Mansard Insurance Plc

Consolidated Interim Financial Statements
6 Months ended 30 June 2012
Together with the Directors' and Auditor's Reports

Contents

Corporate information

Chairman	Mr. Victor Gbolade Osibodu
Directors	Mrs. Yetunde Ilori Mr. Tosin Runsewe Mr. Kunle Ahmed Mr. Hakim Khelifa Ms. Runa Alam Mr. Idris Mohammed Mr. Jatin Muhki Mrs. Abiola Ojo-Osagie Mr. Karl Weinfurtner Mr. Olusola Adeeyo
Registered Office	Santa Clara Court, Plot 1412, Ahmadu Bello Way, Victoria Island, Lagos. www.mansardinsurance.com
Auditors	PricewaterhouseCoopers Limited 252E Muri Okunlola Street, Victoria Island, Lagos. Tel: (01) 2711700 www.pwc.com/ng
Company Secretary	Mrs. Omowunmi Mabel Adewusi
Bankers	Guaranty Trust Bank First Bank of Nigeria First City Monument Bank Stanbic IBTC
Re-insurers	African Reinsurance Corporation Continental Reinsurance Plc. General Insurance Company of India Munich Reinsurance Company Limited
Actuaries	HR Nigeria Ltd Alexander Forbes Nigeria Ltd
Registrar & Transfer Office	GTB Registrar Limited
RC No.	133276

Directors' Report

For the period ended 30 June 2012

The Directors are pleased to present their report on the affairs of Mansard Insurance Plc ("The Company") and the subsidiary companies ("The Group"), together with the group audited financial statements and the auditor's report for the period ended 30 June 2012.

Legal Form and Principal Activity

The Company was incorporated on 23 June 1989 as a private limited liability company called "Heritage Assurance Limited" and issued with a composite insurance license by the National Insurance Commission in March 2004. The Company's name was changed to Guaranty Trust Assurance Limited in September 2004 following the acquisition of a majority shareholding by Guaranty Trust Bank Plc, and changed again to Guaranty Trust Assurance Plc in March 2006 following the increase in number of members beyond the maximum required for a private company. In November 2009, the Company became listed on the Nigeria Stock Exchange.

On September 29, 2011 Guaranty Trust Bank Plc divested its holding from the Company following the Central Bank of Nigeria's directive that all banks should divest from non core banking activities. The Company's major shareholding was acquired by Assur Africa Holdings (AAH). AAH is a special purpose vehicle incorporated in Mauritius for the purpose of the Guaranty Trust Assurance Plc acquisition. The Company latter changed its corporate identity from Guaranty Trust Assurance to Mansard Insurance on July 17, 2012. The shareholding structure of AAH is made up of 6 members comprising 3 private equity funds with substantial investment across Africa- Africa Development Partners, advised by Development Partners International ("DPI") based in the United Kingdom, Africlnvest II LLC and Africlnvest Financial Sector Limited, both advised by Africlnvest Capital Partners ("ACP") based in Tunisia - and 3 international developmental finance institutions - DEG (Germany), Proparco (France) and FMO (Netherlands).

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services for both corporate and individual customers.

The Company has two wholly owned subsidiaries: Assur Asset Management Limited and Barista Property Development Company Limited, the latter being special purpose company; and a partly owned subsidiary, APD Limited - a special purpose company.

Assur Asset Management Limited was incorporated as a private limited liability company on 9 January 2008 and its principal activity involves provision of portfolio management services to both individual and corporate clients. Barista Property Development Company Limited was incorporated on 7 July 2008 to provide property development and investment services to both individual and corporate clients. APD Limited was incorporated on 2 September 2010 for the purpose of holding and developing the Company's former office block located at Plot 928A/B, Bishop Aboyade Cole Street, Victoria Island, Lagos to an ultra modern office structure.

Operating Results:

The following is a summary of the Group's operating results:

	June 2012	June 2011
Profit before tax	1,029,210	743,970
Taxation	(127,066)	(188,910)
Profit after tax	902,144	555,060
Transfer to contingency reserve	218,028	152,723
Retained earnings for the period	672,368	402,337
Retained earnings, beginning of period	189,873	390,440
Transfer to other reserves	(130,970)	245
Final dividend paid - 2011	(800,000)	(900,000)
Dividend on own shares adjusted	(6,366)	-
Retained earnings, end of period	(75,095)	(106,978)
Earnings per share – Basic	7k	5k
Declared dividend per share - Final	Nil	4k

Directors' Report

For the period ended 30 June 2012

Directors and Their Interests

The directors of the Company who held office during the period together with their direct and indirect interest in the share capital of the Company were as follows:

		Number of Ordinary Shares	
		2012	2011
Mr. Victor Gbolade Osibodu - Chairman		131,953,125	131,953,125
Mrs. Yetunde Ilori		4,814,875	5,114,875
Mr. Tosin Runsewe		31,267,704	20,064,375
Mr. Kunle Ahmed	(Appointed 15 February 2012)	3,788,125	3,788,125
Mr. Idris Mohammed		Nil	Nil
Ms. Runa Alam		Nil	Nil
Mr. Jatin Muhki		Nil	Nil
Mrs. Abiola Ojo-Osagie		Nil	Nil
Mr. Karl Weinfurtner		Nil	Nil
Mr. Hakim Khelifa (Tunisian)		Nil	Nil
Mr. Olusola Adeeyo - Independent Director		Nil	Nil

Retirement of Directors

No director retired from the Board of the Company during the period.

Appointment of Directors

The Company appointed an Executive director during the period to join the Board of Directors.

Major Shareholding

According to the Register of Members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 30 June 2012:

	No. of Shares	% Holding
Assur Africa Holding Limited	7,378,363,308	73.78%
Stanbic Nominees Nigeria limited - SNNL	579,168,098	5.79%

Analysis of Shareholding

The analysis of the distribution of the shares of the Company at the end of the period was as follows:

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% of Holdings
1 - 1,000	388	14%	224,069	0.00%
1001 - 5,000	522	18%	1,653,626	0.02%
5,001 - 10,000	304	11%	2,615,557	0.03%
10,001 - 50,000	599	21%	16,371,462	0.16%
50,001 - 100,000	249	9%	20,712,539	0.21%
100,001 - 500,000	344	12%	88,750,583	0.89%
500,001 - 1,000,000	154	5%	127,035,623	1.27%
1,000,001 - 1,000,000,000	267	9%	2,364,273,233	23.64%
1,000,000,001 - 10,000,000,000	1	0%	7,378,363,308	73.78%
Total	2,828	100%	10,000,000,000	100%

Property and equipment

Information relating to changes in property and equipment during the year is given in Note 14 to the financial statements.

Directors' Report
For the period ended 30 June 2012

Donations and Charitable Gifts

There were no donations during the period under review. (December 2011: **N** 1,275,000).

Organizations:	**2012**	**2011**
Lekki British International High School		75,000
Nigerian Accounting Standards Board (Establishment Of IFRS Academy)		500,000
ACEN Workshop On Professional Indemnity Insurance	-	100,000
Women & Children Intellectual Enhancement Centre (WOCIA), Abuja	-	200,000
Azibaola Charity Foundation Orphanage & Destitute Home, Port Harcourt	-	200,000
Hearts Of Gold Hospices, Lagos	-	200,000
	-	1,275,000

Employment of Disabled Persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of the applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 30 June 2012, the Company had no disabled persons in its employment.

