Contents **Page**

Contents	Page
Result at a Glance	2
Certification Pursuant to Section 60(2) of Investment &Securities Act No. 29 of 2007	3
Summary of Significant Accounting Policies	4
Statement of Financial Position	32
Statement of Comprehensive Income	33
Statement of Change in Equity	34
Statement of Cash Flows	35
Notes to the Financial Statements	36
Segment Report	53
Value Added Statement	55
Three Year Financial Summary	56

Result at a Glance

	31 Mar. 2013	31 Mar. 2012	Change	
Financial Positions	**N'000**	**N'000**	**N'000**	**%**
Cash and cash equivalents	2,465,775	1,010,869	1,454,906	144
Trade Receivables	991,685	2,909,947	(1,918,262)	(66)
Financial Assets	917,287	1,151,291	(234,004)	(20)
Property and Equipment	523,427	557,226	(33,799)	(6)
Other Receivables and Prepayments	134,966	149,141	(14,175)	(10)
Deferred Acquisition Cost	515,233	279,668	235,565	84
Statutory Deposit	315,000	315,000	-	-
Total Assets	**8,224,135**	**7,872,817**	**351,318**	**4**
Trade Payables	1,266,682	210,035	1,056,647	503
Insurance Contract Liabilities	2,146,095	1,150,756	995,339	86
Debt Securities in Issue	1,042,549	1,270,920	(228,371)	(18)
Current Tax Payable	63,925	68,022	(4,097)	(6)
Total Liabilities	**4,826,078**	**2,809,755**	**2,016,323**	**72**
Issued Share Capital	3,435,879	3,435,879	-	-
Share Premium	116,843	145,763	(28,920)	(20)
Fair value Reserves	(460)	2,898	(3,358)	(116)
Contingency Reserves	1,192,422	960,138	232,284	24
Retained Earnings	(1,346,628)	431,941	(1,778,569)	(412)
Total Equity	**3,138,804**	**1,978,675**	**1,160,129**	**59**
			-	
Comprehensive Income			-	
Gross Premiums	2,316,850	3,069,183	(752,333)	(25)
Net Premiums Underwriting Income	1,366,805	1,927,697	(560,892)	(29)
Other Income	462,958	285,983	176,975	62
Total Revenue	**1,829,763**	**2,213,680**	**(383,917)**	**(17)**
Claims paid	(420,375)	(400,993)	(19,382)	5
Impairment for Trade Receivable	-	-	-	-
Other Expenses	(1,100,761)	(1,194,789)	94,028	(8)
Total Benefits, Claims and Other Expenses	(1,521,136)	(1,595,782)	74,646	(5)
Profit /(Loss) Before Tax	**308,627**	**617,898**	**(309,271)**	**(50)**
Income tax expense	(49,381)	(64,644)	15,263	(24)
Profit For the Year	**259,246**	**553,254**	**(294,008)**	
Other Comprehensive Income for the year, net of tax	-	-	-	-
Total Comprehensive Income for the year, net of tax	259,246	553,254	(294,008)	(53)
Basic Earnings Per Share	**0.04**	**0.08**	**0.04**	

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

We the undersigned hereby certify the following with regards to our Unaudited Financial Statements for the period ended March 31, 2013 that:

- We have reviewed the report;

- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

- To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

- We:
  - are responsible for establishing and maintaining internal controls.
  - have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
  - have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
  - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

- We have disclosed to the auditors of the Company and Audit Committee:

  - all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
  - any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

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

Mr. Wale Onaolapo (MD/CEO)	**Mr. Kayode Adigun CFO**
FRC/2013/CIIN/00000002542	**FRC/2013/ICAN/00000002652**

Summary of Significant Accounting Policies

1.0 General Information

The company was incorporated as a Limited Liability Company on February 26, 1980. The company reorganized and commenced business as a reorganized non-life insurance company on the 2nd of January 1995 with an authorized share capital of N30 million and a fully paid up capital of the N20 million following the acquisition and recapitalization of the then Grand Union Assurances Limited.

The principal activity of the Company is the provision of all classes of non-life insurance and special risk insurance. The Company, currently having its corporate head office at 17 Ademola Adetokunbo Street, Victoria Island, Lagos with 21 other branches spread across major cities and commercial centers in Nigeria, became a Public Limited Company (Plc) on the 7th of April 2004 and was listed on the Nigerian Stock Exchange on 29th November 2006.

The financial statement was authorised by Board on 5th July 2013.

2.0 Summary of Significant Accounting Policies

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of the business.

Liquidity ratio and continuous evaluation of current ratio of the Company is carried out by the Company to ensure that there are no going concerns threats to the operation of the Company.

2.1 Going Concern Assessment

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

2.2 Basis of Preparation and Compliance with IFRS

These financial statements are the stand alone financial statements of Sovereign Trust Insurance (''the Company'').

The Company's financial statements for the year 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These are the first annual financial statements of Sovereign Trust Insurance prepared in accordance with IFRS and IFRS 1: First-time Adoption of IFRS has been applied.
An explanation of how the transition from Nigerian GAAP to IFRS has affected the company's financial position is contained in Note 48 to the financial statements.

Functional and Presentation of Currency

The financial statements are presented in Nigerian currency (Naira) which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand (₦ 000).

Summary of Significant Accounting Policies (Cont'd)

Basis of Measurement

The financial statements have been prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss which are measured at fair value through profit or loss.
- Financial assets classified as available for sale which are measured at fair value through other comprehensive income.
- Loans and receivables and held to maturity financial assets and financial liabilities which are measured at amortised cost.
- Investment properties which are measured at fair value.

2.3 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. 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 judgments 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. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the Note 2.4.

2.4 Judgement, Estimates and Assumption

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

2.4.1 Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax 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 income tax and deferred tax provisions.

Summary of Significant Accounting Policies (Cont'd)

2.4.2 Retirement Benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

2.4.3 Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

2.5 Improvements to IFRSs

2.5.1 Standards, Amendments and Interpretations Effective on or after 1 January 2012

The following standards, amendments and interpretations became effective on 1 January 2012:

Summary of Significant Accounting Policies (Cont'd)

- ***Amendment to IAS 12: Income taxes - Deferred tax (effective for periods beginning on or after 1 January 2012)***

This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value, namely the inclusion of a rebuttable presumption that investment property measured at fair value is recovered entirely by sale.

- ***Amendment to IFRS 7: Financial instruments: Disclosures - Transfers of financial assets (effective for periods beginning on or after 1 July 2011)***

This amendment expands the disclosure in respect of transfers of financial assets with the aim of improving users' understanding of the risk exposures relating to such transfers and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- ***Amendment to IFRS 1: First time adoption - Fixed dates and hyperinflation (effective for periods beginning on or after 1 July 2011).***

The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRS for the first time to restate derecognition transactions that occurred before the date of transition to IFRS. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRS after a period when the entity was unable to comply with IFRS because its functional currency was subject to severe hyperinflation.

The above amendments have no impact in the accounting policies, financial position and financial performance of the Company.

2.5.2 ***Standards, Amendments and Interpretations Issued but not yet effective for the 31 December 2012 year end***

Management is in the process of assessing the impact of the guidance set out below on the Company and the timing of its adoption by the Company.

- ***Amendments to IFRS 1: 'First time adoption of IFRS' (Improvements to IFRSs (Issued May 2012) (effective for periods beginning on or after 1 July 2012)***

The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances.

The amendment clarifies that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date.

The consequential amendment (as a result of the amendment to IAS 1 discussed below) clarifies that a first-time adopter should provide the supporting notes for all statements presented.
The adoption of this amendment will have no impact on the financial position and performance of the Company.

Summary of Significant Accounting Policies (Cont'd)

- ***Amendment to IAS 1: 'Presentation of financial statements' (Improvements to IFRSs (Issued May 2012) (effective for periods beginning on or after 1 July 2012).***

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***Amendment to IAS 16: 'Property, plant and equipment' (Improvements to IFRSs (Issued May 2012) (effective for periods beginning on or after 1 July 2012)***

The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***Amendment to IAS 32: 'Financial instruments: Presentation' (Improvements to IFRSs (Issued May 2012) (effective for periods beginning on or after 1 July 2012)***

The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***Amendment to IAS 34: 'Interim financial reporting' (Improvements to IFRSs (Issued May 2012) (effective for periods beginning on or after 1 July 2012)***

The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***Amendment to IFRS 1: 'First time adoption' on government loans (effective for periods beginning on or after 1 January 2013)***

This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

Summary of Significant Accounting Policies (Cont'd)

The adoption of this amendment will have no impact on the financial position and performance of the Company.

• ***Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting (effective for periods beginning on or after 1 January 2013)***

The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

• ***Amendment to IAS 19: Employee benefits (effective for periods beginning on or after 1 July 2012)***
This amendment eliminates the corridor approach and calculates funding costs on a net funding basis.

