any gain and loss arising from a change in the fair value is recognized in the income statement.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Company; otherwise they are expensed as incurred.

Investment properties are disclosed separate from the property, plant and equipment used for the purposes of the business.

The Company separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Company is treated as property, plant and equipment.

3.10 Statutory deposit

These deposits represent bank balances required by the insurance regulators of the Group to be placed with relevant central banks of Group's operating jurisdictions. These deposits are stated at cost. Interest on statutory deposits is recognized as earned in other receivables.

3.11 Intangible assets

Purchased software

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Company.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs should not be included.

Internally developed software is capitalized when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years subject to annual reassessment.

3.12 Property, plant and equipment

Recognition & measurement

Property, plant and equipment comprise land and buildings and other properties owned by the Company.

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses except land and building which is carried at revalued amount. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

Subsequent measurement

All items of property, plant and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses.

Land and buildings are subsequently carried at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. They are valued on an open market basis by qualified property valuers at each reporting date.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit and loss.

Depreciation

Depreciation is calculated on property, plant and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on property, plant and equipment until they are brought into use.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. Freehold land is not depreciated.

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

Leasehold land	-	over the lease period
Buildings	-	50 years
Office equipment	-	5 years
Computer hardware	-	3 years
Furniture and fittings	-	5 years
Motor vehicles	-	4 years

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Fair value of property, plant and equipment

The fair value of land and buildings is the market value. The market value of a property is the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer parties had each acted knowledgeably and willingly. This is the open market basis and is the basis by which a qualified property valuer carries out the valuation of land and building at specified reporting periods within three years to determine the revalued amount.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit and loss.

De-recognition

Upon disposal of any item of property, plant and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the income statement in the year of de-recognition.

3.13 Classification of insurance contracts

The Company issues contracts that transfer insurance risk.

The Company enters into insurance contracts as its primary business activities. Insurance contracts are those that the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Company as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

The Company classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS 4.

(a) Types of insurance contracts

The Company classify insurance contracts into life and non-life insurance contracts

(i) Non life insurance contract

These contracts are accident, casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Non-life insurance contracts protects the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured. There are no maturity or surrender benefits.

(ii) Life insurance contract

These contracts insure events associated with human life (for example, death or survival) over a long duration.

(b) Insurance contracts- Recognition and measurement

(i) Premiums

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is recognised gross of commission expense.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

(ii) Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time apportionment basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(iii) Reinsurance

The Company cedes out insurance risks in the normal course of business for the purpose of limiting its net loss on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premium ceded, claims reimbursed and commission recovered are presented in the income statement and balance sheet separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised at cost.

Reinsurance recoverables are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and are in accordance with the related insurance contract. They are measured at their carrying amount less any impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If there is objective evidence of impairment, the Company reduces the carrying amount of its reinsurance assets to its recoverable amount and recognizes the impairment loss in the income statement as a result of an event that occurred after its initial recognition, for which the Company may not be able to recover all amounts due and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

(iv) Commission income

Commissions are recognized on ceding business to the reassurer, and are credited to the profit and loss account.

(v) Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses.
Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

(vi) Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses.

The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately it material.
Reinsurance recoverables are recognized when the Company records the liability for the claims and are not netted off claims expense but are presented separately in the income statement.

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policyholders'?liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

(vii) Deferred acquisition costs

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

(viii) Salvages

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim. The Group may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (i.e. subrogation right). Salvage recoveries are presented net of the claim expense.

(ix) Subrogation

Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other receivables when the liability is settled and the Group has the right to receive future cash flow from the third party.

3.14 Insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 3.14b of the accounting policies. Insurance contract liabilities are determined as follows:

(a) Reserves for unearned premium and unexpired risk

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve.

(b) Reserves for outstanding claims

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

(c) Liabilities adequacy test

The net liability for insurance contracts is tested annually for adequacy by actuarial valuation. This is carried out by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognizes the deficiency in the income statement for the year. The method of valuation and assumptions used, the cashflows considered and the discounting and aggregation practices adopted have been set out in the following notes.

(i) Reserving methodology and assumptions

For non-life insurance risks, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub–divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and attritional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

(ii) Discounted inflation-adjusted basic chain ladder method

Historical claims paid were grouped into 6 years cohorts –representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 12% to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus paid claims till date minus claims outstanding.

(iii) Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method

This method assumes the following:

- The future claims follows a trend pattern from the historical data

- Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods.

- The run off period is six (6) years and hence the method assumes no more claims will be paid subsequently.

- That weighted past average inflation will remain unchanged into the future.

(iv) Expected loss ratio method

This method was adopted where the volume of data available is too small to be credible when using a statistical approach. Special Risk reserves were estimated based on this method. Under this method, the ultimate claims was obtained by assuming loss ratio of 30%, where loss ratio is defined as claims incurred divided by earned premiums. Outstanding claims is stated as amount estimated less paid claims.

(II) Life business

(a) General reserve fund

This is made up of net liabilities in force as computed by the actuaries at the time of the 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 funds as at the date of the valuation. All deficits arising therefore are charged to the profit and loss account while the surplus is appropriated to the shareholders and credited to the income statement.

The liability adequacy test was carried out by the Company's Actuary; HR Nigeria Limited (FRC/NAS/00000000738). The liability adequacy test is carried out at every financial reporting year end.

3.15 Recognition and measurement of investment contracts

Investment contracts and the related receipts and payments are accounted in the balance sheet in line with the accounting policies for financial instruments stated in note 3.4 The deposit liability recognized in the balance sheet represents the amounts payable to the holders of the investment contracts gross of allocated investment income.

3.16 Trade and other payables

Trade and other payables 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.

3.17 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.18 Employee benefits

Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees' services provided up to the balance sheet date. The accrual is calculated on an undiscounted basis, using current salary rates.
A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post employment benefits

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Company pays fixed contributions of 7.5% to a separate entity –Pension Fund Administrators; employees also pay the same fixed percentage to the same entity. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's?obligations are recognized in the profit and loss account.

Gratuity benefits
Prior to 31 December, 2004, the Company operated a gratuity scheme under which employees were entitled to one month basic salary, transport and housing allowance for each completed year of service.

Effective 31 December, 2004 the gratuity scheme was terminated. Under the terms of the termination, amounts payable to employees who were in the employment of the Company as at the termination date will be paid when such employees leave the service of the Company based on benefits determined as at 31 December 2004. The gratuity assets have been transferred to external trustees to manage.

Termination benefits

Termination benefits are payable whenever an employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

The valuation of retirement benefit obligation was carried out by the Company's in-house Actuary. This is carried out at the end of each financial reporting period.

3.19 Income tax

(i) Current tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.20 Managed Funds

Managed funds represents cash deposit made by customers. Customers' deposits are accounted for at cost and accrued interest.

3.21 Share capital and reserves

Share capital

The company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholder.

3.22 Contingency reserves

The Company maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business. Contingency reserve for life business is credited with the higher of 1% of gross premiums and 10% of profit after taxation.

3.23 Assets revaluation reserves

Assets revaluation reserves represents the fair value differences on the revaluation of items of property, plant and equipment as at the balance sheet date.

3.24 Fair value reserves

Fair value reserves represents the fair value gains or losses on valuation of financial assets measured at fair value through equity.

3.25 Earnings per share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

3.26 Revenue recognition

(i) Insurance contracts:

See accounting policy 3.13 b(i) for recognition of premium on insurance contracts.

(ii) Investment and other operating income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within 'investment income' and 'finance costs' in the income statement using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

(iii) Dividend income

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

3.27 Management expenses

Management expenses are expenses other than claims and underwriting expenses. They are accounted for on an accrual basis and comprise the following:

(a) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the reporting date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post Employment Benefits

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Company pays fixed contributions of 7.5% to a separate entity –Pension Fund Administrators; employees also pay (through deduction from payroll) the same fixed percentage to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognized in the profit and loss account.

(iii) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after reporting date are discounted to present value.

(b) Other operating expenses

Other operating expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are recognised on an accrual basis.

3.28 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholder.

3.29 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of the other segments. The Company's primary format for segment reporting is base on business segment.

3.30 New and amended standards and interpretations

Standards and interpretations effective during the reporting period

As at 31 December 2012, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. Below, the most significant new standards are addressed:

New standards and interpretations not yet adopted

(i) IFRS 9: Financial Instrument: Classification and Measurement

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories of financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividend on such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investments. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss.

The standard is effective for annual years beginning on or after 1 January 2015.

This standard has a high impact on the Group as the group currently classify some of its fixed income securities which are held for the purposes of the annuity product at fair value through profit or loss. Thus on adoption of this standard, all fixed income securities except those held for trading, will be carried at amortised cost leading to a non-recognition of fair value gain or loss on the asset representing the annuity product of N439.5m. This results into a mismatch of the assets and liabilities under the annuity product except if the group classifies both the assets and liabilities under the annuity product separately as assets and liabilities fair value through profit or loss.

The Company currently classifies its equity instruments as available for sale and recognises the fair value gain or loss in OCI. Thus, there will be no impact on the Company's profit or loss account coming from the equity instrument classification in line with the amendments.

(ii) IFRS 10: Consolidated Financial Statements

IFRS 10 replaces all of the consolidation guidance of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation-Special Purpose Entities. Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. IFRS 10 is effective for annual years beginning on or after 1 January 2013. There may be an impact on the Group's accounting for its investment in Leadway Pensure PFA Limited, an associated company in which the Company has 46%.

(iii) IFRS 11 Joint Arrangements

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual years beginning on or after 1 January 2013. This standard has no impact on the Group as it has no jointly controlled entity.

(iv) IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated and structured entities. Changes include the requirement to disclose the judgements made to determine whether it controls another entity. IFRS 12 is effective in annual years beginning on or after 1 January 2013. Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11. IFRS 12 has not been early adopted but the Group is prepared to make the additional disclosures required.

(v) IFRS 13: Fair Value Measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Group is currently reviewing its methodologies for determining fair values (see Notes 5.0. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The Group has not early adopted IFRS 13 but it is ready to disclose the fair value of its non financial assets and liabilities. It is also ready for the enhanced disclosures.

(vi) Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the Group will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set-off under master netting arrangements or similar arrangements. The Group's reinsurance assets can be recovered through setting off or payments to the reinsurance companies. Thus the group will provide information about the amounts netted off in the financial statements.

(vii) IAS 1: Presentation of Financial Statements

IAS 1 addresses changes in the presentation of other Comprehensive Income. The amended standard emphasizes that profit or loss and other comprehensive income should be grouped together, i.e. either as a single "statement of profit or loss and comprehensive income", or as a separate "statement of profit or loss" and a "statement of comprehensive income". The former option is the existing practice of the Group. The Group will continue this practice and convert to the other option included in the amended IAS 1. This standard is applicable for annual years beginning on or after 1 July 2012, with early adoption permitted.

(viii) IAS12 Income Taxes

The amendments to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40; Investment Property. The amendment introduces a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This standard is applicable for annual years beginning on or after 1 January 2013, with early adoption permitted. The Group's investment properties are held primarily for sale while economic benefits are derived in the interim through rental income. Thus, this amendment has little or no impact on the Company's profit or loss account.

(ix) IAS19: Employee Benefits

The amended IAS 19 states that changes in the defined benefit obligations and fair value of plan assets are recognized in the year as they occur. The "corridor" method is eliminated and actuarial gains and losses and unrecognized past service costs are recognized directly in other comprehensive income. Because actuarial gains and losses are longer deferred, affecting both the net defined benefit liability/asset and the amounts recognized in profit or loss are affected. The amended standard splits changes in defined benefit liabilities/ assets in:

- Service cost (including past service costs, curtailments and settlements)- in profit or loss:

- Net interest costs (i.e. net interest on the net defined benefit liability) - in profit or loss:

- Remeasurement of the defined benefit liability/asset -in other comprehensive income.

The Amended IAS 19 is effective for years beginning on or after 1 January 2013. The Company does not use corridor approach in the recognition of its liability on retirement benefit plans and thus, this standard has no impact on the Company's profit or loss account.

(x) Improvements to IFRSs

In May 2012, the IASB issued improvements to IFRSs, an omnibus of amendments to its IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013, with early adoption permitted. These amendments do not have any material impact on the accounting policies, financial position or performance of the Company during the financial year. The amendments are listed below:

- IAS 1 Presentation of Financial Statements;

- IAS 16 Property, Plant and Equipment;

- IAS 28 Investments in Associates and Joint Ventures (2011);

- IAS 32 Financial Instruments: Presentation;

- IAS 34 Interim Financial Reporting.

4.0 Critical accounting estimates and judgement.

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

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

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

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

The main assumption underlying these technique is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

The Company 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 judgement, the Company 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. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The Company's available-for-sale equity financial assets were assessed for impairment during the year and having identified objective evidence of impairment, some of the unquoted investments were impaired.

(c) Fair value of financial instruments

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 5 of the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- Level 1: Quoted market price in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. See note 5.1 for summary of fair value classification of the Company's financial asset.

(d) Fair value of unquoted equity financial instruments

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

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

(e) 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 judgment. 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 cashflow. 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.

(f) Impairment of trade receivables (premium debtors)

The Company assesses at the end of every reporting period whether there is any objective evidence that its premium receivable is impaired.

The Company determines whether impairment losses are incurred if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the receivable (a ‘loss event’) and that lost event (or events) has an impact on the estimated future cash flows of the receivable that can be reliably estimated, or a trigger event is identified.

The following impairment triggers have been set by the Company:

(a) significant financial difficulty of the premium debtor;
(b) significant financial difficulty of the broker;
(c) a breach of agreements, such as payment defaults or delinquency in premium payments;

(d) Economic, regulatory or legal reasons relating to the premium etrsfinancialdifficulty, granting to the premium debtor a concession that the Company would not otherwise consider;

(e) High probability that the premium debtor will enter bankruptcy or other financial reorganisation.

If any of the impairment triggers are identified, the Company specifically assess the premium debt for impairment. Where no impairment trigger is identified, or no objective evidence of impairment exists, the Company assesses its premium debts collectively for impairment using the historical loss rate model.

The historical loss rate model considers the historical recoveries (cashflows) on premium debts for policies written in prior years, in order to determine the loss given default ratio on outstanding premium as at the reporting date. The model also considers premium receipts subsequent to the reporting date. The loss ratio derived is used to determine the allowance for impairment on premium debts.

This model assumes that all premium debts will be paid until evidence to the contrary (a loss or trigger event) is identified. On the identification of an objective evidence of impairment, the premium debts are subject to specific impairment. Where there is no objective evidence of impairment, the premium debts are subjected to collective impairment.

Collective impairment incorporates the following:

. current and reliable data, management's experienced credit judgements, and all known relevant internal and external factors that may affect collectability;

. historical loss experience or where institutions have no loss experience of their own or insufficient experience, peer group experience for comparable groups of financial instruments at amortized cost;

. adjustments to historical loss experiences on the basis of current observable data to reflect the effects of current conditions.

(g) Liabilities arising from insurance contracts

Liabilities for unpaid claims are estimated on case by case basis. 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 analyses and the Group deem the reserves as adequate.

(h) Depreciation and carrying value of property, plant and equipment

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

(i) Determination of impairment of property, plant and equipment, and intangible assets

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

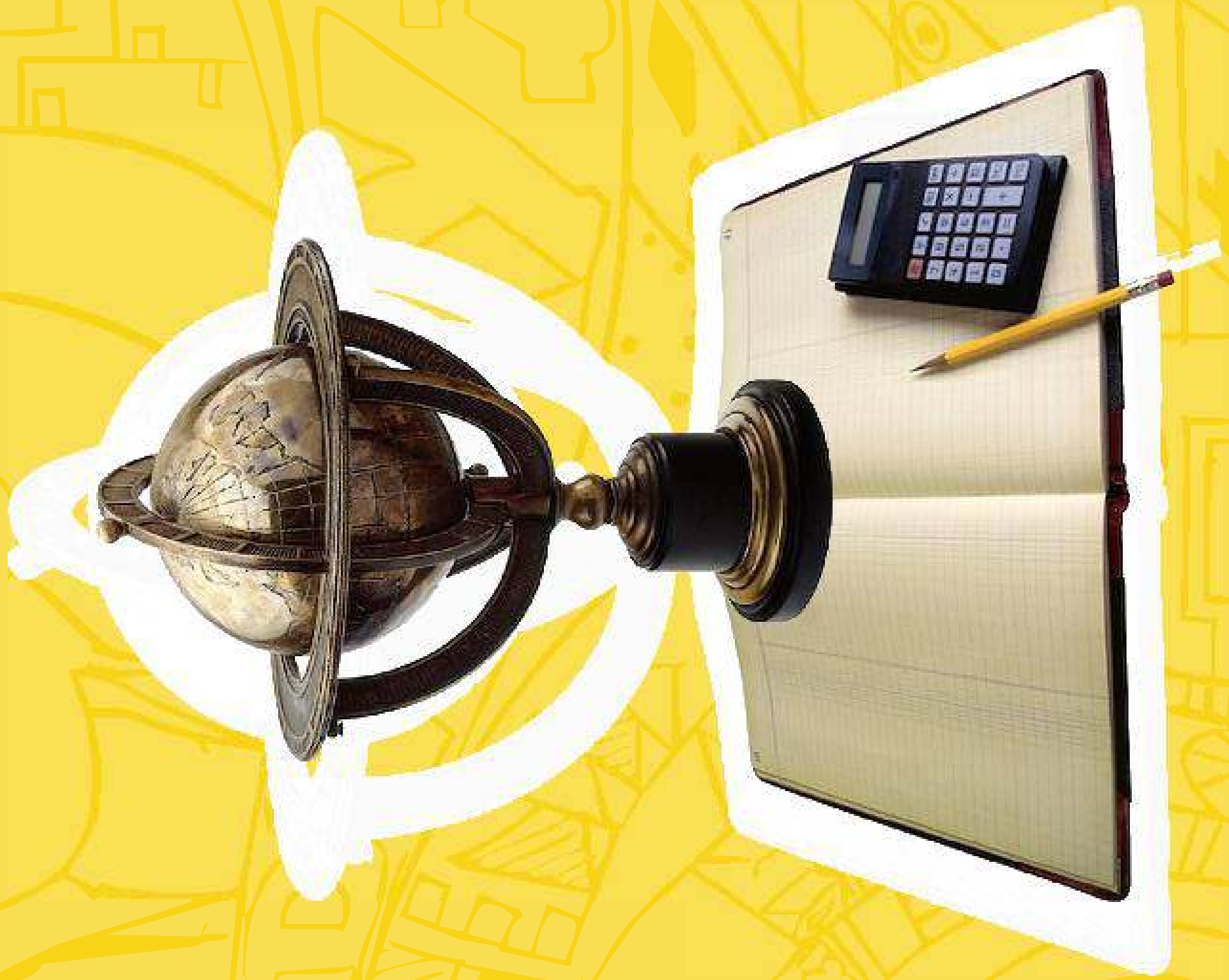
(j) Income taxes

The Company is subject to income taxes in the local jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

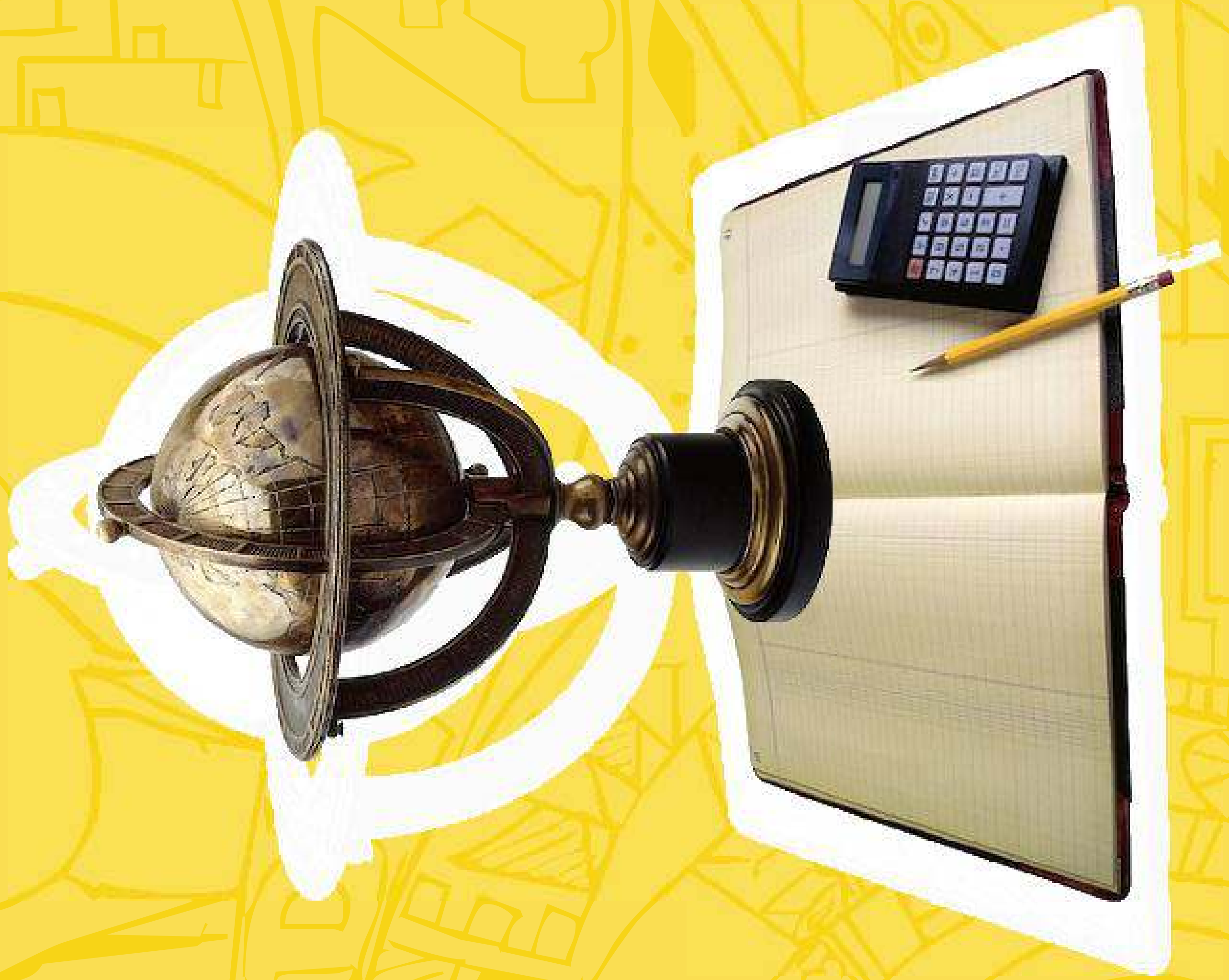
(k) Sensitivity analysis

The sensitivity analysis reflects the impact, on profit or loss and equity, of changes in the relevant risk variables that are reasonably possible at the reporting date. See Note 46.1(j) and (48)(b) for the Company's sensitivity analysis.

FINANCIALS
& NOTES



FINANCIALS & NOTES



Statement of Financial Position

For The Year Ended 31 December 2012

In thousands of Naira	Notes	Group 31-Dec-12	Group 31-Dec-11	Group 01-Jan-11	Company 31-Dec-12	Company 31-Dec-11	Company 01-Jan-11
Assets							
Cash and cash equivalents	5	11,328,839	9,442,965	10,469,363	10,441,484	8,349,949	9,856,269
Financial assets	6	28,217,857	15,729,022	14,225,262	27,969,458	15,566,765	14,039,542
Trade receivables	7	822,364	2,306,665	2,054,437	822,364	2,306,665	2,054,437
Reinsurance assets	8	16,685,999	6,083,404	4,216,097	16,685,999	6,083,404	4,216,097
Deferred acquisition cost	9	397,319	404,793	378,120	397,319	404,793	378,120
Other receivables and prepayments	10	2,348,803	2,391,324	1,745,897	1,683,972	1,785,794	1,284,128
Investment in associates	11	942,654	639,302	301,056	788,209	788,209	695,375
Investment in subsidaries	12	-	-	-	541,258	541,258	342,946
Investment properties	13	2,435,000	2,327,421	2,327,421	2,215,000	2,107,421	2,283,421
Deferred tax assets	24.2	11,775	-	-	-	-	-
Intangible assets	15	131,658	126,161	174,504	118,060	108,678	162,790
Property and equipment	16	5,087,880	4,315,975	3,368,643	4,141,563	3,536,467	2,563,259
Statutory deposits	14	520,000	520,000	520,000	520,000	520,000	520,000
Total assets		68,930,148	44,287,031	39,780,800	66,324,686	42,009,403	38,396,384
Liabilities							
Insurance contract liabilities	17	35,557,629	17,530,494	11,901,833	35,557,629	17,530,494	11,901,833
Investment contract liabilities	18	10,293,658	8,925,288	7,562,545	10,293,658	8,925,288	7,562,545
Trade payables	19	5,466,790	3,399,900	4,246,285	5,466,790	3,398,878	4,239,095
Provision and other payables	20	2,880,706	1,580,984	2,085,743	1,960,728	833,831	1,354,763
Borrowings	21	326,839	538,722	60,405	-	-	-
Retirement benefit obligation	22	344,593	337,896	286,652	344,593	337,896	382,983
Current tax liabilities	23	369,469	681,269	856,126	242,534	616,179	808,464
Deferred tax liabilities	24	580,128	586,586	422,013	472,221	489,190	357,222
Managed funds		-	-	-	-	-	-
Total liabilities		55,819,812	33,581,139	27,517,933	54,338,161	32,131,753	26,606,905
Capital and reserves							
Issued and paid up share capital	25.1	4,389,798	4,389,798	4,115,436	4,389,798	4,389,798	4,115,436
Share premium	25.2	387,826	387,826	387,826	387,826	387,826	387,826
Contingency reserve	25.3	3,860,340	2,943,723	2,310,857	3,860,341	2,943,723	2,310,857
Retained earnings	25.4	1,290,865	1,694,167	1,631,021	943,741	1,686,791	1,845,852
Assets revaluation reserves	25.5	341,319	324,850	324,850	341,319	324,850	308,799
Fair value reserves	25.6	2,055,690	242,902	2,546,367	2,063,501	250,714	2,546,367
Other reserves	25.7	76,583	112,868	351,056	-	-	274,362
Shareholders funds:		12,402,421	10,096,134	11,667,413	11,986,525	9,967,650	11,789,479
Non controlling interest	26	707,915	609,758	595,454	-	-	-
Total Equity		13,110,336	10,705,892	12,262,867	11,986,525	9,967,650	11,789,479
Total equity and liabilities		68,930,148	44,287,031	39,780,800	66,324,686	42,099,403	38,396,384

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mallam Umar Yahaya _______________________________ Chairman
FRC/2013/IODN/00000003223

Mr. Oye Hassan Odukale _______________________________ Managing Director
FRC/2013/IODN/00000001963

Approved by the Board of Directors on 4 June 2013

Additional certification by:

Mr. David Ayodele Onilado _______________________________ Chief Financial Officer
FRC/2012/ICAN/00000000482

The significant accounting policies on pages 12 to 25 and the notes on pages 31 to 111 form an integral part of the financial statements

Statement of Comprehensive Income
For The Year Ended 31 December 2012

In thousands of Naira	Notes	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Gross premium written	27	36,920,537	24,085,772	36,920,537	24,085,772
Gross premium income	27	25,924,183	22,462,150	25,924,183	22,462,150
Gross premium income		25,924,183	22,462,150	25,924,183	22,462,150
Reinsurance expenses	28	(12,887,858)	(9,314,392)	(12,887,858)	(9,314,392)
Net premium income		13,036,325	13,147,758	13,036,325	13,147,758
Fees and commission income	29	1,528,857	1,683,623	1,528,857	1,683,623
Net underwriting income		14,565,182	14,831,38	14,565,182	14,831,381
Claims expense	30	(8,347,812)	(7,167,552)	(8,347,812)	(7,167,552)
Underwriting expenses	31	(3,920,644)	(3,482,696)	(3,920,644)	(3,482,696)
Underwriting profit		2,296,726	4,181,133	2,296,726	4,181,133
Investment income	32	3,161,951	1,925,469	2,985,787	1,864,240
Net fair value gains on financial assets at fair value through profit or loss	33	1,469,247	(305,821)	1,469,247	(290,555)
Other operating income	34	1,050,061	1,434,610	253,683	550,191
Management expenses	35	(4,063,706)	(3,142,687)	(3,349,286)	(2,534,738)
Result of operating activities		3,914,279	4,092,704	3,656,147	3,770,271
Finance cost	36	(885,728)	(668,918)	(853,386)	(606,993)
Impairment	37	(1,909,888)	(1,790,933)	(1,976,273)	(1,670,332)
Group's share of associate's profit for the year	11(b)i	313,013	245,411	-	-
Profit before taxation		1,431,676	1,878,265	826,488	1,492,946
Income taxes	38	(275,957)	(610,699)	(152,920)	(519,122)
Profit after taxation		1,155,719	1,267,565	673,568	973,824
Other comprehensive income, net of tax					
Items within OCI that may be reclassified to the profit or loss:					
Net fair value changes on available for sale financial assets	40	1,812,787	(2,303,465)	1,812,787	(2,295,653)
Items within OCI that will not be reclassified to the profit or loss:					
Gain/ (loss) on revaluation of properties and equipment	40	16,469	-	(7,950)	-
Total other comprehensive income		1,829,256	(2,303,465)	1,820,737	(2,295,653)
Total comprehensive income for the year		2,984,975	(1,035,899)	2,494,305	(1,321,829)
Profit attributable to:					
Owners of the Company		1,032,336	1,232,187	673,568	973,824
Non-controlling interest	26(b)	123,383	35,379	-	-
Profit attributable to owners of the Company		1,155,719	1,267,565	673,568	973,824
Other comprehensive income attributable to:					
Owners of the Company		2,861,592	(1,071,278)	2,494,305	(1,321,829)
Non-controlling interest	26(b)	123,383	35,379	-	-
Profit attributable to owners of the Company		2,984,975	(1,035,899)	2,494,305	(1,321,829)
Earnings per share:					
-Basic (kobo)	39	13	14	8	11
-Diluted (kobo)	39	13	14	8	11

The significant accounting policies on pages 12 to 25 and the notes on pages 31 to 111 form an integral part of the financial statements

Statement of Changes in Equity

For the Year Ended December 2012

In thousands of Naira	Share capital	Share premium	Retained earnings	Asset replacement reserve	Fair value reserve on Available for sale financial assets	Contingency reserve	Asset revaluation reserve	Foreign currency translation reserve	Bonus reserves	Total	Non controlling interest	Gross Total
Group												
As at 1 January 2012	4,389,798	387,826	1,694,167	57,563	242,903	2,943,723	324,850	-	-	10,040,830	609,758	10,650,588
Profit for the year	-	-	1,032,336	-	-	-	-	-	-	1,032,336	123,382	1,155,718
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
												-
Change in fair value of financial asset through other comprehensive income	-	-	-	-	1,812,787	-	-	-	-	1,812,787	-	1,812,787
Transfer to asset replacement reserve		-	(19,020)	19,020	-	-	(16,469)	-		16,469	18,275	34,744
Transfer to contingency reserve	-	-	(916,618)	-	-	916,618	-	-		-	-	-
Deferred tax	-	-	-	-	-	-	-	-		-	-	-
Exchange difference							-	-		-	-	-
Fair value gain on property and equipment	-	-	-	-	-	-	-	-		-	-	-
Total comprehensive income for the year	4,389,798	387,826	1,710,866	76,583	2,055,690	3,860,341	341,319	-	-	12,902,423	751,415	13,653,837
Transaction with owners:	-											
Bonus issue	-	-	-	-	-	-	-					
Dividend declared	-	-	(500,000)	-	-	-	-	-	-	(500,000)	(43,500)	(543,500)
Total transactions with owners:	-	-	(500,000)	-	-	-	-	-	-	(500,000)	(43,500)	(543,500)
As at 31 December 2012	4,389,798	387,826	1,290,866	76,583	2,055,690	3,860,341	314,319	-	-	12,402,423	707,915	13,110,337