Health, Safety and Welfare of Employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

Employee Involvement and Training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Contracts

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the period under review.

Acquisition of Own Shares

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

Post-Balance Sheet Events

Subsequent to the period end, the name of the Company was changed from Guaranty Trust Assurance Plc to Mansard Insurance Plc. This has no impact on the financial position and going concern status of the Company.

Auditors

Messrs KPMG Professional Services have indicated their willingness not to continue in office in accordance with NAICOM Corporate Governance regulation as such Messrs PricewaterhouseCoopers has been appointed as Auditor in accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

Mrs. Omowunmi Mabel Adewusi
Company Secretary
Plot 1412, Ahmadu Bello Way,
Victoria Island, Lagos

17 August 2012

Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended 30 June 2012

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view of the statement of financial position of the Group at the end of the period and of its profit or loss. in the manner required by the Companies and Allied Matters Act of Nigeria and the Insurance Act of Nigeria. The responsibilities include ensuring that the Group:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act and the Insurance Act.
ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the consolidated interim financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with,

- International Accounting Standard 34 on interim reporting;
- the requirements of the Insurance Act;
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
- the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mrs. Yetunde Ilori	Mr. Gbolade Osibodu
17 August 2012	17 August 2012

Corporate Governance Report

Introduction

Mansard Insurance plc ("The Company") has consistently maintained corporate policies and standards designed to encourage good and transparent corporate governance to avoid potential conflicts of interest whilst promoting ethical business practices. The recent divestment of Guaranty Trust Bank (GTBank) from the Company in compliance with the repeal of the universal banking license by the Central Bank of Nigeria, paved way for the Company to change its corporate identity to reflect its new independent status from GTBank.

The activities of the Company are at all times done with high standards of professionalism, accountability and integrity with due regard to the genuine interests of all our stakeholders. This is the foundation of our history, values and culture as a Company for building and sustaining an endurable institution that guarantees profitability and professionalism whilst enhancing shareholders' value.

The acquisition of Mansard Insurance plc by AAH as a majority shareholder has further enhanced the improvement of our processes, procedures and operations particularly in the areas of corporate governance that are in line with global best practice thus ensuring the highest standards of accountability of its officers, continuous transparency of the Board and disclosure of information to all stakeholders.

A key governance development during the period under review is the establishment of additional committees in compliance with the Code of Corporate Governance of National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC) for public companies with a defined charter on their functions, composition, structure and duties. The purpose of this is to ensure an effective Board accountable to its stakeholders. Mansard Insurance plc is committed to the continuous management of its business operations by identifying and implementing key governance indicators which aid sustainable development and guarantee shareholder excellent return on investment.

Board of Directors

The membership of the Board is a mix of executive and non-executive directors based on integrity, professionalism, career success, recognition and the ability to add value to the organisation. In reviewing Board composition, the Board ensures a mix with representatives from different industry sectors.
During the period under review, there are eleven (11) members; including the Chairman, six (6) Non-Executive Directors, one (1) Independent Director and three (3) Executive Directors

The Board of Directors is responsible for the efficient operation of the Company and to ensure the Company fully discharges its legal, financial and regulatory responsibilities. The Board is also responsible to shareholders for creating and delivering sustainable shareholders value through the management of the Company's business.

The Chairman of the Board

The Chairman has the responsibility to lead and manage the Board to ensure that it operates effectively and fully discharges all its legal and regulatory responsibilities whilst promoting effective relationship and open communication within the Boardroom.

The Chief Executive Officer (CEO)

The Chief Executive Officer is charged with the supervisory role over the technical operations of the Company which involves risk management, formulation of policies and the implementation of operational decisions. The CEO is the first line of reference for issues to be discussed at the Board and is charged with ensuring compliance with regulations and policies of both the Board and Regulatory Authorities.

The Chief Client Officer (CCO)

The Chief Client Officer's role as an Executive on the Board is to develop strategic business direction and implementation plans that will ensure that the Company's assets, objectives and resources are channeled in areas that will propel the company forward and ensure growth.

Corporate Governance Report

Independent Director

The Independent Director is responsible for the protection and implementation of shareholders rights/interests in the Company in line with the NAICOM code of corporate governance practices. The Independent Director does not represent any particular shareholding interest nor holds any business interest in the Company to ensure his objective contributions to the Company's development.

Board Meetings

The Board of Directors meetings are held every quarter or as the need arises to consider the Financial Statement of the Company for the period, review of management accounts for the quarter, consider the reports and minutes of board committees and any other reports pertaining to issues within the purview of the Board's responsibilities.

The Board met two (2) times during the period under review.

			No. of Board meetings	**26-Feb-12**	**26-Apr-12**
S/N	Name of Director				
1	Mr. Victor Osibodu	Chairman	2	X	X
2	Mrs. Yetunde Ilori	Director	2	X	X
3	Mr. Tosin Runsewe	Director	2	X	X
4	Mr. Jatin Mukhi	Director	2	X	X
5	Mr. Idris Mohammed	Director	2	X	X
6	Ms. Runa Alam	Director	2	X	X
7	Mr. Karl Weinfurtner	Director	2	X	X
8	Mr. Hakeem Khelifa	Director	2	X	X
9	Mr. Kunle Ahmed	Director	2	X	X
10	Mr. Olusola Adeeyo	Director	2	X	X
11	Mrs. Abiola Ojo-Osagie	Director	2	X	X

Board Committees

Board Audit & Compliance Committee

The Committee has supervisory functions over audit, internal control and compliance issues. The Committee is responsible for the review of the integrity of data and information provided in the Audit/Financial Reports. This Committee is further responsible for oversight functions on internal control, risk management functions and compliance with all regulatory directives.

The Committee is made up of the following members:

Name	Status	Designation	Attendance
Mr. Olusola Adeeyo	Independent Director	Chairman	2
Mr. Afolabi Afolayan	Shareholders Representative	Member	2
Mr. Akingbola Akinola	Shareholders Representative	Member	2
Mr. Idris Mohammed (Mrs. Abiola Ojo-Osagie Alternate to Mr. Mohammed)	Non Executive Director	Member	2

Corporate Governance Report

Board Investment & Finance Committee:

The Committee is responsible for supervisory functions over investment and other finance-related issues such as capital & funding requirements. The Committee is responsible for the management of the Company's investment portfolio by ensuring that risk identification procedures were adhered to in investment decisions and approved portfolio limits in all areas of asset management by the Company.

The responsibility for the disclosure, budgetary control and review of all information relating to prospective investment before approval is granted defers to the Committee.

The Committee is made up of the following members:

Name	Status	Designation	Attendance
Mr. Hakim Khelifa	Director	Chairman	2
Mr. Karl Weinfurtner	Director	Member	2
Mr. Idris Mohammed	Director	Member	2
Mr. Tosin Runsewe	Director	Member	2

Board Risk Management & Technical Committee

This Committee has supervisory functions over risk management, technical and underwriting functions of the Company.