The adoption of this amendment will have no impact on the financial position and performance of the Company.
• ***Amendment to IAS 1: Financial statement presentation - Other comprehensive income (effective for periods beginning on or after 1 July 2012)***

The main change resulting from this amendment is a requirement for entities to group items presented in Other comprehensive income ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

The adoption of this amendment will have no impact on the financial position and performance of the Company.
• ***IFRS 9: Financial instruments (2009) (effective for periods beginning on or after 1 January 2013)***

IFRS 9 addresses the recognition, derecognition, classification and measurement of financial assets and financial liabilities. In respect of financial assets, IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The classification and measurement of financial liabilities have remained as per IAS 39 with the exception of financial liabilities designated at fair value through profit or loss where the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

Summary of Significant Accounting Policies (Cont'd)

- ***IFRS 9: Financial instruments (2010) (effective for periods beginning on or after 1 January 2013)***

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***Amendments to IFRS 9 – Financial Instruments (2011) (effective for periods beginning on or after 1 January 2015)***

The IASB has published an amendment to IFRS 9, 'Financial instruments' that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013.

This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***IFRS 10: Consolidated financial statements (effective for periods beginning on or after 1 January 2013)***

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- **IFRS 11: Joint arrangements (effective for periods beginning on or after 1 January 2013)**

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has right to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

Summary of Significant Accounting Policies (Cont'd)

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***IFRS 12: Disclosures of interests in other entities (effective for periods beginning on or after 1 January 2013)***

This standard includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and unconsolidated structured entities.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***IFRS 9: Financial instruments (2009) (effective for periods beginning on or after 1 January 2013)***

IFRS 9 addresses the recognition, derecognition, classification and measurement of financial assets and financial liabilities. In respect of financial assets, IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The classification and measurement of financial liabilities have remained as per IAS 39 with the exception of financial liabilities designated at fair value through profit or loss where the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***IFRS 9: Financial instruments (2010) (effective for periods beginning on or after 1 January 2013)***

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments.
The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***Amendments to IFRS 9 – Financial Instruments (2011) (effective for periods beginning on or after 1 January 2015)***

The IASB has published an amendment to IFRS 9, 'Financial instruments' that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time.

Summary of Significant Accounting Policies (Cont'd)

The requirement to restate comparatives and the disclosures required on transition have also been modified.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***IFRS 10: Consolidated financial statements (effective for periods beginning on or after 1 January 2013)***

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- **IFRS 11: Joint arrangements (effective for periods beginning on or after 1 January 2013)**

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has right to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***IFRS 12: Disclosures of interests in other entities (effective for periods beginning on or after 1 January 2013)***

This standard includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and unconsolidated structured entities.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

- ***IFRS 13: Fair value measurement (effective for periods beginning on or after 1 January 2013)***

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

Summary of Significant Accounting Policies (Cont'd)

• ***IAS 27 (revised 2011): Separate financial statements (effective for periods beginning on or after 1 January 2013)***

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

• ***IAS 28 (revised 2011): Associates and joint ventures (effective for periods beginning on or after 1 January 2013)***

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

• ***Amendments to IAS 32 – Financial Instruments: Presentation: Associates and joint ventures (effective for periods beginning on or after 1 January 2014)***

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

• **Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities' (effective for periods beginning on or after 1 January 2013)**

The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted − for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

• ***IFRIC 20: Stripping costs in the production phase of a surface mine (effective for periods beginning on or after 1 January 2013)***

In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'.

Summary of Significant Accounting Policies (Cont'd)

The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

The adoption of this amendment will have no impact on the financial position and performance of the Company.

None of the above guidance has been early-adopted by the Company.

2.6 Foreign Currency Translation

2.6.1 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in thousands. Naira is the Company's functional and presentation currency.

2.6.2 Transactions and Balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and these are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated at the spot rate of exchange prevailing at the reporting date. If several exchange rates are available, the forward rate is used at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred.

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

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Summary of Significant Accounting Policies (Cont'd)

3.0 Details of Accounting Policies

3.1 Cash and Cash Equivalents

This includes cash on hand, deposit held at call with banks and other short term highly liquid investments which originally matures in three months or less.

3.1.1 Book Overdraft

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding book overdrafts.

3.2 Financial Assets

In accordance with IAS 39, all financial assets – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

The Company classifies financial assets into the following IAS 39 categories: (a) financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition and the classification depends on the purpose for which the investments were acquired.

3.2.1 *Financial Assets at Fair Value Through Profit or Loss*

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Company as at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the Statement of Comprehensive Income. Gains and losses arising from changes in fair value are included directly in the statement of comprehensive income. Interest income and expense and dividend income and expenses on financial assets held for trading are included in the Statement of Comprehensive Income.

The Company's investments in quoted equities are carried at fair value through profit or loss.

Summary of Significant Accounting Policies (Cont'd)

3.2.2 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(1) those that the Company intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designated as at fair value through profit or loss;

(2) those that the Company upon initial recognition designates as available for sale; or

(3) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Interest is included in the statement of comprehensive income and reported under investment income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of instrument and recognised in the statement of comprehensive income as 'Impairment charges'.

3.2.3 Held to Maturity Financial Assets

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

(1) those that the Company upon initial recognition designated as at fair value through profit or loss;
(2) those that the Company designates as available-for-sale; and
(3) those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the statement of comprehensive income and reported under investment income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the statement of comprehensive income as 'Net (losses) on investment securities'.

The state bonds are classified as held to maturity.

3.2.4 *Available-for-Sale Financial Assets*

Available-for-sale investments are financial assets that are intended to be 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 or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Summary of Significant Accounting Policies (Cont'd)

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income is recognised in the statement of comprehensive income. However, interest is calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale is recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income under investment when the Company's right to receive payment is established. The investment in unquoted equities, Federal Government Bond, managed funds and treasury bills are classified as available for sale.

3.2.5 Determination of Fair Value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange NSE) and broker quotes from the Financial Markets Dealers Association.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.
For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR yield curve, FX rates, volatilities and counterparty market development.

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

Summary of Significant Accounting Policies (Cont'd)

Any subsequent reversal of an impairment loss is recognised in the profit and loss.

3.3.1 Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.4 Reinsurance

The Company cedes insurance risk in the normal course of business for the purpose of limiting its net loss potential 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 statement of comprehensive income and statement of financial position separately from the gross amounts.

3.5 Deferred Acquisition Costs (DAC)

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

DAC for general insurance are apportioned over the period in which the related revenues are earned. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

DAC are derecognized when the related contracts are either settled or disposed off.

3.5.1 Deferred Expenses-Reinsurance Commission

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

3.6 Other Receivables and Prepayments

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

Summary of Significant Accounting Policies (Cont'd)

3.7 Investment Properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Company, are classified as investment properties.
Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

3.7.1 Requirement and Measurement

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

Subsequent expenditure is included in the asset's carrying amount 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 statement of comprehensive income during the financial period in which they are incurred.
The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by independent valuation experts.

3.7.2 Transfer

If an item of property and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment.

However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the Statement of Comprehensive Income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the Statement of Comprehensive Income.

3.7.3 De-recognition

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

Summary of Significant Accounting Policies (Cont'd)

3.8 Property and Equipment

Property and equipment comprise mainly land and buildings, motor vehicles, computer and office equipment, furniture and fittings and plant and machinery and are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property and equipment is recognized when it is probable that economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured.
Subsequent costs are included in the asset's carrying amount or recognised 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 are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

-Buildings	- 2.0 %
-Leasehold Improvements	- 10.0 %
-Motor vehicles	- 25.0 %
-Furniture and fittings	- 15.0 %
-Computer equipment	- 33.3 %
-Office equipment	- 20.0 %
-Plant and machinery	- 15.0 %

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The depreciation method is also reviewed at each reporting date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment was impaired at 31 December 2012 (31 December 2011).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the statement of comprehensive income.

3.9 Statutory Deposit

Statutory Deposit represents amount deposited with the Central Bank of Nigeria (CBN) in accordance with Section 10 (3) of Insurance Act, 2003. Statutory deposit is measured at cost. Interest income on statutory deposit is recognized in the statement comprehensive income.

Summary of Significant Accounting Policies (Cont'd)

3.10 InsuranceContracts

Sovereign Trust issues contracts that transfer insurance risk.
Insurance contracts are those contracts that transfer significant insurance risk. Sovereign Trust defines significant insurance risk as the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.
These contracts are accident and casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Company's customer 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 employee (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 holiday).

Property insurance contract mainly compensate the Company's customer for damage suffered to their properties or for the value of properties 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 (business interruption cover).
In accordance to IFRS 4, the Company has continued to apply the accounting policies it applied in accordance with the prechange over from Nigerian GAAP.

Salvages

Some insurance contracts permit the Company to sell (usually damaged) property acquired in the process of settling a claim. The Company 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 used to reduce the claim expenses when the claim is settled.