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

In thousands of Naira	Note	Share capital	Share premium	Retained earnings	Fair value reserve on Available for sale financial assets	Contingency reserve	Asset revaluation reserve	Foreign currency translation reserve	Bonus reserves	Total
Company										
As at 1 January 2012		4,389,798	387,826	1,686,791	250,714	2,943,723	308,799	-	-	9,967,651
Profit for the year		-	-	673,568	-	-	-	-	-	673,568
Other comprehensive income										
Change in fair value of financial asset through other comprehensive income		-	-	-	1,812,787	-	-	-	-	1,812,787
Fair value gain on property and equipment		-	-	-	-	-	32,520	-	-	32,520
Revaluation surplus		-	-	-	-	-				
Transfer to contingency reserve		-	-	(916,618)	-	916,618		-	-	-
Deferred tax		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		4,389,798	387,826	1,443,741	2,063,501	3,860,341	341,319	-	-	12,486,526
Transaction with owners:										
Bonus issue		-	-	-	-	-	-	-	-	-
Final dividend declared		-	-	(500,000)	-	-	-	-	-	(500,000)
Total transactions with owners:		-	-	(500,000)	-	-	-	-	-	(500,000)
As at 31 December 2012		4,389,798	387,826	943,741	2,063,501	3,860,341	314,319	-	-	11,986,526

Statement of Changes in Equity (Cont'd)

For The Year Ended 31 December 2012

In thousands of Naira	Share capital	Share premium	Retained earnings	Fair value reserve on Investment property	Fair value reserve on Available for sale financial assets	Contingency reserve	Asset revaluation reserve	Foreign currency translation reserve	Bonus reserves	Asset replacement reserve (Group)	Asset replacement reserve (M.I)	Total	Non controlling interest	Gross Total
As at 1 January 2011	4,115,436	387,826	1,631,021	-	2,546,367	2,310,857	324,850	-	274,362	39,114	37,580	11,667,413	595,454	12,262,867
Profit for the year	-	-	1,232,187	-	-	-	-	-	-	-	-	1,232,187	35,379	1,267,565
Other comprehensive income														
Change in fair value of financial asset through other comprehensive income	-	-	-	-	(2,303,465)	-	-	-	-	-	-	(2,303,465)		(2,303,465)
Exchange difference	-	-	-	-	-	-	-	-	-			-	-	-
Transfer to asset replacement reserves	-	-	(36,174)	-	-	-	-	-	-	18,449	17,725	-	17,725	17,725
Transfer contingency reserve	-	-	(632,866)	-	-	632,866	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	4,115,436	387,826	2,191,167	-	242,902	2,943,723	324,850	-	274,362	57,563	55,305	10,596,135	648,558	11,244,693
Transaction with owners:														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus issue	274,362	-	-	-	-	-	-	-	(274,362)	-	-	-	-	-
Transfer from profit		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend declared	-	-	(500,000)	-	-	-	-	-	-	-	-	(500,000)	(38,800)	(538,800)
Transaction with owners:	274,362	-	(500,000)	-	-	-	-	-	(274,362)	-	-	(500,000)	(38,800)	(538,800)
As at 31 December 2011	4,389,798	387,826	1,694,167	-	242,902	2,943,723	324,850	-	-	57,563	55,305	0,096,135	609,758	10,705,893

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

In thousands of Naira	Note	Share capital	Share premium	Retained earnings	Fair value reserve on Available for sale financial assets	Contingency reserve	Asset revaluation reserve	Foreign currency translation	Bonus reserves	Total
As at 1 January 2011		4,115,436	387,826	1,845,832	2,546,367	2,310,857	308,799	-	274,362	11,789,479
Profit for the year		-	-	973,824	-	-	-	-	-	973,824
Other comprehensive income		-	-	-	-	-	-	-	-	-
Change in fair value of financial asset through other comprehensive income		-	-	-	(2,295,653)	-	-	-	-	(2,295,653)
Exchange difference		-	-	-	-	-	-	-	-	-
Transfer to contingency reserve		-	-	(632,866)	-	632,866	-	-	-	-
Deferred tax		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		4,115,436	387,826	2,186,791	250,714	2,943,723	308,799	-	274,362	10,467,650
Transaction with owners:										
Dividend declared		-	-	(500,000)	-	-	-	-	-	(500,000)
Bonus issue		274,362	-	-	-	-	-	-	(274,362)	-
Total transactions with owners:		274,362	-	(500,000)	-	-	-	-	(274,362)	(500,000)
As at 31 December 2011		4,389,798	387,826	1,686,791	250,714	2,943,723	308,709	-	-	9,967,650

Statement of Cash Flows

For The Year Ended 31 December 2012

In thousands of Naira	Note	Group 31 December 2012	Group 31 December 2011	Company 31 December 2012	Company 31 December 2011
Net cash flow from operating activities before changes in operating assets:	41	17,047,966	6,553,550	16,687,066	6,083,440
Changes in working capital					
Change in trade receivables		168,437	(1,400,494)	168,437	(1,400,494)
Change in re-insurance asset		(10,602,595)	(1,867,307)	(10,602,595)	(1,867,307)
Change in deferred acquisition cost		7,474	(26,673)	7,474	(26,673)
Change in other receivables and prepayment		(38,837)	(746,329)	124,877	(499,106)
Change in investment contract liability		1,368,370	1,362,743	1,368,370	1,362,743
Change in trade payables		2,066,890	(504,759)	2,067,912	(840,217)
Change in provision and other payables		1,299,722	(478,317)	1,126,897	(520,932)
Changes in borrowings		211,883	-	-	-
Change in retirement benefit obligation		6,697	27,591	6,697	(45,087)
Change in managed funds		51,946	(31,973)	-	-
Net cash from operating activities		11,164,187	2,925,603	10,955,135	2,246,367
Income tax paid		(620,418)	(642,983)	(557,950)	(601,440)
VAT Paid		-	-	-	-
Net cash flow from operating activities		10,543,769	2,282,620	10,397,185	1,644,927
Cash flows from investing activities					
Purchases of property and equipment	16	(1,021,970)	(1,308,333)	(841,004)	(1,158,655)
Revaluation of property and equipment	16	(46,457)	-	(46,457)	-
Purchases of intangible assets	15	(74,316)	(7,712)	(74,316)	-
Proceed from the disposal of property and equipment		14,415	5,179	14,415	5,179
Proceed from the disposal of investment property		72,933	-	72,933	-
Purchase of financial asset		(8,532,240)	(3,704,164)	(8,669,095)	(3,336,153)
Additional investment in subsidiaries		-	-	-	(198,312)
Additional investment in associates		-	(92,834)	-	(92,834)
Transfer to investment in subsidiaries		-	-	-	176,000
Dividend received	32	583,194	516,757	595,557	523,302
Purchase of investment properties	13	(9,858)	(10,570)	(9,858)	(10,570)
Rental income from investment property	34	33,127	7,367	30,392	7,367
Proceed from the disposal of investment securities		1,021,783	1,407,700	1,021,783	1,433,429
Net cash used in investing activities		(7,959,389)	(3,186,610)	(7,905,651)	(2,651,247)
Cash flows from financing activities					
Cash paid to minority		(43,500)	(38,800)	-	-
Dividends paid		(400,000)	(500,000)	(400,000)	(500,000)
Loan taken		-	478,317	-	-
Loan repayment		(211,884)	-	-	-
Interest paid on term loans		(43,122)	(61,925)	-	-
Net cash used in financing activities		(698,506)	(122,408)	(400,000)	(500,000)
Net increase/decrease in cash and cash equivalent		1,885,874	(1,026,399)	2,091,535	(1,506,320)
Cash and cash equivalent at beginning of year/ period		9,442,965	10,469,363	8,349,949	9,856,269
Cash and cash equivalent at end of year/ period	5	11,328,839	9,442,965	10,441,484	8,349,949

5.0 Cash and cash equivalents

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Cash in hand	1,185	850	1,774	744	433	1,394
Cash at bank	1,634,810	1,069,475	2,512,227	1,527,648	968,053	2,270,391
Short -term bank deposits	9,692,844	8,372,640	7,955,362	8,913,092	7,381,463	7,584,484
Total cash & cash equivalents	11,328,839	9,442,965	10,469,363	10,441,484	8,349,949	9,856,269

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

6.0 Financial assets:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Financial assets designated at fair value through profit or loss (see note 11.1 below)	9,348,694	2,472,825	1,176,262	9,244,012	2,465,989	1,087,353
Available for sale (see note 11.2 below)	10,540,026	10,243,260	12,067,052	10,454,275	10,087,838	11,970,241
Held to maturity (see note 11.3 below)	8,329,137	3,012,938	981,948	8,271,171	3,012,938	981,948
	28,217,857	15,729,022	14,225,262	27,969,458	15,566,765	14,039,542
Current	10,194,785	3,883,626	2,566,244	10,090,103	3,876,790	2,477,335
Non Current	18,023,073	11,845,396	11,659,018	17,879,355	11,689,975	11,562,207
	28,217,857	15,729,022	14,225,262	27,969,458	15,566,765	14,039,542

6.1 Financial assets designated at fair value through profit or loss

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Government bonds	7,131,698	1,661,843	-	7,131,698	1,661,843	-
Corporate bonds	50,000	50,000	-	50,000	50,000	-
Debt securities	7,181,698	1,711,843	-	7,181,698	1,711,843	-
Quoted equities	2,166,996	760,982	1,176,262	2,062,314	754,146	1,087,353
	9,348,694	2,472,825	1,176,262	9,244,012	2,465,989	1,087,353

6.2 Available for sale financial assets

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Quoted equities	8,104,493	7,159,691	8,809,354	8,104,493	7,090,030	8,798,295
Unquoted equities at cost	2,232,464	2,250,001	2,007,393	2,146,712	2,164,241	1,921,641
Equity securities	10,336,957	9,409,692	10,816,747	10,251,205	9,254,271	10,719,936
Convertible debt note (corporate bond) at cost	1,111,125	1,111,125	1,111,125	1,111,125	1,111,125	1,111,125
	11,448,081	10,520,817	11,927,872	11,362,330	10,365,396	11,831,061
Foreign currency gain on debt securities	348,073	353,251	278,857	348,073	353,251	278,857
	11,796,154	10,874,068	12,206,729	11,710,403	10,718,646	12,109,918
Less: allowance for impairment loss	(1,256,128)	(630,808)	(139,677)	(1,256,128)	(630,808)	(139,677)
	10,540,026	10,243,260	12,067,052	10,454,275	10,087,838	11,970,241

The convertible debt note represents the Company's investment in Seawolf Oilfield Services Limited's (Seawolf) debenture note which has an interest rate of 7% and maturity date of 2012. Subsequent to the maturity date, the Company entered into an agreement with Seawolf to extend the maturity period to 2027 with 8 years moratorium and zero coupon rate. The investment is dollar denominated and the foreign currency gain on translation is recognised above. The investment has been written down to recognise the impairment loss of N625.3 million (2011: 491.1 million).

6.2(a) The movement in the allowance for impairment losses on available for sale unquoted equities is as follows:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	630,808	139,677	-	630,808	139,677	-
Charge for the year	625,320	491,131	139,677	625,320	491,131	139,677
Allowance no longer required	-	-	-	-	-	-
Balance, end of year	1,256,128	630,808	139,677	1,256,128	630,808	139,677

6.3 Held to maturity financial assets

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Government bonds	4,471,776	1,325,559	551,280	4,471,776	1,325,559	551,280
Corporate bonds	3,855,116	1,685,134	428,423	3,797,150	1,685,134	428,423
Quoted debenture	1,310	1,310	1,310	1,310	1,310	1,310
Debt securities	8,328,202	3,012,003	981,013	8,270,236	3,012,003	981,013
Mutual funds	935	935	935	935	935	935
	8,329,137	3,012,938	981,948	8,271,171	3,012,938	981,948
Allowance for impairment losses	-	-	-	-	-	-
	8,329,137	3,012,938	981,948	8,271,171	3,012,938	981,948

The debt securities are interest bearing and have stated interest rates of 7 to 16 per cent for government bonds and 7.25 to 9.75 per cent for the corporate bonds. The maturity dates are 5 to 18 years for the government bonds and 2 to 5 years for the corporate bonds.

7.0 Trade receivables

(a) Trade receivable comprises the following:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Due from Contract holders	120,462	127,415	96,776	120,462	127,415	96,776
Due from Brokers	5,169,788	5,314,735	4,262,605	5,169,788	5,314,735	4,262,605
Due from Agents	1,261,603	1,280,742	1,051,786	1,261,603	1,280,742	1,051,786
Due from Insurance companies	599,518	596,916	508,147	599,518	596,916	508,147
	7,151,371	7,319,808	5,919,314	7,151,371	7,319,808	5,919,314
Allowance for impairment losses	(6,329,007)	(5,013,143)	(3,864,877)	(6,329,007)	(5,013,143)	(3,864,877)
	822,364	2,306,665	2,054,437	822,364	2,306,665	2,054,437
Current	7,151,371	7,319,808	5,919,314	7,151,371	7,319,808	5,919,314
Non-current	-	-	-	-	-	-
	7,151,371	7,319,808	5,919,314	7,151,371	7,319,808	5,919,314

(b) The age analysis of gross insurance receivables as at the end of the year is as follows:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Analysis of premium debtors in days						
0 - 90 days	790,395	2,119,013	1,950,942	790,395	2,319,075	2,054,438
91 - 180 days	63,939	375,300	206,933	63,939	1,805,556	1,765,156
181 days and above	6,297,038	4,825,495	3,761,439	6,297,038	3,195,177	2,099,720
	7,151,371	7,319,808	5,919,314	7,151,371	7,319,808	5,919,314

(c) The movement in allowance for impairment of trade receivables is as follows:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	5,013,143	3,864,877	1,293,003	5,013,143	3,864,877	1,293,003
Addition during the year	1,315,864	1,148,266	2,571,874	1,315,864	1,148,266	2,571,874
Write-off during the year	-	-	-	-	-	-
Balance, end of year	6,329,007	5,013,143	3,864,877	6,329,007	5,013,143	3,864,877

8.0 Reinsurance assets

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Prepaid reinsurance	7,751,260	3,067,868	2,842,245	7,751,260	3,067,868	2,842,245
Reinsurance recoverable	6,185,938	1,865,718	772,754	6,185,938	1,865,718	772,754
Due from reinsurers	2,748,801	1,149,818	601,098	2,748,801	1,149,818	601,098
	16,685,999	6,083,404	4,216,097	16,685,999	6,083,404	4,216,097
Allowance for impairment	-	-	-	-	-	-
	16,685,999	6,083,404	4,216,097	16,685,999	6,083,404	4,216,097
Current	16,685,999	6,083,404	4,216,097	16,685,999	6,083,404	4,216,097
Non-current	-	-	-	-	-	-
	16,685,999	6,083,404	4,216,097	16,685,999	6,083,404	4,216,097

(a) Reinsurance assets are to be settled on demand and the carrying amount is not significantly different from the fair value.
(b) Reinsurance assets are not impaired as balances are set-off against payables from retrocession at the end of every quarter.

9.0 Deferred acquisition costs

(a) Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Motor	103,432	111,543	123,122	103,432	111,543	123,122
Fire	130,172	102,592	63,780	130,172	102,592	63,780
General accident	42,263	51,366	61,378	42,263	51,366	61,378
Marine	85,142	82,785	83,305	85,142	82,785	83,305
Workmen's compensation	-	4,292	4,232	-	4,292	4,232
Bond	1,021	7,469	7,614	1,021	7,469	7,614
Engineering	35,289	44,746	34,689	35,289	44,746	34,689
Oil and gas	-	-	-	-	-	-
	397,319	404,793	378,120	397,319	404,793	378,120

(b) The movement in the deferred acquisition costs during the year is as shown below:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	404,793	378,120	390,750	404,793	378,120	390,750
(Decrease)/increase during the year	(7,474)	26,673	(12,630)	(7,474)	26,673	(12,630)
Balance, end of year	397,319	404,793	378,120	397,319	404,793	378,120
Current	397,319	404,793	378,120	397,319	404,793	378,120
Non-current	-	-	-	-	-	-
	397,319	404,793	378,120	397,319	404,793	378,120

10.0 Other receivables and prepayments

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Loans	1,439,326	1,815,998	1,119,641	1,300,032	1,590,992	1,019,142
Finance lease receivable	272,866	233,627	207,685	-	-	-
Prepayment and other receivables	636,611	341,699	418,571	383,939	194,802	264,986
	2,348,803	2,391,324	1,745,897	1,683,971	1,785,794	1,284,128

10.1 Loans

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Commercial loans	1,229,272	1,526,796	765,614	898,170	1,174,231	605,675
Staff loans	70,520	94,146	130,115	66,637	86,559	126,800
Agency loan	40,936	31,947	23,470	40,936	31,947	23,470
Loan to policy holders	388,114	362,305	298,628	388,114	362,305	298,628
	1,728,842	2,015,194	1,217,827	1,393,857	1,655,042	1,054,573
Impairment allowance	(289,516)	(199,196)	(98,186)	(93,825)	(64,050)	(35,431)
	1,439,326	1,815,998	1,119,641	1,300,032	1,590,992	1,019,142

Agency loans are not impaired as repayment is from the agency fees payable to the agents on generation of insurance premium. It is repayable on demand and its carrying value approximates its fair value.

Loans to policy holders are not impaired as they are securitised by the surrender value of policies in force as at the reporting period It is repayable on demand and its carrying value approximates its fair value.

Allowance for impairment losses on commercial loans:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	199,196	98,186	47,349	64,050	35,431	-
Charge for the year	93,131	101,010	50,837	32,586	28,619	35,431
Allowance no longer required	(2,811)	-	-	(2,811)	-	-
Balance, end of year	289,516	199,196	98,186	93,825	64,050	35,431

10.2 Finance lease receivable

(a) Investment in finance lease comprise:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Gross investment in finance lease	297,708	304,368	282,154	-	-	-
Unearned finance income	(9,790)	(61,213)	(64,730)	-	-	-
Net investment in finance lease	287,918	243,155	217,424	-	-	-
Less: allowance for doubtful accounts (see note (c) below)	(15,052)	(9,528)	(9,739)	-	-	-
	272,866	233,627	207,685	-	-	-

(b) The analysis of net investment in finance lease is shown below:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Current portion	158,572	178,887	168,442	-	-	-
Non-current portion	139,136	125,481	113,712	-	-	-
Net investment in finance lease	297,708	304,368	282,154	-	-	-

Notes to the Financial Statements (Cont'd)

Financial statements -31 December 2012

(c) Allowance for impairment losses on finance lease

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	9,528	9,739	-	-	-	-
Addition during the year	5,684	8,632	9,739	-	-	-
Write back of impairment losses	(160)	(8,843)	-			
	15,052	9,528	9,739	-	-	-

10.3 Prepayments and other receivables

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Prepayments	87,638	151,547	81,833	67,570	79,663	80,464
Due from Life	-	-	-	-	-	-
Stock and inventory	22,920	22,100	21,609	-	-	-
Dividend receivable	4,534	-	-	-	-	-
Trusteeship fee receivable	45,742	-	-	-	-	-
Deposit for investments	22,000	22,000	-	22,000	22,000	-
Other debtors	537,741	-	-	324,159	-	-
Other assets	219,818	464,320	633,294	183,269	359,027	481,589
	940,393	659,967	736,736	596,998	460,690	562,053
Allowance for impairment losses	(303,782)	(318,270)	(318,165)	(213,059)	(265,888)	(297,067)
	636,611	341,697	418,571	383,939	194,802	264,986

Allowance for impairment losses

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	318,270	318,165	-	265,888	297,067	-
Charge for the year	20,962	105	318,165	-	-	297,067
Allowance no longer required	(35,450)	-	-	(52,829)	(31,179)	-
Balance, end of year	303,782	318,270	318,165	213,059	265,888	297,067
Current	795,183	520,586	587,013	383,939	194,802	264,986
Non Current	1,553,620	1,870,738	1,158,883	1,300,032	1,590,992	1,019,142
	2,348,803	2,391,324	1,745,897	1,683,971	1,785,794	1,284,128

11.0 Investment in associate

The Company has a 46% interest in Leadway Pensure PFA Ltd, a pension fund administrator and a 25% interest in Total Health Trust, a health care management organization. Both companies have a year end of 31 December and are incorporated in Nigeria. The investment in the companies is as follows:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Leadway Pensure PFA Limited	705,987	471,590	216,255	753,209	753,209	660,375
Total Health Trust Limited	236,667	167,711	84,801	35,000	35,000	35,000
	942,654	639,301	301,056	788,209	788,209	695,375

(a) The Company's holdings in the associate is as stated below:

	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Leadway Pensure PFA:						
Amount invested	705,987	471,591	216,255	753,209	753,210	660,376
% holding	46%	46%	46%	46%	46%	46%
Total Health Trust:						
Amount invested	236,667	167,711	84,801	35,000	35,000	35,000
% holding	25%	25%	25%	25%	25%	25%

(b) The movement in investment in associates during the year is as shown below:

(i) Group

Investment in associates are recognised using equity accounting in line with IAS28.

Group 2012

	Leadway Pensure PFA 2012	Total Health Trust 2012	Group 2012
Balance, beginning of year	471,590	167,711	639,301
Transferred from unquoted investments	-	-	-
Addition during the year	-	-	-
	471,590	167,711	639,301
Share of profit/(loss) for the year	244,057	68,956	313,013
Group's share of income from associate	(9,660)	-	(9,660)
Balance, end of year	705,987	236,667	942,654

Group 2011	Leadway Pensure PFA 2011	Total Health Trust 2011	Group 2011
In thousands of Naira			
Balance, beginning of year	216,255	84,801	301,056
Addition during the year	92,834	-	92,834
	309,089	84,801	393,890
Share of profit/(loss) for the year	162,501	82,910	245,411
Balance, end of year	471,590	167,711	639,301

(ii) Company 2012

	Leadway Pensure PFA 2012	Total Health Trust 2012	Company 2012	Company 2011
Balance, beginning of year	753,209	35,000	788,209	788,210
Additions due to rights issue	-	-	-	-
Balance, end of year	753,209	35,000	788,209	788,210

(iii) Company-2011

	Leadway Pensure PFA 2011 N'000	Total Health Trust 2011 N'000	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year	660,375	35,000	695,375	695,376
Additions due to rights issue	92,834	-	92,834	-
Balance, end of year	753,209	35,000	788,209	695,376

(c) The summarized financial information of the Group's associates is set out below:

	Leadway Pensure PFA 2012	Total Health Trust 2012	Leadway Pensure PFA 2011	Total Health Trust 2011	Total 2012	Total 2011
Total assets	1,993,835	2,882,320	1,239,368	1,290,838	4,121,688	1,538,655
Total liabilities	(439,894)	(2,051,586)	(215,985)	(619,997)	(2,267,571)	(729,334)
Net assets	1,553,941	830,734	1,023,383	670,841	1,854,117	809,321
Total revenue	1,765,427	5,335,830	1,273,630	2,637,080	6,609,460	4,296,261
Profit/(loss) for the year	530,558	275,824	353,263	319,520	629,087	332,534
Current	-	-	-	-	-	-
Non Current	942,654	639,301	301,056	788,209	788,209	695,375
	942,654	639,301	301,056	788,209	788,209	695,375

12.0 Investment in subsidiaries

Significant subsidiaries:

	Nature of business	Country of incorporation	Year end	Ownership interest 2012	2011
Leadway Capital and Trust Limited	Trusteeship and leasing company	Nigeria	31 December	53%	53%
Leadway Hotel Limited	Hotel and hospitality	Nigeria	31 December	51%	51%
Leadway Properties and Investments Limited	Property management	Nigeria	31 December	100%	100%

	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Leadway Capital and Trusts Limited	-	-	-	47,696	47,696	47,696
Leadway Hotels Limited	-	-	-	293,250	293,250	293,250
Leadway Properties and Investments Limited	-	-	-	200,312	200,312	2,000
	-	-	-	541,258	541,258	342,946

13.0 Investment properties

(a) The movement in investment properties during the year is shown below:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
As at beginning of the year	2,327,421	2,327,421	1,124,031	2,107,421	2,283,421	1,080,031
Addition during the year	9,858	-	10,570	9,858	-	10,570
Disposal during the year	(22,421)	-	-	(22,421)		
Fair value gains	120,142	-	1,258,865	120,142		1,258,865
Transfer to investment in subsidiary	-	-	-	-	(176,000)	-
Less: allowance for diminution in investment properties	-	-	(66,045)	-		(66,045)
As at end of the year	2,435,000	2,327,421	2,327,421	2,215,000	2,107,421	2,283,421

The analysis of investment properties is as follows:	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Thomas Wyatt House	950,000	950,000	950,000	950,000	950,000	950,000
Nigerian Airways Property	680,000	600,000	600,000	680,000	600,000	600,000
GRA Ikeja Property	500,000	450,000	450,000	500,000	450,000	450,000
Michael Angelo (South Africa)	-	22,421	22,421	-	22,421	22,421
The Mews (Gerard Road Property)	220,000	220,000	220,000	-	-	176,000
Canary Fields Property	85,000	85,000	85,000	85,000	85,000	85,000
	2,435,000	2,327,421	2,327,421	2,215,000	2,107,421	2,283,421

(b) The investment properties are stated at fair value, which has been determined based on valuations performed by a qualified estate surveyor. The Company's investment properties were revalued by Funsho Oladimeji & Co., Estate Surveyors and Valuers (FRC/2013/NIESV/00000001304) on 13 March 2013 using the Comparative approach method of valuation to arrive at the open market value as at 31 December 2012. The rental income arising is included in investment income. Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40.

(c) The movement in investment properties during the year is shown below:

(d) Movement in allowance:

	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	-	(66,045)	-	-	(66,045)	-
Addition during the year	-	-	(66,045)	-	-	(66,045)
Write-off during the year	-	66,045	-	-	66,045	
Balance, end of year	-	-	(66,045)	-	-	(66,045)
Current	-	-	-	-	-	-
Non Current	2,435,000	2,327,421	2,327,421	2,215,000	2,107,421	2,283,421
	2,435,000	2,327,421	2,327,421	2,215,000	2,107,421	2,283,421

14.0 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2012, in compliance with the Insurance Act, CAP 117 LFN 2004 and comprise:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
General Business	320,000	320,000	320,000	320,000	320,000	320,000
Life Business	200,000	200,000	200,000	200,000	200,000	200,000
	520,000	520,000	520,000	520,000	520,000	520,000
Current	-	-	-	-	-	-
Non Current	520,000	520,000	520,000	520,000	520,000	520,000
	520,000	520,000	520,000	520,000	520,000	520,000

15.0 Intangible assets

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Cost						
As at beginning of the year	300,815	293,103	287,133	281,389	281,389	281,389
Additions	74,316	7,712	5,970	74,316	-	-
As at end of the year	375,131	300,815	293,103	355,705	281,389	281,389
Accumulated amortization						
As at beginning of the year	174,654	118,599	107,777	172,711	118,599	107,777
Amortization	68,819	56,055	10,822	64,934	54,112	10,822
As at end of the year	243,473	174,654	118,599	237,645	172,711	118,599
Carrying amount						
As at end of the year	131,658	126,161	174,504	118,060	108,678	162,790
As at beginning of the year	126,161	174,504	179,356	108,678	162,790	173,612

The intangible assets of the group comprise purchased computer software. The computer softwares are accounted for using the cost model of IAS 38 i. e cost less accumulated amortization and less accumulated impairment. The amortization is charged to the income statement in line with the Company's policy. These assets were tested for impairment and no impairment is required in respect of these intangibles.

16.0 Property, plant and equipment

16.1 Group-2012

In thousands of Naira	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/valuation								
Balance, beginning of year	359,700	2,263,971	663,723	540,181	531,099	603,253	1,169,168	6,131,096
Additions	-	146,841	37,140	72,788	61,852	54,789	648,559	1,021,970
Revaluation surplus/(deficit)	395,300	(348,843)					-	46,457
Reclassification	-	-	-	-	-	-	-	-
Transfer from work in progress	-	-	-	-	40,614	-	(40,614)	-
Transfer	-	75,000	-	-	-	-	-	75,000
Disposals	-	-	(42,525)	(300)	(19,437)	(38,590)	-	(100,852)
		-	-	-	-	-	-	
Balance, end of year	755,000	2,136,970	658,338	612,670	614,128	619,452	1,777,113	7,173,671
Accumulated depreciation								
Balance, beginning of year	-	146,422	453,369	431,008	280,869	503,453	-	1,815,121
Charge for the year	-	54,406	70,535	94,773	92,129	39,184	-	351,026
Disposals	-	-	(39,150)	(300)	(19,437)	(32,136)	-	(91,023)
Transfers	-	10,667	-	-	-	-	-	10,667
Balance, end of year	-	211,495	484,755	525,481	353,561	510,501	-	2,085,791
Net book value								
End of year	755,000	1,925,475	173,583	87,189	260,568	108,951	1,777,113	5,087,880
Beginning of year	359,700	2,117,549	210,354	109,173	250,230	99,800	1,169,168	4,315,975

(i) The Group's land and buildings were revalued by Funsho Oladimeji & Co., Estate Surveyor and Valuers (FRC/2013/NIESV/00000001304) in March 2013 using both Investment method and Comparative method of valuation to arrive at the open market value as at 31 December 2012. The previous revaluation was done in December 2009.

(ii) The Group had no capital commitments as at the balance sheet date (31 December 2011: N264,936,021).

(iii) Capital work in progress represents construction costs in respect of new offices in Lagos and Abuja. On completion of construction, the related amounts will be transferred to the appropriate categories of property, plant and equipment.

(iv) No leased assets are included in the property, plant and equipment (31 December 2011: Nil)

(v) An impairment review was conducted and no impairment was required.

16.2 Company - 2012

In thousands of Naira	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/valuation								
Balance, beginning of year	359,700	1,757,552	386,437	539,005	393,694	581,310	903,523	4,921,221
Additions	-	146,841	30,257	72,788	24,646	54,789	511,682	841,004
Revaluation surplus/(deficit)	395,300	(348,843)	-	-	-	-	-	46,457
Reclassification	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Transfer from work in progress	-	-	-	-	-	-	-	-
Disposals	-	-	(1,443)	(300)	-	(38,590)	-	(40,333)
Balance, end of year	755,000	1,555,551	415,251	611,493	418,340	597,509	1,415,205	5,768,349
Accumulated depreciation								
Balance, beginning of year	-	95,136	198,915	429,832	174,398	486,473	-	1,384,754
Charge for the year	-	37,415	50,003	94,773	55,725	36,675	-	274,590
Disposals	-	-	(122)	(300)	-	(32,136)	-	(32,558)
Transfer to Computer software								
Balance, end of year	-	132,551	248,797	524,305	230,123	491,012	-	1,626,786
Net book value								
End of year	755,000	1,423,000	166,454	87,189	188,218	106,497	1,415,205	4,141,563
Beginning of year	359,700	1,662,416	187,522	109,173	219,296	94,837	903,523	3,536,467

(i) The Company's land and buildings were revalued by Funsho Oladimeji & Co., Estate Surveyor and Valuers (FRC/2013/NIESV/00000001304) in March 2013 using both Investment method and Comparative method of valuation to arrive at the open market value as at 31 December 2012. The previous revaluation was done in December 2009.

(ii) The Company had no capital commitments as at the balance sheet date (31 December 2011: N260,00,000).

(iii) Capital work in progress represents construction costs in respect of new offices in Lagos and Abuja. On completion of construction, the related amounts will be transferred to other categories of property, plant and equipment.

(iv) No leased assets are included in the property, plant and equipment (31 December 2011: Nil)

(v) An impairment review was conducted and no impairment was required.