The Committee is made up of the following members:

Name	Status	Designation	Attendance
Mr. Jatin Mukhi	Director	Chairman	2
Mr. Karl Weinfurtner	Director	Member	2
Mr. Tosin Runsewe	Director	Member	2
Mrs. Yetunde Ilori	Director	Member	2
Mr. Kunle Ahmed	Director	Member	2

Board Governance, Remuneration, Establishment & General Purpose Committee

This Committee has supervisory functions over the whole establishment, staffing, remuneration and corporate governance issues.

The Committee is made up of the following members:

Name	Status	Designation	Attendance
Ms. Runa Alam	Director	Chairman	2
Mr. Sola Adeeyo	Independent Director	Member	1
Mrs. Abiola Ojo-Osagie	Director	Member	2
Mr. Hakim Khelifa	Director	Member	2

Shareholders

The Company recognizes the rights of its shareholders and other stakeholders and is driven by its desire to deliver desired value to its shareholders and stakeholders. The shareholders are provided with detailed information on the Company's activities and financial results via the annual returns to provide an opportunity to make enquiries, obtain information, share ideas and express their concerns and opinions on all issues (if any) directly through the Investor Relations Unit within the Company which is communicated to Management and the Board and on a broader scale at the Annual General Meeting of the Company.

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

We the undersigned hereby certify the following with regards to our audited interim report for the period ended 30th June 2012that:

(a) We have reviewed the report;

(b) To the best of our knowledge, the report does not contain:

  (i) Any untrue statement of a material fact, or

  (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

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

(d) We:

  (i) Are responsible for establishing and maintaining internal controls.

  (ii) Have designed such internal controls to ensure that material information relating to the company 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;

  (iii) Have evaluated the effectiveness of the company’s internal controls as of date within 90 days prior to the report;

  (iv) Have present in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(e) We have disclosed to the auditors of the company and audit committee:

  (i) All significant deficiency 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

  (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the company’s internal controls;

(f) 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.

………………………………… ……………………………...

Mrs. Rashidat Adebisi
Chief Financial Officer

Mrs. Yetunde Ilori
Chief Executive Officer

Report of the Audit and Compliance Committee

For the period ended 30 June 2012

To the members of **Mansard Insurance Plc:**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit and Risk Management Committee of Mansard Insurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended 30 June 2012 were satisfactory and reinforce the Company's internal control systems.
- We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses to their recommendations for improvement and with the effectiveness of the Company's system of accounting and internal control.

Mr. Olusola Adeeyo
Chairman, Audit and Compliance Committee

17 August 2012

Members of the Audit and Compliance Committee are:

1. Mr. Olusola Adeeyo (Independent Director) - Chairman
2. Mr. Afolabi Folayan (Shareholders' representative)
3. Mr. Akingbola Akinola (Shareholders' representative)
4. Mr. Mohammed Idris (Non-Executive Director)

In attendance:

Mr. Henry Akwara - Secretary

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REPORT OF THE INDEPENDENT AUDITOR TO THE DIRECTORS OF MANSARD INSURANCE PLC

Report on the consolidated interim financial statements

We have audited the accompanying consolidated interim financial statements of Mansard Insurance Plc (the company) and its subsidiaries (together "the group") which comprise the consolidated interim statement of financial position as at 30 June 2012 and the consolidated interim statements of comprehensive income, changes in equity and cash flows for the 6 months period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated interim financial statements

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim financial reporting" and for such internal control, as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

As disclosed in note 2.1 to the consolidated interim financial statements, the next annual financial statements of the group will be prepared in accordance with IFRS.

The accounting policies that have been adopted in preparing the consolidated interim financial statements are consistent with those that management currently intends to use in the next annual financial statements. As disclosed in note 2.1, there is a possibility that management may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRS.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated interim financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Opinion

In our opinion the consolidated interim financial statements give a true and fair view of the financial position of the group as at 30 June 2012 and of their financial performance and cash flows for the 6 months period then ended in accordance with International Accounting Standard 34 "Interim financial reporting".

PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

27 August 2012

Consolidated Interim Statements of Financial Position

(All amounts in Naira thousands unless otherwise stated)

	Notes	30-Jun-2012	31-Dec-2011	1-Jan-11
ASSETS				
Cash and cash equivalents	6	1,899,858	2,606,744	5,370,113
Financial assets	7			
Equity securities:				
– Available for sale	7.2	3,055,790	2,868,374	1,558,017
– At fair value through profit or loss	7.3	149,187	532,424	719,392
Debt securities:				
– Held to maturity	7.1	4,219,464	2,942,655	1,665,320
– Available for sale	7.2	-	-	1,386,262
– At fair value through profit or loss	7.3	5,280,308	4,000,887	1,229,189
Other financial assets designated at fair value	7.4	1,226,797	1,042,101	846,674
Loans and receivables including insurance receivables	8	3,454,116	1,945,815	1,430,492
Reinsurance assets	9	2,448,533	1,248,922	571,491
Pledged assets	10	473,000	-	-
Investment properties	11	5,521,170	5,476,237	4,418,173
Deferred acquisition cost	12	380,076	196,657	145,042
Deferred tax asset		-	-	4,705
Intangible assets	13	61,198	41,697	27,654
Property, plant and equipment	14	1,431,785	1,287,899	362,976
Statutory deposit	15	500,000	500,000	500,000
TOTAL ASSETS		30,101,283	24,690,413	20,235,501
EQUITY and LIABILITIES				
Equity Attributable to Owners of the Parent				
Ordinary Shares	16.1	5,000,000	5,000,000	5,000,000
Share Premium	16.2	3,843,243	3,843,243	3,843,243
Other Regulatory Reserves	16.3	1,459,039	1,241,011	988,221
Capital Reserves	16.4	2,500,000	2,500,000	2,500,000
Retained Earnings	16.5	(75,095)	189,872	390,440
Regulatory Risk Reserves-Life Fund	16.6	24,596	-	-
Regulatory Reserves-Premium Receivables	16.7	193,155	86,781	74,071
Treasury shares	17.1	(176,895)	(176,895)	(176,895)
Available for Sale Reserves	17.2	1,035,467	877,997	711,823
		13,803,509	13,562,009	13,330,902
Non-controlling interests	18	315,824	304,076	-
TOTAL EQUITY		14,119,333	13,866,085	13,330,902
LIABILITIES				
Insurance liabilities	19	6,489,437	4,462,179	3,272,590
Financial liabilities:				
Investment contracts:				
– At amortised cost	20.1	1,802,542	1,513,107	975,990
– At fair value	20.2	1,226,797	1,042,101	846,674
Borrowing	21	3,712,112	-	-
Trade and other payables	22	2,368,046	3,073,797	1,026,313
Deferred Income Tax	23	117,961	145,445	132,703
Current Income Tax Liabilities	24	265,054	587,699	650,328
TOTAL LIABILITIES		15,981,950	10,824,329	6,904,598
TOTAL LIABILITIES AND EQUITY		30,101,283	24,690,413	20,235,500

The notes on pages 20 to 103 are an integral part of these interim financial statements.