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 assets when the liability is settled and the company has the right to receive future cash flow from the third party.

3.11 Insurance Contract Liabilities

These are computed in compliances with the provision of section 20, 21, and 22 of the Insurance Act 2003 as follows:

3.12 General Insurance Contracts

i Reserves for Unearned Premium

In compliance with Section 20(1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Summary of Significant Accounting Policies (Cont'd)

ii Reserve for Outstanding Claims

A full provision is made for the estimated cost of all claims notified but not settled at the date of the financial position, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the financial position date.

Similarly, provision is made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the statement of financial position date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at the statement of financial position date and the subsequent settlements are included in the Revenue Account of the following year.

Reserves for Unearned Premium

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

3.11.2 Liability Adequacy Test

At each end of the reporting period, liability adequacy test are performed by an Actuary to ensure the adequacy of the insurance contract liability. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used.

Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from Liability Adequacy test "the unexpired risk provision."

3.12 Financial Liabilities

Financial liabilities are carried at fair value through profit or loss (including financial liabilities held for trading are those that are designated at fair value) and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

3.12.1 *Financial Liabilities at Fair Value Through Profit or Loss*

This category comprises two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near future term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading, unless designated as an effective hedging instrument.

Summary of Significant Accounting Policies (Cont'd)

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the statement of comprehensive income in fair value gains and losses.
The Company did not have any financial liabilities that meet the classification criteria of held for trading and did not designate any financial liabilities as at fair value through profit or loss.

3.12.2 ***Other Liabilities Measured at Amortised Cost***

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost.
At reporting date the debt security in issue which is the convertible bond and other liabilities were carried at amortised cost.

3.13 Debt Securities

Details of the recognition of measurement of debt securities are treated in financial liability accounting policies

3.14 Trade Payables
3.15 Other Payables and Accruals

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

3.16 Employee Benefits

The Company operates two retirement benefit schemes in the form of a pension scheme and gratuity benefits scheme. The Company has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

3.16.1 ***Pension Costs***

The Company operates a defined contribution scheme for its staff and is managed by a highly reputable pension fund administrator. Under the scheme, the company contributes 7.5% while each employee contributes 7.5% of basic salary, housing and transport allowances on a monthly basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Summary of Significant Accounting Policies (Cont'd)

3.16.2 *Gratuity Benefits*

The Company operates a non-contributory defined benefits service gratuity scheme for its employees. The employees' entitlement to retirement benefits under the service gratuity scheme depends on the individual years of service, terminal salary and conditions of service. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Plan assets exclude any insurance contracts issued by the Company. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rate of Federal Government Bonds of Nigeria as High Quality Corporate bonds are not available.

Actuarial gains and losses are recognised in full in other comprehensive income when they occur. Past-service costs are recognised immediately in income.

3.17 Income Tax

3.17.1 *Current Income Tax*

Income tax payable/(receivable) is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense/(income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on of available-for-sale investment).

Where the Company has tax losses that can be relieved against a tax liability for a previous year, it recognizes those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance.

Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises.
Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.

The Company does not offset income tax liabilities and current income tax assets.

3.17.2 *Deferred Income Tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Summary of Significant Accounting Policies (Cont'd)

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

3.18 Share capital

3.18.1 Share Issue Costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

3.18.2 Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

Summary of Significant Accounting Policies (Cont'd)

Dividends for the year that are declared after the date of the statement of financial position are disclosed in the subsequent events note.
Dividends proposed by the Directors' but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

3.19 Share Premium

This represents the excess amount paid by Shareholders on the borrowing value of the shares. This amount is distributable to the shareholders at their discretion.

The share premium is classified as an equity instrument in the statement financial position.

3.20 Contingency Reserves

Non-life business
In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

3.21 Available-for-Sale Reserve

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

3.22 Retained Earnings

The retained earnings comprises of undistributed profit/ (loss) from previous years and not current years. Retained earnings is classified as part of equity in the statement of financial position.

3.23 Gross Premium

The Company recognizes gross premium at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling due within the accounting period is carried forward as an unearned premium.

3.23.1 Reinsurance

Reinsurance premiums are recognised as outflows in accordance with the tenor of the reinsurance contract.

3.24 Reinsurance Cost

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

3.25 Fees and Commission Income

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

Summary of Significant Accounting Policies (Cont'd)

3.26 Claim Expenses

Claim incurred comprise claim paid claims handling expenses paid during the financial year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year whether arising from events during the year.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owned to contract holders or third parties damaged by the contract holder.

3.27 Underwriting Expenses

Underwriting expenses are subdivided into acquisition and maintenance expenses. Acquisition expenses are expenses incurred in obtaining and renewing insurance contracts. They include commission paid, policy expenses and indirect expenses such as salaries of underwriting staff; and are deferred and amortised in proportion to the amount of premium determined separately for each class of business.
Maintenance expenses are those incurred in servicing existing policies/contract. Maintenance expenses are charged to the revenue account in the accounting period which they are incurred.

3.28 Dividend Income

Dividends are recognised in the income statement in 'Investment income' when the entity's right to receive payment is established.

3.29 Interest Income and Other Income

Interest income and expense for all interest-bearing financial instruments are recognised within 'Interest income' and 'Interest expense' in the income statement using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.30 Impairment of Financial Assets

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

Summary of Significant Accounting Policies (Cont'd)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.30.1 *Assets carried at amortised cost*

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

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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 Statement of comprehensive Income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in Statement of comprehensive Income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the Statement of comprehensive Income.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Summary of Significant Accounting Policies (Cont'd)

3.30.2 ***Assets Classified as Available for Sale***

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost... Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the Statement of Comprehensive Income – is removed from other comprehensive income and recognised in the Statement of Comprehensive Income. Impairment losses on equity investments are not reversed through the Statement of Comprehensive Income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the statement of comprehensive income.

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the Statement of Comprehensive Income – is removed from other comprehensive income and recognised in the Statement of Comprehensive Income. Impairment losses on equity investments are not reversed through the Statement of Comprehensive Income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

Summary of Significant Accounting Policies (Cont'd)

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the statement of comprehensive income.
In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

Impairment of Non-Financial Assets

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

The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.
Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

3.31 Management Expenses

Management expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include wages, Professional fees, depreciation expenses and other non-operating expenses. Management expenses are accounted for on an accrual basis and recognised in the statement of comprehensive income upon utilisation of the service or receipt of goods.

Summary of Significant Accounting Policies (Cont'd)

3.32 Provisions, contingent liabilities and assets

Provisions are liabilities that are uncertain in amount and timing. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

A contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of a past event. It is not recognised because it is not likely that an outflow of resources will be required to settle the obligation or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized but are disclosed in the financial statement when they arise.

3.33 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

3.34 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined the Company's executive management as its chief operating decision maker.

Statement of Financial Position

	Notes	Mar. 2013 ₦'000	Dec. 2012 ₦'000	Dec. 2011 ₦'000
Assets				
Cash and cash equivalents	1	2,465,775	1,166,795	1,431,579
Financial assets :	2			
- Available for sale	2.2	370,620	357,166	585,138
- Fair value through profit & loss	2.3	484,441	333,768	369,471
- Held to maturity	2.4	20,000	20,000	10,000
- Loans and receivable	2.5	137,184	206,353	186,682
Trade receivables	3	992,046	1,149,175	561,045
Reinsurance assets	4	1,212,411	1,322,312	851,332
Deferred acquisition costs	5	515,233	541,467	266,962
Other receivables and prepayments	6	134,967	95,421	84,677
Investment properties	7	1,053,030	1,053,030	860,311
Property and equipment	8	523,427	552,747	583,310
Statutory deposits	9	315,000	315,000	315,000
Total assets		**8,224,135**	**7,113,234**	**6,105,507**
Liabilities				
Insurance contract liabilities	10	2,146,095	2,239,625	1,970,949
Debt securities in issue	11	1,042,549	1,007,775	1,523,877
Trade payables	12	1,230,715	250,559	171,892
Other payables & accruals	13	35,967	42,140	64,129
Book overdraft	14	-	-	24,925
Retirement benefit obligations	15	271,640	271,641	229,651
Current tax payable	16	63,925	127,506	83,475
Deferred tax liabilities	17	35,187	35,183	57,935
Total liabilities		**4,826,078**	**3,974,430**	**4,126,833**
Equity				
Issued share capital	18	3,435,879	3,435,879	3,435,879
Share premium	19	116,843	116,843	145,763
Contingency reserve	20	1,192,422	1,192,422	960,138
Retained earnings	21	(1,346,628)	(1,605,880)	(2,566,003)
Available for Sale Reserve	22	(460)	(460)	2,898
Total equity		**3,398,056**	**3,138,804**	**1,978,675**
Total equity and liabilities		**8,224,135**	**7,113,234**	**6,105,507**

These accounts were approved by Board on............................... and signed on its behalf by:

_____________________	_________________	___________________
Mr. Kayode Adigun (CFO)	**Mr. Wale Onaolapo (MD)**	**Chief Ephraim Faloughi (Chairman)**
FRC/2013/ICAN/00000002652	FRC/2013/CIIN/00000002542	FRC/2013/IODN/00000002965

The significant accounting policies on pages 4 to 31 and the accompanying explanatory notes on pages 36 to 55 form an integral part of these financial statements.