16.3 Property, plant and equipment

(a) Group - 2011

In thousands of Naira	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/valuation								
Balance, beginning of year	-	1,506,305	497,085	392,692	322,431	572,533	1,638,486	4,929,533
Additions	-	651,356	58,405	109,853	16,088	62,490	410,141	1,308,333
Transfer from work in progress	359,700	181,310	108,233	37,636	192,580	-	(879,459)	-
Disposals	-	(75,000)	-	-	-	(31,770)	-	(106,770)
	-	-	-	-	-	-	-	-
Balance, end of year	359,700	2,263,971	663,723	540,181	531,099	603,253	1,169,168	6,131,096
Accumulated depreciation								
Balance, beginning of year	-	116,429	380,797	364,315	225,916	473,433	-	1,560,890
Charge for the year	-	29,993	72,572	66,693	54,953	56,963	-	281,174
Disposals	-	-	-	-	-	(26,943)	-	(26,943)
Transfers	-	-	-	-	-	-	-	-
Balance, end of year	-	146,422	453,369	431,008	280,869	503,453	-	1,815,121
Net book value								
End of year	359,700	2,117,549	210,354	109,173	250,230	99,800	1,169,168	4,315,975
Beginning of year	-	1,389,876	116,288	28,377	96,515	99,100	1,638,486	3,368,643

16.4 Company - 2011

In thousands of Naira	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/valuation								
Balance, beginning of year	-	863,227	220,803	391,515	191,705	556,166	1,573,419	3,796,835
Additions		651,050	57,401	109,853	9,409	59,413	271,529	1,158,655
Reclassification	-		-	-	-	-	-	-
Transfers	-		-	-	-	-	-	-
Transfer from work in progress	359,700	181,310	108,233	37,636	192,580	-	(879,459)	-
Disposals	-	-	-	-	-	(34,271)	-	(34,271)
Balance, end of year	359,700	1,695,587	386,437	539,004	393,694	581,308	965,489	4,921,219
Accumulated depreciation								
Balance, beginning of year	-	76,510	176,156	363,009	154,798	463,103	-	1,233,576
Charge for the year	-	18,626	22,758	66,822	19,600	52,813	-	180,619
Disposals	-	-	-	-	-	(29,443)	-	(29,443)
Transfer to Computer software								
Balance, end of year	-	95,136	198,914	429,831	174,398	486,473	-	1,384,752
Net book value								
End of year	359,700	1,600,451	187,523	109,173	219,296	94,835	965,489	3,536,467
Beginning of year	-	786,717	44,647	28,506	36,907	93,063	1,573,419	2,563,259

17.0 Insurance contract liabilities

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Notified claims	12,380,211	6,186,222	3,433,102	12,380,211	6,186,222	3,433,102
Claims incurred but not reported	1,349,151	1,131,093	769,032	1,349,151	1,131,093	769,032
Outstanding claims provision	13,729,362	7,317,315	4,202,134	13,729,362	7,317,315	4,202,134
Provision for unearned premium	10,950,191	6,021,727	5,555,261	10,950,191	6,021,727	5,555,261
Provision for premium deficiency	-	-	-	-	-	-
	24,679,553	13,339,042	9,757,395	24,679,553	13,339,042	9,757,395
Life insurance contract liability	9,459,624	2,619,606	1,462,448	9,459,624	2,619,606	1,462,448
Provision for outstanding claims	1,418,452	1,571,846	681,990	1,418,452	1,571,846	681,990
	35,557,629	17,530,494	11,901,833	35,557,629	17,530,494	11,901,833
Current	35,557,629	17,530,494	11,901,833	35,557,629	17,530,494	11,901,833
Non-current	-	-	-	-	-	-
	35,557,629	17,530,494	11,901,833	35,557,629	17,530,494	11,901,833

Outstanding claims represents the estimated cost of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test for outstanding claims liability as at 31 December 2012 and the comparative periods were done by HR Nigeria Limited (FRC/NAS/00000000738).

17.1 Outstanding claims provision-General

Movement in outstanding claims provision inclusive of IBNR:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	7,317,315	4,202,134	4,168,336	7,317,315	4,202,134	4,168,336
Claims incurred during the year	11,463,944	6,948,355	4,243,156	11,463,944	6,948,355	4,243,156
Claims paid during the year	(5,051,897)	(3,833,174)	(4,209,358)	(5,051,897)	(3,833,174)	(4,209,358)
Balance, end of year	13,729,362	7,317,315	4,202,134	13,729,362	7,317,315	4,202,134

17.2 Outstanding claims provision-Life

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Group life	1,417,556	1,571,341	681,560	1,417,556	1,571,341	681,560
Individual life	896	505	430	896	505	430
Balance, end of year	1,418,452	1,571,846	681,990	1,418,452	1,571,846	681,990

17.3 Life business liability comprise:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Individual life	1,170,503	540,273	455,910	1,170,503	540,273	455,910
Group life	667,993	361,475	779,836	667,993	361,475	779,836
Annuity	7,621,128	1,717,858	226,702	7,621,128	1,717,858	226,702
	9,459,624	2,619,606	1,462,448	9,459,624	2,619,606	1,462,448

17.4 The movement on the life insurance liability during the year was as follows:

In thousands of Naira	Individual life 2012	Group life 2012	Annuity 2012	Total 2012
Balance, beginning of year	540,273	361,475	1,717,858	2,619,606
Movement during the year	630,230	306,518	5,903,270	6,840,018
Balance, end of year	1,170,503	667,993	7,621,128	9,459,624

18.0 Financial liabilities

In thousands of Naira		Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Investment contract liabilities		10,293,658	8,925,288	7,562,545	10,293,658	8,925,288	7,562,545
Borrowings		21.2	60,405	-	-		
Managed Funds		21.3	394,566	-	-		
		10,293,701	8,925,288	8,017,516	10,293,658	8,925,288	7,562,545

18.1 Investment contract liabilities

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	8,925,288	7,562,545	6,491,997	8,925,288	7,562,545	6,491,997
Deposits received	2,285,232	2,366,905	1,995,891	2,285,232	2,366,905	1,995,891
Guaranteed interest	853,386	606,993	438,848	853,386	606,993	438,848
	12,063,906	10,536,443	8,926,736	12,063,906	10,536,443	8,926,736
Less: withdrawals	(1,770,248)	(1,611,155)	(1,364,191)	(1,770,248)	(1,611,155)	(1,364,191)
Balance, end of year	10,293,658	8,925,288	7,562,545	10,293,658	8,925,288	7,562,545
Current	1,374,742	1,524,949	642,606	1,374,742	1,524,949	642,606
Non Current	8,918,916	7,400,339	6,919,939	8,918,916	8,925,288	7,562,545
	10,293,658	8,925,288	7,562,545	10,293,658	8,925,288	7,562,545

19.0 Trade payables

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Reinsurance payable	3,162,697	1,640,584	1,444,013	3,162,697	1,640,584	1,444,013
Insurance payable	1,983,038	1,545,805	2,545,732	1,983,038	1,545,805	2,545,732
Premium deposits	157,099	130,516	160,128	157,099	130,516	160,128
Unearned income	163,956	82,995	96,412	163,956	81,973	89,222
	5,466,790	3,399,900	4,246,285	5,466,790	3,398,878	4,239,095
Current	5,466,790	3,399,900	4,246,285	5,466,790	3,398,878	4,239,095
Non Current	-	-	-	-	-	-
	5,466,790	3,399,900	4,246,285	5,466,790	3,398,878	4,239,095

20.0 Provision and other payables

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Accruals	277,174	190,808	278,920	194,114	144,557	237,350
Other credit balances	2,188,993	1,027,583	1,412,257	1,766,614	689,274	1,117,413
Managed Funds	414,539	362,593	394,566			
	2,880,706	1,580,984	2,085,743	1,960,728	833,831	1,354,763
Current	2,466,167	1,218,391	1,691,177	1,960,728	833,831	1,354,763
Non Current	414,539	362,593	394,566	-	-	-
	2,880,706	1,580,984	2,085,743	1,960,728	833,831	1,354,763

21.0 Borrowings

(a) Borrowings comprise:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Term loans (see (a) (i) below)	326,839	36,009	60,405		-	-
Other borrowings (see (a) (ii) below)	-	502,713	-		-	-
	326,839	538,722	60,405		-	-
Current	326,839	538,722	60,405	-	-	-
Non-current	-	-	-	-	-	-
	326,839	538,722	60,405	-	-	-

(a)(I) This represents the outstanding balance on a facility granted to Leadway Hotels Limited, a subsidiary, by First Bank of Nigeria Plc, taken over by Leadway Assurance Plc and Prestige Assurance Plc. The balance due to Leadway Assurance Company Limited of N28,386,000 (2011:161,081,082) was eliminated on consolidation.
All borrowings are stated at amortized cost.

(a)(ii) This represents the outstanding balance on a Commercial paper/Deposit Investment facility granted to Leadway Capital and Trusts Limited by First Registrars Limited at 16.5% interest per annum with a tenor of 91days. The facility was rolled over at maturity.

22.0 Retirement benefit obligation

The defined benefit obligation is actuarially determined at year end. The actuarial valuation is done using the "Projected Unit Credit" otherwise known as accrued benefit method. Gains and losses of changed actuarial assumptions are charged to the profit or loss. The defined benefit obligation was actuarially determined by HR Nigeria Limited as at 31 December 2012 and 31 December 2011.

(a) The details of the defined benefit plans are as below:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Fair value of planned asset	-	-	-	-	-	-
Present value of defined benefit obligation	344,593	337,896	382,983	344,593	337,896	382,983
Deficit in the plan	(344,593)	(337,896)	(382,983)	(344,593)	(337,896)	(382,983)

(b) Present value of defined benefit obligation

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	337,896	382,983	10,745	337,896	382,983	10,745
Current service cost	-	-	-	-	-	-
Past service cost	-	-	372,238	-	-	372,238
Benefit paid	(22,349)	(75,805)	-	(22,349)	(75,805)	-
Interest cost	38,880	44,090	-	38,880	44,090	-
Actuarial gains	(9,834)	(13,372)	-	(9,834)	(13,372)	-
Balance, end of year	344,593	337,896	382,983	344,593	337,896	382,983
Current	-	-	-	-	-	-
Non-current	344,593	337,896	382,983	344,593	337,896	382,983
	344,593	337,896	382,983	344,593	337,896	382,983

(c) Movement in the fair value of plan assets

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Fair value of plan assets, beginning of year		-	-	-	-	-
Employer contributions made in the financial year	22,349	75,805	-	22,349	75,805	-
Benefit paid by the employer	(22,349)	(75,805)	-	(22,349)	(75,805)	-
Expected return on plan assets		-	-	-	-	-
Actuarial gains/(losses) on plan assets		-	-	-	-	-
Closing fair value of plan assets		-	-	-	-	

(d) Expense recognised in profit or loss

In thousands of Naira	Group 2012	Group 2011	Company 2012	Company 2011
Current service cost		-	-	-
Net interest cost	38,880	44,090	38,880	44,090
Past service cost		-	-	-
Actuarial gains	(9,834)	(13,372)	(9,834)	(13,372)
Net periodic benefit cost	29,046	30,718	29,046	30,718

(e) Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date

In thousands of Naira	Group 2012	Group 2011	Group 01-Jan-11	Company 2012	Company 2011	Company 01-Jan-11
Discount rate	12%	12%	12%	12%	12%	12%
Rate of inflation	10%	10%	10%	10%	10%	10%
Rate of interest credit	12%	12%	12%	12%	12%	12%
Expected rate of return on scheme assets	n/a	n/a	n/a	n/a	n/a	n/a
Mortality rate	A67/70 ultimate tables	A67/70 ultimate tables	A67/70 ultimate tables	A67/70 ultimate tables	A67/70 ultimate tables	A67/70 ultimate tables
Retirement age	60 years	60 years	60 years	60 years	60 years	60 years

23.0 Current tax liabilities

The movement on taxation payable account during the year was as follows:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	681,269	856,126	533,092	616,177	808,464	485,822
Payment during the year	(620,418)	(642,983)	(325,248)	(557,950)	(601,440)	(278,605)
Charge for the year (see note 39.0)	288,072	468,126	648,282	184,305	409,153	601,247
Prior year undercharge	20,546	-	-	-	-	-
Balance, end of year	369,469	681,269	856,126	242,532	616,177	808,464

24.0 Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

24.1 The movement on deferred tax assets account during the year was as follows:

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Group 01-Dec-11	Company 31-Dec-12	Company 31-Dec-11	Company 01-Dec-11
Balance, beginning of year	586,586	422,013	379,879	489,190	357,222	351,982
Charge to asset revaluation reserve	14,429	21,999	84,797	14,429	(1,802)	84,797
Charge/(credit) to profit and loss account for the year	(32,662)	142,573	(42,663)	(31,390)	133,770	(79,557)
Transfer to deferred tax asset	11,775					
	-	-	-	-	-	-
Balance, end of year	580,128	586,586	422,013	472,229	489,190	357,222

24.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Assets In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Group 01-Jan-11	Company 31-Dec-12	Company 31-Dec-11	Company 01-Jan-11
Property, plant and equipment	11,775	-	-	-	-	-
Employee benefits obligation	103,378	101,369	114,895	103,378	101,369	114,895
Deferred tax assets	115,153	101,369	114,895	103,378	101,369	114,895
Liabilities						
Property, plant and equipment	366,580	317,652	264,170	331,703	305,053	199,378
Investment properties	137,901	125,887	125,887	137,901	125,887	125,887
Unrealised exchange gain	190,800	244,416	146,851	106,003	159,619	146,851
Deferred tax liabilities	695,281	687,955	536,908	575,607	590,559	472,116
Net	(580,128)	(586,586)	(422,013)	(472,229)	(489,190)	(357,221)

24.2 Movements in temporary differences during the year ended 31 December 2012

	Group				Company			
	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December
Property, plant and equipment	317,652	22,724	14,429	354,805	305,053	12,221	14,429	331,703
Investment properties	125,887	12,014	-	137,901	125,887	12,014	-	137,901
Unrealised exchange gain	244,416	(53,616)	-	190,800	159,619	(53,616)	-	106,003
Employee benefit obligation	(101,369)	(2,009)	-	(103,378)	(101,369)	(2,009)	-	(103,378)
	586,586	(20,887)	14,429	580,128	489,190	(31,390)	14,429	472,229

Movements in temporary differences during the year ended 31 December 2011

	Group				Company			
	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December
Property, plant and equipment	264,170	140,080	(1,801)	402,449	199,378	107,476	(1,801)	305,053
Investment properties	125,887	-	-	125,887	125,887	-	-	125,887
Unrealised exchange gain	146,851	12,768	-	159,619	146,851	12,768	-	159,619
Employee benefit obligation	(114,895)	13,526	-	(101,369)	(114,895)	13,526	-	(101,369)
	422,013	166,374	(1,801)	586,586	357,221	133,770	(1,801)	489,190

24.3 The movement on deferred tax asset account during the year was as follows:

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Group 01-Dec-11	Company 31-Dec-12	Company 31-Dec-11	Company 01-Dec-11
Balance, beginning of year	-	-	-	-	-	-
Transfer from deferred tax liability	(11,775)					
Charge/(credit) to profit and loss account for the year	-	-	-	-	-	-
Tax effect of fair value changes- investment property	-	-	-	-	-	-
Balance, end of year	(11,775)	-	-	-	-	-

25.0 Capital and reserves

25.1 Share capital

Share capital comprises:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
(a) Authorised:						
Ordinary shares of 50k each:						
General business 7,000,000,000 units (2011: 7,000,000,000 units)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Life business 3,000,000,000 units (2011: 3,000,000,000 units)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	

	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
(b) Issued and fully paid						
Ordinary shares of 50k each:						
General business 6,279,596,000 units (2011: 6,279,596,000)	3,139,798	3,139,798	2,865,436	3,139,798	3,139,798	2,865,436
	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
	4,389,798	4,389,798	4,115,436	4,389,798	4,389,798	4,115,436

(c) The movement on the share capital account during the year was as follows:

	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Balance, beginning of year	4,389,798	4,115,436	2,743,624	4,389,798	4,115,436	2,743,624
Bonus issue capitalised	-	274,362	1,371,812	-	274,362	1,371,812
Balance, end of year	4,389,798	4,389,798	4,115,436	4,389,798	4,389,798 -	4,115,436

25.2 Share premium

Share premium comprises additional paid up-share capital in excess of the par value. This reserve is not ordinarily available for distribution.

25.3 Contingency reserves

In compliance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums or 20% of the profits (whichever is greater).This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. While for life business, the contingency reserves is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid up capital.

25.4 Retained earnings

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the Company. See statement of changes in equities for movement in retained earnings.

25.5 Assets revaluation reserve

This reserve is the accumulation of revaluation gain on properties and equipment. See statement of changes in equities for movement in asset revaluation reserve.

25.6 Fair value reserves

Fair value reserves includes the net accumulated change in the fair value of available for sale asset until the investment is derecognized or impaired.
See statement of changes in equities for movement in fair value reserve.

25.7 Other reserves

This comprises the asset replacement reserves and the foreign currency translation reserve.

Asset replacement reserve is a reserve set aside by a subsidiary, Leadway Hotels Limited, in line with the standards set by Protea Hotels Limited, brand owners of the hotel operated by Leadway Hotels Limited. This reserve is for replacement of the hotel property, plant and equipment from the distributable profit.
Foreign currency translation reserve is the accumulation of translation differences on non-monetary assets and liabilities.

26.0 Non controlling interest

(a) Non controlling interest comprises:

In thousands of Naira	Group 2012	Group 2011	Group 1 Jan 2011	Company 2012	Company 2011	Company 1 Jan 2011
Leadway Capital and Trust Limited	258,598	235,758	243,131	-	-	-
Leadway Hotels Limited	449,318	374,000	352,323	-	-	-
	707,916	609,758	595,454	-	- -	-

27.0 Gross premium written

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Gross premium arising from insurance contracts issued	36,920,262	24,085,145	36,920,262	24,085,145
Gross premium ceded to reinsurers on insurance contracts	275	627	275	627
	36,920,537	24,085,772	36,920,537	24,085,772
Less: increase in unearned premium	(10,996,354)	(1,623,622)	(10,996,354)	(1,623,622)
	25,924,183	22,462,150	25,924,183	22,462,150

28.0 Changes in unearned premium provision

General business:
Increase/(decrease)

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Motor	(85,426)	113,374	(85,426)	113,374
Fire	(165,234)	(209,843)	(165,234)	(209,843)
General Accident	113,343	167,531	113,343	167,531
Bond	(79,425)	22,864	(79,425)	22,864
Marine	27,913	(1,598)	27,913	(1,598)
Engineering	24,197	(86,298)	24,197	(86,298)
Oil & Gas	(4,763,833)	(472,496)	(4,763,833)	(472,496)
	(4,928,465)	(466,466)	(4,928,465)	(466,466)

Life business In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Individual life	(630,230)	99,241	(630,230)	99,241
Group life	465,717	(1,521,951)	465,717	(1,521,951)
Annuity	(5,903,376)	265,554	(5,903,376)	265,554
	(6,067,889)	(1,157,156)	(6,067,889)	(1,157,156)
	(10,996,354)	(1,623,622)	(10,996,354)	(1,623,622)

28.0 Reinsurance expenses

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Reinsurance premium paid	17,688,482	9,883,525	17,688,482	9,883,525
Less: Increase in unexpired reinsurance cost	(4,800,624)	(569,133)	(4,800,624)	(569,133)
	12,887,858	9,314,392	12,887,858	9,314,392

29.0 Fees and commission income

Commission income comprises commission earned on policy administration, investment management services ,surrender charges and other contract fees.

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Commission earned on general insurance contracts	1,434,505	1,473,635	1,434,505	1,473,635
Commission earned on group life assurance contracts	94,352	209,988	94,352	209,988
	1,528,857	1,683,623	1,528,857	1,683,623

30.0 Claims expense

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Net benefits and claims paid	8,347,812	7,167,552	8,347,812	7,167,552

	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
General business				
Gross benefits & claims paid	5,051,897	3,833,174	5,051,897	3,833,174
Claims ceded to reinsurance	(5,326,040)	(1,445,904)	(5,326,040)	(1,445,904)
Gross change in contract liabilities	6,411,864	2,953,372	6,411,864	2,953,372
	6,137,721	5,340,642	6,137,721	5,340,642
Life business				
Gross benefits & claims paid	2,188,629	1,315,564	2,188,629	1,315,564
Claims ceded to reinsurance	(597,379)	(378,510)	(597,379)	(378,510)
Gross change in contract liabilities	618,841	889,856	618,841	889,856
	2,210,091	1,826,910	2,210,091	1,826,910
	8,347,812	7,167,552	8,347,812	7,167,552

31.0 Underwriting expenses

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Acquisition expenses	3,413,211	2,962,674	3,413,211	2,962,674
Maintenance expenses	507,432	520,022	507,432	520,022
	3,920,644	3,482,696	3,920,644	3,482,696

31.1 Acquisition expenses

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Costs incurred for the acquisition of general insurance contracts	2,386,531	2,361,956	2,386,531	2,361,956
Costs incurred for the acquisition of life insurance contracts	907,740	477,422	907,740	477,422
Costs incurred for the acquisition of investment contracts	118,940	123,296	118,940	123,296
	3,413,211	2,962,674	3,413,211	2,962,674

31.2 Maintenance cost

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Costs incurred for the maintenance of general insurance contracts	247,455	343,739	247,455	343,739
Costs incurred for the maintenance of life insurance contracts	246,978	169,810	246,978	169,810
Costs incurred for the maintenance of investment contracts	12,999	6,473	12,999	6,473
	507,432	520,022	507,432	520,022

32.0 Investment income

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Gain/(loss) on sale of investment	514,903	375,933	514,903	375,933
Dividend income	583,194	516,757	595,557	523,302
Interest income	2,063,854	1,032,779	1,875,327	965,005
	3,161,951	1,925,469	2,985,787	1,864,240

33.0 Net fair value gains on assets at fair value through income

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Net fair value gains on financial assets at fair value through income	1,349,105	(305,821)	1,349,105	(290,555)
Fair value gains on investment property	120,142	-	120,142	-
	1,469,247	(305,821)	1,469,247	(290,555)

34.0 Other operating income

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Fee income	35,232	52,759	-	-
Hotel management income	745,616	723,497	-	-
Rental income	33,127	7,367	30,392	7,367
Profit on sale of fixed assets	6,640	353	6,640	353
Foreign exchange gain	12,165	232,427	5,270	176,076
Other income	217,281	418,207	211,381	366,395
	1,050,061	1,434,610	253,683	550,191

35.0 Management expenses

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Employee benefit expense	1,063,296	869,384	957,669	774,291
Depreciation	348,193	281,176	274,591	180,621
Amortisation of intangible assets	67,094	56,055	64,934	54,112
Finance charges	120,981	48,861	50,978	20,698
Administrative expenses	277,724	310,956	249,292	256,068
Travelling and tours	39,214	95,436	39,214	95,436
Training expenses	34,239	42,252	34,239	41,344
Professional fees	56,832	10,831	53,419	8,135
Advertisement	75,791	74,139	74,322	69,002
Telecommunication	20,967	85,034	20,967	85,034
Auditor's remuneration	43,300	36,356	37,000	30,000
Hotel management expenses	139,831	140,845	-	-
Other management expenses	1,776,244	1,091,362	1,492,671	919,997
	4,063,706	3,142,687	3,349,296	2,534,738

35.1 Management expenses are further analysed as follows:

In thousands of Naira	Company 2012	Company 2011
Expenses allocated to general insurance contracts	2,692,872	2,256,893
Expenses allocated to life insurance contracts	496,538	251,400
Expenses allocated to investment contracts	159,886	26,445
	3,349,296	2,534,738

35.2 Employee benefit expense

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Wages and salaries	928,631	697,440	858,502	638,872
Pension costs-defined contribution plans	79,678	81,772	70,121	72,548
Employee benefit - below market staff loans	25,941	59,454	-	32,153
Defined benefit plan (see note 22(d))	29,046	30,718	29,046	30,718
	1,063,296	869,384	957,669	774,291

(a) Staff information:

Number of employees earning more than 100,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
₦101,001- ₦500,000	46	72	-	-
₦500,001- ₦750,000	2	14	-	-
₦750,000 - ₦1,000,000	68	58	31	38
₦1,000,000 -₦2,000,000	64	30	48	30
₦2,000,000 -₦3,000,000	173	174	173	174
Over ₦3,000,000	107	110	101	110
	460	458	353	352

(b) The average number of full time persons employed by the Company during the year was as follows:

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Management staff	35	48	26	30
Non-management staff	425	410	327	322
	460	458	353	352

(c) Directors' remuneration

i Remuneration paid to the directors of the Company (excluding pension contribution and other allowances) was as follows:

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Directors' fees	15,968	9,050	8,750	9,050
Other emoluments	14,810	16,560	14,810	16,560
	30,778	25,610	23,560	25,610

ii The directors' remuneration shown above (excluding pension contributions and other allowances) includes:

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Chairman	6,978	6,978	4,210	4,210
Highest paid director	8,738	8,738	5,455	5,455

iii The emoluments of all other directors fell within the following range:

	Group 31-Dec-12 Number	Group 31-Dec-11 Number	Company 31-Dec-12 Number	Company 31-Dec-11 Number
₦2,300,000 - ₦4,800,000	2	2	2	2
₦1,750,000 - ₦2,300,000	5	5	5	5
	7	7	7	7

36.0 Finance cost

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Investment contract benefits	853,386	606,993	853,386	606,993
Interest expense on borrowings	32,342	61,925	-	-
	885,728	668,918	853,386	606,993

36.1 Investment contract cost

Investment contract benefits represents guaranteed interest which accrues to the account of investment contract holders. All these contracts are designated at other financial liabilities and are measured at amortised cost.

37.0 Net impairment losses

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Specific impairment on trade receivables (see Note 11)	1,315,864	1,148,266	1,315,864	1,148,266
Impairment loss on other receivables	(20,937)	30,114	5,314	2,316
Impairment loss on quoted equities	(26,995)	11,415	-	-
Impairment loss on unquoted equities	625,320	491,131	625,320	491,131
Impairment loss on commercial loans (see Note 14.1)	9,604	104,498	29,775	28,619
Impairment loss on investment properties	-	5,719	-	-
Impairment loss on leases	7,032	(211)	-	-
	1,909,888	1,790,933	1,976,273	1,670,332

38.0 Income tax expense

(a)

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Company income tax	294,539	409,510	167,974	357,934
Education tax	9,247	43,272	11,504	35,875
Technology levy	4,832	15,344	4,832	15,344
	308,618	468,126	184,310	409,153
Deferred tax (credit)/charge (see note 20)	(32,662)	142,573	(31,390)	109,969
	275,957	610,699	152,920	519,122

AGM Report
Director's Report
Performance Review
Financial Statements

(b) Reconciliation of effective tax rate

	Group				Company			
	Rate	31-Dec-2012	Rate	31-Dec-2011	Rate	31-Dec-2012	Rate	31-Dec-2011
Profit before tax		1,449,794		1,754,255		826,488		1,368,937
Income tax using the domestic corporation tax rate	30%	434,938	30%	526,276	30%	258,197	30%	410,681
Tax exempt income	-33%	(480,632)	-23%	(408,448)	-48%	(415,405)	-24%	(325,223)
Non-deductible expenses	30%	429,688	26%	460,439	48%	414,636	32%	441,233
Balancing charge	0%	-	0%	1,622	0%	-	0%	1,622
Deferred tax	0%	(32,662)	7%	142,573	1%	(31,390)	7%	109,969
Tertiary education tax	1%	9,247	2%	43,272	1%	11,504	3%	35,875
Technology levy	0%	4,832	1%	15,344	1%	4,832	1%	15,344
Capital allowance	-6%	(89,455)	-10%	(170,381)	-10%	(89,455)	-12%	(170,380)
	22%	275,957	34%	610,699	22%	152,920	37%	519,122

39.0 Earnings Per Share

Basic earnings per share have been computed based on the profit after taxation attributable to equity holders and the weighted average number of ordinary shares outstanding during the period of 8,779,596,000 (2011: 8,779,596,000). Adjusted earnings per share have been computed based on profit after taxation and the ordinary shares of 8,779,596,000 as at year end.

Dividend per share has been computed based on the profit after taxation and the number of ordinary shares outstanding during the year of 8,779,596,000 (2011: 8,779,596,000) qualifying for dividend.

In thousands of Naira	Group 2012	Group 2011	Company 2012	Company 2011
Profit attributable to equity holders	1,155,719	1,267,565	673,568	973,824
Weighted average number of shares	8,779,596	8,779,596	8,779,596	8,779,596
Outstanding shares at period end	8,779,596	8,779,596	8,779,596	8,779,596
Dividend paid	500,000	500,000	500,000	500,000
Earnings per share - Basic/diluted (k)	13	14	8	11
Dividend paid per share (k)	6	6	6	6

40.0 Components of other comprehensive income

In thousands of Naira	Group 2012	Group 2011	Company 2012	Company 2011
Fair value gains on available for sale financial assets during the year	1,812,787	(2,303,465)	1,812,787	(2,295,653)
Foreign exchange difference on unquoted financial assets during the year	-	-	-	-
Gain/ (loss) on revaluation of properties and equipment	16,469		7,950	
Tax effect of foreign exchange difference on unquoted financial assets		-	-	-
	1,829,256	(2,303,465)	1,820,737	(2,295,653)

41.0 Net cash flow from operating activities before changes in operating assets:

In thousands of Naira	Notes	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Profit after taxation		1,155,719	1,267,565	673,568	973,824
Taxation		275,957	610,699	152,920	519,122
Operating profit		1,431,676	1,878,265	826,488	1,492,946
Adjustment to reconcile profit before taxation to net cash flow from operations:					
Share of associate profit	11(b)(i)	(313,013)	(245,411)	-	-
Impairment on loans and receivables	37	9,604	104,498	29,775	28,619
Impairment of trade receivables	37	1,315,864	1,148,266	1,315,864	1,148,266
Allowances for bad and doubtful accounts	37	(20,937)	30,114	5,314	2,316
Allowance for doubtful un-quoted investments	37	625,320	491,131	625,320	491,131
Allowance for doubtful quoted investments	37	(26,995)	11,415	-	-
Allowance for diminution in investment properties	37	-	5,719	-	-
Allowance for diminution on lease	37	7,032	(211)	-	-
Depreciation on property, plant and equipment	35	348,193	281,176	274,591	180,621
Amortisation of intangible assets	35	67,094	56,055	64,934	54,112
Provision for outstanding claims		6,258,653	4,005,037	6,258,653	4,005,037
Other assets written off	10.3	(35,450)	-	(52,829)	(31,179)
Increase/ (decrease) in unearned premium		4,928,464	466,466	4,928,464	466,466
Increase/ (decrease) in life insurance contract liability		6,840,018	1,157,158	6,840,018	1,157,158
(Profit)/loss on property, plant and equipment	34	(6,640)	(353)	(6,640)	(353)
Loss/(gain) on disposal of investments	32	(514,903)	(375,933)	(514,903)	(375,933)
Dividend income		(583,194)	(516,757)	(595,557)	(523,302)
Interest expense on borrowings	36	32,342	61,925	-	-
Rental income from investment property	34	(33,127)	(7,367)	(30,392)	(7,367)
Fair value loss/(gain) on investment property	33	(120,142)	-	(120,142)	-
Fair value gain on AFS financial instruments		(1,812,787)	(2,303,465)	(1,812,787)	(2,295,653)
Fair value loss/(gain) on held for trading financial assets	33	(1,349,105)	305,821	(1,349,105)	290,555
Net cash flow from operating activities		17,047,966	6,553,550	16,687,066	6,083,440

42.0 Related parties

Related parties to the Company are as follows:

(i) Subsidiary

The Company has three subsidiaries as at 31 December 2012. The operating and financing activities of the company is carried out by the parent with a common direction and common managements. Transactions between Leadway Assurance Company Limited and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

(ii) Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel exercise control. The key management personnel have been identified as the executive directors, non-executive directors and senior management of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Leadway Assurance Company Limited.