The financial statements on page 13 to 103 were authorised for issue by the board of directors on the 17 August 2012 and were signed on its behalf by:

Yetunde Ilori Chief Executive Officer	Gbolade Osibodu Chairman

Consolidated Interim Income Statement

For the period ended 30 June 2012

(All amounts in Naira thousands unless otherwise stated)

	Notes	Half year 30 June 2012	Quarter 2 Apr-June 2012	Full year 31 December 2011	Half year 30 June 2011	Quarter 2 Apr-June 2011
Gross premium written		7,890,187	2,561,442	10,004,771	6,101,553	1,752,426
Insurance premium revenue		4,193,141	2,143,969	6,897,266	3,113,792	1,597,889
Insurance premium ceded to reinsurers		1,809,603	882,044	2,767,871	1,218,094	546,786
Net insurance premium revenue	26	2,383,538	1,261,925	4,129,395	1,895,698	1,051,103
Fee income:						
– Insurance contracts	27	213,591	88,387	270,641	154,761	67,527
Investment income	28	688,408	370,171	669,687	406,036	248,890
Net realised gains on financial assets	29	41,235	31,228	(33,550)	(199,409)	(159,062)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	30	14,631	11,431	110,474	14,873	12,720
Other operating income	31	10,525	(2,868)	59,290	165,871	153,764
Profit or loss on investment contracts	33	93,771	59,184	(14,140)	(11,542)	(3,362)
Shareholder's share of Life Fund valuation surplus	19.4	39,189	40,993	17,373	15,506	(36,414)
Net income		3,484,889	1,860,452	5,209,170	2,441,794	1,335,166
Insurance benefits						
Insurance claims and loss adjustment expenses	32	1,305,951	853,703	1,785,600	679,874	337,818
Insurance claims and loss adjustment expenses recovered from reinsurers	32	(279,011)	(233,125)	(287,273)	(59,680)	(33,050)
Net insurance benefits and claims		1,026,940	620,578	1,498,327	620,194	304,768
Expenses for the acquisition of insurance and investment contracts	34	546,611	264,381	978,401	474,074	239,967
Expenses for marketing and administration	35	164,997	46,467	221,500	9,496	6,911
Employee benefit expense	36	307,058	164,055	668,551	235,437	120,113
Other operating expenses	37	402,209	196,055	587,016	358,560	137,962
Expenses		2,447,815	2,989,297	3,953,796	1,697,761	809,721
Results of operating activities		1,037,074	568,915	1,255,375	744,033	525,445
Finance costs	38	7,864	7,864	-	63	63
Profit before tax		1,029,210	561,051	1,255,375	743,970	525,381
Income tax expense	24	127,066	33,377	290,442	188,910	95,843
Profit for the period		902,144	527,674	964,933	555,060	429,539
Appropriation:						
Other Regulatory Reserves	16.3	218,028	80,121	252,788	152,723	44,655
Profit attributable to:						
– Owners of the parent		672,368	442,140	712,143	402,337	384,884
– Non-controlling interests		11,748	5,412	-	-	-
		684,116	447,552	712,143	402,337	384,884
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in Kobo per share):						
– Basic and diluted	39	7k	5 k	7k	5k	4 k
		-				

The notes on pages 20 to 105 are an integral part of these interim financial statements

Consolidated interim statement of comprehensive income

(All amounts in Naira thousands unless otherwise stated)

	Period ended 30 June 2012	Quarter 2 Apr-June 2012	Period ended 31 December 2011	Period ended 30 June 2011	Quarter 2 Apr-June 2011
Profit for the period	902,144	527,674	964,933	555,060	429,539
Other comprehensive income:					
Change in available-for-sale financial assets	61,371	61,371	52,873	77,195	77,195
Currency translation differences	96,100	108,319	113,300	34,700	11,200
Other comprehensive income for the period	157,471	169,690	166,173	111,895	88,395
Total comprehensive income for the period	1,059,615	617,242	1,131,106	666,955	517,933
Attributable to:					
– Owners of the parent	1,047,867	611,830	1,131,106	666,955	517,933
– Non-controlling interests	11,748	5,412	-	-	-
Total comprehensive income for the period	1,059,615	617,242	1,131,106	666,955	517,933

The notes on pages 20 to 103 are an integral part of these consolidated interim financial statements

Consolidated Interim Statements of Changes in Equity

(All amounts in Naira thousands unless otherwise stated)

Period ended 30 June 2012

	Share Capital	Share premium	Capital reserves	Treasury shares	Fair value reserves	Other regulatory reserve	Regulatory risk reserves	Regulatory reserves	Retained earnings	Total	Non-Controlling interest	Total equity
Balance at 1 January 2012	5,000,000	3,843,243	2,500,000	(176,895)	877,996	1,241,011	-	86,781	189,873	13,562,009	304,076	13,866,085
Total comprehensive income for the period												
Profit or loss for the period	-	-	-	-	-	218,028	-		672,368	890,396	11,748	902,144
					877,996	1,459,039	-	86,781	862,241	14,452,405	315,824	14,768,229
Other comprehensive income										-		-
Change in available-for-sale financial assets					157,471					157,471		157,471
Transfer to regulatory reserves (premium receivables)								106,375	(106,375)	-		-
Life fund revaluation surplus							24,596		(24,596)	-		-
										-		-
Total other comprehensive income for the period	-	-	-	-	157,471	-	24,596	106,375	(130,970)	157,471	-	157,471
Total comprehensive income for period	-	-	-	-	157,471	218,028	24,596	106,375	541,398	1,047,867	11,748	1,059,615
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Dividends to equity holders relating to 2012	-	-	-	-	-	-			(800,000)	(800,000)		(800,000)
Dividend on own shares adjusted									(6,366)	(6,366)		(6,366)
Total transactions with owners	-	-	-	-	-	-	-		(806,366)	(806,366)	-	(806,366)
At end of period	5,000,000	3,843,243	2,500,000	(176,895)	1,035,467	1,459,039	24,596	193,155	(75,095)	13,803,510	315,824	14,119,333

Consolidated Interim Statements of Changes in Equity

(All amounts in Naira thousands unless otherwise stated)

Year ended 31 December 2011

	Share Capital	Share premium	Capital reserves	Treasury shares	Fair value reserves	Other regulatory reserve	Regulatory risk reserves	Regulatory reserves	Retained earnings	Total	Non-Controlling interest	Total equity
Balance at 1 January 2011	5,000,000	3,843,243	2,500,000	(176,895)	711,823	988,221	-	74,071	390,440	13,330,902	-	13,330,902
Total comprehensive income for the year								-				
Profit or loss for the period						252,790	-	-	712,143	964,933		964,933
					711,823	1,241,011	-	74,071	1,102,582	14,295,835	-	14,295,835
Other comprehensive income										-		-
Fair value gains on financial instruments					166,173					166,173		166,173
Transfer from retained earnings to regulatory reserves								-	-	-		-
Transfer to regulatory reserves (premium receivables)								12,710	(12,710)			
Total other comprehensive income for the period	-	-	-	-	166,173	-	-	12,710	(12,710)	166,173	-	166,173
Total comprehensive income for period	-	-	-	-	166,173	252,790	-	12,710	699,432	1,131,106	-	1,131,106
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Dividends to equity holders relating to 2011									(900,000)	(900,000)		(900,000)
APD Shares transferred to Non controlling interest											304,076	304,076
Total transactions with owners	-	-	-	-	-	-	-	-	(900,000)	(900,000)	304,076	(595,924)
At end of year end	5,000,000	3,843,243	2,500,000	(176,895)	877,996	1,241,011	-	86,781	189,872	13,562,009	304,076	13,866,085