Statement of Comprehensive Income

	Notes	31 Mar. 2013 ₦'000	31 Mar. 2012 ₦'000
Gross premiums written		**2,316,850**	3,069,183
Gross premium income		**1,950,102**	2,926,126
Reinsurance expenses		**(583,296)**	(998,429)
Net premiums earned	23	**1,366,806**	1,927,697
Fee and commission income	24	**251,608**	110,721
Net underwriting income		**1,618,414**	2,038,418
Claims expenses	25	**(420,370)**	(400,993)
Underwriting expenses	26	**(425,057)**	(633,903)
Underwriting profit		**772,987**	1,003,522
Investment income	27	**130,328**	53,972
Other Income	28	**6,210**	-
Provision No Longer Required	29	**-**	13,315
Bad debt recovered	30	**74,814**	107,974
Foreign exchange difference	31	**(1,144)**	(24,570)
Provision for Bad Debt	3.1	**-**	(147,355)
Prior Year Adjustment		**(127,784)**	-
Management expenses	32	**(488,282)**	(388,961)
		367,130	617,898
Finance Cost	33	**(58,494)**	-
Profit before tax		**308,636**	617,898
Income taxes	16	**(49,381)**	(64,644)
Profit after tax		**259,255**	553,254
Other Comprehensive Income			
Actuarial gains/(losses) in defined gratuity scheme		**-**	-
- Unrealised net gains/(losses) arising during the period		**-**	-
- Net reclassification adjustment for realised net losses		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total Comprehensive Income for the Year		**259,255**	553,254
Basic Earnings Per Share (kobo)		**0.04**	*0.08*

The significant accounting policies on pages 4 to 31 and the accompanying explanatory notes on pages 36 to 55 form an integral part of these financial statements.

Statements of Changes in Equity

	Share Capital	Share Premium	Retained Earnings	Available For Sale Reserve	Contingency Reserve	Total Equity
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Balance at 1 January 2012	3,435,879	145,763	(2,566,003)	2,898	960,138	1,978,675
Profit or loss for the period	-	-	1,476,355	-	-	1,476,355
Other comprehensive Income	-	-	(9,077)	(3,358)	-	(12,435)
Total comprehensive income or loss	**3,435,879**	**145,763**	**1,467,278**	**(460)**	**960,138**	**3,442,595**
Issue of new shares			-	-	-	-
Capital raising expenses	-	(28,920)	-	-	-	(28,920)
Dividend paid			(274,871)		-	(274,871)
Transfer to contingency reserve	-	-	(232,284)		232,284	-
At 31 December 2012	**3,435,879**	**116,843**	**(1,605,880)**	**(460)**	**1,192,422**	**3,138,804**
Profit or loss for the period	-	-	259,252	-	-	259,252
Comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-
Dividend paid			-	-	-	-
Capital raising expenses	-	-	-	-	-	-
Transfer to contingency reserve			-		-	-
At 31 March 2013	**3,435,879**	**116,843**	**(1,346,628)**	**(460)**	**1,192,422**	**3,398,056**

Statements of Cash Flows

	Note	31 Mar. 2013 ₦'000	31 Dec. 2012 ₦'000
Operating activities			
Premium received from policy holders		**2,635,383**	7,084,915
Reinsurance receipt in respect of claim		**27,286**	200,374
Cash paid to and on behalf of employees		**(216,722)**	(640,703)
Reinsurance premium paid		**(583,296**	(2,881,748)
Other Operating cash payments		**(200,461)**	(2,238,604)
Claims paid		**(351,294)**	(1,116,497)
Company income tax paid		**(49,381)**	(87,480)
Net cash provided by operating activities		**1,261,514**	320,257
Investing activities			
Purchase of Fixed Assets		**(41,780)**	(181,108)
Purchase of investments		**-**	(15,752)
Rental income		**6,210**	226,165
Trading income		**85,196**	(166,033)
Interest received		**46,072**	186,962
Dividends received		**261**	26,212
Net cash inflow/(outflow) in investing activities		**95,960**	76,447
Financing activities			
Redemption on bond liability		**(58,494)**	(332,772)
Proceeds from issue of shares		**-**	(28,920)
Rights issue expense		**-**	-
Dividend paid		**-**	(274,871)
Net cash (outfow)/inflow from financing activities		**(58,494)**	(636,563)
(Decrease)/Increase in cash and cash equivalents		**1,298,980**	(239,859)
Cash and cash equivalents at January 1,		**1,166,795**	1,406,654
Cash and cash equivalents at December 31,		**2,465,775**	1,166,795
Cash and cash equivalents at end of year comprises			
Cash and cash equivalents		**2,465,775**	1,166,795
Book overdraft		**-**	-
		2,465,775	1,166,795

The significant accounting policies on pages 4 to 31 and the accompanying explanatory notes on pages 36 to 55 form an integral part of these financial statements.

Notes to the Financial Statements

		31 Mar. 2013	31 Dec. 2012	31 Dec. 2011
1	**Cash and Cash Equivalent**			
		₦'000	₦'000	*₦'000*
	Cash	**5,650**	10,691	*8,592*
	Local bank balances	**1,679,259**	234,818	*250,692*
	Short term deposit and placements	**780,866**	921,286	*1,172,295*
	Transfer from creditors & accrual	**-**	-	-
		2,465,775	1,166,795	*1,431,579*
2	**Financial Assets**			
2.1	**Analysis of investment securities**	**₦'000**	₦'000	*₦'000*
	Available for sale	**370,620**	585,138	*378,219*
	Fair value through profit & loss	**484,441**	*369,471*	*486,060*
	Held to maturity	**20,000**	*10,000*	*10,000*
	Loans and receivable	**137,184**	*186,682*	*150,153*
		1,012,245	*1,151,291*	*1,024,432*
	Current	**678,604**	*771,820*	*528,372*
	Non-current	**333,641**	*379,471*	*496,060*
		1,012,245	*1,151,291*	*1,024,432*
2.2	**Available for sales**			
	Debt Securities			
	Treasury bills	**34,069**	*57,731*	*22,868*
	FGN bonds	**20,000**	*20,000*	-
	Placements with banks and other financial institutions	**98,195**	*128,318*	*235,161*
	Managed fund	**60,695**	*63,455*	*244,389*
		212,959	*269,504*	*502,418*
	Equity Securities			
	Quoted equity securities at fair value	**-**	-	-
	Unquoted equity securities at fair value	**157,661**	*87,662*	*82,720*
		370,620	*357,166*	*585,138*

The fair value of unquoted equities(2012,2011) was determined on market based evidence for the MTN shares which constituted over 80% of the total value. The over the counter price (OTC) that was used in the last transaction before the reporting date was used as a reflection of fair value. The other investment of N8, 299,000 refers to cost incurred in setting up a subsidiary that are not being incorporated hence the cost was used as approximation of the fair value.

The other unquoted investments were fair valued to nil as the investee had negative equity and are making losses consistently and there was no market based evidence of fair value on them due to no transaction taken place.

The managed fund represents cash balance held in the stockbrokerage account as at 31st December, 2012. Such funds are held for the purpose of trading in quoted shares on the Nigerian Stock Exchange.

Notes to the Financial Statements (cont'd)

		31 Mar. 2013 ₦'000	31 Dec. 2012 ₦'000	31 Dec. 2012 ₦'000
2.3	**Fair Value Through Profit and Loss**			
	Quoted equity securities at fair value	**484,441**	333,768	*369,471*
2.4	**Held to Maturity**			
	State bonds at amortized cost	**20,000**	20,000	*10,000*
2.5	**Loans and Receivables**			
	Mortgage loan	**75,511**	80,658	*89,682*
	Loans to organisation	**61,673**	65,000	*97,000*
	Managed fund	**-**	60,695	-
		137,184	206,353	*186,682*

The total Short-term investments of N125, 695,000 is classified as loans and receivables and comprise of N65, 000,000 being loan to companies, and N60, 695,000 as investments placed with fund managers.

3	**Trade Receivables**			
	Amount due from Insurance Brokers and Agents	**947,803**	3,706,232	*3,269,709*
	Due from Insurance Companies	**44,243**	99,629	*118,863*
		992,046	3,805,861	*3,388,572*
	Less : Provision for impairment of receivables from Brokers and Agents	**-**	(2,656,686)	*(2,827,527)*
		992,046	1,149,175	*561,045*

		31 Mar. 2013 ₦'000	31 Dec. 2012 ₦'000	*31 Dec. 2011 ₦'000*
3.1	**Movement in Provision for Impairment of Receivables from Brokerage and Agents**			
	As at January 1,2012	**992,046**	2,827,527	*1,833,962*
	Charge during the year	**-**	84,267	*1,113,295*
	Provision no longer required	**-**	(255,108)	*(119,730)*
	As at December 31, 2013	**1,149,175**	2,656,686	*2,827,527*

The increase in provision was due to the determination of the management using different basis under IFRS from NGAAP.