(iii) Director's remuneration

In thousands of Naira	Group 31-Dec-12	Group 31-Dec-11	Company 31-Dec-12	Company 31-Dec-11
Directors' fees	15,968	9,050	8,750	9,050
Other emoluments	14,810	16,560	14,810	16,560
	30,778	25,610	23,560	25,610

Name of related party	Relationship	Nature of related party transactions	Outstanding balance 2012	Outstanding balance 2011
Leadway Capital and Trusts Limited	Subsidiary	Commercial loan	142,849	41,919
Leadway Hotels Limited	Subsidiary	Commercial loan and Technical service agreement	8,925	122,278
Leadway Properties and Investments Limited	Subsidiary	Nil	-	-
Leadway Pensure PFA	Associated company	Technical service agreement	21,000	31,650
Total Health Trust	Associated company	Nil	-	-

Business transactions with these related parties were done at arm's length.

43.0 Contingent liabilities, litigations and claims

There are litigation claims against the Company as at 31 December 2012 amounting to N 4.39 billion (2011: N 5.8 billion). These litigation claims arose in the normal course of business and are being contested by the Company. The directors, having sought advice of professional counsel, are of the opinion that no significant liability will crystallise from these claims. No provisions have been made in these financial statements. The number of pending cases as at 31December 2012 is 87 (2011: 91)

44.0 Contravention of laws and regulations

The Company did not pay any penalty in respect of contravention of law or regulation during the year.

45.0 Events occurring after the reporting period

There were no events that occurred subsequent to the reporting date that require adjustments or disclosure in the financial statements.

Enterprise Risk Management Statement

46.0 Introduction

Leadway Assurance Company Limited (Leadway) is committed to establishing an entity that ensures risk management is an integral part of its operations. The company has developed an Enterprise-Wide Risk Management (ERM) Framework to manage change and uncertainties it may face in the normal course of business. The ERM framework has assisted all levels of operation in achieving the company's strategic objectives through systematic and portfolio approach to evaluating and improving on effectiveness of risk management and control.

Purpose

The general purpose of Leadway's ERM Framework is to provide the internal stakeholders with the guidance that ensures that all decisions made and activities conducted with regard to risk management are in congruence with the entity's goals and business units' objectives.

The specific benefits we envisage gaining from our ERM framework are:

- Give reasonable assurance to our policyholders and the regulators about our ability to pay promptly, claims arising now and in the future.
- Communicate the risks being taken by the company to the investors and ensure that the objectives of the organization are aligned with the expectations of capital providers.
- Reduce Leadway's susceptibility to systemic risks generated by other sectors in the financial system.
- Make our capital requirements more risk- sensitive and to improve the alignment of our company's capital standards.
- Provide the means to promote and demonstrate best practices in governance and risk management, and deliver more efficient use of capital.

Enterprise Risk Management Culture and Philosophy

In Leadway we recognise that in a complex and competitive business environment, the need to give a reasonable assurance to shareholders and other stakeholders on the attainment of their expectations cannot be compromised.
Our risk management philosophy and culture represent our shared values, attitude and practice of how we consider risk in our day-to-day operations across all levels. As insurers, we anticipate risks and in advance, respond appropriately.

- We regard every one of our employees as a risk manager and we all take individual and collective ownership of the ERM responsibilities.
- We observe prudence in underwriting and limit risks to our appetite and set tolerances beyond which we object to unguided exposures.
- We weigh the risk and reward inherent in our daily transactions and pursue those that support value creation to all customers and shareholders.
- We have no tolerance for infractions of laws and regulations and we detest business relationship with disreputable business entities and individuals.
- We have recorded visible improvement in our risk management strategy that has helped us sustain our leadership position in the Nigerian insurance market and meet stakeholder expections.

Risk management strategy

Our risk management methodology recognises that there cannot be total elimination of risk but we are determined to reduce both the severity and probablity of the occurrence of risk events through appropriate responses.
We have deployed an ERM policy that focuses on taking enterprise-level view of interrelationship among various risks with a view to providing an effective responses to managing the material risks that present the gratest threats to our existence and operations as an insurance and investment company. In so doing we will, in the long run, manage risk that are less significant.

We adopt the following strategies in managing risks in Leadway

- Incoporate risk management principles into all functions and ensure an environment in which the Board and senior managerment set the tone for effective controls.
- Establish well defined risk management process for risk identification, assessment, controlling, monitoring and reporting.
- Entrench a structured and disciplined approach to assets balancing that will prevent concentration of risk in any sector, industry, instrument, product or entity.
- Formulation of policies and procedures that ensure that appropriate risk responses, as well as other entity directives, internal policies and control procedures are carried out.
- Ensure good corporate governance and pursue zero tolerance for non-compliance with regulatory compliance.

External perspectives

Leadway has continued to be in the forefront of many industry initiatives that seek to ensure setting and adhering to global best practice. This informed its involvement at the trade, association and regulatory levels in setting the tone for compliance with legislations, regulations, guidelines and standards designed for global ratings among insurers. The interest of regulators and notable rating agencies in bringing about the required reforms that will make insurance business more attractive to investors, informed Leadway's pro-activeness to be coming one of the early adapters of the International Financial Reporting Standards and the Solvency II requirements in the insurance industry.

The Board on its part has continued to ensure that shared commitment to code of Good Corporate Governance as an integral part of its ERM policy is embedded into plans of the company at the strategic, tactical and operational level.

Risk governance, roles & responsibilities

Our risk governance focuses on directing and controlling the management of risks within the company by spelling out the roles and responsibilities for the board, management and employees. The policy adopts the three-lines-of-defence model of risk management governance that revolves round the Board, Risk Management Committee and the Audit Committee.

Roles and responsibilities

The Board

The board has the ultimate responsibility for the risk and the related control environment and as such is responsible for the following:

- To approve the risk management framework, set the risk appetite/tolerance level and the risk management strategy escalated to it, from time to time.
- To appraise the risk management process and the internal controls for effectiveness, appropriateness and adequacy.
- To ensure that the company's ERM Framework is subject to periodic audit by competent personnel independent of the company's risk management functions.

Board risk & technical committee

- To review risk management framework and policies and present same for board's approval
- Ensure that the ERM framework takes a portfolio view of risk and that strategy and objectives formulation are predicated on sound understanding and assessment of major risks.
- To challenge risk information and examine the appropriateness of the judgments underlying the setting of the company's risk tolerance/limits.

Risk Management Committee

- To establish appropriate structure that recognises the required level of independence between the risk management officers and those engaged in the normal insurance operations.
- Put in place, a well-resourced risk management department with clearly defined responsibilities and authorities for the company's risk management activities.
- Develop risk management initiatives and regularly review the company's methodology for risk identification, assessment, measurement, mitigation and report escalation.
- Design and document risk policies and procedures that reflect changes in entity-risk portfolio and ensure their enterprise-wide implementation.

Business Units

Many of the operational risks reside in the business units and risk owners/champions in these units have responsibilities for risk management in the respective risks. Specifically, business units will be accountable for the following:

- To carry out a weekly review of risks profile in the department/unit in compliance with the entity's risk policies and procedures.
- Apply appropriate control measures to manage identified risks and solicit the involvement of the Risk Management & Compliance Department in the escalation of material risks to Risk Management Committee.
- Be involved in all activities designed to propagate risk management culture within the company and in building firewalls against emerging exposures that may affect the achievement of the company's objectives.
- Produce risk management reports input for consolidation into the overall report repository domiciled in the Risk Management & Compliance Department.
- Provide information towards the development of new approaches to risk management in its domain and collaborate with RMCD to prepare appropriate risk mitigations plans for the unit.

Risk Management & Compliance Division

- Responsible for facilitation and co-ordination of risk management activities across the company
- Provision of technical assistance and guidance to business units. It will be responsible for raising awareness of risk management across the company
- Reviews and analyses the company's business and investment proposals to ensure that risks have been adequately identified and proper mitigating factors put in place.
- Develop Key Risk Indicators (KRIs) for monitoring key drivers associated with identified major risks and regular liaison with regulators on compliance issues.
- Prepare for the Risk Management Committee's review, necessary exception reports with recommendations for improvement of the entire risk management and reporting system.
- Monitor compliance with the company's ERM policies/procedures on risk limit and access the impact of regulatory requirements will have on the company's operations.

Internal Audit

- To adopt a risk-based approach to planning and executing the internal audit process/activities by directing internal auditing's resources at those areas most important to the organization.
- Evaluate the adequacy and effectiveness of controls encompassing the organization's governance, operations, and information systems.
- Develop internal audit plans that identify and access risks relevant to the activity under review and ensure that the internal auditing objectives reflect the results of the risk assessment.
- To contribute to the effectiveness of the enterprise risk management, by participating in separate evaluations of internal controls and the ERM programme, and recommending improvements.
- To provide advice in the design and improvement of control systems and risk mitigation strategies.
- To challenge the basis of management's risk assessments and evaluate the adequacy and effectiveness of risk treatment strategies.

Capital Management Policies, Objectives and Approach

46.1 Capital Management Policies, Objectives and Approach

(a) Strategic risks

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

- To maintain the required level of financial stability 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.
- 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.

Leadway's operations are also subject to regulatory requirements within the jurisdictions in which it operates. The minimum paid up capital requirement as specified by National Insurance Commission (NAICOM) for life insurance business in Nigeria is ₦2billion, ₦3billion for Non-life insurance business and N10billion for Reinsurance business and insurer are also mandated to maintain 10% of this paid up capital with the Central Bank as Statutory Deposit. In addition, quarterly and annual returns must be submitted to NAICOM on a regular basis.

The regulations prescribed by NAICOM not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., solvency margin) to minimise the risk of default and in solvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

AGM Report
Director's Report
Performance Review
Financial Statements

The Group has met the requirements throughout the financial year.

In reporting the Leadway's solvency status, solvency margin are computed using the rules prescribed by the National Insurance Commission (NAICOM). The margin of solvency, according to NAICOM is defined as total admissible assets less total liabilities. This shall not be less than either 15% of net premium or the minimum paid up share capital whichever is higher. Leadway'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 regulations, including any additional amounts required by the regulators.

(b) Approach to capital management

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

Leadway's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level 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. An important aspect of the company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

The Group's primary source of capital used by is equity shareholders' funds and borrowings. Leadway also utilises, where efficient to do so, sources of capital such as reinsurance in addition to more traditional sources of funding.

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Group has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

Capital Management Policies, Objectives and Approach (Cont'd)

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory and to best utilize capital allocations.

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. This test compares insurers' capital against the risk profile. Section 24(1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percentum of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital whichever is greater. During the year, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

The Company has two (2) businesses, life and general businesses and these were required to prepare solvency margin computation separately.

The solvency margin for General business as at 31 December 2012 is as follows:

In thousands of Naira

TEST OF SOLVENCY :			31 December 2012	31 December 2011	
EXCESS OF ADMISSIBLE ASSETS OVER LIABILITIES - SOLVENCY MARGIN (A-B)			7,160,515		4,679,458
TEST I	Gross Premium	27,370,629		19,600,399	
	Less: Reinsurances	(12,521,439)		(9,084,126)	
	Net Premium	14,849,190		10,516,273	
	15% there of	2,227,379		1,577,441	
TEST II					
	MINIMUM PAID UP CAPITAL	3,000,000		3,000,000	
	The higher thereof:		3,000,000		3,000,000
	SURPLUS OF SOLVENCY		4,160,515		1,679,458
	Solvency Ratio		239%		156%

(c) Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures

- Requirements for the periodic assessment of operational risks and the adequacy of controls and procedures to address the risks
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with the company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the company.

(d) Financial risks

The Group has exposure to the following risks from financial instruments:

- Credit risks
- Liquidity risks
- Market risks

(e) Credit risks

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

Capital Management Policies, Objectives and Approach (Cont'd)

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

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

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

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

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

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

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

The Group's investment portfolio is exposed to credit risk through its fixed income and money market instruments. The contribution of the fixed Income & money market instruments to the Group's investment is as follows:

Capital Management Policies, Objectives and Approach (Cont'd)

31 December 2012
In thousands of Naira

Category	Group Amount	%	Company Amount	%
Fixed income instrument	15,510,835	38	15,452,869	38
Money market instruments	9,692,844	23	8,913,092	22
Equities	12,707,022	31	12,516,589	31
Other investments	3,377,654	8	3,544,468	9
Total	41,288,355	100	40,427,018	100

31 December 2011

Category	Group Amount	%	Company Amount	%
Fixed income instrument	4,724,780	17	4,724,780	18
Money market instruments	8,372,640	31	7,381,463	28
Equities	11,004,242	41	10,841,984	41
Other investments	2,966,723	11	3,436,889	13
Total	27,068,385	100	26,385,117	100

1 January 2011

Category	Group Amount	%	Company Amount	%
Fixed income instrument	981,948.00	4	981,948.00	4
Money market instruments	7,955,362.00	32	7,584,484.00	30
Equities	13,243,313.71	53	13,057,594.09	52
Other investments	2,628,477.00	11	3,321,743.00	13
Total	24,809,101	100	24,945,769	100

The Group's exposure to credit risk is low as Government sector (Government bonds) and money market accounted for 61% of the investment as at December 31, 2012.(48%: 31 December 2011 and 36% : 1 January 2011).

The Group further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis.

The Company's counterparty exposure as at 31 December 2012 is represented below:

Company portfolio
In thousands of Naira

Counterparty	Investment in money maket	Ratio
National bank	8,293,836	93%
Discount houses	516,574	6%
Investment house	102,753	1%
	8,913,163	100%

Reinsurance contract is executed only with reinsurers with a minimum acceptable minimum credit rating. Management monitors the credit worthiness of all reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

Asides credit risk exposure from our investment policies ,the Group is also exposed to this risk from its core business-outstanding premiums from clients. Trade receivables are short-term in nature consisting of a large number of policy holders and are subject to moderate credit risk. The Group categorizes its exposure to this risk based on business types (namely Agents, Brokers and Insurance Companies business) and periodically reviews trade receivable to ensure credit worthiness.

Credit risk exposure to direct business is low as the Company requires debtors to provide guarantees before inception of insurance policies. The Company's exposure to credit risk arising from brokered business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

(f) Liquidity risks

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.

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

- A Company liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the company. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The table that follows summarizes the maturity profile of the non-derivative financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable.

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 there insurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

Repayments which are subject to notice are treated as if notice were to be given immediately.

Leadway 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. The gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Maturity analysis (contractual undiscounted cash flow basis for non-derivatives)

Residual contractual maturities of financial assets and liabilities

Group 31 December 2012 In thousands of Naira	Notes	Carrying amount	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years
Assets							
Cash and cash equivalents	5	11,328,839	11,328,839	11,328,839	-	-	-
Fair value through profit or loss							
quoted equity securities	6.1	2,166,996	2,166,996	-	-	2,166,996	-
Debt securities	6.1	7,181,698	7,181,698	-	-	7,181,698	-
Available for sale Quoted equity securities	6.2	8,104,493	8,104,493	-	-	-	8,104,493
Unquoted equity securities	6.2	1,589,443	1,589,443	-	-	-	1,589,443
Available for sale - debt securities	6.2	846,091	846,091	-	-	846,091	-
Held to maturity financial assets	6.3	8,329,137	8,329,137	-	-		8,329,137
Other receivables		2,261,165	2,261,165	736,611	1,098,322	133,730	292,502
Trade receivables	7	822,364	822,364	822,364	-	-	-
Reinsurance assets	8	16,685,999	16,685,999	16,685,999	-	-	-
Total		59,316,225	59,316,225	29,573,813	1,098,322	10,328,515	18,315,575
Liabilities							
Insurance contract liabilities	17	35,557,629	35,557,629	9,289,644	8,975,069	5,541,496	11,751,419
Investment contract liabilities	18	10,293,658	10,293,658	952,680	234,301	187,760	8,918,916
Trade payables	19	5,466,790	5,466,790	5,466,790	-	-	-
Provision and other payables	20	2,880,706	2,880,706	2,466,165	-	-	-
Borrowings 326,839	21	326,839	326,839	-	-	-	
Total		54,525,622	54,525,622	18,502,118	9,209,370	5,729,256	20,670,335
Gap (assets-liabilities)		4,790,603	4,790,603	11,071,695	(8,111,048)	4,599,258	(2,354,761)

Capital Management Policies, Objectives and Approach (Cont'd)

Residual contractual maturities of financial assets and liabilities

Group 31 December 2011 In thousands of Naira	Notes	Carrying amount	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years
Assets							
Cash and cash equivalents	5	9,442,965	9,442,965	9,442,965	-	-	-
Fair value through profit or loss							
quoted equity securities	6.1	760,982	760,982	760,982	-	-	-
Debt securities	6.1	1,711,843	1,711,843	1,711,843	-	-	-
Available for sale							
Quoted equity securities	6.2	7,159,692	7,159,692	-	-	-	7,159,692
Unquoted equity securities	6.2	1,672,766	1,672,766	-	-	-	1,672,766
Available for sale - debt securities	6.2	1,410,802	1,410,802	-	-	1,410,802	-
Held to maturity financial assets	6.3	3,012,938	3,012,938	-	-	-	3,012,938
Other receivables		2,239,777	2,239,777	990,451	267,013	446,023	536,290
Trade receivables	7	2,306,665	2,306,665	2,306,665	-	-	-
Reinsurance assets	8	6,083,404	6,083,404	6,083,404	-	-	-
Total		35,801,833	35,801,833	21,296,310	267,013	1,856,825	12,381,686
Liabilities							
Insurance contract liabilities	17	17,530,494	17,530,494	17,530,494	-	-	-
Investment contract liabilities	18	8,925,288	8,925,288	1,197,230	139,047	188,671	7,400,339
Trade payables	19	3,399,900	3,399,900	3,399,900	-	-	-
Provision and other payables	20	1,580,984	1,580,984	1,218,391	-	-	-
Borrowings538,722	21	538,722	538,722	-	-	-	
					-	-	
Total		31,975,388	31,975,388	23,884,737	139,047	188,671	7,400,339
Gap (assets-liabilities)		3,826,445	3,826,445	(2,588,427)	127,966	1,668,154	4,981,347

Capital Management Policies, Objectives and Approach (Cont'd)

Residual contractual maturities of financial assets and liabilities

Group 1 January 2011 In thousands of Naira	Notes	Carrying amount	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years
Assets							
Cash and cash equivalents	5	10,469,363	10,469,363	10,469,363	-	-	-
Fair value through profit or loss							
quoted equity securities	6.1	1,176,262	1,176,262	1,176,262	-	-	-
Debt securities		-	-	-	-	-	-
Available for sale							
Quoted equity securities	6.1	8,809,354	8,809,354	-	-	-	8,809,354
Unquoted equity securities	6.2	1,867,716	1,867,716	-	-	-	1,867,716
Available for sale - debt securities	6.2	1,389,982	1,389,982	-	-	1,389,982	
Held to maturity financial assets	6.2	981,948	981,948	-	-	-	981,948
Other receivables	6.3	1,664,063	1,664,063	-	102,667	155,008	1,406,388
Trade receivables	7	2,054,437	2,054,437	2,054,437	-	-	-
Reinsurance assets	8	4,216,097	4,216,097	4,216,097	-	-	-
Total		32,629,222	32,629,222	17,916,159	102,667	1,544,990	13,065,406
Liabilities							
Insurance contract liabilities	17	11,901,833	11,901,833	11,901,833	-	-	-
Investment contract liabilities	18	7,562,545	7,562,545	529,058	41,461	72,086	6,919,939
Trade payables	19	4,246,285	4,246,285	4,246,285	-	-	-
Provision and other payables	20	2,085,743	2,085,743	1,691,178	-	-	-
Borrowings	21	60,405	60,405	60,405	-	-	-
Total		25,856,811	25,856,811	18,428,759	41,461	72,086	6,919,939
Gap (assets-liabilities)		6,772,411	6,772,411	(512,600)	61,206	1,472,904	6,145,467

Residual contractual maturities of financial assets and liabilities

Company Carrying	Notes	Gross nominal amount	1-3 months inflow/outflow	3-6 months	6-12 months	1-5 years	
31 December 2012							
In thousands of Naira							
Assets							
Cash and cash equivalents	5	10,441,484	10,441,484	10,441,484	-	-	-
Fair value through profit or loss							
quoted equity securities	6.1	2,062,314	2,062,314	-	-	2,062,314	-
Debt securities	6.1	7,181,698	7,181,698	-	-	7,181,698	-
Available for sale							
Quoted equity securities	6.2	8,104,493	8,104,493	-	-	-	8,104,493
Unquoted equity securities	6.2	1,503,691	1,503,691	-	-	-	1,503,691
Available for sale - debt securities	6.2	846,091	846,091	-	-	846,091	-
Held to maturity financial assets	6.3	8,271,171	8,271,171	-	-	-	8,271,171
Other receivables		1,616,401	1,616,401	1,616,401	-	-	-
Trade receivables	7	822,364	822,364	891,940	-	-	-
Reinsurance assets	8	16,685,999	16,685,999	15,218,809	-	-	-
Total		57,535,706	57,535,706	28,168,634	-	10,090,103	17,879,355
Liabilities							
Insurance contract liabilities	17	35,557,629	35,557,629	35,557,629	-	-	-
Investment contract liabilities	18	10,293,658	10,293,658	952,680	234,301	187,760	8,918,916
Trade payables	19	5,466,790	5,466,790	5,466,790	-	-	-
Provision and other payables	20	1,960,728	1,960,728	1,960,728	-	-	-
Total		53,278,805	53,278,805	43,937,827	234,301	187,760	8,918,916
Gap (assets-liabilities)		4,256,901	4,256,901	(15,769,193)	(234,301)	9,902,343	8,960,439

Residual contractual maturities of financial assets and liabilities

Company	Notes	Carrying amount	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years
31 December 2011							
In thousands of Naira							
Assets							
Cash and cash equivalents	5	8,349,949	8,349,949	8,349,949	-	-	-
Fair value through profit or loss							
quoted equity securities	6.1	754,146	754,146	754,146	-	-	-
Debt securities	6.1	1,711,843	1,711,843	1,711,843	-	-	-
Available for sale							
Quoted equity securities	6.2	7,090,030	7,090,030	-	-	-	7,090,030
Unquoted equity securities	6.2	1,587,007	1,587,007	-	-	-	1,587.007
Available for sale - debt securities	6.2	1,410,802	1,410,802	-	-	1,410,802	-
Held to maturity financial assets	6.3	3,012,938	3,012,938	-	-	-	3,012,938
Other receivables		1,706,131	1,706,131	594,836	167,902	532,584	410,809
Trade receivables	7	2,306,665	2,306,665	2,306,665	-	-	-
Reinsurance assets	8	6,083,404	6,083,404	6,083,404	-	-	-
Total		34,012,914	34,012,914	19,800,842	167,902	1,943,386	12,100,783
Liabilities							
Insurance contract liabilities	17	17,530,493	17,530,493	17,530,493	-	-	-
Investment contract liabilities	18	8,925,288	8,925,288	1,197,230	139,047	188,671	7,400,339
Trade payables	19	3,398,878	3,398,878	3,398,878	-	-	-
Provision and other payables	20	833,831	833,831	833,831	-	-	-
Total		30,688,490	30,688,490	22,960,432	139,047	188,671	7,400,339
Gap (assets-liabilities)		3,324,424	3,324,424	(3,159,590)	28,855	1,754,715	4,700,444

Residual contractual maturities of financial assets and liabilities

Company 1 January 2011 In thousands of Naira	Notes	Carrying amount	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years
Assets							
Cash and cash equivalents	5	9,856,269	9,856,269	9,856,269	-	-	-
Fair value through profit or loss							
quoted equity securities	6.1	1,087,353	1,087,353	1,087,353	-	-	-
Debt securities	6.1	-	-	-	-	-	-
Available for sale							
Quoted equity securities	6.2	8,798,295	8,798,295	-	-	-	8,798,295
Unquoted equity securities	6.2	1,781,964	1,781,964	-	-	-	1,781,964
Available for sale - debt securities	6.2	1,389,982	1,389,982	-	-	1,389,982	
Held to maturity financial assets	6.3	981,948	981,948	-	-		981,948
Other receivables		1,203,664	1,203,664	-	73,536	129,300	1,000,828
Trade receivables	7	2,054,437	2,054,437	2,054,437	-	-	-
Reinsurance assets	8	4,216,097	4,216,097	4,216,097	-	-	-
Total		31,370,009	31,370,009	17,214,156	73,536	1,519,282	12,563,035
Liabilities							
Insurance contract liabilities	17	11,901,833	11,901,833	11,901,833	-	-	-
Investment contract liabilities	18	7,562,545	7,562,545	529,058	41,461	72,086	6,919,939
Trade payables	19	4,239,095	4,239,095	4,239,095	-	-	-
Provision and other payables	20	1,354,763	1,354,763	1,354,766	-	-	-
Total		25,058,236	25,058,236	18,024,752	41,461	72,086	6,919,939
Gap (assets-liabilities)		6,311,773	6,311,773	(810,596)	32,075	1,447,196	5,643,096

It is not expected that cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Capital Management Policies, Objectives and Approach (Cont'd)

(g) 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 Group's enterprise risk management policy sets out the assessment and determination of what constitutes market risk . Compliance with the policy is monitored and exposures and breaches are reported to the company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders
- The Group stipulates diversification benchmarks by type of instrument and geographical area, as the Group is exposed to guaranteed bonuses, cash and annuity options when interest rates falls.

(h) 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 Group's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to US dollar.

The Group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. The, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled. The currency risk is effectively managed by the company through.

Capital Management Policies, Objectives and Approach (Cont'd)

The table below summarises the Group's financial assets and liabilities by major currencies:

Group

31 December 2012 In thousands of Naira	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Assets							
Cash and cash equivalents	5	4,007,230	7,267,243	11,032	43,113	221	11,328,839
Fair value through profit or loss							
quoted equity securities	6.1	2,166,996	-	-	-	-	2,166,996
Debt securities	6.1	7,181,698	-	-	-	-	7,181,698
Available for sale							
Quoted equity securities	6.2	8,104,493	-	-	-	-	8,104,493
Unquoted equity securities	6.2	1,589,443	-	-	-	-	1,589,443
Available for sale - debt securities	6.2	846,091	-	-	-	-	846,091
Held to maturity financial assets	6.3	3,717,862	4,611,275	-	-	-	8,329,137
Other receivables		2,261,165	-	-	-	-	2,261,165
Trade receivables	7	822,364	-	-	-	-	822,364
Reinsurance assets	8	6,910,005	9,775,994	-	-	-	16,685,999
Total		37,607,346	21,654,512	11,032	43,113	221	59,316,225
Liabilities							
Insurance contract liabilities	17	19,568,559	15,989,070	-	-	-	35,557,629
Investment contract liabilities	18	10,293,658	-	-	-	-	10,293,658
Trade payables	19	5,466,790	-	-	-	-	5,466,790
Provision and other payables	20	2,880,706	-	-	-	-	2,880,706
Borrowings	21	326,839	-	-	-	-	326,839
Total		38,536,552	15,989,070	-	-	-	54,525,622

Group

31 December 2011 In thousands of Naira	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Assets							
Cash and cash equivalents	5	2,933,916	6,396,636	14,488	18,144	79,780	9,442,965
Fair value through profit or loss							
quoted equity securities	6.1	760,982	-	-	-	-	760,982
Debt securities	6.1	1,711,843	-	-	-	-	1,711,843
Available for sale							
Quoted equity securities	6.2	7,159,692	-	-	-	-	7,159,692
Unquoted equity securities	6.2	1,672,766	-	-	-	-	1,672,766
Available for sale - debt securities	6.2	1,410,802	-	-	-	-	1,410,802
Held to maturity financial assets	6.3	1,916,833	1,096,105	-	-	-	3,012,938
Other receivables		2,239,777	-	-	-	-	2,239,777
Trade receivables	7	2,306,665	-	-	-	-	2,306,665
Reinsurance assets	8	6,083,404	-	-	-	-	6,083,404
Total		28,196,680	7,492,741	14,488	18,144	79,780	35,801,833
Liabilities							
Insurance contract liabilities	17	10,411,138	7,119,356	-	-	-	17,530,494
Investment contract liabilities	18	8,925,288	-	-	-	-	8,925,288
Trade payables	19	3,399,900	-	-	-	-	3,399,900
Provision and other payables	20	1,580,984	-	-	-	-	1,580,984
Borrowings	21	538,722	-	-	-	-	538,722
Total		24,856,032	7,119,356	-	-	-	31,975,388

Capital Management Policies, Objectives and Approach (Cont'd)

Group

1 January 2011 In thousands of Naira	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Assets							
Cash and cash equivalents	5	5,556,174	4,860,997	30,099	16,024	6,069	10,469,363
Fair value through profit or loss							
quoted equity securities	6.1	1,176,262	-	-	-	-	1,176,262
Debt securities	6.1	-	-	-	-	-	-
Available for sale							
Quoted equity securities	6.2	8,809,354	-	-	-	-	8,809,354
Unquoted equity securities	6.2	1,867,716	-	-	-	-	1,867,716
Available for sale - debt securities	6.2	1,389,982	-	-	-	-	1,389,982
Held to maturity financial assets	6.3	719,769	262,179	-	-	-	981,948
Other receivables		1,664,063	-	-	-	-	1,664,063
Trade receivables	7	2,054,437	-	-	-	-	2,054,437
Reinsurance assets	8	4,216,097	-	-	-	-	4,216,097
Total		27,453,854	5,123,176	30,099	16,024	6,069	32,629,222
Liabilities							
Insurance contract liabilities	17	7,536,495	4,365,338	-	-	-	11,901,833
Investment contract liabilities	18	7,562,545	-	-	-	-	7,562,545
Trade payables	19	4,246,285	-	-	-	-	4,246,285
Provision and other payables	20	2,085,743	-	-	-	-	2,085,743
Borrowings	21	60,405	-	-	-	-	60,405
Total		21,491,473	4,365,338	-	-	-	25,856,811

Company

31 December 2012 In thousands of Naira	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Assets							
Cash and cash equivalents	5	3,141,407	7,249,832	10,978	39,046	221	10,441,484
Fair value through profit or loss							
quoted equity securities	6.1	2,062,314	-	-	-	-	2,062,314
Debt securities	6.1	7,181,698	-	-	-	-	7,181,698
Available for sale							
Quoted equity securities	6.2	8,104,493	-	-	-	-	8,104,493
Unquoted equity securities	6.2	1,503,691	-	-	-	-	1,503,691
Available for sale - debt securities	6.2	846,091	-	-	-	-	846,091
Held to maturity financial assets	6.3	3,714,241	4,556,930	-	-	-	8,271,171
Other receivables		1,616,401	-	-	-	-	1,616,401
Trade receivables	7	822,364	-	-	-	-	822,364
Reinsurance assets	8	6,910,005	9,775,994	-	-	-	16,685,999
Total		35,902,704	21,582,757	10,978	39,046	221	57,535,706
Liabilities							
Insurance contract liabilities	17	19,568,559	15,989,070	-	-	-	35,557,629
Investment contract liabilities	18	10,293,657	-	-	-	-	10,293,657
Trade payables	19	5,466,790	-	-	-	-	5,466,790
Provision and other payables	20	1,960,724	-	-	-	-	1,960,724
Total		37,289,730	15,989,070	-	-	-	53,278,800

Company

31 December 2011 In thousands of Naira	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Assets							
Cash and cash equivalents	5	1,857,244	6,380,616	14,202	18,106	79,780	8,349,949
Fair value through profit or loss							
quoted equity securities	6.1	754,146	-	-	-	-	754,146
Debt securities	6.1	1,711,843	-	-	-	-	1,711,843
Available for sale							
Quoted equity securities	6.2	7,090,030	-	-	-	-	7,090,030
Unquoted equity securities	6.2	1,587,007	-	-	-	-	1,587,007
Available for sale - debt securities	6.2	1,410,802	-	-	-	-	1,410,802
Held to maturity financial assets	6.3	1,916,833	1,096,105	-	-	-	3,012,938
Other receivables		1,706,131	-	-	-	-	1,706,131
Trade receivables	7	2,306,665	-	-	-	-	2,306,665
Reinsurance assets	8	6,083,404	-	-	-	-	6,083,404
Total		26,424,104	7,476,721	14,202	18,106	79,780	34,012,914
Liabilities							
Insurance contract liabilities	17	10,411,138	7,119,356	-	-	-	17,530,494
Investment contract liabilities	18	8,925,287	-	-	-	-	8,925,287
Trade payables	19	3,398,878	-	-	-	-	3,398,878
Provision and other payables	20	833,830	-	-	-	-	833,830
Total		23,569,133	7,119,356	-	-	-	30,688,489

Company

1 January 2011 In thousands of Naira	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Assets							
Cash and cash equivalents	5	6,167,048	3,637,444	30,035	15,672	6,069	9,856,269
Fair value through profit or loss							
quoted equity securities	6.1	1,087,353	-	-	-	-	1,087,353
Debt securities	6.1	-	-	-	-	-	-
Available for sale							
Quoted equity securities	6.2	8,798,295	-	-	-	-	8,798,295
Unquoted equity securities	6.2	1,781,964	-	-	-	-	1,781,964
Available for sale - debt securities	6.2	1,389,982	-	-	-	-	1,389,982
Held to maturity financial assets	6.3	719,769	262,179	-	-	-	981,948
Other receivables		1,203,664	-	-	-	-	1,203,664
Trade receivables	7	2,054,437	-	-	-	-	2,054,437
Reinsurance assets	8	4,216,097	-	-	-	-	4,216,097
Total		27,418,609	3,899,623	30,035	15,672	6,069	31,370,009
Liabilities							
Insurance contract liabilities	17	7,536,495	4,365,338	-	-	-	11,901,833
Investment contract liabilities	18	7,562,545	-	-	-	-	7,562,545
Trade payables	19	4,239,095	-	-	-	-	4,239,095
Provision and other payables	20	1,354,763	-	-	-	-	1,354,763
Total		20,692,898	4,365,338	-	-	-	25,058,236

(I) Interest rate risks:

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.