Consolidated Interim Statements of Changes in Equity

(All amounts in Naira thousands unless otherwise stated)

Period ended 30 June 2011

	Share Capital	Share premium	Capital reserves	Treasury shares	Fair value reserves	Other regulatory reserve	Regulatory risk reserves	Regulatory reserves	Retained earnings	Total	Non-Controlling interest	Total equity
Balance at 1 January 2011	5,000,000	3,843,243	2,500,000	(176,895)	711,823	988,221	-	74,071	390,440	13,330,903	-	13,330,903
Total comprehensive income for the year												
Profit or loss for the period	-	-	-	-	-	152,723	-	-	402,337	555,060	-	555,060
Other comprehensive income												
Fair value gain on AFS financial assets	-	-	-	-	111,895	-	-	-	-	111,895	-	18,005
Regulatory reserves	-	-	-	-	-	-	-	(245)	245	-	-	-
Total other comprehensive income for the period	-	-	-	-	111,895			(245)	245	111,895	-	18,005
Total comprehensive income for period	-	-	-	-	111,895	152,723	-	(245)	402,582	666,955	-	573,064
Transactions with owners, recorded directly in equity				-	-							
Contributions by and distributions to owners												
Dividends to equity holders relating to 2011	-	-	-	-	-	-	-	-	(900,000)	(900,000)		(900,000)
Total transactions with owners	-	-	-	-	-	-	-	-	(900,000)	(900,000)	-	(900,000)
At end of period	5,000,000	3,843,243	2,500,000	(176,895)	823,718	1,140,944	-	73,826	(106,978)	13,097,857	-	13,003,967

Consolidated Interim Statements of Cash Flows

(All amounts in Naira thousands unless otherwise stated)

	Notes	6 months Period ended 30 Jun 2012	12 months Year ended 31 Dec 2011	6 months Period ended 30 Jun 2011
Cash flows from operating activities				
Operating profit before changes in working capital	41	3,319,680	1,651,172	2,517,099
Changes in working capital				
Loans and receivables		(1,625,265)	(746,154)	(1,430,001)
Re-insurance asset		(1,199,611)	(677,431)	(953,907)
Deferred acquisition cost		(183,419)	(51,615)	(159,830)
Claims reported and loss adjustment expenses		(315,429)	681,016	431,360
Claims reported and but not reported		73,888	-	-
Increase in investment contract		474,131	732,544	276,830
Trade and other payables		(705,752)	2,144,803	842,741
Changes in working capital		(161,778)	3,734,335	1,524,292
Income tax paid	24	(477,193)	(335,623)	(115,685)
Net cash from operating activities		(638,971)	3,398,712	1,408,607
Cash flows from investing activities				
Purchases of property, plant and equipment	14	(257,962)	(1,095,797)	(119,191)
Purchases of intangible assets	13	(29,189)	(26,500)	(2,148)
Proceed from the disposal of property and equipment	28	12,686	8,694	7,166
Dividend received	28	127,084	247,905	104,430
Purchase of HTM financial assets		(1,276,809)	(851,116)	(938,257)
Net purchase of trading securities		(1,542,594)	(2,905,408)	(710,357)
Proceed from the disposal of investment property		900,000	-	449,662
Capitalised construction cost on investment properties		(906,880)	(943,934)	(719,740)
Net cash used in investing activities		(2,973,665)	(5,566,156)	(1,928,435)
Cash flows from financing activities				
Dividends paid		(800,000)	(900,000)	(900,000)
Surplus distribution on the SIT Scheme		(6,366)	-	-
Proceed from NCI equity stake in APD	18	-	304,076	-
Borrowings	21	3,712,112	-	220,063
Net cash used in financing activities		2,905,746	(595,924)	(679,937)
			1,698	
Cash and cash equivalent at beginning of period/year	6	2,606,744	5,370,113	5,370,113
Net increase/decrease in cash and cash equivalents		(706,889)	(2,763,368)	(1,199,764)
Cash and cash equivalent at end of period		1,899,856	2,606,745	4,170,349

The notes on pages 20 to 105 are an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements

1.0 General information

Mansard Insurance Plc ('the Company') and its subsidiaries (together 'the Group') formerly known as Guaranty Trust Assurance Plc underwrite life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Group also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. The Group does business in Nigeria and employs over 200 people.

The Company is a public limited company incorporated and domiciled in Nigeria. The address of its registered office is:

Santa Clara Court, Plot 1412, Ahmadu Bello Way Victoria Island, Lagos, Nigeria.

The Company is listed on the Nigerian Stock Exchange. The consolidated financial statements, including the assets and liabilities of the Company and all its subsidiaries, and were authorised for issue by the directors on 17 August 2012.

2.0 Summary of significant accounting policies

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

An explanation of how the transition to International Financial Reporting Standards (IFRS) has affected the reported financial position, financial performance and cash flows of the Group is provided in note 49. This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for this period under IFRS.

2.1 Basis of presentation

The International Financial Reporting Standards (IFRS) Roadmap issued by the Financial Reporting Council of Nigeria (FRC), following a decision by the Federal Executive Council, requires all publicly listed and other significant public interest entities to adopt IFRS by the year starting 1 January 2012. As all insurance companies fall under this requirement, the National Insurance Commission of Nigeria (NAICOM) has also pronounced that the annual consolidated financial statements of Insurance Companies, for the year ended 31 December 2012, be prepared in accordance with International Financial Reporting Standards (IFRS).

In compliance with the requirement of FRC and NAICOM, these interim consolidated financial statements has been prepared on the basis of the recognition, measurement and disclosures requirements of the International Financial Reporting Standards (IFRS) in issue by the International Accounting Standards Board (IASB) and effective or available at 31 December 2012 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2012, the Group's first annual reporting date at which it is required to adopt IFRS.

Based on these adopted and unadopted IFRSs, the directors have made assumptions about the accounting policies expected to be applied, which are as set out below, when the first annual IFRS financial statements are prepared for the year ended 31 December 2012. In addition, the adopted IFRS that will be effective in the annual financial statements for the year ended 31 December 2012 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ended 31 December 2012. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land, investment property, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires the directors to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1.1 Changes in accounting policy and disclosures

(a) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the 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.

Notes to the consolidated interim financial statements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or 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 consolidated financial statements are described in note 3.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

IFRS 10, 'Consolidated financial statements', 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 of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2015.

IFRS 11, 'Joint arrangements,' is 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 arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights 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 Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

IFRS 13, 'Fair value measurement', 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, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

2.2 Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the consolidated interim financial statements

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis at fair value.

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non- controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Special purpose entities

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

2.3 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, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Underwriting and Investment Committee (MUIC) that makes strategic decisions.

2.4 Foreign currency translation

(i) Functional and presentation currency

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

Notes to the consolidated interim financial statements

(ii) Transactions and balances

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

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

2.5 Property, plant and equipment

Land and buildings comprise mainly outlets and offices occupied by the Group.

Land is shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to the revaluation surplus in shareholders equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the profit or loss.