Under NGAAP the provision was lower as management assessed debtors outstanding for 90 days and below as fully performing while 50% was provided for on debtors outstanding from 90 to 180 days and trade debtors outstanding for over 180 days were provided in full.
This was contrary to the provision under IFRS where two categories of debtors were provided for , and these were :

Doubtful trade receivables for which insurance brokers and clients failed to meet their premium obligations when due, the policies on which the premiums were due had expired or had been cancelled and Uncollectable trade receivables being those on which the policies had been cancelled or expired, the clients were no longer in operation and were long outstanding, i.e. for more than 365 days.

Notes to the Financial Statements (Cont'd)

Analysis of Trade Receivables	**31 Mar. 2013 ₦'000**	31 Dec. 2012 ₦'000	*31 Dec. 2011 ₦'000*
Brokers	**558,146**	2,829,781	*2,267,156*
Government Accounts	**16,441**	264,075	*374,081*
Agents	**373,215**	612,376	*628,472*
Insurance Companies	**44,244**	99,629	*118,863*
	992,046	3,805,861	*3,388,572*

3.3	**Age Analysis of Trade Receivable**			
	Under 90 days	**469,645**	1,181,682	*1,141,154*
	91-180 days	**219,263**	733,663	*564,186*
	Above 180 days	**303,138**	1,890,516	*1,683,233*
		992,046	3,805,861	3,388,572
4	**Reinsurance Assets**			
	Reinsurance recoverable (4.1)	**543,219**	623,120	*502,206*
	Deferred reinsurance (4.2)	**669,192**	699,192	*349,126*
		1,212,411	1,322,312	*851,332*

		31 Mar. 2013 ₦'000	31 Dec. 2012 ₦'000	*31 Dec. 2011 ₦'000*
4.1	**Reinsurance Recoverable**			
	Opening Balance	**623,120**	502,206	*213,902*
	Adjustment to reinsurance assets		120,914	*288,304*
	Less provision for impairment of receivable Reinsurance	**-**	-	-
		623,120	623,120	*502,206*

Reinsurance assets are to be settled on demand and the carrying amounts are not significantly different from the fair value. Reinsurance assets are not impaired as balances are set off against payable from retrocession at the end of every quarter.

		31 Mar. 2013 ₦'000	31 Dec. 31 2012 ₦'000	*31 Dec. 2011 ₦'000*
4.2	**Deferred Reinsurance**			
	Reinsurers share of unearned premium reserve	**699,192**	699,192	*349,126*
		699,192	699,192	*349,126*
	Current	**699,192**	699,192	*349,126*
	Non-current	**-**	-	-
		699,192	699,192	*349,126*

Notes to the Financial Statements (Cont'd)

Reinsurance Cost by Class	**31 Mar. 2013 ₦'000**	31 Dec. 2012 ₦'000	*31 Dec. 2011 ₦'000*
Motor	**68,773**	68,773	*61,189*
Fire and property	**38,634**	38,634	*22,748*
Marine and aviation	**45,180**	45,180	*13,394*
General Accident	**62,470**	62,470	*23,816*
CAR/Engineering	**13,822**	13,822	*7,475*
Energy	**470,313**	470,313	*220,504*
	699,192	699,192	*349,126*

5 Deferred Acquisition Cost

Deferred acquisition cost represents commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition cost during the year is shown below:

Deferred Acquisition Costs by class	**31 Mar. 2013 ₦'000**	31 Dec. 2012 ₦'000	*31 Dec. 2011 ₦'000*
Motor	**113,305**	119,074	*91,623*
Fire and property	**66,688**	70,084	*42,633*
Marine and aviation	**61,434**	64,563	*37,113*
General Accident	**106,243**	111,653	*62,242*
CAR/Engineering	**41,972**	44,109	*16,659*
Energy	**125,589**	131,984	*16,692*
	515,233	541,467	*266,962*

6 Other Receivables & Prepayments	**31 Mar. 2013 ₦'000**	*31 Dec. 2012 ₦'000*	*31 Dec. 2011 ₦'000*
Staff debtors	**2,588**	2,333	*4,879*
Prepayments	**132,379**	93,088	*79,798*
	134,967	95,421	*84,677*

7 Investment Properties

Opening carrying amount	**1,053,030**	860,311	*864,774*
Additions during the year	**-**	166,033	*139,565*
Disposals during the year	**-**	-	*(217,769)*
Fair value gain	**-**	26,686	*73,741*
Balance at the end of 31 Dec. 2013	**1,053,030**	1,053,030	*860,311*

Notes to the Financial Statements (Cont'd)

		31 Mar. 2013	31 Dec. 2012	31 Dec. 2011
7a	**Investment Properties**	**₦'000**	₦'000	*₦'000*
	May fair gardens	**27,107**	27,107	*25,990*
	Royal gardens Estate	**48,608**	48,608	*48,608*
	Damac Properties	**93,431**	93,431	*80,638*
	Ibeshe properties	**41,324**	41,324	*25,125*
	Agbara Estate properties	**62,500**	62,500	-
	Lekki properties	**35,260**	35,260	-
	Sunrise Estate Ipaja	**37,000**	37,000	-
	Banana Estate			
	Investment Properties along Arietalin Road Epie	**32,250**	32,250	*32,250*
	Investment Properties in Emerald court Victoria Island	**110,000**	110,000	*111,250*
	Investment Properties at Alagbaka Junction Akure	**274,550**	274,550	*255,450*
	Investment Properties along Awolowo Road Ikoyi	**256,000**	256,000	*256,000*
	Investment Properties old Yaba Road	**35,000**	35,000	*25,000*
		1,053,030	1,053,030	*860,311*

The above are investments in land and buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operation of the company. This is carried in the statement of financial position at their market value and revalued periodically on systematic basis every year.

Investment properties are stated at fair value, which has been determined based on valuations performed by the following independent valuation experts:

Valuer	**FRC Registration Number**
Jide Taiwo & Co.	FRC/2012/NIESV/00000001254
J. Ajay Patunola & Co	FRC/2012/NIESV/00000000679,
Osato Osawaya & Co	FRC/2013/NIESV/00000004002 and
Gerry Ikputu & Partners	FRC/2013/NIESV/00000001685.

The valuation covered the year ended 31 December 2012, 2011 and 2010.

The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represent the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, seller in an arm's length transaction at the date of valuation, in accordance with standards issued by international valuation standards committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the income statement.

Notes to the Financial Statements

8 Property and Equipment	Land & Buildings N'000	Leasehold Improvement N'000	Office Equipment N'000	Furniture & fittings N'000	Computer Equipment N'000	Motor Vehicles N'000	Plant & Machinery N'000	Total N'000
Cost								
At 1 January 2013	298,984	109,534	70,201	95,726	172,458	730,737	42,125	1,519,765
Additions	-	7,262	951	5,650	5,848	14,550	7,519	41,780
At 31 March 2013	**298,984**	**116,796**	**71,152**	**101,376**	**178,306**	**745,287**	**49,644**	**1,561,545**
Accumulated depreciation								
At 1 January 2013	(40,249)	(37,376)	(66,818)	(73,179)	(171,113)	(556,214)	(22,069)	(967,018)
Exchange differences	-	-	-	-	-	-	-	-
Charge for the year	(7,475)	(2,920)	(3,558)	(3,802)	(4,903)	(46,580)	(1,862)	(71,099)
Disposals	-	-	-	-	-	-	-	24,050
At 31 March 2013	**(47,724)**	**(40,296)**	**(70,376)**	**(76,981)**	**(176,016)**	**(602,794)**	**(23,931)**	**(1,038,117)**
Net book amount at 31 March 2013	**251,260**	**76,500**	**776**	**24,396**	**2,289**	**142,493**	**25,713**	**523,427**
Cost								
At 1 January 2012	298,984	102,957	65,389	88,656	155,567	611,954	39,200	1,362,707
Additions	-	6,577	5,147	6,735	16,891	142,833	2,925	181,108
Reclassifications	-	-	(335)	335	-	-	-	-
Disposals	-	-	-	-	-	(24,050)	-	(24,050)
At 31 December 2012	**298,984**	**109,534**	**70,201**	**95,726**	**172,458**	**730,737**	**42,125**	**1,519,765**
Accumulated depreciation								
At 1 January 2012	(17,825)	(29,161)	(56,267)	(62,425)	(137,915)	(458,474)	(17,330)	(779,397)
Exchange differences	-	-	-	-	-	-	-	-
Charge for the year	(22,424)	(8,215)	(10,580)	(10,725)	(33,198)	(121,790)	(4,739)	(211,671)
Reclassifications	-	-	29	(29)	-	-	-	-
Disposals	-	-	-	-	-	24,050	-	24,050
At 31 December 2012	**(40,249)**	**(37,376)**	**(66,818)**	**(73,179)**	**(171,113)**	**(556,214)**	**(22,069)**	**(967,018)**
Net book amount at 31 Dec. 2012	**258,735**	**72,158**	**3,383**	**22,547**	**1,345**	**174,523**	**20,056**	**552,747**

Notes to the Financial Statements (Cont'd)

9 Statutory Deposit

This represents the amount deposited with the Central Bank of Nigeria as at 31 December, 2012 (31 December, 2011: N315, 000, 0000, 1 January 2011 N315, 000,000) in accordance with section 9(1) and section 10(3) of Insurance Act, 2003. Statutory deposits are measured at cost.