Exposure to this risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).

The Group monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modeled and reviewed.

The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements

Capital Management Policies, Objectives and Approach (Cont'd)

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The company is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.

(j) Sensitivity analysis on financial assets

As part of the company's investment strategy, in order to reduce both insurance and financial risk, the company matches its investments to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the income statement) and equity (that reflects adjustments to profit before tax and changes in fair value of financial assets whose fair values are recorded in the statement of changes in equity).

The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Group:

			31-Dec-12		31-Dec-11		31-Dec-10	
		Change in variables	Impact on profit before tax	Impact on Equity	Impact on profit before tax	Impact on Equity	Impact on profit before tax	Impact on Equity
			N'000	N'000	N'000	N'000	N'000	N'000
Exchange rate		10%	45,045	45,045	40,406	40,406	23,110	23,110
Interest yield curve		+100 basis point	49,081	49,081	44,016	44,016	27,981	27,981
Stock market		10%	218,359	579,267	394,279	456,695	343,061	605,900
Discount rate		1%	47,872	47,872	42,972	42,972	27,981	27,981
Exchange rate		-10%	(45,045)	(45,045)	(40,406)	(40,406)	(23,110)	(23,110)
Interest yield curve		-100 basis point	(49,081)	(49,081)	(44,016)	(44,016)	(27,981)	(27,981)
Stock market		-10%	(218,359)	(579,267)	(394,279)	(456,695)	(343,061)	(605,900)
Discount rate		-1%	(47,872)	(47,872)	(42,972)	(42,972)	(27,981)	(27,981)

Company:

			31-Dec-12		31-Dec-11		31-Dec-10	
		Change in variables	Impact on profit before tax	Impact on Equity	Impact on profit before tax	Impact on Equity	Impact on profit before tax	Impact on Equity
			N'000	N'000	N'000	N'000	N'000	N'000
Exchange rate		10%	415	415	40,400	40,400	23,100	23,100
Interest yield curve		+100 basis point	49,066	49,066	44,002	44,002	27,972	27,972
Stock market		10%	218,292	218,292	394,157	394,157	342,955	342,955
Discount rate		1%	47,857	47,857	42,959	42,959	27,972	27,972
Exchange rate		-10%	(41,500)	(41,500)	(40,400)	(40,400)	(23,100)	(23,100)
Interest yield curve		-100 basis point	(49,066)	(49,066)	(44,002)	(44,002)	(27,972)	(27,972)
Stock market		-10%	(218,292)	(218,292)	(394,157)	(394,157)	(342,955)	(342,955)
Discount rate		-1%	(47,857)	(47,857)	(42,959)	(42,959)	(27,972)	(27,972)

Fair values of Financial Assets and Liabilities

47.0 Fair values of financial assets and liabilities

Accounting classification, measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

Group
31 December 2012
In thousands of Naira

	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Cash and cash equivalents	5	-	-	-	-	11,328,839	-	11,328,839	11,328,839
Financial assets	6	9,348,694	8,329,137	-	10,540,026	-	-	28,217,857	29,941,976
Trade receivables	7	-	-	822,364	-	-	-	822,364	822,364
Reinsurance assets	8	-	-	16,685,999	-	-	-	16,685,999	16,685,999
Other receivables less prepayment	10	-	-	2,261,165	-	-	-	2,261,165	2,261,165
Total		9,348,694	8,329,137	19,769,528	10,540,026	11,328,839	-	59,316,225	61,040,343
Liabilities									
Insurance contract liabilities	17	-	-	-	-	-	35,557,629	35,557,629	35,557,629
Investment contract liabilities	18	-	-	-	-	-	10,293,658	10,293,658	10,293,658
Trade payables	19	-	-	-	-	-	5,466,790	5,466,790	5,466,790
Provision and other payables	20	-	-	-	-	-	2,880,706	2,880,706	2,880,706
Borrowings	21	-	-	-	-	-	326,839	326,839	326,839
Total		-	-	-	-	-	54,525,622	54,525,622	54,525,622

Group
31 December 2011
In thousands of Naira

	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Cash and cash equivalents	5	-	-	-	-	9,442,965	-	9,442,965	9,442,965
Financial assets	6	2,472,825	3,012,938	-	10,243,260	-	-	15,729,022	17,136,352
Trade receivables	7	-	-	2,306,665	-	-	-	2,306,665	2,306,665
Reinsurance assets	8			6,083,404				6,083,404	6,083,404
Other receivables	10	-	-	2,239,777	-	-	-	2,239,777	2,239,777
Total		2,472,825	3,012,938	10,629,846	10,243,260	9,442,965	-	35,801,833	37,209,163
Liabilities									
Insurance contract liabilities	17	-	-	-	-	-	17,530,494	17,530,494	17,530,494
Investment contract liabilities	18	-	-	-	-	-	8,925,288	8,925,288	8,925,288
Trade payables	19		-	-	-	-	3,399,900	3,399,900	3,399,900
Provision and other payables	20		-	-	-	-	1,580,984	1,580,984	1,580,984
Borrowings	21	-	-	-	-	-	538,722	538,722	538,722
Total		-	-	-	-	-	31,975,388	31,975,388	31,975,388

Fair values of Financial Assets and Liabilities (Cont'd)

Group
1 January 2011
In thousands of Naira

	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Cash and cash equivalents	5	-	-	10,469,363	-	-	-	10,469,363	10,469,363
Financial assets	6	1,176,262	981,948	-	12,067,052	-	-	14,225,262	14,872,393
Trade receivables	7	-	-	2,054,437	-	-	-	2,054,437	2,054,437
Reinsurance assets	8			4,216,097				4,216,097	4,216,097
Other receivables	10	-	-	1,664,063	-	-	-	1,664,063	1,664,063
Total		1,176,262	981,948	18,403,960	12,067,052	-	-	32,629,222	33,276,353
Liabilities									
Insurance contract liabilities	17	-	-	-	-		11,901,833	11,901,833	11,901,833
Investment contract liabilities	18	-	-	-	-	-	7,562,545	7,562,544	7,562,544
Trade payables	19		-	-	-	-	4,246,285	4,246,285	4,246,285
Provision and other payables	20		-	-	-	-	2,085,743	2,085,743	1,691,178
Borrowings	21	-	-	-	-	-	60,405	60,405	60,405
Total		-	-	-	-	-	25,856,811	25,856,811	25,462,245

Company
31 December 2012
In thousands of Naira

	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Cash and cash equivalents	5	-	-	-	-	10,441,484	-	10,441,484	10,441,484
Financial assets	6	9,244,012	8,271,171	-	10,454,275	-	-	27,969,458	29,200,515
Trade receivables	7	-	-	-	822,364	-	-	822,364	822,364
Reinsurance assets	8			16,685,999				16,685,999	16,685,999
Other receivables	10	-	-	-	1,616,401	-	-	1,616,401	1,616,401
Total		9,244,012	8,271,171	16,685,999	12,893,040	10,441,484	-	57,535,706	58,766,763
Liabilities									
Insurance contract liabilities	17	-	-	-	-	-	35,557,629	35,557,629	33,878,403
Investment contract liabilities	18	-	-	-	-	-	10,293,658	10,293,658	10,293,657
Trade payables	19		-	-	-	-	5,466,790	5,466,790	5,466,790
Provision and other payables	20		-	-	-	-	1,960,728	1,960,728	1,960,724
Total		-	-	-	-	-	53,278,805	53,278,805	51,599,574

Fair values of Financial Assets and Liabilities (Cont'd)

Company
31 December 2011
In thousands of Naira

	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Cash and cash equivalents	5	-	-	-	-	8,349,949	-	8,349,949	8,349,949
Financial assets	6	2,465,989	3,012,938	-	10,087,838	-	-	15,566,765	16,621,530
Trade receivables	7	-	-	2,306,665	-	-	-	2,306,665	2,306,665
Reinsurance assets	8			6,083,404				6,083,404	6,083,404
Other receivables	10	-	-	1,706,131	-	-	-	1,706,131	1,706,131
Total		2,465,989	3,012,938	10,096,200	10,087,838	8,349,949	-	34,012,914	35,067,679
Liabilities									
Insurance contract liabilities	17	-	-	-	-	-	17,530,493	17,530,493	17,530,493
Investment contract liabilities	18	-	-	-	-	-	8,925,288	8,925,288	8,925,288
Trade payables	19		-	-	-	-	3,398,878	3,398,878	3,398,878
Provision and other payables	20		-	-	-	-	833,831	833,831	833,831
Total		-	-	-	-	-	30,688,480	30,688,490	30,688,490

Company
1 January 2011
In thousands of Naira

	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Cash and cash equivalents	5	-	-	-	-	9,856,269	-	9,856,269	9,856,269
Financial assets	6	1,087,353	981,948	-	11,970,241	-	-	14,039,542	14,586,175
Trade receivables	7	-	-	2,054,437	-	-	-	2,054,437	2,054,437
Reinsurance assets	8	-	-	4,216,097	-	-	-	4,216,097	4,216,097
Other receivables	10	-	-	1,203,664	-	-	-	1,203,664	1,203,664
Total		1,087,353	981,948	7,474,198	11,970,241	9,856,269	-	31,370,009	31,916,642
Liabilities									
Insurance contract liabilities	17	-	-	-	-	-	11,901,833	11,901,833	11,901,833
Investment contract liabilities	18	-	-	-	-	-	7,562,545	7,562,545	7,562,545
Trade payables	19	-	-	-	-	-	4,239,095	4,239,095	4,239,095
Provision and other payables	20	-	-	-	-	-	1,354,763	1,354,763	1,354,763
Total		-	-	-	-	-	25,058,236	25,058,236	25,058,236

Fair values of Financial Assets and Liabilities (Cont'd)

47.1 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), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts and balances without a specific maturity.

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 first recognised with current market rates for similar financial instruments. For quoted debts, the fair values are determined based on quoted market prices. For those notes issued 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.

Determination of fair value and fair value hierarchy

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These may include quoted prices for similar assets or liabIlities in active markets or quoted prices for identical or similar assets and liabilities in markets that are not active.

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

The fair value of quoted equities have been determined using level 1 heirarchy.
(All figures are in thousands of naira)

Fair values of Financial Assets and Liabilities (Cont'd)

Group
31 December 2012

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	2,166,996	-	-	2,166,996
Equities securities- Available for sale	8,104,493	-	1,589,443	9,693,936
Debt securities- At fair value through income	-	-	846,091	846,091
Other financial assets designated at fair value	7,181,698	-	-	7,181,698
Total	17,453,186.86	-	2,435,533.26	19,888,720.12

Group
31 December 2011

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	760,982	-	-	760,982
Equities securities- Available for sale	7,159,692	-	1,672,766	8,832,458
Debt securities- At fair value through income	-	-	1,410,802	1,410,802
Other financial assets designated at fair value	1,711,843	-	-	1,711,843
Total	9,632,517	-	3,083,568	12,716,084

Fair values of Financial Assets and Liabilities (Cont'd)

Group
1 January 2011

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	1,176,262	-	-	1,176,262
Equities securities- Available for sale	8,809,354	-	1,867,716	10,677,070
Debt securities- At fair value through income	-	-	1,389,982	1,389,982
Other financial assets designated at fair value	-	-	-	-
Total	9,985,616	-	3,257,698	13,243,314

Company
31 December 2012

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	2,062,314	-	-	2,062,314
Equities securities- Available for sale	8,104,493	-	1,503,691	9,608,184
Debt securities- At fair value through income	-	-	846,091	846,091
Other financial assets designated at fair value	7,181,698	-	-	7,181,698
Total	17,348,505	-	2,349,782	19,698,287

Company
31 December 2011

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	754,146	-	-	754,146
Equities securities- Available for sale	7,090,030	-	1,587,007	8,677,037
Debt securities- At fair value through income	-	-	1,410,802	1,410,802
Other financial assets designated at fair value	1,711,843	-	-	1,711,843 -
Total	9,556,018	-	2,997,809	12,553,827

Company
1 January 2011

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit	1,087,353	-	-	1,087,353
Equities securities- Available for sale	8,798,295	-	1,781,964	10,580,259
Debt securities- At fair value through income	-	-	1,389,982	1,389,982
Other financial assets designated at fair value	-	-	-	–
Total	9,885,648	-	3,171,946	13,057,594

Fair values of Financial Assets and Liabilities (Cont'd)

48.0 Insurance risk

The claims development history of the Company at the reporting date was as follows:

(a) Claims development tables
The claims development history of the Group is as follows:
in thousands of Naira

Motor

Accident Year	1	2	3	4	5	6
2007	442,132	353,636	29,428	5,712	9,399	3,640
2008	726,866	486,797	62,318	8,314	12,669	-
2009	783,496	470,101	52,932	42,766	-	-
2010	711,784	465,528	152,199	-	-	-
2011	655,998	525,307	-	-	-	-
2012	600,213	-	-	-	-	-

Illustrates how claims paid relating to business written in each accident year. For instance with regard to accident year 2008,
N726.87million was paid in 2008
N486.80million was paid in 2009

General Accident

Accident Year	1	2	3	4	5	6
2007	89,268	183,604	72,005	26,596	5,223	6,708
2008	160,359	269,311	64,015	36,357	6,612	-
2009	116,389	238,076	69,984	35,112	-	-
2010	301,385	551,412	86,890	-	-	-
2011	216,993	213,666	-	-	-	-
2012	186,901	-	-	-	-	-

Marine

Accident Year	1	2	3	4	5	6
2007	35,496	114,737	22,986	3,485	5,113	646
2008	55,818	171,775	23,516	4,834	6,569	-
2009	90,462	131,051	27,287	8,392	-	-
2010	49,386	120,941	(1,351,909)	-	-	-
2011	94,269	152,259	-	-	-	-
2012	98,716	-	-	-	-	-

Fire

Accident Year	1	2	3	4	5	6
2007	37,281	214,084	7,069	999	714	1,224
2008	43,796	170,969	430,355	2,376	1,572	-
2009	37,486	181,194	214,250	7,540	-	-
2010	121,122	553,917	125,013	-	-	-
2011	122,343	809,714	-	-	-	-
2012	155,985	-	-	-	-	-

Engineering

Accident Year	1	2	3	4	5	6
2007	9,514	22,982	15,890	342	4,612	-
2008	18,173	40,950	21,630	547	6,823	-
2009	8,066	51,216	24,239	46,200	-	-
2010	48,383	169,728	9,914	-	-	-
2011	42,372	53,058	-	-	-	-
2012	28,336	-	-	-	-	-

Bonds

Accident Year	1	2	3	4	5	6
2007	49,828	140,994	16,847	-	-	-
2008	87,130	65,398	13,358	-	-	-
2009	12,525	61,505	6,722	-	-	-
2010	53,173	125,084	12,692	-	-	-
2011	93,821	226,291	-	-	-	-
2012	533,537	-	-	-	-	-

Combined policy

Accident Year	1	2	3	4	5	6
2007	314,811	110,117	452	31	-	-
2008	1,958,141	57,672	1,507	-	-	-
2009	177,221	30,746	2,507	664	-	-
2010	76,660	12,645	4,666	-	-	-
2011	574,066	241,865	-	-	-	-
2012	536,874	-	-	-	-	-

Fair values of Financial Assets and Liabilities (Cont'd)

Cumulative Claims Development Pattern (Yearly Projections) (N)

Motor

Accident Year	1	2	3	4	5	6
2007	442,132	795,767	825,195	830,908	840,307	843,947
2008	726,866	1,213,664	1,275,982	1,284,296	1,296,966	1,296,966
2009	783,496	1,253,597	1,306,529	1,349,294	1,362,787	1,362,787
2010	711,784	1,177,312	1,329,510	1,351,668	1,365,184	1,365,184
2011	655,998	1,237,314	1,320,039	1,342,039	1,355,459	1,355,459
2012	600,213	1,122,134	1,197,159	1,217,110	1,229,282	1,229,282

Illustrates how claims paid relating to business written in each accident year. For instance with regard to accident year 2008,
N726.87million was paid in 2008
N486.80million was paid in 2009

General Accident

Accident Year	1	2	3	4	5	6
2007	89,268	272,872	344,876	371,472	376,694	383,403
2008	160,359	429,670	493,685	530,042	536,654	536,654
2009	116,389	354,465	424,449	459,561	465,594	465,594
2010	301,385	852,797	939,687	1,012,647	1,025,942	1,025,942
2011	216,993	430,659	496,707	535,272	542,300	542,300
2012	186,901	494,616	570,472	614,765	622,835	622,835

Marine

Accident Year	1	2	3	4	5	6
2007	35,496	150,233	173,219	176,703	181,816	182,462
2008	55,818	227,592	251,108	255,942	262,511	263,444
2009	90,462	221,513	248,800	257,192	264,137	265,075
2010	49,386	170,327	168,975	173,170	177,846	178,478
2011	94,269	246,528	330,347	338,549	347,690	348,925
2012	98,716	419,542	562,186	576,143	591,699	593,802

Fire

Accident Year	1	2	3	4	5	6
2007	37,281	251,365	258,434	259,433	260,147	261,371
2008	43,796	214,765	645,120	647,496	649,068	652,122
2009	37,486	218,680	432,930	440,470	441,572	443,649
2010	121,122	675,039	800,051	806,452	808,468	812,272
2011	122,343	932,056	1,464,407	1,476,122	1,479,813	1,486,776
2012	155,985	987,502	1,551,521	1,563,933	1,567,843	1,575,220

Engineering

Accident Year	1	2	3	4	5	6
2007	9,514	32,496	48,386	48,728	53,340	53,340
2008	18,173	59,123	80,753	81,300	88,123	88,123
2009	8,066	59,282	83,521	129,721	141,130	141,130
2010	48,383	218,111	228,024	278,515	303,010	303,010
2011	42,372	95,430	113,966	139,201	151,443	151,443
2012	28,336	104,028	124,233	151,742	165,087	165,087

Bonds

Accident Year	1	2	3	4	5	6
2007	49,828	182,926	197,744	197,744	197,744	197,744
2008	87,130	152,529	164,884	164,884	164,884	164,884
2009	12,525	74,030	80,752	80,752	80,752	80,752
2010	53,173	178,257	190,949	190,949	190,949	190,949
2011	93,821	344,434	371,736	371,736	371,736	371,736
2012	533,537	1,677,536	1,810,506	1,810,506	1,810,506	1,810,506

Combined policy

Accident Year	1	2	3	4	5	6
2007	314,811	424,927,962	425,380,140	425,410,684	425,410,684	425,410,684
2008	1,958,141	2,015,812	2,017,319	2,017,319	2,017,319	2,017,319
2009	177,221	207,967	210,474	211,138	211,138	211,138
2010	76,660	89,304	93,970	93,995	93,995	93,995
2011	574,066	815,931	818,652	818,867	818,867	818,867
2012	536,874	615,312	617,364	617,526	617,526	617,526

Fair values of Financial Assets and Liabilities (Cont'd)

Sensitivity Analysis for Life insurance liabilities

N'000m	Base	Interest rate	Interest rate -	Expenses + 10%	Expenses -	Expense	Expense	Lapses	Lapses	Mortality + 5%	Mortality -
Individual Traditional	8,711,504	8,201,775	9,289,251	8,724,927	8,698,323	8,783,860	8,656,628	n/a	n/a	8,774,987	8,649,683
Individual Investment Linked	3,947,247	3,947,247	3,947,247	3,947,247	3,947,247	3,947,247	3,947,247	n/a	n/a	3,947,247	3,947,247
Group DA	6,346,411	6,346,411	6,346,411	6,346,411	6,346,411	6,346,411	6,346,411	n/a	n/a	6,346,411	6,346,411
Group Life - UPR	318,291	318,291	318,291	318,291	318,291	318,291	318,291	n/a	n/a	318,291	318,291
Group Life - IBNR	414,189	414,189	414,189	414,189	414,189	414,189	414,189	n/a	n/a	414,189	414,189
Other Group Risk	7,880	7,822	7,939	8,106	7,656	7,924	8,058			8,252	7,514
Additional reserves	82,564	82,378	82,753	83,347	81,781	82,641	82,520	n/a	n/a	83,742	81,385
Reinsurance	(123,769)	(123,769)	(123,769)	(123,769)	(123,769)	(123,769)	(123,769)	n/a	n/a	(123,769)	(123,769)
Net liability	19,704,316	19,194,344	20,282,311	19,718,749	19,690,129	19,776,793	19,649,575	n/a	n/a	19,769,350	19,640,950
% change in liability	-	-2.6%	2.9%	0.1%	-0.1%	0.4%	-0.3%	n/a	n/a	0.3%	-0.3%

Summary	Base	Interest rate	Interest rate -	Expenses + 10%	Expenses -	Expense	Expense	Lapses	Lapses	Mortality + 5%	Mortality -
Individual	12,741,315	12,231,400	13,319,251	12,755,521	12,727,352	12,813,747	12,686,396	n/a	n/a	12,805,977	12,678,315
Group	608,711	608,711	608,711	608,711	608,711	608,711	608,711	n/a	n/a	608,711	608,711
Net liability	13,350,025	12,840,111	13,927,961	13,364,232	13,336,062	13,422,458	13,295,106	n/a	n/a	13,414,687	13,287,026
% change in liability	-	-2.6%	2.9%	0.1%	-0.1%	0.4%	-0.3%	n/a	n/a	0.3%	-0.3%

---The mortality stress has been applied in the opposite direction for annuities. For example the 5% strengthening of the mortality assumption was modelled as 5% lighter mortality for annuitants

---The stresses were not applied to the reinsurance asset on individual business as the impact would not be significant and would not affect the shape of the results.

---All stresses were applied independently

Changes in key assumptions used to value insurance contracts would result in increases or decreases to the insurance contract provisions recorded, with impact on profit/(loss) and/or shareholders' equity.
The net increase or decrease to insurance contract provisions recorded as of 31 December 2012 has been estimated as follows:

The changes in insurance contract liabilities shown are calculated using the specified increase or decrease to the rates, with no change in charges paid by policyholders.

Material judgment is required in determining the liabilities and, in particular, 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 reserves are set aside to meet liabilities

Fair values of Financial Assets and Liabilities (Cont'd)

The key assumptions to which the estimation of liabilities is particularly sensitive to are as follows:

Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's experience.

An appropriate, but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of expected claims (and claims could occur sooner than anticipated), which will increase the reserve and reduce reported profits for the shareholders.

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's experience.

An appropriate, but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in longevity rates will lead to an increase in the expected number of annuity payments to be made, which will increase the reserve and reduce reported profits for the shareholders.

Investment return

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to a reduction in reserves and an increase in reported profits for the shareholders.

Expenses

Operating expense assumption reflects the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expected expenditure thereby reducing reported profits for the shareholders.

Lapses and surrender rates

Lapses relate to the termination of risk policies or investment policies that have not acquired a value due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders to the unrecouped initial expenses.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on the long term risk free rate plus an adjustment for risk.

Fair values of Financial Assets and Liabilities (Cont'd)

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders with the exception of a perfectly matched annuity portfolio where both assets and liabilities will increase by the same magnitude.

The following table outline the general form of terms and conditions that apply to contracts sold in each category of business, and the nature of the risk incurred by the Group.

	Name	Features
i	Personal annuity plan	Personal annuity plan can be bought with proceeds from Retirement Savings Account (RSA) There is an option to choose a pension plan with increment of 5% or 7.5%. Guarantee period of income for dependents after death. Money can be paid to policy holder either monthly or quarterly
ii	Comfort5plus plan	It offers protection against the unexpected for full 5 years. Benefit is only paid when the risk (death, critical illness, accidental medical expenses) occurs. If none of these crystallises, nothing is paid to the beneficiary. Two options are available: Option A: if critically ill, a lump-sum of ₦750,000 is paid and the cover terminates. Option B: if critically ill, a lump-sum of ₦750,000 is paid but the policy continues till expiry date, if critical illness leads to death , a sum of ₦200,000 is payable to the beneficiary.
iii	Group life	Sum assured is payable in the event of death of a member while in the service of the employer and before retirement. Refund of premium: in the event of the assurance on the life of a member being terminated before the normal retirement date from any cause other than death, the Company will pay to the employer a rebate in respect of the relative premium proportionate to the unexpired portion of the then current year of assurance. Rates of premium used in determining contributions and sum assured are guaranteed for 12 months, Leadway has the right to charge extra premiums on medical grounds.
iv	Whole Life	If policy holder dies from unnatural causes, the following benefits would be paid: - if policy holder dies in the 1st policy year, benefit will be equivalent to the sum assured. - if policy holder dies after 1st policy year, benefit will be equivalent to twice the sum assured. " If policy holder dies from natural causes, the following benefits will be paid: - if policy holder dies in the 1st policy year, benefit will be limited to a full refund of all premiums paid by the life assured. - if policy holder dies after 1st policy year, benefit will be the full sum assured."
v	Annuity certain	Policy holder buys into this product and pays a lump-sum premium. If policy holder dies within the annuity period, the balance in the annuity is payable to the beneficiary, but if he survives the annuitant (policy holder) gets the annuity.

Fair values of Financial Assets and Liabilities (Cont'd)

Investment contract liabilities

The following table outlines the Group's products under the investment contract liability:

	Name	Features
i	Deferred annuity plan	Monthly contribution of an agreed amount. Contributions from policy holder are to be invested in a fund. The accumulated return on the investment as well as the invested amount is due on maturity. Guaranteed return on FGN bond less 1 basis point.
ii	Individual deposit Admin	The life cover granted during the policy shall be future unpaid premiums up to cessation date provided the policy is in force. This policy has nil allocation between 4months to 8 months during which the overhead cost of the Company are met. If term assurance is not opted for, 100% premium will be transferred to the policy holder's account for investment purpose If term assurance is not opted for, 100% premium will be transferred to the policy holder's account for investment purpose There is guaranteed investment return based on Government financial regulation, the rate payable is close to Central Bank's minimum re-discount rate. When policy holder dies, the balance in the policy holder's account plus total premium due after death and before maturity is payable to the beneficiary. If the policy holder surrenders or terminates the policy; the balance in the policy holder's account is payable. On maturity, accumulated balance in the policy holder's account is paid or instalmental payment of the maturity benefit through the period of child's education.
iii	Pearl	It pays the total credit balance in the account at maturity It pays benefit assured on the term assurance contract plus total credit balance in the investment at death, if death occurs before maturity date. Interest is credited based on the prevailing rate on 1st of April of each year. 30 days of grace on term assurance cover. Policy can be surrendered after 3yrs of regular premium payment.
iv	Group Deposit Admin	Guaranteed interest at 3% (renewable annually) on all deposits received from employer. Contribution to the fund can be on individual basis or on pool basis. If a member leaves the service of the employer before normal retirement date, accrued benefit up to withdrawal date in respect of employee's and employer's contribution shall be paid to the member. Pension option In the event of the benefit becoming payable; it could be applied in whole or in part to secure a Pension. This pension is payable at equal intervals to the member until he dies , however the payment is guaranteed for a period of 5 years. If a member leaves the service of the employer before normal retirement date, accrued benefit up to withdrawal date in respect of employee's and employer's contribution shall be paid to the member. If a member dies before the expiration of 5 years a cash sum shall be payable.