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

-Buildings	25-50 years
-Vehicles	2-5 years
-Furnitures and fitting and equipment	3-8 years
-Computer equipments	3-5 years

The assets residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in operating income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

2.6 Investment properties

Property held for long-term rental yields that is not occupied by the companies in the Group is classified as investment property.
Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being developed for continuing use as investment property, or for which the market has become less active, continues to be measured at cost.

Changes in fair values are recorded in the income statement.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the consolidated Group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant 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 income statement. Upon the disposal of such investment property and surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Notes to the consolidated interim financial statements

2.7 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their useful lives, which does not exceed five years.

2.8 Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

2.8.1 Classification

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

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through profit or loss 'category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss (see Note 4.2 for additional details on the Group's portfolio structure).

(b) 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 those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Notes to the consolidated interim financial statements

(c) Held-to-maturity financial assets

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

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Interests on held-to-maturity investments are included in the consolidated income statement and are reported as 'Interest and similar income'. In the case of an impairment, it is reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement as 'Net gains/(losses) on investment securities'. Held-to-maturity investments are largely bonds.

(d) 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.

2.8.2 Recognition and measurement

Regular-way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to- maturity financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss 'category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established. Both are included in the investment income line.

See Note 2.10 for the Group's accounting policies relating to the impairment of financial assets.

2.8.3 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.

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.

For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

Notes to the consolidated interim financial statements

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 spreads) existing at the dates of the consolidated balance sheet.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity like options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market observable.

2.9 Reclassification of financial assets

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

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

2.10 Impairment of assets

(a) Financial assets carried at amortised cost

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

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

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

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

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

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

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

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

Notes to the consolidated interim financial statements

(b) Assets classified as available for sale

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

(c) Insurance receivables

Debtors are stated after deducting allowances made for specific debts considered doubtful of recovery. 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. In order to comply with the requirements of the National Insurance Commission (NAICOM) guidelines, the group has created a regulatory risk reserves to recognize differences in allowances made for insurance receivables based on the impairment model and the requirements of the NAICOM guideline. NAICOM requirements are as follows:

Period outstanding	% Allowance required
Up to 3 months	Nil
3 - 6 months	50%
Above 6 months	100%

(d) Impairment of other non-financial assets

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

Notes to the consolidated interim financial statements

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.13 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax

2.14 Technical reserves

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

(a) General insurance Contracts

Reserves for unexipred risk

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

Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test (See 2.18(c))

Other regulatory reserves

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

(b) Life business

General reserve fund

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation and an additional 25% of net premium for every year between valuation dates.

Other regulatory reserves

In accordance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

2.15 Treasury shares

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

Notes to the consolidated interim financial statements

2.16 Earnings per share

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.17 Dividends

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

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the Company's shareholders.

2.18 Insurance and investment contracts – classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Insurance contracts

(a) Recognition and measurement

(i) General business insurance contracts

These contracts are accident and casualty and property insurance contracts.

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

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

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

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Notes to the consolidated interim financial statements

(ii) Life insurance contracts

These contracts insure events associated with human life (for example, death or survival) over a long duration. The financial statements for life insurance contract have been prepared using the fund method in line with the current Insurance Act.

(b) Deferred policy acquisition costs (DAC)

Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

(c) Liability adequacy test

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

(d) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts in Note 2.18 are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets. These processes are described in Note 2.10.

(e) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.10(c).

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the consolidated interim financial statements

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is payable.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

2.21 Investment contracts

Investment contracts with guarantee returns (deposit administration) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assure from investment of the savings is recognized in the profit and loss account in the year it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the group.

2.22 Employee benefits

(a) Defined contribution plans

The Company operates a defined contributory pension scheme for eligible employees. Employees and the Company contribute 7.5% each of the qualifying staff's salary in line with the provisions of the Pension Reform Act 2004.

(b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

Notes to the consolidated interim financial statements

2.23 Financial guarantee contracts

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment and the unamortised premium when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

2.24 Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds on a qualifying asset. An asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

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

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizablevalue, the carrying amount is written down or written off. Capitalized borrowing cost incurred during an extended period in which the activities necessary to prepare an asset for its intended use or sale are interrupted is suspended.

Notes to the consolidated interim financial statements

2.25 Provisions

(a) Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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. The increase in the provision due to passage of time is recognised as interest expense.

(b) Insurance-related assessments or guarantee-fund levies

The Group is subject to various insurance-related assessments or guarantee-fund levies. Related provisions are provided for where there is a present obligation (legal or constructive) as a result of a past event.

2.26 Revenue recognition

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognised as follows:

(a) Rendering of services: Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered. Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument.

These services comprise the activity of trading financial assets and derivatives in order to reproduce the contractual returns that the Group's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services.

In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts. For practical purposes, the Group recognises these fees on a straight-line basis over the estimated life of the contract. Certain upfront payments received for asset management services ('front-end fees') are deferred and amortised in proportion to the stage of completion of the service for which they were paid.

The Group charges its customers for asset management and other related services using the following different approaches:- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis; and Regular fees are charged to the customer periodically (monthly, quarterly or annually) either directly or by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

(b) Dividend income: Dividend income for available-for-sale equities is recognised when the right to receive payment is established this is the ex-dividend date for equity securities

2.27 Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within 'investment income and finance cost in the income statement using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Notes to the consolidated interim financial statements

2.28 Deficits and surpluses on actuarial valuation

Actuarial valuations are conducted at least once in every three years to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising therefrom are charged to the profit and loss account while a maximum of 40% of the surplus is appropriated to the shareholders and credited to the income statement.

2.29 Contingent liabilities

A contingent liability is a possible obligation 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 Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable 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 crystallise.

3.0 Critical accounting estimates and judgments

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

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

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

(b) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the consolidated interim financial statements

4. 0 Management of Insurance and Financial Risks

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Group manages them.

4. 1 Insurance Risk

The risk in any insurance contract is the possibility that the insured event occurs which could result in a claim. This risk is very random and unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Non-life Insurance Contracts

a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose excess or deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. Furthermore, the Group’s strategy limits the total exposure per class of insurance as stated in the table below:

The reinsurance arrangements include excess, stop-loss and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.

The Group has a specialized claims unit which ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from non-life insurance.

Notes to the consolidated interim financial statements

Period Ended 30 June 2012 (in thousands of naira)

PRODUCT	GROSS SUM_INSURED	REINS SUM_INSURED	NET SUM_INSURED
Fire	456,621,269	217,549,250	239,072,019
General Accident	350,905,707	36,284,743	314,620,964
Motor	28,186,054	1,637,271	26,548,783
Marine	473,805,359	341,101,740	132,703,619
Engineering	194,795,697	62,112,621	132,683,076
Energy	598,137,544	489,915,607	108,221,937
Aviation	170,937,345	161,428,437	9,508,908
TOTAL	**2,273,388,975**	**1,310,029,669**	**963,359,306**

Period Ended 30 June 2011 (in thousands of naira)

PRODUCT	GROSS SUM_INSURED	REINS SUM_INSURED	NET SUM_INSURED
Fire	258,328,360	124,050,444	134,277,916
General Accident	276,087,459	28,191,033	247,896,426
Motor	22,967,174	1,975,371	20,991,803
Marine	184,077,872	67,556,060	116,521,812
Engineering	158,002,441	67,763,696	90,238,745
Energy	354,901,596	310,642,778	44,258,818
Aviation	137,605,595	78,194,859	59,410,736
TOTAL	**1,391,970,497**	**678,374,241**	**713,596,256**

Year Ended 31 Dec 2011 (in thousands of naira)

PRODUCT	GROSS SUM_INSURED	REINS SUM_INSURED	NET SUM_INSURED
Fire	565,685,228	269,870,382	295,814,846
General Accident	465,052,617	34,006,197	431,046,420
Motor	35,708,403	1,971,241	33,737,162
Marine	433,552,741	142,210,011	291,342,730
Engineering	236,724,841	85,694,490	151,030,351
Energy	629,049,988	515,786,101	113,263,887
Aviation	442,570,720	357,248,943	85,321,777
TOTAL	**2,808,344,538**	**1,406,787,365**	**1,401,557,173**

Notes to the consolidated interim financial statements

The following tables disclose the concentration of non-life liabilities by the industry sector in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from casualty insurance contracts.