	31 Mar. 2013 ₦'000	*31 Dec. 2011 ₦'000*	*31 Dec. 2010 ₦'000*
	315,000	*315,000*	*315,000*

10 Insurance Contract Liabilities

Outstanding reported claims	**96,362**	255,817	50,054
Incurred But Not Reported (IBNR)	**835,144**	859,967	1,037,636
Outstanding Claim Reserves (Note 10a)	**931,506**	1,115,784	*1,087,690*
Unearned premium provision	**1,214,589**	1,123,841	*883,259*
	2,146,095	2,239,625	*1,970,949*
Current	**2,146,095**	2,239,625	*1,970,949*
Non-current	**-**	-	-
	2,146,095	2,239,625	*1,970,949*

10a Outstanding Claims Reserve

As at January 1	**1,115,784**	1,087,690	*472,664*
change in estimate of the prior year OCR	**184,000**	28,094	*615,026*
As at December 31	**931,506**	1,115,784	*1,087,690*

10b Liabilities as Per Class of Business
Outstanding Claim

Motor Vehicle	**108,590**	130,072	*217,005*
Fire and property	**70,007**	83,856	*73,724*
Marine & Aviation	**38,025**	45,547	*102,114*
General Accident	**119,539**	143,188	*115,453*
C. A. R Engineering	**52,776**	63,215	*61,379*
Energy	**542,570**	649,906	*518,015*
	931,506	1,115,784	*1,087,690*

Notes to the Financial Statements (Cont'd)

		31 Mar. 2013	31 Dec. 2012	*31 Dec. 2011*
10c	**Unearned premium provision**	**₦'000**	₦'000	*₦'000*
	Motor vehicle	**392,708**	361,632	*313,496*
	Fire and property	**117,552**	108,250	*79,766*
	Marine & Aviation	**107,189**	98,707	*71,950*
	General Accident	**268,955**	247,672	*205,672*
	C. A. R Engineering	**107514**	99,006	*77,798*
	Energy	**220,669**	203,207	*126,930*
		1,214,589	1,118,474	*875,612*

		30 Mar. 2013	*31 Dec. 2012*
10d	**Allocation of Assets to Policy holder**	**N'000**	*N'000*
	Cash and cash equivalent	**2,210,004**	941,783
	Financial Assets	**558,646**	414,885
	Investment Properties	**556,306**	426,061
	Reinsurance Assets	**640,153**	623,120
		3,965,109	2,405,850
10e	**Cash and cash equivalent**		
	Policy holders Fund	**2,210,004**	941,783
	Share holders Fund	**255,771**	225,012
		2,465,775	1,166,795
10f	**Available for sale**		
	Policy holders Fund	**231,215**	205,662
	Share holders Fund	**139,404**	151,504
		370,619	357,166
10g	**Fair Value Through Profit or Loss**		
	Policy holders Fund	**327,430**	209,223
	Share holders Fund	**157,011**	124,545
		484,441	333,768
10h	**Held to Maturity**		
	Policy holders Fund	**-**	-
	Share holders Fund	**20,000**	20,000
		20,000	20,000
10i	**Loans and Receivables**		
	Policy holders Fund	**-**	-
	Share holders Fund	**137,184**	125,695
		137,184	97,000
10j	**Investment Properties**		
	Policy holders Fund	**556,306**	*25,468*
	Share holders Fund	**496,724**	*834,843*
		1,053,030	*860,311*

Notes to the Financial Statements (Cont'd)

11 Debt Securities in Issue

	31 Mar. 2013 ₦'000	31 Dec. 2012 ₦'000
As at January 1	**1,007,775**	1,523,877
Redemption	**(93,011)**	(332,772)
Interest expense	**-**	51,792
Prior Year Adjustment	**(127,784)**	(235,122)
As at March 31, 2013	**1,042,549**	1,007,775

This represents zero coupon JPY846,000,000 direct, unconditional, unsubordinated and unsecured European Bond with options issued to Daewoo Securities Europe Limited in 2008. The underlying Bond has a put period of 30 months with a yield to put of 4.25% per annum while the tenor of the convertible option is valid up to year 2024. The purpose for which the Bond was issued relates to Expansion of Branch Network, Upgrade of Information and Communication Technology and Working Capital.

The option, commonly referred to as "Call Option" is the option side of the instrument and gives the option holder (Daewoo Securities) the right but not obligation to subscribe to the equity of the issuer at an agreed price (Strike Price) and predetermined time period (Expiration). When exercised, a fresh injection of the capital is required to take up the new issues created.

The bond which was originally issued to mature in September 2010 has been restructured with a new maturity date set at September 2017 while options maintain the validity up to 2024.

12 Trade Payables

	31 Mar. 2013 ₦'000	31 Dec. 2012 ₦'000	*31 Dec. 2011 ₦'000*
Due to reinsurers	**505,522**	200,437	*121,399*
Due to insurance companies	**725,193**	50,122	*50,493*
	1,230,715	250,559	*171,892*

13 Other Payables

	31 Mar. 2013 ₦'000	31 Dec. 2012 ₦'000	*31 Dec. 2011 ₦'000*
Lease creditors	**15,694**	11,006	*22,374*
Accrued expenses	**-**	8,974	-
Sundry creditors	**20,273**	22,160	*41,755*
	35,967	42,140	*64,129*

	31 Mar. 2013 ₦'000	31 Dec. 2012 ₦'000	*31 Dec. 2011 ₦'000*
14 Book overdraft	**-**	-	*24,925*

The Company has a cash management system under which overdrawn book balances exist at the reporting date due to unposted lodgement and uncleared cheques.

Notes to the Financial Statements (Cont'd)

15 Retirement benefit obligations

The Company operates a gratuity scheme where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of ten (10) years and gross salary on date of retirement.

	31 Mar. 2013	31 Dec. 2012	*31 Dec. 2011*
Statement of financial position obligation for:	**₦'000**	₦'000	*₦'000*
Staff Gratuity Plan	271,640	271,641	*229,651*
Income statement charge for:			
Staff Gratuity Plan	-	32,913	*229,651*

Actuarial gains/ (losses) are recognized in the statement of other comprehensive income.

15a Staff Gratuity Plan

The amounts recognized in the statement of financial position are determined as follows:

	31 Mar. 2013	31 Dec. 2012
	₦'000	₦'000
Present value of funded obligations	271,640	229,651
Fair value of plan assets	-	41,990
Present value of unfunded obligations	271,640	271,641
Unrecognized past service cost	-	-
As at December 31, 2013	**271,640**	271,641

The movement in the defined benefit obligation over the year is as follows:	**31 Mar. 2013**	31 Dec. 2012
	₦'000	₦'000
As at January 1	**271,640**	229,651
Current service cost	**-**	16,320
Interest cost	**-**	16,593
Employee contributions	**-**	-
Actuarial losses/(gains)	**-**	9,077
Past service cost	**-**	**-**
Benefits paid	**-**	**-**
Settlements	**-**	**-**
As at December 31, 2013	**271,640**	*271,641*

The amounts recognized in the income statement are as follows:	**31 Mar. 2013**	31 Dec. 2012
	₦'000	₦'000
Current service cost	**-**	16,320
Interest cost	**-**	16,593
Past service cost	**-**	-
Total, included in staff costs	**-**	32,913

Notes to the Financial Statements (Cont'd)

17
Deferred Tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % for 2012, 2011 and 2010 respectively.

Deferred income tax assets and liabilities are attributable to the following items:

	30 Mar. 2012	31 Dec. 2012	*31 Dec. 2011*
Deferred tax liabilities	**₦'000**	₦'000	*₦'000*
Property and equipment	**-**	(116,675)	*(126,830)*
	-	(116,675)	*(126,830)*
Deferred tax assets			
Defined benefit obligation	**-**	81,492	*68,895*
	-	81,492	*68,895*
As at December 31	**-**	(35,183)	(57,935)

	31 Mar. 2013	31 Dec. 2012	*31 Dec. 2011*
	₦'000	₦'000	*₦'000*
Net deferred tax asset/(liability)	**(35,187)**	(35,187)	*(57,935)*

Notes to the Financial Statements (Cont'd)

		31 Mar. 2013	31 Dec. 2012	31 Dec. 2011
18	**Share Capital**			
	Authorized	**₦'000**	*₦'000*	*₦'000*
	7,000,000,000 Ordinary Shares of 50k each	**3,500,000**	*3,500,000*	*3,500,000*
	Issued and fully paid			
	6,871,757,394 Ordinary Shares of 50k each	**3,435,879**	*3,435,879*	*2,601,879*
	Movements during the period:			
	As at January 1	**3,435,879**	3,435,879	*2,601,879*
	Rights issue of 1,668,000,128 Ordinary Shares of 50k each	**-**	-	*834,000*
	As at March 31,2013	**3,435,879**	3,435,879	*3,435,879*
19	**Share Premium**			
	As at January 1	**116,843**	145,763	*191,943*
	Share raising expenses	**-**	(28,920)	*(46,180)*
	As at March 31,2013	**116,843**	116,843	*145,763*

Premiums from the issue of shares are reported in share premium.