Fair values of Financial Assets and Liabilities (Cont'd)

49.0 ASSET AND LIABILITY MANAGEMENT

(a) HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2012
In thousands of Naira

COMPANY

	Non Life			Life				
	Shareholder's fund	Policy holder's Fund	Others	Shareholder's fund	Deposit Admin. Fund	Policy holder's Fund (LIFE)	Others	TOTAL
Total	8,860,187	24,679,553	7,692,139	3,116,755	10,293,657	10,878,077	917,939	66,438,307
INVESTMENTS:								
Fixed Assets:								
Real Estate2,003,000	1,630,000	-	175,000	2,000,204	-	-	5,808,204	
Office Equipments	204,750	-	-	48,894	-	-	-	253,644
Motor Vehicles	94,759	-	-	11,739	-	-	-	106,498
Furniture and Fittings	183,903	-	-	4,315	-	-	-	188,218
Others (a) Intangible Assets	61,893	-	-	-	-	-	56,167	118,060
Others Investments :	-	-	-	-	-	-	-	-
Mortgage Loans	18,903	-	-	-	-	-	-	18,903
Loans to Policy holders	-	-	-	-	388,114	-	-	388,114
Statutory Deposit	320,000	-	-	200,000	-	-	-	520,000
Government Bonds	-	1,267,739	-	-	2,919,676	8,308,796	-	12,496,212
Quoted Securities	-	7,044,741	-	225,330	2,878,821	1,274,163	-	11,423,056
Unquoted Securities	1,249,227	1,707,431	-	526,801	394,553	172,178	-	4,050,190
Bank Placements	-	7,117,615	-	71,177	791,064	933,236	-	8,913,091
Bank and Cash Balances	-	935,820	-	109,944	292,923	189,704	-	1,528,392
Related Companies Securities	377,946	-	-	951,521	-	-	-	1,329,467
Related Companies Loans	5,161	-	-	17,214	-	-	-	22,375
Other Investments (a)	-	-	-	10,164	628,301	-	-	638,466
OTHER ASSETS (A)	4,227,025	4,976,207	7,692,139	764,654	-	-	861,772	18,521,798
TOTAL	8,746,567	24,679,553	7,692,139	3,116,755	10,293,657	10,878,077	917,939	66,324,687

OTHER DETAILS (A)

	GEN. BUSINESS	LIFE BUSINESS
Intangible Assets	61,893	56,167
Prepaid Reinsurance & Recoverables	15,522,444	1,163,555
Deffered Acquisition Expenses	397,319	-
Premium Debtors	741,584	80,780
Other assets: (Staff loans , prepayments, commercial loan and sundry debtors)	234,025	382,091
TOTAL	16,957,264	1,682,593

Fair values of Financial Assets and Liabilities (Cont'd)

(b) HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2011

In thousands of Naira

COMPANY

	Non Life			Life				
	Shareholder's fund	Policy holder's Fund	Others	Shareholder's fund	Deposit Admin. Fund	Policy holder's Fund (LIFE)	Others	TOTAL
Total	7,481,331	13,339,042	5,021,378	2,408,603	8,925,287	4,191,452	795,159	42,162,252
INVESTMENTS:								
Fixed Assets:								
Real Estate 1,756,082	1,572,421	-	138,911	698,820	849,775	-	5,016,009	
Office Equipments	264,424	-	-	-	-	-	48,889	313,313
Motor Vehicles	87,763	-	-	-	-	-	7,,074	94,837
Furniture and Fittings	211,941	-	-	-	-	-	7,356	219,297
Others (a) Intangible Assets	12,981	-	-	-	-	-	95,697	108,678
Others Investments :	-	-	-	-	-	-	-	-
Mortgage Loans	26,047	-	-	-	-	-	-	26,047
Loans to Policy holders	-	-	-	-	337,236	-	-	337,236
Statutory Deposit	320,000	-	-	200,000	-	-	-	520,000
Government Bonds	-	-	-	-	1,456,901	701,332	-	2,158,233
Quoted Securities	736,546	3,942,794	-	-	3,703,382	1,761,900	-	10,144,622
Unquoted Securities	365,722	1,049,227	-	-	1,403,649	339,854	-	3,158,452
Bank Placements	53,788	6,500,136	-	22,173	551,746	305,086	-	7,432,929
Bank and Cash Balances	-	226,277	-	-	571,553	120,657	-	918,487
Related Companies Securities	377,946	-	-	951,521	-	-	-	1,329,467
Related Companies Loans	24,006	-	-	-	-	-	-	24,006
Other Investments (a)	-	-	-	-	202,000	112,848	-	314,848
OTHER ASSETS (A)	3,244,085	48,187	5,021,378	1,095,998	-	-	636,143	10,045,791
TOTAL	7,481,331	13,339,042	5,021,378	2,408,603	8,925,287	4,191,452	795,159	42,162,252

OTHER DETAILS (A)

	GEN. BUSINESS	LIFE BUSINESS
Intangible Assets	12,981	95,697
Prepaid Reinsurance & Recoverables	5,268,168	815,236
Deffered Acquisition Expenses	404,793	-
Premium Debtors	2,168,812	137,853
Other assets: (Staff loans , prepayments, commercial loan and sundry debtors)	423,690	1,093,900
TOTAL	8,278,444	2,142,686

(c) HYPOTHECATION OF ASSETS AS AT 1 JANUARY 2011

In thousands of Naira

	Non Life			Life				
	Shareholder's fund	Policy holder's	Others	Shareholder's fund	Deposit Admin. Fund	Policy holder's Fund	Others	TOTAL
Total	8,762,804	9,757,395	7,772	3,008,111	7,562,544	2,144,438	1,000,485	32,243,549
INVESTMENTS:								
Fixed Assets:	-	-	-	-	-	-	-	-
Real Estate2,011,236	954,385	-	1,545,740	-	-	-	4,511,361	
Office Equipments	55,484	-	-	34,286	-	-	-	89,770
Motor Vehicles	78,738	-	-	14,325	-	-	-	93,063
Furniture and Fittings	27,005	-	-	9,902	-	-	-	36,907
Others (a) 19,244	-	-	-	143,546	-	-		162,790
Others Investments :	-	-	-	-	-	-	-	-
Mortgage Loans	33,634	-	-	-	-	-	-	33,634
Loans to Policy holders	-	-	-	-	232,656	65,972	-	298,628
Statutory Deposit	320,000	-	-	200,000	-	-	-	520,000
Government Bonds	-	-	-	-	414,946	123,334	-	538,280
Quoted Securities	2,628,399	3,430,611	-	302,073	2,827,286	724,560	-	9,912,929
Unquoted Securities	1,393,217	536,187	-	-	1,275,029	361,548	-	3,565,981
Bank Placements	886,121	3,589,935	-	78,409	2,358,076	668,657	-	7,581,198
Bank and Cash Balances	346,133	1,246,277	-	19,454	454,551	200,368	-	2,266,783
Related Companies Securities	377,946	-	-	660,376	-	-	-	1,038,322
Related Companies Loans	40,270	-	-	-	-	-	-	40,270
Other Investments (a)	-	-	-	-	-	-	-	-
OTHER ASSETS (A)	545,377	-	6,276,146	-	-	-	1,000,485	7,822,008
TOTAL	8,762,804	9,757,395	6,276,146	3,008,111	7,562,544	2,144,438	1,000,485	38,511,923

OTHER DETAILS (A)

	GEN. BUSINESS	LIFE BUSINESS
Intangible Assets	19,244	143,546
Prepaid Reinsurance and Recoverable	4,087,804	128,293
Deffered Acquisition Expenses	378120	
Premium Debtors	1,985,554	68,883
Other assets: (Staff loans , prepayments)	350,801	659,763
TOTAL	6,821,523	1,000,485

50.0 Operating Segment

Segment information is presented in respect of the Group's business segments which represents the primary segment reporting format and is based on the Group's management and reporting structure.
No geographical segment information has been provided in these financial statemenls as there is only one geographical segment.

The Group is organised into five operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programmes. Management identifies its reportable operating segments by based on the Group's management and reporting structure. These segments and their respective operations are as follows:

Non life insurance business
Includes general insurance transactions with individual and corporate customers

Life insurance business
Includes life insurance policies with individual and corporate customers

Trusteeship
Includes the provision of trusteeship and investment management services

Hospitality
Includes the provision of hotels and hospitality services

Property management
Includes the provision of real estate development and estate management services

Operating Segment (Cont'd)

Business reporting

In thousands of Naira														
Company	Non-life		Life		Trusteeship		Hospitality		Property management		Inter-segment income		Total	
31 December 2012	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	-	-	-											
Gross premium written	27,370,629	19,600,399	9,549,908	3,328,217	-	-	-	-	-	-	-	-	36,920,537	22,928,616
Gross premium earned	22,422,163	19,133,933	3,482,019	4,485,373	-	-	-	-	-	-	-	-	25,924,182	23,619,306
Commission received	1,434,505	1,473,635	94,352	209,988	-	-	-	-	-	-	-	-	1,528,857	1,683,623
Investment and other income	1,395,025	1,266,457	3,178,635	952,180	305,470	238,272	820,877	738,028	11,575	10,463	(46,500)	(41,199)	5,665,082	3,164,195
Shareholders' share of valuation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Loss)/profit from deposit administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group's share of associate's profit for the year	313,013	245,411	-	-	-	-	-	-	-	-	-	-	313,013	245,411
Total segment income	25,584,706	22,119,430	6,755,006	5,647,541	305,470	238,272	820,877	738,028	11,575	10,463	(46,500)	(41,199)	33,431,134	28,712,535
Reinsurance cost	(12,521,439)	(9,084,139)	(366,419)	(230,266)	-	-	-	-	-	-	-	-	(12,887,858)	(9,314,392)
	13,063,267	13,035,304	6,388,587	5,417,275	305,470	238,272	820,877	738,028	11,575	10,463	(46,500)	(41,199)	20,543,276	19,398,143
Expenses														
Net claims incurred	6,137,721	5,340,642	2,210,092	1,826,910	-	-	-	-	-	-			8,347,813	7,167,552
Underwriting expenses	2,633,986	2,705,695	3,803,525	2,698,920	-	-	-	-	-	-			6,437,511	5,404,615
Management expenses	2,692,872	2,256,893	656,424	277,845	110,243	64,584	542,589	571,761	11,654	17,299	-	-	3,954,897	3,188,382
Interest expenses	-	-	-	-	52,830	61,397	16,229	27,172	--				69,059	88,569
Bad debt expenses	1,123,415	1,297,800	852,858	372,532	18,774	24,769	-	7,811	-	-			1,995,047	1,702,912
Total segment expenses	12,587,994	11,601,030	7,522,899	5,176,207	181,847	150,750	558,818	606,744	11,654	17,299	-	-	20,863,212	17,552,030
Profit on ordinary activities before taxation	475,272	1,434,274	(1,134,312)	(241,068)	123,623	87,522	262,059	131,284	(79)	(6,836)	(46,500)	(41,199)	(319,936)	1,846,114
Taxation	(59,574)	(521,844)	(93,346)	2,722	(45,029)	(28,455)	(85,644)	(63,219)	7,631	96	-	-	(275,962)	(610,700)
Profit after taxation	415,698	912,430	(1,227,657)	(243,790)	78,594	59,067	176,415	68,065	7,552	(6,740)	(46,500)	(41,199)	(595,899)	1,235,413
Assets and liabilities														
In thousands of Naira														
Tangible segment assets	41,056,366	25,828,770	25,150,260	16,224,803	1,641,782	1,582,802	1,344,247	1,257,807	337,251	304,333	-	-	69,529,906	44,277,960
Charged to other segments	-	-	-	-	(731,415)	(117,089)	-	-	-	-	-	-	(731,415)	(117,089)
Total assets	41,056,366	25,828,770	25,150,260	16,224,803	910,367	1,465,713	1,344,247	1,257,807	337,251	304,333	-	-	68,798,490	44,160,871
Segment liabilities	32,258,072	18,282,705	22,080,089	13,911,896	1,091,612	1,081,227	427,275	494,543	81,023	55,731	-	-	55,938,071	33,826,102
Charged to other segments	-	-	-	-	-	-	-	-	-	-	-	-		
Total liabilities	32,258,072	18,282,705	22,080,089	13,911,898	1,091,612	1,081,227	427,275	494,543	81,023	55,731	-	-	55,938,071	33,826,102
Net assets	8,798,293	7,546,065	30,070,171	2,312,907	(181,245)	384,486	916,972	763,264	256,228	248,602	-	-	12,860,419	10,334,768
Depreciation/amortisation	245,939	161,351	93,585	73,382	6,718	5,575	70,330	95,725	1,772	1,199	-	-	418,344	337,232

Explanation of Transition to IFRS

51.0 Explanation of Transition to IFRSs

As stated in note 2 on the Statement of compliance with IFRS, these are the Group's first consolidated financial statements prepared in accordance with IFRSs. The accounting policies set out in note 4 have been applied in preparing the financial statements for the year ended 31 December 2012 and in the preparation of the opening IFRS statement of financial position as at January 2011(the Group's date of transition).In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with Nigerian GAAP.

Transitional arrangements

The Company adopted IFRS s effective 1 January 2011. The key principle of IFRS1-First- time Adoption of International Financial Reporting Standards for reporting entities with adoption dates subsequent to 1 January 2006 is a full retrospective application of IFRSs. The mandatory exceptions on estimates and derecognition of financial instruments has been applied in the preparation of the financial statements.

However, this statement provides exemption from retrospective application incertain instances due to cost sand practical considerations. The Company's transitional elections in this regard are set out below:

S/N	Exemption Topic	Options		Option Adopted
1	Deemed cost - Initial recognition (on transition date) of property, plant & equipment, intangible assets (that meet the recognition and revaluation criteria in IAS 38) and investment properties (if cost model is elected)	A	Deemed cost as fair value on date of transition	Option A
		B	Deemed cost as fair value determine prior to date of transition	
		C	A previous GAAP revaluation based on depreciated cost	
2	Business combinations	A	Restate all business combinations prior to date of transition	Option C
		B	Restate business combinations after a certain date prior to date of transition	
		C	Do not restate	
3	Employee benefits - Recognition of actuarial gains or losses on defined benefit plans at transition date	A	"Corridor" Method: Method in which recognition of the actuarial gains or losses is deferred.	Option A(ii)
		(i)	Recognition of amount outside the "corridor" over average remaining working life	
		(ii)	Immediate recognition of all amounts in profit or loss (faster method)	
		B	Immediate recognition in other comprehensive income (OCI)	
4	Cumulative translation differences of foreign operations	A	Apply IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to determine the cumulative translation difference (CTD) for each foreign operation	Not applicable to Leadway
		B	Deem the cumulative translation differences to be zero at the date of transition, and reclassify any amounts recognised in accordance with previous GAAP at that date as retained earnings	
5	Borrowing cost	A	Application of IAS 23 to borrowing cost of qualifying assets whose commencement date for capitalisation is on or after the effective date (the later of 1 january 2009 or the transition date)	Not applicable to Leadway
		B	Designation of a date before the effective date and apply IAS 23 to borrowing costs of qualifying assets whose commencement date for capitalisation is on or after that date	
6	Adoption of IFRS 9 (Classification and measurement of financial instruments)	A	Adopt IFRS 9 at mandatory date of 1 January 2015 Option A	Option A
		B	Early adopt IFRS	
		(i)	Restate comparatives in line with IFRS 9	
		(ii)	Do not restate comparatives in line with IFRS 9	
7	Measurement of assets and liabilities of subsidiary that adopts IFRS after the parent	A	Measured at the amounts included in the consolidated financial statements of the parent, based on the parent's date of transition, excluding effects of consolidation procedures. Not applicable to Leadway as it has no parent company	Not applicable to Leadway as it has no parent company
		B	Measured at the carrying amounts required by IFRS 1 based on the subsidiary's own date of transition.	

Explanation of Transition to IFRS (Cont'd)

In thousands of Naira

Group		31 December 2011					1 January 2011				
Assets	Note	Nigerian GAAP	Reclasification	Measurement	Total	IFRS	Nigerian GAAP	Reclasification	Measurement	Total	IFRS
		(a)	(b)	(c)	(d=b+c)	e=a+d)	(a)	(b)	(c)	(d=b+c)	e=a+d)
Cash and bank balances	(ai)	1,070,325	(1,070,325)	-	(1,070,325)	-	2,514,001	(2,514,001)	-	(2,514,001)	-
Short term investments	(aii)	8,431,107	(8,431,107)	-	(8,431,107)	-	7,952,076	(7,952,076)	-	(7,952,076)	-
Cash and cash equivalent	(aiii),(ai),(aii),(g)	-	9,442,965	-	9,442,965	9,442,965	-	10,469,363	-	10,469,363	10,469,363
Long term investments	(bi)	16,035,242	(16,035,242)	-	(16,035,242)	-	14,186,372	(14,186,372)	-	(14,186,372)	-
Financial asset	(bii),(bi),(aii),(g)	-	15,936,984	(207,962)	15,729,022	15,729,022	-	14,197,873	(27,389)	14,225,262	14,225,262
Trade receivables	(c)	3,189,527	-	(882,862)	(882,862)	2,306,665	2,937,015	-	(882,578)	(882,578)	2,054,437
Deferred acquisition costs		404,793	-	-	-	404,793	378,120	-	-	-	378,120
Reinsurance assets	(d),(e)	-	5,265,907	817,497	6,083,404	6,083,404	-	3,877,795	338,302	4,216,097	4,216,097
Reinsurance recoverables, other assets and loans	(e)	7,473,896	(7,473,896)	-	(7,473,896)	-	5,513,990	(5,513,990)	-	(5,513,990)	-
Investments in finance leases	(f)	242,069	(242,069)	-	(242,069)	-	222,183	-	(222,183)	(222,183)	-
	(g),(aii),(aiii)										
Other receivables and prepayments	(bii),(e),(f)	-	2,614,252	(222,928)	2,391,324	2,391,324		1,875,633	(129,736)	1,745,897	1,745,897
Investment in subsidiaries		-	-	-	-	-	-	-	-	-	-
Investment in associates		639,301	-	-	-	639,301	301,056	-	-	-	301,056
Investment properties	(h)	2,377,140	-	(49,719)	(49,719)	2,327,421	2,377,140	-	(49,719)	(49,719)	2,327,421
Statutory deposits		520,000	-	-	-	520,000	520,000	-	-	-	520,000
Property, plant and equipment	(i),(j)	4,353,745	(11,714)	(26,057)	(37,771)	4,315,975	3,406,414	(11,714)	(26,057)	(37,771)	3,368,643
Intangible assets	(j),(l)	114,447	11,714	-	11,714	126,161	162,790	11,714	-	11,714	174,504
Total Assets		44,851,592	7,469	(572,031)	(564,562)	44,287,031	40,471,157	254,225	(944,582)	(690,357)	39,780,800
Liabilities											
Liability for administered deposits	(k)	8,925,288	(8,925,288)	-	(8,925,288)	-	7,562,545	(7,562,545)	-	(7,562,545)	-
Insurance contract liabilities	(m),(l)	-	17,056,077	474,417	17,530,494	17,530,494	-	11,476,113	425,720	11,901,833	11,901,833
Investment contract liabilities	(n),(k)	-	8,925,288	-	8,925,288	8,925,288	-	7,562,544	-	7,562,544	7,562,544
Insurance funds	(l)	17,056,077	(17,056,077)	-	(17,056,077)	-	11,476,113	(11,476,113)	-	(11,476,113)	-
Creditors and accruals	(o)	4,789,880	(4,789,880)	-	(4,789,880)	-	6,342,768	(6,342,768)	-	(6,342,768)	-
Trade payables	(p),(o)	-	3,198,071	201,829	3,399,900	3,399,900	-	4,246,285	-	4,246,285	4,246,285
Provision and other payables	(r),(o)	-	1,580,985	-	1,580,985	1,580,985	-	2,085,744	-	2,085,744	2,085,744
Borrowings		538,722	-	-	-	538,722	60,405	-	-	-	60,405
Retirement benefit obligation	(q),(o)	-	10,745	327,151	337,896	337,896	-	10,745	372,238	382,983	382,983
Current tax liabilities		681,269	-	-	-	681,269	856,126	-	-	-	856,126
Deferred taxation	(s)	688,450	-	(101,864)	(101,864)	586,586	537,414	-	(115,401)	(115,401)	422,013
Total liabilities		32,679,686	(79)	901,533	901,454	33,581,139	26,835,371	5	682,557	682,562	27,517,933
Capital and reserves											
Share capital		4,389,798	-	-	-	4,389,798	4,115,436	-	-	-	4,115,436
Share premium		387,826	-	-	-	387,826	387,826	-	-	-	387,826
Statutory contingency reserve		2,943,723	-	-	-	2,943,723	2,310,857	-	-	-	2,310,857
Equities revaluation reserve	(t)	614,821	(614,821)	-	(614,821)	-	2,973,324	(2,973,324)	-	(2,973,324)	-
Fair value reserve	(u),(t)	-	250,714	(7,812)	242,902	242,902	-	2,551,404	(5,037)	2,546,367	2,546,367
Retained earnings	(V)	1,671,141	1,497,085	(1,474,060)	23,026	1,694,167	1,481,585	1,554,898	(1,405,462)	(149,436)	1,631,021
Asset revaluation reserve	(w)	1,457,828	(1,132,978)	-	(1,132,978)	324,850	1,457,828	(1,132,978)	-	(1,132,978)	324,850
Asset replacement reserve	(x)	57,563	(57,563)	-	(57,563)	-	39,114	(39,114)	-	(39,114)	-
Bonus issue reserve	(x)	-	-	-	-	-	274,362	(274,362)	-	(274,362)	-
Other reserve	(x)	-	57,563	55,305	112,868	112,868	-	313,476	37,580	351,056	351,056
Shareholders funds:		11,522,700	(0)	(1,426,567)	(1,426,566)	10,096,134	13,040,332	(0)	(1,372,919)	(1,372,919)	11,667,413
Non controlling interest		649,206	-	(39,448)	(39,448)	609,758	595,454	-		-	595,454
Total equity		12,171,906	(0)	(1,466,015)	(1,466,014)	10,705,892	13,635,786	(0)	(1,372,919)	(1,372,919)	12,262,867
Total equity and liabilities		44,851,592	(79)	(564,482)	(564,561)	44,287,031	40,471,157	5	(690,362)	(690,357)	39,780,800

Company

Assets	Note	31 December 2011 Nigerian GAAP	Reclasification	Measurement	Total	IFRS	1 January 2011 Nigerian GAAP	Reclasification	Measurement	Total	IFRS
Cash and bank balances	(ai)	968,486	(968,486)	-	(968,486)	-	2,271,785	(2,271,785)	-	(2,271,785)	-
Short term investments	(aii)	7,439,930	(7,439,930)	-	(7,439,930)	-	7,581,198	(7,581,198)	-	(7,581,198)	-
Cash and cash equivalent	(aiii),(ai),(aii),(g)		8,349,949	-	8,349,949	8,349,949	-	9,856,269	-	9,856,269	9,856,269
Long term investments	(bi)	15,872,993	(15,872,993)	-	(15,872,993)	-	14,017,190	(14,017,190)		(14,017,190)	-
Financial assets	(biii),(bi),(aii),(g)		15,782,547	(215,782)	15,566,765	15,566,765		14,012,153	27,389	14,039,542	14,039,542
Trade receivables	(c)	3,189,527	-	(882,862)	(882,862)	2,306,665	2,937,015	-	(882,578)	(882,578)	2,054,437
Reinsurance assets	(d),(c)	-	5,265,907	817,497	6,083,404	6,083,404	-	3,877,795	338,302	4,216,097	4,216,097
Deferred acquisition costs		404,793	-	-	-	404,793	378,120	-	-	-	378,120
Reinsurance recoverables, other assets and loans	(e)	6,966,840	(6,966,840)	-	(6,966,840)	-	5,200,640	(5,200,640)	-	(5,200,640)	-
	(g),(aii),(aiii)										
Other receivables and prepayments	(bii),(e),(f)		1,785,794	-	1,785,794	1,785,794		1,284,128	-	1,284,128	1,284,128
Investment in subsidiaries		585,258	-	(44,000)	(44,000)	541,258	342,946	-	-	-	342,946
Investment in associates		788,209	-		-	788,209	695,375	-	-	-	695,375
Investment properties	(h)	2,108,896		(1,475)	(1,475)	2,107,421	2,328,896	-	(45,475)	(45,475)	2,283,421
Statutory deposits		520,000			-	520,000	520,000	-	-	-	520,000
	-										
Property and equipment	(i),(j)	3,562,526		(26,059)	(26,059)	3,536,467	2,589,316	-	(26,057)	(26,057)	2,563,259
Intangible assets	(j),(l)	108,678	-	-	-	108,678	162,790	-	-	-	162,790
Deferred tax asset			-	-	-	-	-	-	-	-	-
Total Assets		42,516,136	(64,052)	(352,681)	(416,733)	42,099,403	39,025,271	(40,468)	(588,419)	(628,886)	38,396,384
Liabilities											
Insurance funds	(k)	17,056,077	(17,056,077)	-	(17,056,077)	-	11,476,113	(11,476,113)	-	(11,476,113)	-
Insurance contract liabilities	(m),(l)	-	17,056,077	474,416	17,530,493	17,530,493	-	11,476,113	425,720	11,901,833	11,901,833
Liability for administered deposits	(n),(k)	8,925,288	(8,925,288)	-	(8,925,288)	-	7,562,545	(7,562,545)	-	(7,562,545)	-
Investment contract liabilities	(l)	-	8,925,288	-	8,925,288	8,925,288	-	7,562,545	-	7,562,545	7,562,545
Creditors and accruals	(o)	4,041,630	(4,041,630)	-	(4,041,630)	-	5,604,601	(5,604,601)	-	(5,604,601)	-
Trade payables	(p),(o)	-	3,197,049	201,829	3,398,878	3,398,878		4,239,095	-	4,239,095	4,239,095
Provision and other payables	(r),(o)	-	833,831	-	833,831	833,831		1,354,763	-	1,354,763	1,354,763
Retirement benefit obligation	(q),(o)	-	10,745	327,151	337,896	337,896		10,745	372,238	382,983	382,983
Taxation payable		616,177	-	-	-	616,177	808,464	-	-	-	808,464
Deferred taxation		590,559	-	(101,369)	(101,369)	489,190	472,117	-	-	(114,895)	357,222
Total liabilities		31,229,731	(5)	902,027	902,022	32,131,753	25,923,840	2	797,958	683,065	26,606,905
Capital and reserves											
Share capital		4,389,798	-	-	-	4,389,798	4,115,436	-	-	-	4,115,436
Share premium		387,826	-	-	-	387,826	387,826	-	-	-	387,826
Equities revaluation reserve		614,821	(614,821)	-	(614,821)	-	2,973,324	(2,973,324)	-	(2,973,324)	-
Fair value reserve	(t)		250,714	-	250,714	250,714	-	2,551,404	(5,037)	2,546,367	2,546,367
Retained earnings	(u),(t)	1,492,409	1,497,085	(1,302,703)	194,382	1,686,791	1,581,798	1,554,898	(1,290,865)	246,034	1,845,832
Asset revaluation reserve	(v)	1,457,828	(1,132,978)	(16,051)	(1,149,029)	308,799	1,457,828	(1,132,978)	(16,051)	(1,149,029)	308,799
Statutory contingency reserve	(w)	2,943,723	-	-	-	2,943,723	2,310,857	-	-	-	2,310,857
Asset replacement reserve	(x)	-	-	-	-	-	-	-	-	-	-
Bonus issue reserve	(x)	-	-	-	-	-	274,362	(274,362)	-	(274,362)	-
Other reserve	(x)	-	-	-	-	-	-	274,362	-	274,362	274,362
Shareholders funds:		11,286,405	0	(1,318,754)	(1,318,755)	9,967,650	13,101,431	(0)	(1,311,953)	(1,311,953)	11,789,479
Total equity and liabilities		42,516,136	(5)	(416,727)	(416,733)	42,099,403	39,025,271	2	(513,994)	(628,888)	38,396,384

Explanation of Transition to IFRS (Cont'd)

(a) Explanation of material adjustments to cash and cash equivalents at 1 January 2011 and 31 December 2011

Cash and cash equivalents represents highly liquid instruments which are subject to an insignificant risk of changes in value. The net impact of IFRS on cash and cash equivalents of the Group is an increase of N 8.37 billion and N 7.95 billion as at 31 December 2011 and 1 January 2011 respectively while the Company's figures witnessed increase of N 7.38 billion and N 7.58 billion as at 31 December 2011 and 1 January 2011 respectively.

The increase is mainly attributable to reclassification of placements to cash and cash equivalents. Interest receivables which also represent part of the expected cash flows on the placements have also been recognised as cash and cash equivalents. See analysis in the table below:

(ai) Cash and bank balances	Note	Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP		1,070,325	2,514,001	968,486	2,271,785
Reclassification to cash and cash equivalent	(aiii)	(1,070,325)	(2,514,001)	(968,486)	(2,271,785)
Balance per IFRS		-	-	-	-

(aii) Short term investments

Under NGAAP, Leadway's short term investments were made up of money market placements and bonds. Under IFRS, investments are not classified as short term investments but as AFS, fair value through profit or loss or HTM. The following changes affected the Group's short term investments:

	Note		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP		i	8,431,107	7,952,076	7,439,930	7,581,198
Reclassification of Bonds to HTM	(bii)		(100,000)	-	(100,000)	-
Reclassification to other receivables and prepayments	(g)		-	(19,790)	-	(19,790)
Placements reclassified to cash and cash equivalents (see (a) above)	(aiii)		(8,331,107)	(7,932,286)	(7,339,930)	(7,561,408)
Total balance reclassified from short term investments		ii	(8,431,107)	(7,952,076)	(7,439,930)	(7,581,198)
Balance per IFRS account		i+ii	-	-	-	-
Impact on equity			-	-	-	-

As shown above, bonds were reclassified to HTM financial assets based on management's intention while a loan availed to C& I leasing was also reclassified to loans and receivables based on the substance of the transaction.

(aiii) Cash and cash equivalent			Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP			-	-	-	-
Reclassification from cash and cash balances to cash and cash equivalent	(ai)	i	1,070,325	2,514,001	968,486	2,271,785
Placements reclassified from short term investments to cash and cash equivalents	(aii)		8,331,107	7,932,286	7,339,930	7,561,408
Interest receivable reclassified from other assets to cash and cash equivalents	(g)		41,533	23,076	41,533	23,076
Total increase in cash and cash equivalent		ii	8,372,640	7,955,362	7,381,463	7,584,484
Balance per IFRS account		i+ii	9,442,965	10,469,363	8,349,949	9,856,269
Impact on equity			-	-	-	-

(b) Financial assets

Under IFRS, the Group classifies its financial assets as held for trading, at fair value through profit or loss, available for sale (fair value through equity), loans and receivables and held to maturity. Financial instruments are measured based on their classification in accordance with IAS 39 as follows:

Category	Measurement basis
Financial assets at fair value through profit or loss	Fair value through profit or loss
Available-for sale financial assets	Fair value through other comprehensive income
Held-to-maturity investments	Amortised cost

Nigeria GAAP does not require such classification and measurement of financial instruments The changes impacting financial instruments are summarised below:

Explanation of Transition to IFRS (Cont'd)

b(i) Long term investments

The Group's long term investments were principally made up of quoted and unquoted equities under Nigerian GAAP.Under IFRS, investments are not classified as long term investments but as AFS, HFT or HTM. The changes affecting long term investments based on management's designation are as follows:

			Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP			16,035,242	14,186,372	15,872,993	14,017,190
Reclassification to financial assets	(bii)		(16,035,242)	(14,186,372)	(15,872,993)	(14,017,190)
Balance per IFRS			-	-	-	-
Impact on equity			-	-	-	-

Financial assets

			Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP			-	-	-	-
Reclassification from long term investments:						
Reclassification of quoted equities from long term investments			760,982	1,164,761	754,146	1,092,391
Quoted equities reclassified from long term investments to AFS financial assets			7,159,692	8,809,354	7,090,030	8,798,294
Unquoted equities reclassified from long term investments to AFS financial assets			1,939,624	1,867,716	1,853,873	1,781,964
Convertible debt note reclassified from long term investments to AFS financial assets			1,410,801	1,389,982	1,410,801	1,389,982
Reclassification from long term investments			4,764,143	954,559	4,764,143	954,559
Reclassification from long term investments:	(bi)	i	16,035,242	14,186,372	15,872,993	14,017,190
Reclassification of impairment on unquoted equities from allowance on other assets to AFS financial assets	(g)		(266,866)	-	(266,866)	-
Reclassification from short term investments	(aii)		100,000	-	100,000	-
Reclassification of interest receivable from other receivable and prepayments	(g)		76,421	-	76,421	
Impact of measuring bonds at amortised cost (including reclassification of interest receivable)	(v)		(22,091)	27,389	(29,903)	27,389
Fair value changes on AFS quoted equities	(u)		(7,812)	(5,037)		(5,037)
Recognition of fair value changes on quoted equities			-	16,538	-	-
Fair value changes reclassified from equities equalisation reserves to P/L(retained earnings as at transition date).	(v)		(185,881)	-	(185,879)	-
Others	(v)		10	-	-	-
Other reclassification and measurements		ii	(306,219)	38,890	(306,227)	22,352
Balance per IFRS		i+ii	15,729,022	14,225,262	15,566,765	14,039,542
Impact on equity	(v)		(207,962)	27,389	(215,782)	27,389

Trade receivables

The trade receivables of the entity comprise mainly of premium receivables. Provision for doubtful receivables were made as follows:

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP		3,189,527	2,937,015	3,189,527	2,937,015
Additional provision on trade receivables	(v)	(882,862)	(882,578)	(882,862)	(882,578)
Balance per IFRS		2,306,665	2,054,437	2,306,665	2,054,437
Impact on Equity	(v)	(882,862)	(882,578)	(882,862)	(882,578)

(d) Reinsurance assets

This is principally made up of prepaid reinsurance and reinsurance claims recoverable. Under Nigerian GAAP, these report under reinsurance recoverables, other assets and loans. They have however been separately reported under IFRS for proper presentation purposes. They are measured at their carrying amounts less impairment based on objective evidence of impairment. In addition, the recoverable from reinsurance and the prepaid reinsurance elements of the actuarial valuation are recognised separately from the life fund for the life business under IFRS i.e. it is not set-off against life fund but reported separately unlike NGAAP in which the life business' liability is reported net based on the actuarial valuation. The major change on this account is analysed as follows:

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP		-	-	-	-
Reclassification of reinsurance recoverables, other assets and loans to reinsurance assets	(e)	5,265,905	3,877,795	5,265,905	3,877,795
Recognition of recoverable on IBNR and prepaid reinsurance related to non life business on 1 Jan 2011	(v)	338,302	338,302	338,302	338,302
Recognition of recoverable on prepaid reinsurance related to non life business	(v)	(30,511)	-	(30,511)	-
Recognition of recoverable on IBNR related to non life business	(v)	40,011	-	40,011	-
Recognition of recoverable on IBNR and prepaid reinsurance related to life business	(v)	469,695	-	469,695	-
Balance per IFRS		6,083,402	4,216,097	6,083,402	4,216,097
Impact on equity	(v)	817,497	338,302	817,497	338,302

(e) Reinsurance recoverables, other assets and loans

			Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		i	7,473,896	5,513,990	6,966,840	5,200,640
Reclassification of claims recoverable from re-insurers			(2,324,435)	(1,026,261)	(2,324,435)	(1,026,261)
Reclassification of unexpired reinsurance cost			(2,941,470)	(2,851,534)	(2,941,470)	(2,851,534)
Total reclassification to reinsurance asset	(d)	(ii)	(5,265,905)	(3,877,795)	(5,265,905)	(3,877,795)
Reclassification of commercial loans			(1,519,811)	(745,823)	(1,167,246)	(585,884)
Reclassification of loans to policy holder			(362,305)	(298,628)	(362,305)	(298,628)
Reclassification of staff loans			(94,787)	(131,007)	(86,560)	(126,799)
Reclassification of prepayments			(150,907)	(80,939)	(79,663)	(80,464)
Reclassification of agency loan			(31,947)	(23,470)	(31,947)	(23,470)
Reclassification of deposit for shares			(22,000)	-	(22,000)	-
Reclassification of stock and inventory			(22,110)	(21,609)	-	-
Reclassification of interest receivable			(174,148)	(94,395)	(174,148)	(94,395)
Reclassification of other debtors			(415,113)	(561,976)	(309,820)	(410,272)
Total reclassification to other receivables and prepayments		(iii)	(2,793,128)	(1,957,847)	(2,233,689)	(1,619,912)
Allowance for doubtful accounts			585,137	321,652	532,754	297,067
Total reclassification from reinsurance recoverables, other assets and loans to other receivables and prepayments.		(iv)	(2,207,991)	(1,636,195)	(1,700,935)	(1,322,845)
Balance per IFRS		(i+ii+iv)	-	-	-	-

(f) Investment in finance leases

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		242,069	222,183	-	-
Reclassification to other receivables and prepayments	(g)	(242,069)	(222,183)	-	-
Balance per IFRS		-	-	-	-

(g) Other receivables and prepayments

Under Nigerian GAAP, loans and receivables are measured at cost net of provisions. A specific risk provision for loan impairment is established to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful.