Period ended 30 June 2012 (in thousands of naira)

2012 General Business Half Year Sum Assured					
Analysis by Industry				Composition	
INDUSTRY	**SUM_ASSURED**	**REIN SUM ASSURED**	**NET SUM ASSURED**	**Gross**	**Net**
FSI	243,783,653	34,312,352	209,471,301	11%	22%
Others	312,170,261	133,978,652	178,191,609	14%	18%
Construction, Oil & Gas	1,278,826,559	914,219,915	364,606,644	56%	38%
Manufacturing	379,403,302	207,740,988	171,662,314	17%	18%
Public Sector	59,205,199	19,777,762	39,427,437	3%	4%
TOTAL	**2,273,388,974**	**1,310,029,669**	**963,359,305**		

Period ended 30 June 2011 (in thousands of naira)

2011 General Business Half Year Sum Assured					
Analysis by Industry				Composition	
INDUSTRY	**SUM_ASSURED**	**REIN SUM ASSURED**	**NET SUM ASSURED**	**Gross**	**Net**
FSI	161,461,071	21,505,509	139,955,562	12%	20%
Others	177,191,434	51,217,192	125,974,242	13%	18%
Construction, Oil & Gas	837,744,273	523,779,952	313,964,321	60%	44%
Manufacturing	185,291,124	68,144,080	117,147,044	13%	16%
Public Sector	30,282,597	13,727,507	16,555,090	2%	2%
TOTAL	**1,391,970,499**	**678,374,240**	**713,596,259**		

Notes to the consolidated interim financial statements

Period ended 31 Dec 2011 (in thousands of naira)

2011 General Business Full Year Sum Assured					
Analysis by Industry				Composition	
INDUSTRY	**SUM_ASSURED**	**REIN SUM ASSURED**	**NET SUM ASSURED**	**Gross**	**Net**
FSI	294,767,051	41,330,457	253,436,594	10%	18%
Others	446,579,533	133,215,391	313,364,142	16%	22%
Construction, Oil & Gas	1,606,895,641	1,070,105,529	536,790,112	57%	38%
Manufacturing	414,358,171	144,864,431	269,493,740	15%	19%
Public Sector	45,744,143	17,271,557	28,472,586	2%	2%
TOTAL	**2,808,344,539**	**1,406,787,365**	**1,401,557,174**		

b) Sources of uncertainty in the estimation of future claim payments

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision forIBNR, a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

c) Process used to decide on assumptions

Individual Life:

A cash-flow projection model has been used in determining the reserves level. The key parameters/ assumptions are explained below:

Discount rate: In determining the valuation discount rate, consideration has been given to the performance of underlying assets backing the insurance funds, adjusted for a prudence margin.

Expense Loading: The expected maintenance expense level has been shared across various products taking into cognizance the capacity of each product line or distribution channel to absorb allocated expenses.

Group Life:

The key driver of incurred but not reported reserves reported under the Group Life business is the expected ultimate loss ratio level. The imposed ultimate loss ratio is obtained from analysis of recent portfolio experience.

Sensitivity Analysis:

In line with IFRS requirement, the Group also measures the impact of changes in assumptions used to measure liabilities, showing separately the effect of each change. The margins at which shocks (sensitivities) were performed on the 30 June 2012 valuation are as below:

Valuation interest (discount) rate +/-10%•

Notes to the consolidated interim financial statements

Expenses - Individual life- N5, 000 p.a,
-Credit life- N500 p.a,
- Individual investment contracts- N500 p.a.
Expense inflation +5%•
Mortality A49/52 (including Group Life) •

For non-life insurance risks, the Group uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are theBasic chain-ladder and the Loss ratio methods adjusted for assumed experience to date. However, where the claim development seems slower than in the past a Bornheutter – Ferguson Method was used based on expected loss ratios.

Basic Chain Ladder Method (BCL)

Development factors were calculated using the last 3, 4, 5, 6 and 7 years of data by accident year or quarter. Ultimate development factors are calculated for each of the permutations and the most prudent result is selected.

Ultimate development factors are applied to the paid data per accident year or quarter and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated above. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter.

For cases where there were large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total case reserve were excluded from the calculation of the IBNR.

I.e. IBNR = Ultimate Claim Amount (excl extreme large losses)

Minus Paid Claims to date

Minus Claims Outstanding (excl extreme large losses)

Assumptions underlying the BCL

The Basic Chain Ladder Method assumes that past experience is indicative of future experience i.e. that claims recorded to date will continue to develop in a similar manner in the future.
An implicit assumption is that, for an immature accident year, the claims observed thus far tell you something about the claims yet to be observed.
A further assumption is that it assumes consistent claim processing, a stable mix of types of claims, stable inflation and stable policy limits.
If any of these assumptions are invalidated, the results of the reserving exercise may prove to be inaccurate.

Loss Ratio Method

For 3 of the classes namely Oil and energy, Bonds and Aviation, there was very limited data. A BCL method was therefore inappropriate. We allowed for expected experience to date and the average assumed Ultimate Loss ratio in carrying out the calculation.

Average delay durations were calculated from the data provided. In the absence of any data, various options were provided. Detailed results can be found under the result section.

The IBNR is then calculated as:

Expected % of claims to still arise in future based on average delay

X average ultimate loss ratio assumed

X earned premium for the current year

Assumptions underlying the Loss Ratio Method

Notes to the consolidated interim financial statements

We assumed that the average delay in reporting of claims will continue into the future. If it is expected that these delay assumptions no longer hold, an adjustment needs to be made to allow for this change in reporting. If the delay period in reporting is expected to have increased from previous years, the results shown in this report will be understated.

d)Changein assumptions andsensitivity analysis

There was no change in the assumptions used to estimate the ultimate cost of claims paid during the period.

e) Sensitivity analysis and claims development tables

The reasonableness of the estimation process is tested by analysis is of sensitivity around several different scenarios. The impact on port or loss before tax does not take account of changes in other variables, as they are considered to be less material. Such an assessment andthe relative materiality of individual variables may change in the future.

Life Insurance Contracts

(a) Frequency andseverity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are terminal diseases (such as AIDS, and hypertension) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significant in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefits payments on a portfolio basis.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group's underwriting procedures, with premiums varied to reflectthe healthcondition and family medical history of the applicants.