20	**Contingency Reserve**			
	As at January 1	**1,192,422**	960,138	*767,908*
	Transfer from retained earnings	**-**	232,284	*192,230*
	As at March 31,2013	**1,192,422**	1,192,422	*960,138*

Contingency reserve is calculated, in the case of non-life business, at the rate of the highest of 3% of total gross premium during the period or 20% of the net profits in accordance with Section 21(2) of Insurance Act, 2003. 2003.

		31 Mar. 2013	31 Dec. 2012	*31 Dec. 2011*
21	**Retained Earnings**	**₦'000**	₦'000	*₦'000*
	As at January 1	**(1,605,880)**	(2,566,003)	*(1,678,715)*
	Statement of comprehensive income	**259,252**	1,476,355	*(538,943)*
	Other comprehensive income	**-**	(9,077)	-
	Dividend paid	**-**	(274,871)	*(156,114)*
	Transfer to contingency reserve	**-**	(232,284)	*(192,230)*
	As at March 31, 2013	**(1,346,628)**	(1,605,880)	*(2,566,003)*

Notes to the Financial Statements (Cont'd)

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves.

		31 Mar. 2013	31 Dec. 2012	*31 Dec. 2011*
22	**Available for Sale Reserve**	**₦'000**	₦'000	*₦'000*
	As at 1 January	**(460)**	2,898	*16,785*
	Transfer from other comprehensive income	**-**	(3,358)	*(13,887)*
		(460)	(460)	*2,898*

The fair value reserve shows the effects from the fair value measurement of financial instruments of the category available for sale after deduction of deferred taxes. Any gains or losses are not recognized in the comprehensive income statement until the asset has been sold or impaired.

		31 Mar. 2013	31 Mar. 2012
23	**Net Premium Income**	**₦'000**	₦'000
	Gross premium written	**2,316,850**	3,069,183
	Provision for unearned premium (Note 23a)	**(366,748)**	(103,057)
	Gross premium income	**1,950,102**	2,926,126
	Reinsurance cost (Note 23b)	**(583,296)**	(998,429)
		1,366,806	4,620,455
23a	**Increase in Unearned Premium**		
	Motor	**68,495**	19,242
	Fire and property	**44,836**	12,599
	Marine & Aviation	**40,604**	11410
	General Accident	**64,111**	18,015
	C.A.R and Engineering	**32,869**	9,236
	Energy	**115,832**	32,549
		366,748	103,057
23b	**Reinsurance Cost**		
	Motor	**3,540**	6,095
	Fire and property	**69,338**	118,686
	Marine & Aviation	**45,032**	77,081
	General Accident	**95,948**	164234
	C.A.R and Engineering	**34,960**	59,841
	Energy	**334,479**	572,529
		583,296	998,429

Notes to the Financial Statements (Cont'd)

24 Fee and Commission Income

Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

	31 Mar. 2013	31 Mar. 2012
	₦'000	₦'000
Motor	**531**	233
Fire and property	**27,584**	12,138
Marine & Aviation	**21,493**	9,419
General Accident	**35,092**	15,442
C.A.R and Engineering	**7,893**	219
Energy	**159,015**	69,975
	251,608	110,721

25 Claims Expenses

	31Mar. 2013	31 Mar. 2012
Current year claim paid	**351,294**	306,638
Outstanding Claim	**96,362**	130,160
	447,656	436798
Recoverable from reinsurer	**(27,286)**	(35,805)
	420,370	400,993

26 Underwriting expenses

Acquisition cost	**334,102**	487,600
Maintenance cost	**90,955**	146,303
	425,057	633,903

27 Investment Income

	31 Mar. 2013	31 Mar. 2012
	₦'000	₦'000
Interest income	**44,871**	18,582
Dividend from Quoted investments	**261**	108
Stock Trading Income	**85,196**	35,282
	130,328	53,972

Stock trading income is the income realised on stock trading activities and appreciation occasioned by marking the equity portfolio to market on monthly basis in the course of the year.

27a Allocation of Investment Income

Policy holders Fund	**71,650**	29,593
Share holders Fund	**58,678**	247,379
	130,328	53,972

28 Other Income

Other Income	**6,210**	-

Notes to the Financial Statements (Cont'd)

		31 Mar. 2013	31 Mar. 2012
29	**Other Operating Income**	**₦'000**	₦'000
	Profit on sale of fixed assets	**-**	570
	Rental income	**6,210**	-
	Fair value gain on investment properties	**-**	-
	Other incomes	**-**	-
		6,210	-
30	**Bad Debt Recovered**	**74,814**	107,974
	This represents amount recovered from previously written off debt.		
31	**Foreign Exchange Difference**	**(1,144)**	(24,570)
	These are gains/losses that arose from the translation of foreign currency denominated bond. The bond is denominated in Japanese.		

		31 Mar. 2013	31 Mar. 2012
32	**Management Expenses**	**₦'000**	₦'000
	Auditors Remuneration		-
	Employee Benefits (32a)	**209,699**	175,178
	Other Management Expenses (32b)	**207,484**	149,677
	Depreciation (32c)	**71,099**	64,106
		488,282	388,961
32a	**Employee Benefits**		
	Salaries	**194,912**	159,525
	Defined contribution pension costs	**4,042**	5,357
	Defined benefit retirement gratuity costs	**10,745**	10,296
		209,699	175,178
32b	**Other Management Expenses**		
	Travel and Representation	**10,664**	8,114
	Advertising	**20,034**	12,905
	Bank Charges	**23,726**	14,765
	Occupancy Expenses	**10,973**	9,001
	Communication and Postages	**4,814**	5,677
	Data Processing	**6,611**	5,758
	Office Supply and Stationery	**3,202**	2,532
	Fees and Assessments	**50,336**	18,949
	Furniture, Equipments and Miscellaneous Expenses	**77,124**	71,975
		207,484	149,677
32c	**Depreciation Expense**	**71,099**	64,106
	Finance Cost	**58,494**	-

33

Finance cost represents interest paid on zero coupon rate bonds.

34 Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the profit before tax of the Company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	31 Mar. 2013	31 Mar. 2012
	₦'000	₦'000
Profit/(loss) of the Company	**308,634**	553,254
Weighted average number of ordinary shares in issue (in thousands)	**6,871,757**	6,871,757
Basic earnings per share (expressed in Kobo per share)	**0.05**	0.08

Diluted

Earnings Per Share	**0.05**	0.08

Notes to the Financial Statements (Cont'd)

Events after Statement of Financial position Date
Convertible Bond
The company is presently at an advanced stage of discussion with Daewoo Securities (Europe) Limited towards the restructuring of the JPY 846 Million, 4.25% direct, unconditional, unsubordinated and unsecured European bonds with options. The Bond when restructured is expected to aid ease of payment within a shorter tenor.