Under IFRSs, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before the balance sheet date.

The Group's loans and receivables comprise commercial loans, agency loans, policy loans and other receivables.

Under Nigerian GAAP, loans and receivables were reported as part of reinsurance recoverables, other assets and loans. Under IFRS, however, loans and receivables have been reported separately under the broad category of other receivavables and prepayments for better presentation purposes. The change is analysed as follows:

Explanation of Transition to IFRS (Cont'd)

			Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		i	-	-	-	-
Reclassification from reinsurance recoverables and other assets and loans	(e)		2,207,991	1,636,195	1,700,935	1,322,845
Reclassification from short term investments	(aii)		-	19,790	-	19,790
Interest receivable reclassified to placements	(aiii)		(41,533)	(23,076)	(41,533)	(23,076)
Reclassification to financial assets	(bii)		(76,421)	-	(76,421)	-
Additional collective impairment on loans			(64,054)	(35,431)	(64,054)	(35,431)
Impairment on unquoted equities reclassified to AFS equities	(bii)		266,866	-	266,866	-
Additional impairment of other receivable			(135,154)	(59,266)		-
Reclassification from investment in finance leases	(f)		242,069	222,183	-	-
Additional impairment of investment in finance lease			(8,442)	(14,498)	-	-
Others			2	-	-	-
Total reclassification and measurement impact		ii	2,391,324	1,745,897	1,785,794	1,284,128
Balance per IFRS		i+ii	2,391,324	1,745,897	1,785,794	1,284,128
Impact on Equity	S(v)		(223,425)	(130,242)	(64,054)	(35,431)

(h) Investment properties

Under Nigerian GAAP, investment properties are revalued every three years and carried at market value with revaluation gain recognised in reserves. Under IFRS, the Group elected to measure its investment properties using the fair value model. Under IFRS, investment properties are measured under the fair value model with fair value changes recognised in profit or loss. The Group believes that the carrying amount of investment properties is an approximation of fair value as at the transition date and comparative period. Changes in this account is analysed as follows:

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		2,377,140	2,377,140	2,108,896	2,328,896
Entries to properly state fair value of Thomas Wyatt		(1,475)	(1,475)	(1,475)	(1,475)
Entries to properly state fair value of The Mews		(48,244)	(48,244)	-	(44,000)
Total reclassification and measurement impact		(49,719)	(49,719)	(1,475)	(45,475)
Balance per IFRS		2,327,421	2,327,421	2,107,421	2,283,421
Impact on equity	(v)	(49,719)	(49,719)	(45,475)	(45,475)

No impact on the Mews was noted in the Company in 2011 as the investment property was reclassified to investment in subsidiary as at 2011.

(i) Property, plant and equipment

The Group adopted the cost model for measuring its property, plant and equipment. The major changes are summarized as follows:

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		4,353,745	3,406,414	3,562,526	2,589,316
Software costs reclassified from Work in progress to intangible assets	(j)	(11,714)	(11,714)	-	-
Software training costs expensed		(16,617)	(16,617)	(26,059)	(26,057)
Entries to properly state fair value of Enugu land		(9,440)	(9,440)	-	-
Total reclassification and measurement impact		(37,771)	(37,771)	(26,059)	(26,057)
Balance per IFRS		4,315,975	3,368,643	3,536,467	2,563,259
Impact on equity	(v)	(26,057)	(26,057)	(26,059)	(26,057)

Explanation of Transition to IFRS (Cont'd)

(j) Intangible assets

The change in intangible assets represents reclassification of software development costs of a subsidiary company which was initially warehoused under work in progress. Under IFRS such software development costs qualify as for capitalisation as intangible assets:

		Group	Group	Company	Company
		31-Dec-11	1-Jan-11	31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		114,447	162,790	108,678	162,790
Software costs reclassified from PPE	(i)	11,714	11,714	-	-
Balance per IFRS		126,161	174,504	108,678	162,790
Impact on equity		-	-	-	-

(k) Liabilities for administered deposits

		Group	Group	Company	Company
		31-Dec-11	1-Jan-11	31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		8,925,288	7,562,545	8,925,288	7,562,545
Reclassification to investment contract liabilities	(n)	(8,925,288)	(7,562,545)	(8,925,288)	(7,562,545)
Balance per IFRS		-	-	-	-

(l) Insurance funds

		Group	Group	Company	Company
		31-Dec-11	1-Jan-11	31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		17,056,077	11,476,113	17,056,077	11,476,113
Reclassification to insurance contract liabilities	(m)	(17,056,077)	(11,476,113)	(17,056,077)	(11,476,113)
Balance per IFRS		-	-	-	-

(m) Insurance contract liabilities

This warehouses the liabilities arising from insurance contracts which comprises outstanding claims provision, unearned premiums and life insurance contract liabilities. The principal change is necessitated by the requirement to carry out a liability adequacy on insurance contracts under IFRS. For this purpose the Group has measured its non-life outstanding claims provision using the basic chain ladder method based on the historical pattern of claims development. Special risks are however measured using estimates from loss adjusters due to the nature of development of claims on this class of insurance.

The reclassifications on this account for the Group amounted to N17,056,077,000 and N11,476,113,000 for December 2011 and January 2011 respectively, while that for the company amounted to N17,056,077,000 and N11,476,113,000 for December 2011 and January 2011 respectively. The impact arising from measurement changes are summarized below:

			Group	Group	Company	Company
			31-Dec-11	1-Jan-11	31-Dec-11	1-Jan-11
Balance per NGAAP		i	-	-	-	-
Reclassification from insurance funds	(l)		17,056,077	11,476,113	17,056,077	11,476,113
Impact of the liability adequacy test			474,416	425,720	474,416	425,720
Others			1	-	-	-
Total reclassification and measurement impact		ii	17,530,494	11,901,833	17,530,493	11,901,833
Balance per IFRS		i+ii	17,530,494	11,901,833	17,530,493	11,901,833
Impact on equity	(v)		474,416	425,720	474,416	425,720

(n) Investment contract liabilities

		Group	Group	Company	Company
		31-Dec-11	1-Jan-11	31-Dec-11	1-Jan-11
Balance per NGAAP		-	-	-	-
Reclassification from liabilities for administered deposit	(k)	8,925,288	7,562,545	8,925,288	7,562,545
Others		-	(1)	-	-
Balance per IFRS		8,925,288	7,562,544	8,925,288	7,562,545

(o) Creditors and accruals, employee benefits and managed funds

Major changes to creditors and accruals comprise reclassification of employee benefits and managed funds from creditors and accruals for better presentation under IFRS.

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements	i	4,789,880	6,342,768	4,041,630	5,604,601
Reclassification of due to reinsurers to trade payable		(1,438,755)	(1,444,013)	(1,438,755)	(1,444,013)
Reclassification of due to brokers and co-insurers to trade payable		(1,448,060)	(2,130,572)	(1,448,060)	(2,130,572)
Reclassification of premium deposits to trade payable		(130,516)	(160,128)	(130,516)	(160,128)
Reclassification of unearned income to trade payable		(82,994)	(96,412)	(81,972)	(89,222)
Reclassification of life's due to broker balances from other credit balances to trade payables (see note O(i) below)		(97,746)	(415,160)	(97,746)	(415,160)
Total reclassification to trade payables	(p)	(3,198,071)	(4,246,285)	(3,197,049)	(4,239,095)
Reclassification of employee benefits to retirement benefits obligation	(q)	(10,745)	(10,745)	(10,745)	(10,745)
Reclassification of managed funds to provision and other payables	(r)	(362,593)	(394,566)	-	-
Reclassification of provisions and other payables from creditors and accruals	(r)	(1,218,391)	(1,691,172)	(833,836)	(1,354,761)
Others		(80)	-	-	-
Total reclassification impact	ii	(4,789,880)	(6,342,768)	(4,041,630)	(5,604,601)
Balance per IFRS	i+ii	-	-	-	-
Impact on equity		-	-	-	-

(o)(I) The balance of N97,746,000 (1 January 2011: 415,160,000) for both the Group and Company was warehoused in the NGAAP account as other credit balances. We have however reclassified the balance to trade payables in the IFRS account.

(p) Trade payables

Additional adjustments were recognized in the account for trade payables in order to properly state the account under IFRS. The entries are as follows:

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements	i	-	-	-	-
Reclassification from Creditors and accruals	(o)	3,198,071	4,246,285	3,197,049	4,239,095
Liabilities on loss participation due to Reinsurers		157,086	-	157,086	-
Commission refund due to reinsurers per sliding scale agreement		44,743	-	44,743	-
Total reclassification and measurement impact	ii	3,399,900	4,246,285	3,398,878	4,239,095
Balance per IFRS	i+ii	3,399,900	4,246,285	3,398,878	4,239,095
Impact on equity	(v)	201,829	-	201,829	-

(q) Retirement Benefit Obligation

In addition to the reclassifications into this account, additional entries were raised to properly state the retirement benefit obligations for the entity. The sum of all the adjustments into this account is as detailed below:

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements	i	-	-	-	-
Reclassifications from creditors and accruals	(o)	10,745	10,745	10,745	10,745
Provision for liability for long service award (2010)	(v)	372,238	372,238	372,238	372,238
Additional provision for long service award (2011)	(v)	30,718	-	30,718	-
Benefit paid	(v)	(75,805)	-	(75,805)	-
Total reclassification and measurement impact	ii	337,896	382,983	337,896	382,983
Balance per IFRS	i+ii	337,896	382,983	337,896	382,983
Impact on equity	(v)	327,151	372,238	327,151	372,238

(r) Provision and other payables

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		-	-	-	-
Reclassification of provisions and other payables from creditors and accruals	(o)	1,218,391	1,691,172	833,836	1,354,761
Reclassification of managed funds from creditors and accruals	(o)	362,593	394,566	-	-
Others		1	6	(5)	2
Balance per IFRS		1,580,985	2,085,744	833,831	1,354,763

(s) Deferred tax liabilities

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		688,450	537,414	590,559	472,117
Deferred tax asset on employee benefit		(101,864)	(115,401)	(101,369)	(114,895)
Balance per IFRS		586,586	422,013	489,190	357,222
Impact on equity	(v)	(101,864)	(115,401)	(101,369)	(114,895)

(t) Equity revaluation reserve

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		614,821	2,973,324	614,821	2,973,324
Fair value changes reclassified from equities equalisation reserves to retained earnings as at transition date.	(v)	(114,916)	(224,061)	(114,916)	(224,061)
Reclassification of foreign currency reserve to retained earnings	(v)	(249,191)	(197,859)	(249,191)	(197,859)
Reclassification to fair value reserves	(u)	(250,714)	(2,551,404)	(250,714)	(2,551,404)
Balance per IFRS		-	-	-	-

(u) Fair value reserves

The effect of IFRS transition adjustments on fair value reserves is shown below:

			Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		i	-	-	-	-
Reclassification from equities revaluation reserve	(t)		250,714	2,551,404	250,714	2,551,404
Entries to correctly state fair value changes on AFS quoted equities	(bii)		(7,812)	(5,037)	-	(5,037)
Total reclassification and measurement impact		ii	242,902	2,546,367	250,714	2,546,367
Balance per IFRS		(i+ii)	242,902	2,546,367	250,714	2,546,367
Impact on equity			(7,812)	(5,037)	-	(5,037)

(v) Retained earnings

The effect of IFRS transition adjustments on general reserves is shown below:

		Group 31-Dec-11	Group 1-Jan-11	Company 31-Dec-11	Company 1-Jan-11
Balance per NGAAP financial statements		1,671,141	1,481,585	1,492,409	1,581,798
Measurement impact on financial assets	(bii)	(207,962)	27,389	(215,782)	27,389
Measurement impact on trade receivables	(c)	(882,862)	(882,578)	(882,862)	(882,578)
Measurement impact on reinsurance asset	(d)	817,497	338,302	817,497	338,302
Measurement impact on other receivables and prepayments	(g)	(223,425)	(130,242)	(64,054)	(35,431)
Measurement impact on investment properties	(h)	(49,719)	(49,719)	(45,475)	(45,475)
Measurement impact on property, plant and equipment	(i)	(26,057)	(26,057)	(26,059)	(26,057)
Measurement impact on insurance contract liabilities	(m)	(474,416)	(425,720)	(474,416)	(425,720)
Measurement impact on trade payables	(p)	(201,829)	-	(201,829)	-
Measurement impact on retirement benefit obligation	(q)	(327,151)	(372,238)	(327,151)	(372,238)
Reclassification from asset revaluation reserve	(w)	1,132,978	1,132,978	1,132,978	1,132,978
Reclassification from foreign exchange reserve	(s)	249,191	197,859	249,191	197,859
Reclassification from fair value reserves	(t)	114,916	224,061	114,916	224,061
Measurement impact on deferred tax liabilities	(s)	101,864	115,401	101,369	114,895
Measurement impact of deferred tax on asset revaluation reserve	(w)	-	-	16,051	16,051
Others		-	-	7	(3)
Total reclassification and measurement impact		23,026	149,436	194,382	264,034
Balance per IFRS		1,694,167	1,631,021	1,686,791	1,845,832
Reclassification impact		1,497,085	1,554,898	1,497,085	1,554,898
Measurement Impact		(1,474,060)	(1,405,462)	(1,302,703)	(1,290,865)

Explanation of Transition to IFRS (Cont'd)

Asset revaluation reserve

		Group	Group	Company	Company
		31-Dec-11	1-Jan-11	31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		1,457,828	1,457,828	1,457,828	1,457,828
Reclassification to retained earnings	(v)	(1,132,978)	(1,132,978)	(1,132,978)	(1,132,978)
Deferred tax	(v)	-	-	(16,051)	(16,051)
Balance per IFRS		324,850	324,850	308,799	308,799
Reclassification impact	$(v)	(1,132,978)	(1,132,978)	(1,149,029)	(1,149,029)

Other reserve

		Group	Group	Company	Company
		31-Dec-11	1-Jan-11	31-Dec-11	1-Jan-11
Balance per NGAAP financial statements	i	-	-	-	-
Reclassification from asset replacement reserve		57,563	39,114	-	-
Measurement impact on other reserves		55,305	37,580	-	-
Reclassification from bonus reserve		-	274,362	-	274,362
Total reclassification and measurement impact	ii	112,868	351,056	-	274,362
Balance per IFRS	i+ii	112,868	351,056	-	274,362

Other reserves is made up of asset replacement reserve and bonus reserve.

Statement of Comprehensive Income

For the year ended 31 December 2011

In thousands of Naira	Notes	GROUP Nigerian GAAP 2011	GROUP Life revenue account 2011	GROUP Deposit administration account 2011	GROUP Reclassification 2011	GROUP Measurement 2011	GROUP IFRS 2011	COMPANY Nigerian GAAP 2011	COMPANY Life revenue account 2011	COMPANY Deposit administration account 2011	COMPANY Reclassification 2011	COMPANY Measurement 2011	COMPANY IFRS 2011
Gross premium written	(ai)	19,600,399	4,485,373	-	-	-	24,085,772	19,600,399	4,485,373	-	-	-	24,085,772
Less: (Increase)/decrease in unearned premium arising from insurance contracts issued	(aii)	(479,714)	-	-	(1,651,657)	507,749	(1,623,622)	(479,714)		-	(1,651,657)	507,749	(1,623,622)
Gross premium income		19,120,685	4,485,373	-	(1,651,657)	507,749	22,462,150	19,120,685	4,485,373	-	(1,651,657)	507,749	22,462,150
					-	-	-				-		-
Reinsurance expenses	(b)	(9,093,628)	(699,961)	-	469,695	9,502	(9,314,392)	(9,093,628)	(699,961)	-	469,695	9,502	(9,314,392)
Net premium income		10,027,057	3,785,412	-	(1,181,962)	517,251	13,147,758	10,027,057	3,785,412	-	(1,181,962)	517,251	13,147,758
Fees and commission income	(c)	1,473,635	209,988	-	-		1,683,623	1,473,635	209,988			-	1,683,623
Investment and other income	(ci)		111,367		(111,367)		-		111,367		(111,367)		-
Net underwriting income		11,500,692	4,106,767	-	(1,293,329)	517,251	14,831,381	11,500,692	4,106,767	-	(1,293,329)	517,251	14,831,381
Claims expense	(d)	(5,253,887)	(1,054,675)	-	(772,239)	(86,751)	(7,167,552)	(5,253,887)	(1,054,675)	-	(772,239)	(86,751)	(7,167,552)
Acquisition expenses	(e)	(2,361,955)	(477,422)	(123,296)	-	(1)	(2,962,674)	(2,361,955)	(477,422)	(123,296)	-	(1)	(2,962,674)
Maintenance cost	(f)	(343,738)	(169,810)	(6,473)	-	(1)	(520,022)	(343,738)	(169,810)	(6,473)		(1)	(520,022)
Operating expenses	(fi)		(224,778)	-	224,778		-	-	(224,778)	-	224,778		-
Underwriting profit		3,541,112	2,180,082	(129,769)	(1,840,790)	430,498	4,181,133	3,541,112	2,180,082	(129,769)	(1,840,790)	430,498	4,181,133
Investment income	(g)	2,741,102	-	572,079	(1,323,243)	(64,469)	1,925,469	1,792,749	-	572,079	(438,824)	(61,764)	1,864,240
Shareholders share of valuation surplus	(h)	225,881	-	-	(225,881)	-	-	225,881	-	-	(225,881)	-	-
Net fair value gains on assets at fair value through profit and loss	(i)		-	-		(305,821)	(305,821)	-	-		-	(290,555)	(290,555)
Other operating income	(j)		-	-	1,434,610	-	1,434,610	-	-		550,191	-	550,191
Management expenses	(k)	(2,806,057)	-	(26,445)	(224,778)	(85,407)	(3,142,687)	(2,199,095)		(26,445)	(224,778)	(84,420)	(2,534,738)
Result of operating activities		3,702,038	2,180,082	415,865	(2,180,082)	(25,199)	4,092,704	3,360,647	2,180,082	415,865	(2,180,082)	(6,241)	3,770,271
Loss from investment contract business	(l)	(191,128)			191,128		-	(191,128)			191,128		-
Interest expense on borrowings	(m)	(61,925)	-	-	61,925	-	-	-	-	-		-	-
Guaranteed interest	(mi)		-	(606,993)	606,993		-			(606,993)	606,993		-
Accretion to life fund	(mii)		(1,954,201)		1,954,201		-		(1,954,201)		1,954,201		-
Finance cost	(n)		-	-	(668,918)	-	(668,918)	-	-		(606,993)	-	(606,993)
Impairment losses	(o)		-	-	(1,663,809)	(127,124)	(1,790,933)	-	-		(1,620,444)	(49,888)	(1,670,332)
Group's share of associate's profit for the year		245,411	-	-	-	-	245,411	-	-	-		-	-
Write offs and provisions for bad and doubtful accounts	(p)	(1,663,809)	-	-	1,663,809	-	-	(1,620,444)	-	-	1,620,444	-	-
Profit before tax		2,030,587	225,881	(191,128)	(34,753)	(152,322)	1,878,265	1,549,075	225,881	(191,128)	(34,753)	(56,129)	1,492,946
Income taxes	(q)	(597,173)	-	-	-	(13,526)	(610,699)	(505,596)	-	-	-	(13,526)	(519,122)
Profit after taxation		1,433,414	225,881	(191,128)	(34,753)	(165,848)	1,267,566	1,043,479	225,881	(191,128)	(34,753)	(69,655)	973,824

Statement of Comprehensive Income (Cont'd)

For the year ended 31 December 2011

Other comprehensive income, net of tax												
Items within OCI that may be reclassified to the profit or loss:												
Net fair value changes on available for sale financial assets	-	-	-	-	(2,303,465)	(2,303,465)	-	-	-	-	(2,295,653)	(2,295,653)
		-	-	-			-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	(2,303,465)	(2,303,465)	-	-	-	-	(2,295,653)	(2,295,653)
Total comprehensive income/(loss) for the year	1,433,414	225,881	(191,128)	(34,753)	(2,469,313)	(1,035,899)	1,043,479	225,881	(191,128)	(34,753)	(2,365,308)	(1,321,829)
Profit attributable to:												
Owners of the Company	1,398,035	225,881	(191,128)	(34,753)	(165,848)	1,232,187	1,043,479	225,881	(191,128)	(34,753)	(69,655)	973,824
Non-controlling interest	35,379	-	-	-	-	35,379	-	-	-	-	-	-
Profit for the year	1,433,414	225,881	(191,128)	(34,753)	(165,848)	1,267,566	1,043,479	225,881	(191,128)	(34,753)	(69,655)	973,824
Total comprehensive income attributable to:												
Owners of the Company	1,398,035	225,881	(191,128)	(34,753)	(2,469,313)	(1,071,278)	1,043,479	225,881	(191,128)	(34,753)	(2,365,308)	(1,321,829)
Non-controlling interest	35,379	-	-	-	-	35,379	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	1,433,414	225,881	(191,128)	(34,753)	(2,469,313)	(1,035,899)	1,043,479	225,881	(191,128)	(34,753)	(2,365,308)	(1,321,829)

Key impact analysis of IFRS on the income statement

In thousands of Naira

General information

Under the NGAAP financial statement, the Company's life underwriting result and its deposit administration result were not consolidated in the profit and loss account. Instead, only the shareholders' share of life business' underwriting result of N225,881,000 and the loss from the deposit administration business (investment contracts) of N191,128,000 were consolidated in the profit and loss account under the NGAAP. However, under the IFRS, both the underwriting result of the life business and the result of the deposit administration business are consolidated on a line by line item with the general business result to arrive at the consolidated underwriting result of the Company. This led to the major recognition of those lines as shown in the lettered notes below.

Under the NGAAP, the Company's life business' liability at every reporting period was determined by reference to the acturarial valuation of the liabilities, however, the Company's share of the actuarial surplus is restricted to only 40% and in addition, the liabilities are carried net of the related reinsurance recoverables. Even though the liabilities are also actuarially determined under the IFRS, the Company is entitled to the full actuarial surplus while its liabilities are to stated gross of related reinsurance recoverables. This led to the major adjustments and reclassifications that arose in the Company's conversion to IFRS, related to the life business.

Under the NGAAP also, the non-life (general) business' outstanding claims provision were carried as 110% of the reported claims while under IFRS, a liability adequacy test is carried out using the the discounted inflation adjusted basic chain ladder method to dertermine the Company's outstanding claims provision. The difference between the reported claims and the claims provision is given as the IBNR.

The effects of the major differences above and the differences coming from the amortised cost computation of HTM bonds are shown in the lettered notes below:

		Note	Group 2011	Company 2011
(ai)	Gross Premium written			
	Balance per NGAAP (2011)		19,600,399	19,600,399
	Recognition of life business' gross premium		4,485,373	4,485,373
	Balance per IFRS	(i)	24,085,772	24,085,772

		Note	Group 2011	Company 2011
(aii)	(Increase)/decrease in Unearned premium (UPR) arising from insurance contracts issued			
	Balance per NGAAP (2011)		(479,714)	(479,714)
	Reclassification of life UPR from accretion to life fund (see note (mii) below)		(1,651,657)	(1,651,657)
	Reduction of UPR based on actuarial valuation (Life business)		494,501	494,501
	Reduction of UPR based on liability adequacy test (General business)		13,248	13,248
	Balance per IFRS	(ii)	(1,623,622)	(1,623,622)
	Gross premium income	(i)+(ii)	22,462,150	22,462,150

		Group 2011	Company 2011
(b)	Reinsurance expense		
	Balance per NGAAP (2011)	(9,093,628)	(9,093,628)
	Recognition of life business' reinsurance expenses	(699,961)	(699,961)
	Reclassification of reinsurance recoverable from accretion to life fund (see note mii below)	469,695	469,695
	Increase in prepaid reinsurance per liability adequacy test (general business)	(30,511)	(30,511)
	Reduction in reinsurance recoveries per liability adequacy test (general business)	40,013	40,013
	Balance per IFRS	(9,314,392)	(9,314,392)

		Group 2011	Company 2011
(c)	Fees and Commission income		
	Balance per NGAAP	1,473,635	1,473,635
	Recognition of commission earned on group life assurance contracts	209,988	209,988
	Balance per IFRS	1,683,623	1,683,623

		Note	Group 2011	Company 2011
(ci)	Investment and other income			
	Balance per NGAAP		-	-
	Recognition of life business' investment and other income		111,367	111,367
	Reclassification of life business' investment income and other income to investment income (see note (j) below)	(j)	(111,367)	(111,367)
	Balance per IFRS		-	-

		Group 2011	Company 2011
(d)	Claims expense		
	Balance per NGAAP	(5,253,887)	(5,253,887)
	Recognition of net claims incurred on Life business	(1,054,675)	(1,054,675)
	Reclassification of life business' IBNR from accretion to life funds (see note (mii) below)	(772,239)	(772,239)
	Additional claims provision as a result of liability adequacy test (general business)	(86,751)	(86,751)
	Balance per IFRS	(7,167,552)	(7,167,552)

Explanation of Transition to IFRS (Cont'd)

(e) Acquisition expenses

		Group 2011	Company 2011
Balance per NGAAP		(2,361,955)	(2,361,955)
Recognition of costs incurred on the acquisition of life insurance contracts		(477,422)	(477,422)
Recognition of costs incurred on the acquisition of life investment contracts		(123,296)	(123,296)
others		(1)	(1)
Balance per IFRS	(iii)	(2,962,674)	(2,962,674)

(f) Maintenance costs

		Group 2011	Company 2011
Balance per NGAAP		(343,738)	(343,738)
Recognition of costs incurred for the maintenance of life insurance contracts		(169,810)	(169,810)
Recognition of costs incurred for the maintenance of investment contracts		(6,473)	(6,473)
Others		(1)	(1)
Balance per IFRS	(iv)	(520,022)	(520,022)
Underwriting expenses	(iii)+(iv)	(3,482,696)	(3,482,696)

(fi) Operating expenses

		Group 2011	Company 2011
Balance per NGAAP		-	-
Recognition of life business' underwriting's share of operating expenses		224,778	224,778
Reclassification to management expenses (see note k below)	(k)	(224,778)	(224,778)
Balance per IFRS		-	-

(g) Investment income

		Group 2011	Company 2011
Balance per NGAAP		2,741,102	1,792,749
Recognition of investment income coming investment contracts		572,079	572,079
Reclassification to other operating income	(j)	(1,434,610)	(550,191)
Reclassification of investment income from investment and other income	(ci)	111,367	111,367
Amortised cost on HTM bonds		(64,469)	(61,764)
Balance per IFRS		1,925,469	1,864,240

(h) Shareholders share of valuation surplus

	Group 2011	Company 2011
Balance per NGAAP	225,881	225,881
De-recognition of the shareholders' share of valuation surplus as the result of life business' underwriting is consolidated in the profit and loss account under IFRS. See general note above	(225,881)	(225,881)
Balance per IFRS	-	-

(i) Net fair value gains on financial assets at fair value through profit or loss

		Group 2011	Company 2011
Balance per NGAAP		-	-
Net fair value gain on financial assets		305,821	290,555
Balance per IFRS	aii	305,821	290,555

(j) Other operating income

		Group 2011	Company 2011
Balance per NGAAP		-	-
Reclassification from investment income	(g)	1,434,610	550,191
Balance per IFRS		1,434,610	550,191

(k) Management expenses

		Group 2011	Company 2011
Balance per NGAAP		(2,806,057)	(2,199,095)
Recognition of management expenses on investment contracts		(26,445)	(26,445)
Reclassification from life business' operating expenses	(fi)	(224,778)	(224,778)
Reduction of provision on retirement benefit obligation		(30,718)	(30,718)
Software training cost expensed		(26,059)	(26,059)
Other expenses		(28,630)	(27,643)
Balance per IFRS		(3,142,687)	(2,534,738)

Explanation of Transition to IFRS (Cont'd)

(l)	Loss from investment contract business		Group 2011	Company 2011
	Balance per NGAAP		191,128	191,128
	De-recognition of loss from investment contract business as the as the result of the investment contract business is consolidated in the profit and loss account under IFRS. See general note above		(191,128)	(191,128)
	Balance per IFRS		-	-

(m)	Interest expense on borrowing		Group 2011	Company 2011
	Balance per NGAAP		61,925	-
	Reclassification to finance cost	(n)	(61,925)	-
	Balance per IFRS		-	-

(mi)	Guaranteed interest		Group 2011	Company 2011
	Balance per NGAAP		-	-
	Recognition of guaranteed interest on investment contracts		(606,993)	(606,993)
	Reclassification to finance cost	(n)	606,993	606,993
	Balance per IFRS		-	-

(mii)	Accretion to life fund		Group 2011	Company 2011
	Balance per NGAAP		-	-
	Recognition of life business' acretion to life fund		(1,954,201)	(1,954,201)
	Reclassification of unearned premium portion to unearned premium	(aii)	1,651,657	1,651,657
	Reclassification of reinsurance recoverable portion to reinsurance expenses	(b)	(469,695)	(469,695)
	Reclassification of IBNR portion to claims expenses	(d)	772,239	772,239
	Balance per IFRS		-	-

(n)	Finance cost		Group 2011	Company 2011
	Balance per NGAAP		-	-
	Reclassification from interest expense on borrowing	(m)	61,925	-
	Reclassification from guaranteed interest on deposit admin	(mi)	606,993	606,993
	Balance per IFRS		668,918	606,993

(o)	Impairment losses		Group 2011	Company 2011
	Balance per NGAAP		-	-
	Reclassification from write offs and provisions for bad and doubtful accounts	(p)	1,663,809	1,620,444
	Additional impairment		127,124	49,888
	Balance per IFRS		1,790,933	1,670,332

(p)	Write offs and provision for bad and doubtful accounts		Group 2011	Company 2011
	Balance per NGAAP		(1,663,809)	(1,620,444)
	Reclassification to impairment losses	(o)	1,663,809	1,620,444
	Balance per IFRS		-	-

(q)	Income taxes		Group 2011	Company 2011
	Balance per NGAAP		(597,173)	(505,596)
	Recognition of deferred tax expense on reduction of provision for long service award		(13,526)	(13,526)
	Balance per IFRS		(610,699)	(519,122)

Value Added Statement

(All amounts in thousands of Naira unless otherwise stated)