SEGMENT RESULT AS AT MARCH 2013

PREMIUM INCOME :	MOTOR BUSINESS	FIRE & PROPERTY	MARINE & AVIATION	GENERAL ACCIDENT	C.A.R & ENGINEERING	ENERGY BUSINESS	TOTAL Mar-13
DIRECT PREMIUM	474,408,742	208,792,386	171,014,585	515,060,447	54,598,027	880,740,293	**2,304,614,479**
INWARD PREMIUM	1,029,598	1,589,295	2,986,750	1,072,329	363,697	5,193,453	**12,235,121**
GROSS PREMIUM WRITTEN	**475,438,340**	**210,381,681**	**174,001,335**	**516,132,776**	**54,961,724**	**885,933,745**	**2,316,849,600**
							-
INCREASE IN UNEXPIRED RISK	(54,982,210)	(49,284,247)	(47,137,408)	(55,303,147)	(35,484,541)	(124,556,373)	**(366,747,927)**
GROSS PREMIUM EARNED	**420,456,129**	**161,097,434**	**126,863,927**	**460,829,629**	**19,477,183**	**761,377,372**	**1,950,101,674**
							-
REINSURANCE COST	(2,734,376)	(57,420,898)	(95,026,606)	(142,350,489)	(13,525,481)	(272,238,334)	(583,296,183)
NET PREMIUM EARNED	**417,721,754**	**103,676,536**	**31,837,321**	**318,479,140**	**5,951,702**	**489,139,038**	**1,366,805,490**
COMMISSION RECEIVED	20,663	18,227,653	17,752,070	47,084,580	2,508,679	-	**85,593,645**
TOTAL INCOME	**417,742,417**	**121,904,189**	**49,589,391**	**365,563,720**	**8,460,381**	**489,139,038**	**1,452,399,136**
CLAIMS EXPENSES							
DIRECT CLAIMS PAID	117,038,434	43,875,687	34,653,950	50,537,652	5,219,386	99,969,053	**351,294,162**
INCREASE IN OUTSTANDING CLAIMS	5,849,000	-	1,370,000	4,379,593	325,000	84,438,070	**96,361,663**
GROSS CLAIM INCURRED	**122,887,434**	**43,875,687**	**36,023,950**	**54,917,245**	**5,544,386**	**184,407,123**	**447,655,825**
REINSURANCE RECOVERY	-4,848,687	-2,621,209	-6,497,602	-10,164,031	-3,153,939	-	**(27,285,468)**
NET CLAIMS INCURRED	118,038,747	41,254,478	29,526,348	44,753,214	2,390,447	184,407,123	420,370,357
ACQUISITION COST	80,198,231	50,291,529	46,200,816	123,204,621	11,957,692	22,249,663	334,102,552
MAINTENANCE COSTS	10,298,606	4,974,804	5,093,511	14,206,605	891,681	55,489,612	**90,954,819**
TOTAL EXPENSES	**208,535,585**	**96,520,812**	**80,820,675**	**182,164,440**	**15,239,820**	**262,146,397**	**845,427,729**
UNDERWRITING PROFIT	**209,206,832**	**25,383,377**	**-31,231,284**	**183,399,279**	**-6,779,439**	**226,992,641**	**606,971,407**

Segment results

31 December 2012	**Motor Business ₦' 000**	**Fire and Property ₦' 000**	**Marine and Aviation ₦' 000**	**General Accident ₦' 000**	**C.A.R and Engineering ₦' 000**	**Energy Business ₦' 000**	**Total ₦' 000**
Direct Premium	1,557,507	874,686	796,139	1,149,814	475,484	2,862,260	7,715,890
Inward premium	5,165	3,370	12,182	3,045	2,118	1,014	26,894
Gross Premium written	**1,562,672**	**878,056**	**808,321**	**1,152,859**	**477,602**	**2,863,274**	**7,742,784**
Increase in Unexpired Risk	(44,932)	(29,412)	(26,636)	(42,056)	(21,562)	(75,984)	(240,582)
Gross premium earned	**1,517,740**	**848,644**	**781,685**	**1,110,803**	**456,040**	**2,787,290**	**7,502,202**
Reinsurance Cost	(17,489)	(342,561)	(222,479)	(474,029)	(172,721)	(1,652,468)	(2,881,747)
Net premium earned	**1,500,251**	**506,083**	**559,206**	**636,774**	**283,319**	**1,134,822**	**4,620,455**
Commission received	790	41,003	31,949	52,162	11,732	236,370	374,006
Total income	**1,501,041**	**547,086**	**591,155**	**688,936**	**295,051**	**1,371,192**	**4,994,461**
Direct claims paid	352,043	156,375	76,543	267,547	77,708	186,281	1,116,497
Increase in Outstanding Claims	(59,403)	11,577	(40,819)	29,427	9,590	131,892	82,264
Gross Claims Incurred	292,640	167,952	35,724	296,974	87,298	318,173	1,198,761
Reinsurance recovery	(9,752)	(59,456)	(48,222)	(66,388)	(24,365)	(70,145)	(278,328)
Net Claims Incurred	282,888	108,496	(12,498)	230,586	62,933	248,028	920,433
Acquisition costs	241,815	210,379	195,576	265,287	112,759	233,623	1,259,439
Maintenance costs	60,106	27,053	30,484	22,318	23,984	166,404	330,349
Total expenses	**584,809**	**345,928**	**213,562**	**518,191**	**199,676**	**648,055**	**2,510,221**
Underwriting profit	**916,232**	**201,158**	**377,593**	**170,745**	**95,375**	**723,137**	**2,484,240**

Statement of Value Added

	Mar.2013 N'000	%	2012 N'000	%
Gross Premium Written:				
Local	**2,316,849**		7,742,785	
Foreign	**-**		-	
Other Income:				
Local	**6,210**		78,042	
Foreign	**-**		-	
	2,323,060		7,820,827	
Bought in Material and Services:				
Local	**(3,332,485)**		(5,667,281)	
Foreign				
Value Added	**(1,009,426)**	**100**	2,153,546	100
Applied as follows:				
Employees				
Salaries and other employees benefits	**216,722**	**-21.47**	640,703	29.75
Provider of Capital				
Minority Interest				
Government				
Taxation	**49,381**	**-4.89**	108,759	5.05
Retention and Expansion				
Depreciation	**71,099**	**-7.04**	211,678	9.83
Contingency reserves	**-**	**-**	232,284	10.79
Retained profits for the year	**(1,346,628)**	**133.41**	960,123	44.58
Value Added	**(1,009,426)**	**100.00**	2,153,546	100.00

Value added represents the additional wealth the company has been able to create by its own and its employees' efforts.

This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the period

Three Year Financial Summary

	31 Mar. 2013	31 Dec. 2012	31 Dec. 2011
Assets	**N'000**	N'000	*N'000*
Cash and Cash Equivalents	**2,465,775**	1,166,795	*1,431,579*
Trade Receivable	**992,046**	1,149,175	*561,045*
Reinsurance Assets	**1,212,411**	1,322,312	*851,332*
Deferred Acquisition Cost	**515,233**	541,467	*266,962*
Financial Assets	**1,012,245**	917,287	*1,151,291*
Investment Properties	**1,053,030**	1,053,030	*860,311*
Property and Equipment	**523,427**	552,747	*583,310*
Other Receivables and Prepayments	**134,967**	95,421	*84,677*
Statutory Deposit	**315,000**	315,000	*315,000*
Total Assets	**8,224,135**	7,113,234	*6,105,507*
Liabilities			
Trade Payables	**1,230,715**	250,559	*171,892*
Other Payables and Accruals	**35,967**	42,145	*64,129*
Book Overdraft	**-**	-	*24,925*
Current Tax Payable	**63,925**	127,502	*83,475*
Deferred Tax Liability	**35,187**	35,183	*57,935*
Retirement Benefit Obligations	**271,640**	271,641	*229,651*
Insurance Contract Liabilities	**2,146,095**	2,239,625	*1,970,949*
Debt Security in Issue	**1,042,549**	1,007,775	*1,523,877*
Total liabilities	**4,826,078**	3,974,430	*4,126,833*
Net Assets	**3,398,057**	3,138,804	*1,978,675*
Equity			
Issued Share Capital	**3,435,879**	3,435,879	*3,435,879*
Share Premium	**116,843**	116,843	*145,763*
Available-For-Sale Reserve	**(460)**	(460)	*2,898*
Contingency Reserve	**1,192,422**	1,192,422	*960,138*
Retained Earnings	**(1,346,628)**	(1,605,880)	*(2,566,003)*
Shareholders' Fund	**3,398,056**	3,138,804	*1,978,675*
Gross Premium Written	**2,316,850**	7,742,785	*6,407,713*
Gross premiums income	**1,950,102**	7,502,203	*6,173,285*
Net underwriting income	**1,452,370**	4,994,462	*4,506,917*
Other Revenue	**334,593**	848,324	*471,391*
Total Revenue	**1,701,399**	5,842,786	*4,978,308*
Claims paid	**(420,370)**	(920,434)	*(1,553,950)*
Impairment for Insurance Receivable	**-**	(84,266)	*(1,113,295)*
Other Expenses	**-**	(3,252,973)	*(2,824,909)*
Total Benefits, Claims and Other Expenses	**(1,392,203)**	(4,257,673)	*(5,492,154)*
Profit Before Tax	**308,636**	1,585,113	*(513,847)*
Income tax expense	**(49,381)**	(108,759)	*(25,097)*
Profit For the Year	**259,255**	1,585,113	*(513,847)*
Other Comprehensive Income for the year, net of tax	**-**	(12,435)	*(13,887)*
Total Comprehensive Income for the year, net of tax	**259,255**	1,463,920	*(552,830)*
Basic Earnings Per Share	**0.04**	23.07	*(8.51)*