In thousands of Naira	Group 2012		Group 2011		Company 2012		Company 2011	
Gross premium income (Local)	36,920,537		24,085,772		36,920,537		24,085,772	
Investment income								
- Local	3,161,951		1,925,469		2,985,787		1,864,240	
- Foreign	-		-		-		-	
Other income								
- Local	1,050,061		1,434,610		253,683		550,191	
- Foreign	-		-		-		-	
Reinsurance, claims, commission & operating expenses								
- Local	(27,655,313)		(16,770,418)		(27,501,690)		(16,469,604)	
- Foreign	(10,534,635)		(7,528,629)		(10,534,635)		(7,528,629)	
Value added	2,942,600	100	3,146,805	100	2,123,682	100	2,501,970	100
Applied to pay:								
Employee benefit expense	1,063,296	36	869,384	28	957,669	45	774,291	31
Government as tax	275,957	9	610,699	19	152,920	7	519,122	21
To providers of finance								
To lenders	32,342	1	61,925	2	-	-	-	-
Retained in the business								
Depreciation of property, plant and equipment	348,193	12	281,176	9	274,591	13	180,621	7
Amortisation of intangible assets	67,094	2	56,055	2	64,934	3	54,112	2
To augment reserve	755,719	26	767,565	24	273,568	13	473,824	19
To pay proposed dividend	400,000	14	500,000	16	400,000	19	500,000	20
Value added	2,942,600	100	3,146,805	100	2,123,682	100	2,501,970	100

Three Year Financial Summary

(All Amounts In Thousands Unless Otherwise Stated)

GROUP

	IFRS			NGAAP		
	STATEMENT OF FINANCIAL POSITION			BALANCE SHEET		
In thousands of Naira	2012	2011	2010		2009	2008
Cash and cash equivalents	11,328,839	9,442,965	10,469,363	Cash and bank balances	3,047,299	1,052,951
Financial assets	28,217,857	15,729,022	14,225,262	Short term investments	6,345,019	3,478,827
Trade receivables	822,364	2,306,665	2,054,437	Premium debtors	2,504,409	776,767
Reinsurance assets	16,685,999	6,083,404	4,216,097	Reinsurance recoverables, other assets and loans	7,245,867	3,664,329
Deferred acquisition cost	397,319	404,793	378,120	Investments in finance leases	203,407	188,222
Loans and other receivables	2,348,803	2,391,324	1,745,897	Deferred acquisition costs	390,750	369,755
Investment in associates	942,654	639,301	301,056	Long term investments	11,604,697	15,391,781
Investment in subsidiaries	-	-	-	Investments in subsidiaries		
Investment properties	2,435,000	2,327,421	2,327,421	Investments in associates	164,755	58,704
Statutory deposits	520,000	520,000	520,000	Investment properties	2,387,140	960,199
Intangible assets	131,658	126,161	174,504	Statutory deposits	520,000	520,000
Property, plant and equipment	5,087,880	4,315,975	3,368,643	Fixed assets	2,691,388	2,102,616
Deferred tax assets	11,775	-	-			
Total assets	68,930,148	44,287,031	39,780,800	Total assets	37,104,731	28,564,151
Liabilities				Liabilities		
Insurance contract liabilities	35,557,629	17,530,494	11,901,833	Creditors and accruals	4,384,143	1,761,454
Investment contract liabilities	10,293,658	8,925,288	7,562,545	Dividend payable		95,000
Trade payables	5,466,790	3,399,900	4,246,285	Borrowings	414,504	505,225
Provision and other payables	2,880,706	1,580,984	2,085,743	Provision for outstanding claims	4,642,537	5,246,320
Borrowings	326,839	538,722	60,405	Insurance funds	8,284,042	3,375,274
Retirement benefit obligation	344,593	337,896	382,983	Liability for administered deposits	6,491,997	4,827,145
Current tax liabilities	369,469	681,269	856,126	Taxation payable	533,092	253,109
Deferred tax liabilities	580,128	586,586	422,013	Deferred taxation	379,879	103,735
Total liabilities	55,819,812	33,581,139	27,517,933	Total liabilities	25,130,194	16,167,262
Capital and reserves				Capital and reserves		
Issued and paid share capital	4,389,798	4,389,798	4,115,436	Share capital	2,743,624	2,438,777
Share premium	387,826	387,826	387,826	Share premium	387,826	1,458,867
Contingency reserve	3,860,340	2,943,723	2,310,857	Statutory contingency reserve	1,858,984	1,093,335
Retained earnings	1,290,865	1,694,167	1,631,021	Asset revaluation reserve	1,502,482	3,277
Assets revaluation reserves	341,319	324,850	324,850	Equities revaluation reserve	2,527,889	5,335,192
Fair value reserves	2,055,690	242,902	2,546,367	Asset replacement reserve	20,264	
Other reserves	76,583	112,868	351,056	Bonus issue reserve	1,371,812	304,847
				General reserve	1,003,959	1,278,198
Shareholders funds:	12,402,421	10,096,134	11,667,413		11,416,840	11,912,493
Non controlling interest	707,915	609,758	595,454	Non controlling interest	557,697	484,396
Total Equity	13,110,336	10,705,892	12,262,867	Total Equity	11,974,537	12,396,889
Total equity and liabilities	68,930,148	44,287,031	39,780,800	Total liabilities and reserve	37,104,731	28,564,151

STATEMENT OF COMPREHENSIVE INCOME

	2012	2011		2010	2009	2008
Gross premium written	36,920,537	24,085,772	Gross premium written	14,207,700	24,817,360	19,782,934
Premium earned	13,036,325	13,147,758	Premium earned	8,698,205	8,963,306	6,080,456
Profit before taxation	1,431,676	1,878,265	Profit before taxation	2,375,400	1,774,111	1,257,508
Taxation	(275,957)	(610,699)	Taxation	(721,020)	(551,294)	(255,430)
Profit after taxation	1,155,719	1,267,565	Profit after taxation	1,654,380	1,222,817	1,002,078
Transfer to contingency reserve	(916,618)	(632,866)	Transfer to contingency reserve	(451,873)	(765,649)	(302,364)
Earnings per share (kobo)	13	14	Earnings per share (kobo)	19	22	21

The summarised statement of financial position of 31 December 2009 and 2008 and the statement of profit or loss and other comprehensive income for the years 2010, 2009 and 2008 were prepared on a different financial reporting framework (Nigerian GAAP) and are therefore not directly comparable with the other financial information presented. The explanation of the major differences between IFRS and NGAAP are as stated in note 52 on explanation of transition to IFRS.

Three Year Financial Summary (Cont'd)

(All Amounts In Thousands Unless Otherwise Stated)

COMPANY

STATEMENT OF FINANCIAL POSITION

In thousands of Naira

	2012	2011	2010		2009	2008
Assets				Assets		
Cash and cash equivalents	10,441,484	8,349,949	9,856,269	Cash and bank balances	2,892,338	868,218
Financial assets	27,969,458	15,566,765	14,039,542	Short term investments	5,969,800	3,301,729
Trade receivables	822,364	2,306,665	2,054,437	Premium debtors	2,504,409	776,767
Reinsurance assets	16,685,999	6,083,404	4,216,097	Reinsurance recoverables, other assets and loans	6,812,263	3,255,870
Deferred acquisition cost	397,319	404,793	378,120	Investments in finance leases		
Loans and other receivables	1,683,972	1,785,794	1,284,128	Deferred acquisition costs	390,750	369,755
Investment in associates	788,209	788,209	695,375	Long term investments	11,307,022	15,111,301
Investment in subsidiaries	541,258	541,258	342,946	Investments in subsidiaries	342,946	342,946
Investment properties	2,215,000	2,107,421	2,283,421	Investments in associates	695,375	660,375
Statutory deposits	520,000	520,000	520,000	Investment properties	2,338,896	956,609
Intangible assets	118,060	108,678	162,790	Statutory deposits	520,000	520,000
Property, plant and equipment	4,141,563	3,536,467	2,563,259	Fixed assets	1,863,952	1,207,022
Total assets	66,324,686	42,099,403	38,396,384	Total assets	35,637,751	27,370,592
Liabilities				Liabilities		
Insurance contract liabilities	35,557,629	17,530,493	11,901,833	Creditors and accruals	3,727,229	1,156,231
Investment contract liabilities	10,293,658	8,925,288	7,562,545	Dividend payable		95,000
Trade payables	5,466,790	3,398,878	4,239,095	Borrowings		
Provision and other payables	1,960,728	833,831	1,354,763	Provision for outstanding claims	4,642,537	5,246,320
Borrowings	-	-	-	Insurance funds	8,284,042	3,375,274
Retirement benefit obligation	344,593	337,896	382,983	Liability for administered deposits	6,491,997	4,827,145
Current tax liabilities	242,534	616,177	808,464	Taxation payable	485,822	232,938
Deferred tax liabilities	472,229	489,190	357,222	Deferred taxation	351,982	98,686
Total liabilities	54,338,161	32,131,753	26,606,905	Total liabilities	23,983,609	15,031,594
Capital and reserves				Capital and reserves		
Issued and paid share capital	4,389,798	4,389,798	4,115,436	Share capital	2,743,624	2,438,777
Share premium	387,826	387,826	387,826	Share premium	387,826	1,458,867
Contingency reserve	3,860,340	2,943,723	2,310,857	Statutory contingency reserve	1,858,984	1,093,335
Retained earnings	943,741	1,686,791	1,845,832	Asset revaluation reserve	1,457,828	3,277
Assets revaluation reserves	341,319	308,799	308,799	Equities revaluation reserve	2,527,889	5,377,115
Fair value reserves	2,063,501	250,714	2,546,367	Asset replacement reserve	-	-
Other reserves	-	-	274,362	Bonus issue reserve	1,371,812	304,847
				General reserve	1,306,179	1,662,780
Shareholders funds:	11,986,525	9,967,650	11,789,479	Shareholders funds:	11,654,142	12,338,998
Total equity and liabilities	66,324,686	42,099,403	38,396,384	Total equity and liabilities	35,637,751	

STATEMENT OF COMPREHENSIVE INCOME	2012	2011		2010	2009	2008
Gross premium written	36,920,537	24,085,772	Gross premium written	14,207,700	24,817,360	19,782,934
Premium earned	13,036,325	13,147,758	Premium earned	8,696,205	8,963,306	6,080,456
Profit before taxation	826,488	1,492,946	Profit before taxation	2,038,439	1,470,749	1,332,397
Taxation	(152,920)	(519,122)	Taxation	(636,585)	(468,279)	(225,151)
Profit after taxation	673,568	973,824	Profit after taxation	1,401,854	1,002,470	1,107,246
Transfer to contingency reserve	(916,618)	(632,866)	Transfer to contingency reserve	(451,873)	(765,649)	(302,364)
Earnings per share (kobo)	8	11	Earnings per share (kobo)	17	18	23

The summarised statement of financial position of 31 December 2009 and 2008 and the statement of profit or loss and other comprehensive income for the years 2010, 2009 and 2008 were prepared on a different financial reporting framework (Nigerian GAAP) and are therefore not directly comparable with the other financial information presented. The explanation of the major differences between IFRS and NGAAP are as stated in note 52 on explanation of transition to IFRS

General Business Statement of Financial Position

As at 31 December 2012

In thousands of Naira	Notes	Company 2012	Company 2011	Company 1 January 2011
Assets				
Cash and cash equivalents	5	8,053,435	6,778,001	6,077,256
Financial assets	6	11,269,138	6,186,913	8,010,765
Trade receivable	7	741,584	2,168,812	1,985,554
Reinsurance assets	8	15,522,444	5,268,168	4,087,804
Deferred Acquisition Cost	9	397,319	404,793	378,120
Other receivables and prepayments	6	258,089	431,634	391,893
Investment in associates	11	35,000	35,000	35,000
Investment in subsidiaries	12	342,946	342,946	342,946
Investment properties	13	1,630,000	1,572,421	1,572,421
Intangible assets	15	61,893	12,981	19,244
Property, plant and equipment	16	2,486,411	2,320,082	1,575,342
Statutory deposits	14	320,000	320,000	320,000
Total assets		41,118,259	25,841,751	24,796,345
Liabilities				
Insurance contract liabilities	17	24,679,553	13,339,042	9,757,395
Trade and other payables	19	6,704,318	3,655,229	4,902,620
Retirement benefit obligation	22	338,444	331,747	376,834
Current tax liabilities	23	155,913	575,344	730,610
Deferred tax liabilities	24	379,844	381,343	247,518
Total liabilities		32,258,072	18,282,705	16,014,977
Capital and reserves				
Share capital	25	3,139,798	3,139,798	2,865,436
Share premium	25	387,826	387,826	387,826
Contingency reserve	25	3,531,432	2,710,313	2,122,301
Retained earnings	25	(198,092)	885,284	1,401,031
Asset revaluation reserve	26	336,906	251,468	251,468
Fair value reserves		1,662,317	184,358	1,478,943
Other reserve		-	-	274,362
Shareholders funds:		8,860,187	7,559,046	8,781,368
Total equity and liabilities		41,118,259	25,841,751	24,796,345

General Business Statement of Comprehensive Income

For the year ended 31 December 2012

In thousands of Naira	Notes	Company 2012	Company 2011
Gross premium written	27	27,370,629	19,600,399
Less: increase in unearned premium		(4,928,465)	(466,466)
Gross insurance premium revenue		22,442,164	19,133,933
Net reinsurance cost	28	(12,521,439)	(9,084,126)
Net insurance premium earned		9,920,725	10,049,807
Commission income	29	1,434,505	1,473,635
Investment income	32	1,395,025	1,266,451
Net fair value gains on assets at fair value through income	33	135,057	(94,755)
Other revenue		2,964,587	2,645,332
Total revenue		12,885,312	12,695,139
Gross benefits & claims paid	30	(5,051,897)	(3,833,174)
Claims ceded to reinsurance		5,326,040	1,445,904
Gross change in in contract liabilities	37	(6,411,864)	(2,953,372)
Net benefits and claims paid		(6,137,721)	(5,340,642)
Acquisition expenses	32	(2,386,531)	(2,361,956)
Maintenance cost	33	(247,455)	(343,739)
Management expenses	34	(2,692,872)	(2,256,893)
Impairment losses	35	(1,123,415)	(1,297,800)
Expenses		(6,450,273)	(6,260,388)
Profit before income tax		297,318	1,094,109
Income tax expense	36	(59,574)	(521,844)
Profit after tax		237,743	572,265
Profit attributable to:			
Equity holders of parent		237,743	572,265
		237,743	572,265
Transfer to contingency reserve		821,119	588,012
Transfer to general reserve		(583,376)	(15,747)
		237,743	572,265

General Business Statement of Comprehensive Income (Cont'd)

For the year ended 31 December 2012

Other comprehensive income:		
Fair value changes on available for sale financial assets	1,477,959	(1,294,585)
Revaluation gain on land & building	85,438	-
Other comprehensive income for the year, net of tax	1,563,397	(1,294,585)
Total comprehensive income	1,801,140	(722,321)

General Business Revenue Account

For the year ended -31 December 2012

In thousands of Naira	MOTOR	FIRE	GEN. ACC.	MARINE	BOND	ENGINEERING	SPECIAL RISK	2012 TOTAL	2011 TOTAL
INCOME									
Direct Premiums	3,882,827	2,115,550	1,250,023	1,047,624	735,583	724,392	17,614,355	27,370,354	19,599,772
Inward Reinsurance Premiums	221	-	-	54	-	-	-	275	627
Gross Written Premiums	3,883,048	2,115,550	1,250,023	1,047,679	735,583	724,392	17,614,355	27,370,629	19,600,399
Less: Increase/ (decrease) in unearned premium	(85,426)	(165,234)	113,343	(79,425)	27,913	24,197	(4,763,833)	(4,928,465)	(466,466)
Gross Premiums earned	3,797,622	1,950,316	1,363,366	968,254	763,496	748,589	12,850,522	22,442,163	19,133,933
Reinsurance Cost	(90,565)	(709,290)	(130,390)	(322,163)	(516,740)	(217,655)	(10,534,635)	(12,521,439)	(9,084,126)
Net Premium earned	3,707,058	1,241,026	1,232,976	646,091	246,756	530,933	2,315,887	9,920,725	10,049,807
Commissions earned	44,667	129,801	35,787	87,016	107,045	65,728	964,461	1,434,505	1,473,635
Total underwriting income	3,751,725	1,370,827	1,268,763	733,107	353,801	596,661	3,280,348	11,355,229	11,523,442
EXPENSES									
Gross Claims Paid	(1,448,810)	(1,101,047)	(535,889)	(265,231)	(772,519)	(144,332)	(784,070)	(5,051,898)	(3,833,174)
Increase/(decrease) in outstanding claims provision	(75,361)	(717,487)	65,884	(390,550)	(1,151,304)	(10,032)	(4,133,014)	(6,411,864)	(2,953,372)
Gross Claims incurred	(1,524,171)	(1,818,534)	(470,005)	(655,781)	(1,923,823)	(154,364)	(4,917,084)	(11,463,762)	(6,786,546)
Deduct: reinsurance claims recoveries/recoverable	304,568	1,285,151	4,934	174,257	1,494,948	153,990	1,908,192	5,326,040	1,445,904
Net claims incurred	(1,219,603)	(533,383)	(465,071)	(481,524)	(428,875)	(374)	(3,008,892)	(6,137,722)	(5,340,642)
Add: Underwriting expenses:									
Commission expenses	(512,973)	(389,330)	(208,202)	(166,352)	(16,793)	(107,358)	-	(1,401,007)	-
Acquisition expenses	(277,891)	(119,410)	(100,247)	(70,432)	(57,557)	(59,788)	(300,199)	(985,524)	(2,361,956)
Maintenance expenses	(31,147)	(16,441)	(9,664)	(8,980)	(5,657)	(5,599)	(169,966)	(247,455)	(343,739)
	(822,011)	(525,180)	(318,113)	(245,764)	(80,007)	(172,745)	(470,166)	(2,633,986)	(2,705,695)
Total expenses and claims incurred	(2,041,614)	(1,058,564)	(783,184)	(727,288)	(508,883)	(173,119)	(3,479,057)	(8,771,708)	(8,046,337)
Underwriting profit/(loss)	1,710,111	312,264	485,578	5,819	(155,082)	423,542	(198,710)	2,583,521	3,477,105

Life Business Statement of Financial Position

As at *31 December 2012*

In thousands of Naira	Notes	Company 2012	Company 2011	Company 1 January 2011
Assets				
Cash and cash equivalents	5	2,388,049	1,571,948	3,779,013
Financial assets	6	16,700,320	9,379,852	6,028,777
Trade receivables	7	80,780	137,853	68,883
Reinsurance assets	8	1,163,555	815,236	128,293
Deferred Acquisition Cost	9	-	-	-
Loans and other receivables	6	1,425,883	1,417,008	1,007,773
Investment in associates	11	753,209	753,209	660,375
Investment in subsidiaries	12	198,312	198,312	-
Investment properties	13	585,000	535,000	711,000
Intangible assets	15	56,167	95,697	143,546
Property, plant and equipment	16	1,655,152	1,216,385	987,917
Statutory deposits	14	200,000	200,000	200,000
Total assets		25,206,427	16,320,500	13,715,577
Liabilities				
Insurance contract liabilities	17	10,878,076	4,191,452	2,144,438
Investment contract liabilities	18	10,293,658	8,925,288	7,562,545
Trade and other payables	19	723,199	640,325	806,775
Retirement benefit obligation	22	6,149	6,149	6,149
Current tax liabilities	23	86,621	40,835	77,854
Deferred tax liabilities	24	92,385	107,847	109,704
Total liabilities		22,080,089	13,911,896	10,707,465
Capital and reserves				
Share capital	25	1,250,000	1,250,000	1,250,000
Share premium	25	-	-	-
Contingency reserve	25	328,909	233,410	188,556
Retained earnings	25	1,141,833	801,507	444,801
Asset revaluation reserve	26	4,413	57,331	57,331
Fair value reserves	26	401,184	66,356	1,067,424
Shareholders funds:		3,126,339	2,408,604	3,008,112
Total equity and liabilities		25,206,427	16,320,500	13,715,577

Life Business Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	Company 2012	Company 2011
In thousands of Naira			
Gross premium written	27	9,549,908	4,485,373
Add: reduction in unearned premium		(6,067,889)	(1,157,156)
Gross insurance premium revenue		3,482,019	3,328,217
Net reinsurance cost	28	(366,419)	(230,266)
Net insurance premium earned		3,115,600	3,097,951
Commission income	29	94,352	209,988
Investment income	32	1,844,445	1,147,980
Net fair value gains on assets at fair value through income	33	1,334,190	(195,800)
Other revenue		3,272,987	1,162,168
Total revenue		6,388,587	4,260,119
Gross benefits & claims paid	30	(2,188,629)	(1,315,564)
Claims ceded to reinsurance		597,379	378,510
Gross change in in contract liabilities	37	(618,841)	(889,856)
Net benefits and claims paid		(2,210,091)	(1,826,910)
Investment contract benefits	31	(853,386)	(606,993)
Acquisition expenses	-	(1,026,680)	(600,718)
Maintenance cost	-	(259,977)	(176,283)
Management expenses	35	(656,424)	(277,845)
Impairment losses	-	(852,858)	(372,532)
Expenses		(3,649,325)	(2,034,371)
Total benefits, claims and other expenses		(5,859,416)	(3,861,281)
Profit before income tax		529,171	398,838
Income tax expense	36	(93,346)	2,722
Profit after taxation		435,825	401,560
Profit attributable to:			
Equity holders of parent		435,825	401,560
Non controlling interest	24	-	-
		435,825	401,560
Appropriations			
Transfer to contingency reserve		95,499	44,854
Transfer to general reserve		340,326	356,706
		435,825	401,560
Other comprehensive income:			
Fair value changes on available for sale financial assets		334,828	(1,001,068)
Revaluation gain on land & building		(77,488)	-
Other comprehensive income for the year, net of tax		257,340	(1,001,068)
Total comprehensive income		693,165	(599,508)

Life Business Revenue Accounts

For the year ended 31 December

In thousands of Naira	Note	Individual Life	Group Life	Annuity	2012 Total	2011 Total
Income						
Direct premiums		735,491	2,663,439	6,150,978	9,549,908	4,485,373
Inward reinsurance premiums		-	-	-	-	-
Provision for unexpired risk		(630,230)	465,717	(5,903,376)	(6,067,889)	(1,157,156)
Gross premium		105,261	3,129,156	247,602	3,482,019	3,328,217
Reinsurance cost		(26,940)	(339,479)	-	(366,419)	(230,266)
Premium retained		78,321	2,789,677	247,602	3,115,600	3,097,951
Commissions earned		-	94,352	-	94,352	209,988
Investment income		49,679	1,563,230	687,507	2,300,416	96,806
Other income		6,769	213,007	28,356	248,133	14,561
Total income		134,770	4,660,266	963,465	5,758,501	3,419,306
Direct claims paid		(141,202)	(1,309,100)	(23,217)	(1,473,520)	(1,184,115)
Surrenders		(3,935)	-	-	(3,935)	(18)
Maturity claims		(361)	-	-	(361)	(100)
Annuity payments		-	-	(710,814)	(710,814)	(131,331)
Decrease in outstanding claims		-	(618,841)	-	(618,841)	(889,856)
Gross claims incurred		(145,498)	(1,927,941)	(734,031)	(2,807,470)	(2,205,420)
Deduct:						
Reinsurance claims recoveries/recoverables		19,627	577,752	-	597,379	378,510
Net claims incurred		(125,871)	(1,350,190)	(734,031)	(2,210,092)	(1,826,910)
Acquisition expenses		(20,411)	(606,772)	(280,557)	(907,740)	(477,422)
Maintenance expenses		(7,615)	(226,365)	(12,999)	(246,978)	(169,810)
Operating expenses		(13,666)	(406,266)	(18,783)	(438,715)	(224,778)
Total expenses		(167,563)	(2,589,592)	(1,046,369)	(3,803,525)	(2,698,920)
Underwriting result		(32,793)	2,070,674	(82,905)	1,954,976	720,386

Leadway at a Glance

YEAR OF INCORPORATION	1970
COMMENCEMENT OF OPERATIONS	1971
FINANCIAL YEAR END	31st December
SHAREHOLDERS' FUNDS	₦ 11.7 Billion (as at 31 December 2012)
TOTAL ASSET BASE	₦ 66.3 Billion (as at 31 December 2012)
CLASSIFICATION	All classes of Insurance, Managed Funds & Trusteeship
NUMBER OF BRANCHES	19 (excluding Registered office & Corporate office)
SUBSIDIARIES	Leadway Capital & Trusts Limited Leadway Properties & Investments Ltd. Leadway Hotels Limited
ASSOCIATE	Leadway Pensure PFA Limited
NUMBER OF EMPLOYEES	358 (as at December 31, 2012)
FOUNDER	Sir Hassan O. Odukale (1926-1999)
DIRECTORS	Mallam Umar Yahaya (Chairman) Mr. Oye Hassan-Odukale, mfr (MD/CEO) Mr. Tunde Hassan-Odukale (Exec. Director) - Financial Services & IT Systems Dr. A. B. C. Orjiako (Director) Dr. Konyinsola Ajayi (Director) Mrs. Fehintola Obatusin (Director) Mr. Jeremy Rowse (Director) Ms. Adetola Adegbayi (Exec. Director) - General Business
SECRETARY	Ms. Adetola Adegbayi (ED)
MANAGEMENT	Mr. Oye Hassan-Odukale, mfr (MD/CEO) Mr. Tunde Hassan-Odukale, (ED) - Financial Services & IT Systems Ms. Adetola Adegbayi (ED) - General Business Mr. Shadrach Sivhugwana (GM) - Company Actuary/Head Life Division Mr. Adebayo O. Okuwobi (DGM) - Life/Commercial Mr. David Onilado (DGM) - Finance Mr. Adetayo Adekunle (AGM) - General Business Deacon Clement O. Atere (AGM)- Head, Commercial Mr. Okegbemi Owoseje (AGM) - Claims Mr. Temilolu Aduloju (AGM) - Compliance & Enterprise Risk Management

Branch Directory

Abuja	Abeokuta	Akure	Benin
Leadway House (4th Floor) Plot 1061, Cadastral Avenue Maitama P.M.B 275 Abuja. CBD, Abuja FCT 08129997114, 0819997115	13, Lalubu Street, Oke'lewo, Abeokuta. 08129997096, 0819997097	NACRDB Building Ado Owo Road, Alagbaka Akure 08129997096 08129997159	84 Akpakpava Street Benin City 08129997103 08129997158

Calabar	Enugu	Ilorin	Ibadan
141 Ndidem Usang Iso Road/Marian Road, Calabar. 08129997098 08129997099	Akalaka House(2nd floor) 127/129 Chime Avenue New Haven, Enugu 08129997106 08129997161	163 Ajase-Ipo Rd Gaa-Akanbi Junction Road Anu Oluwapo Complex Ilorin, Kwara State 08129997102, 08129997162	25 Mogaji Are Rd Iyaganku GRA Off Moshood Abiola Way Ibadan 08129997122 08129997123

Jos	Kano	Makurdi	Osogbo
2A Ibrahim Taiwo Rd GRA, Jos 08129997122 08129997123	Fustan House 25 Zaria Road Gyadi-Gyadi Round About Kano 08129997112 08129997168	Last Floor, 8 Railway bye pass, High Level, near Zenith Bank Makurdi 08129997113	2nd Floor, Moye House Km2, Gbogan/Ibadan Rd. Osogbo. 08129997108 08129997163

Port Harcourt	Sagamu	Sokoto	Uyo
8 Igbodo Street, Old GRA Port Harcourt 08129997110 08129997109	136 Akarigbo Street Opposite Mobil Filling Station Ijokun, Sagamu 08129997101 08129997156	15A Kano Road (Not far from Central Bank of Nigeria) Sokoto 08129997124	164 Ikot Ekpene Road (3rd Floor), Uyo 08129997100 08129997155

Warri	Yenagoa	Zaria	Agency Offices
Ecobank Building 60 Effurun/Sapele Road Warri 08129997111 08129997166	Imgbi Road Opp. Spring Bank, Amarata 08129997105 08129997160	Last floor, UBA building By PZ Kaduna Road Zaria. 08129997125	Bida, Gboko, Gombe, Kafanchan, Yola, Katsina, Maiduguri, Minna, Okene, Ikare, Ado-Ekiti

Protea Hotel Leadway

Ikeja

Protea Hotel Leadway Ikeja is conveniently located in Maryland, Ikeja, Lagos, approximately 15 minutes drive from Muritala Muhammed International Airport.

Privately owned by Nigerian investors and managed and marketed by Protea Hotels, the largest Hotel operating company in Africa, the hotel offers 47 deluxe ensuite rooms and 2 suites each equipped with DSTV, central air conditioning, in-room tea and coffee making facilities, direct internet access, a mini bar refrigerator and digital safe. Other facilities and services include a Restaurant, a 24-hour cocktail bar, fitness centre, swimming pool, business centre and 24-hour room service. One facility that clearly separates this Hotel from the rest is an Audio/Sound Room, where guests can get away from the hustle and bustle from Lagos and relax in a private lounge with surround sound stereo audio and video facilities or have a private meeting.

The Hotel offers State of the art conference facilities with one conference room, seating up to 50 delegates and two boardrooms seating up to 12 delegates each.

Architecturally, the Hotel is different from the other Protea-managed Hotels in Lagos. The facade, interior and layout of the rooms are refreshingly different. Rustic oranges, reds and yellows have been used throughout as the predominant colour scheme. The furniture is a mixture of dark wood, cane and modern desk chairs in the rooms. There is good light flow in the Hotel and it has an airy feel about it.

The management and staff pride themselves on offering hospitality and service of world class standard and living up to their 'Leading the Way' creed under the leadership of General Manager, Ankia Geldart and Deputy General Manager, Tunde Oduyoye; while the chef brigade under the leadership of South African Executive Chef Chris Geldart will be offering excellent local and international cuisine. The menu selection is varied enough to cater for all tastes and can accommodate those guests that will be staying more than one day.

Protea Hotel Leadway offers superior appointments, personalised service and individuality of character.

When next in Lagos it may be well worth your while to pay this truly superb hotel a visit, whether to stay, have a conference, and enjoy a snack, dinner or ...to simply relax.

Where Elegance And Service Is A Priority!

Address: 1 Mugambo Close, Maryland Estate, Lagos. Nigeria.
Tel: +2341 2790800/0802/0803/0806, Fax: +2341 2790801,
E-mail: reservations@leadway-protea.com, Website: www.proteahotels.com/leadway

Leadway Capital & Trusts Limited

RC268,275

Leadway Capital & Trust was incorporated as Leadway Trustees Limited in 1995 but its services became commercial in 1999. To operate within the capital market, the company registered with the Securities and Exchange Commission in year 2000 and has maintained its registration since then.

Leadway Capital & Trusts Limited is a subsidiary of Leadway Assurance Company Limited, one of the foremost insurance service providers in Nigeria. The reputation enjoyed by the Leadway Group has been attained and sustained by the pursuit of improvements to maintain competitive advantage. All aspects of the business are approached with discipline - the recruitment of staff, development of products, use of advanced technology to final service delivery.

Since incorporation, the company has provided and is still providing corporate and personal trusteeship services in diverse arrangements. Specifically, Leadway Capital & Trusts Limited
provides professional services in the following areas:

- Trust of Consortium Lending
- Debenture Trusts
- Unit Trusts and Mutual Funds
- Mortgage Trusts
- Investment Trusts
- Leasing Trusts
- Management of other Trusts as Endowments, Foundations, Co-operatives
- Employee Share Ownership Trusts
- Custodian Trusteeship
- Nominee Shareholding
- Living Trusts
- Education Trusts
- Vehicle Leases to select Corporate Bodies
- Investment in varied transactions where management finds it expedient

Although a relatively young company, it is able to tap into the resources and over 40years experience of its parent company, Leadway Assurance Company Ltd.

Address: 121/123 Funso Williams Avenue, Iponri, P.O. Box 6437, Marina, Lagos
Tel: 01-2700700 Fax: 01-2700800, E-mail: trustees@leadway.com, Website: www.leadway.com