(b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Uncertainty in the estimation of future benefits payments and premium receipts for life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behavior.

The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Group over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

(c) Process used to decide assumptions

The assumptions used for the insurance contracts disclosed in this note are as follows:

- *Mortality*

  An appropriate base table of standard mortality is chosen depending on the type of contract. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

- *Morbidity*

  The rateof recovery from disability is derived from industry experience studies, adjusted where appropriate for the Group's own experience.

- *Persistency*

  The group is still in the process of collecting statistical data to determine an appropriate persistency rate. As such no information on persistence would be disclosed in the financial.

Notes to the consolidated interim financial statements

- *Investment returns*

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Group's primary assumptions on investment returns relate to two components:

- Credit spreads: Credit spreads are obtained from the yields on publicly quoted government bond indices, as at the balance sheet date.
- Overall investment return: A weighted average rate of investment return is derived by combining different proportions of the above financial assets in the different portfolio, which is assumed to back the liabilities. These portfolios are consistent with the long-term asset allocation strategies as set out in the Group Asset liability management (ALM) framework.

4. 2 Financial Risk

Mansard Insurance Plc is exposed to an array of risks through its operations. The Company has identified and categorized its exposure to these risks as listed below:

- Investment risk/Market risk
- Underwriting risk
- Credit risk
- Operational risk
- Liquidity risk

Market risk: This reflects the possibility that the value of the funds' investments will fall as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. Mansard Insurance is exposed to this risk through its financial assets. Market risk is peculiar to investment as it is the risk that changes in financial market prices and rates will reduce the value of a security or portfolio. We are only exposed to this risk through our investment activities.

Underwriting risk: Mansard Insurance activities are primarily concerned with the pricing, acceptance and management of risks arising from our contracts with customers. It entails the risk that:

- The prices charged by the company for insurance contracts will be ultimately inadequate to support the future obligations arising from those contracts, risk exposure under its insurance contracts that were unanticipated in the design and pricing of the insurance contract;

- many more claims occur than expected or that some claims that occur are much larger than expected claims resulting in unexpected losses and;

- The company's policyholder will act in ways that are unanticipated and have an adverse effect on the company.

Credit risk: is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations. As the company is not in the business of granting loans like banks, credit risks in terms of customer default on loans repayment is not applicable. However, in terms of premium payment and investments in counterparties, considerable risks exists that brokers and large corporate entities who are allowed extended payment period may default and this is closely allied to cash flow risks. The three sources of credit risk identified are: This risk has two components; the first being default risk which we have mentioned and other components is cash- flow issues that we have also captured under liquidity risk.

- Direct Default Risk: risk that the company will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations.
- Downgrade Risk: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- Settlement Risk: risk arising from the lag between the value and settlement dates of securities transactions.

Notes to the consolidated interim financial statements

A breakdown of credit risk exposure to premium receivables is identified below:

- Neither past due not impaired N3,872,794,761
- Past due but not impaired N26,626,815
- Individually impaired Nil

Operational risk: This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, strategic risk and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

Liquidity risk: The Company recognizes the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfill its financial obligation once claims crystallize. The company is also exposed to liquidity risk from its investment-linked products where there is a financial obligation to its customers.

The Group's liquidity management process, as carried out within the Group and monitored by a separate team in Group investment unit, includes day-to-day funding, managed via monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow and monitoring the liquidity of the consolidated balance sheet against internal and regulatory requirements.

Liquidity-risk is also a significant consideration when the Group evaluates its overall ALM profile. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The table below presents the cash flows payable by the Group for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the consolidated interim financial statements

PAYMENTS DUE BY PERIOD AS OF JUNE 30, 2012

	Carrying Amount	< 1 Year	1 to 3 Years	Total
Insurance liabilities				
Claims reported	985,372	985,372		985,372
Claims incurred	361,108	361,108		361,108
Unearned premiums	4,479,130	4,479,130		4,479,130
Life fund	663,827		663,827	663,827
Financial Liability - At amortised cost	1,802,542		1,802,542	1,802,542
Financial Liability - At fair value	1,226,797		1,226,797	1,226,797
Borrowings	3,712,112	499,435	3,212,677	3,712,112
Trade Payables	2,368,049	2,368,049		2,368,049
Total Contractual Obligations	15,598,938	8,693,094	6,905,843	15,598,938

PAYMENTS DUE BY PERIOD AS OF DECEMBER 31, 2011

	Carrying Amount	< 1 Year	1 to 3 Years	Total
Insurance liabilities				-
Claims reported	1,300,801	1,300,801		1,300,801
Claims incurred	287,220	287,220		287,220
Unearned premiums	2,311,447	2,311,447		2,311,447
Life fund	562,711		562,711	562,711
Financial Liabilities - At amortised cost	1,513,107		1,513,107	1,513,107
Financial liabilities – At fair value	1,042,100		1,042,100	1,042,100
Other Payables	3,073,796	3,073,796		3,073,796
Total Contractual Obligations	10,091,183	6,973,265	3,117,918	10,091,183

The Company developed policies and processes for managing the five broad categories of risk governed by a comprehensive framework. This is in order to create and promote a culture that emphasizes effective operational management and adherence to operating controls.

The Management Underwriting and Investment Committee (MUIC) of the Company recommends to the Board Risk Management and Technical Committee amount at risk that it is prudent for the risk committee to approve in line with the company's business strategies. The Board Risk Management and Technical Committee approves the Company's risk appetite each year, based on a well-defined and broad set of risk measures.

The Management Committee of the Company is also responsible for establishing, documenting, and enforcing all policies that involve risk. Specifically, the Chief Risk Officer (a member of the Management Committee) is responsible for the risk policies, risk methodologies and risk infrastructure.

The Chief Risk Officer (CRO) plays a pivotal role in informing the Board, as well as the Management Committee about the risk profile of the Company and also communicates the views of the Board and Senior Management down the Company. The CRO is also responsible for independently monitoring the broad risk limits set by the Board throughout the year, and delegating some responsibilities to the heads of the various Strategic Business Units within the Company.

Notes to the consolidated interim financial statements

The Enterprise-wide Risk Management function which reports to the CRO, is in charge of identifying, evaluating, monitoring and recommending risk management solutions for the broad risk categories.

The internal and external audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

The Enterprise-wide Risk Management function has developed measurement systems and risk reporting methodology for the identified risk categories.

Market Risk Management

Enterprise-wide Risk Management function aggregated and classified the Company’s investment portfolios into two broad categories as listed below:

- Mansard Insurance Portfolio (aggregation of Non-Life Shareholders funds, Life SHF, General Business funds, Life funds and Annuity Plan funds and GTLS / ALIP).
- AAML Portfolio (AAML’s Shareholder’s fund as a single portfolio).

The unit assesses and reports Company’s exposure to market risk through various analytic tools. The tools used by the team are listed below:

- Stop loss limit analysis
- Stock to total limit analysis
- Sector Concentration analysis
- Asset allocation analysis
- Investment Limits Review
- Mark to market analysis
- Asset-Liability Matching analysis

Stop loss limit analysis: The Company has established a list of eligible equity investments for its portfolio. The eligible stocks are further classified to class A, B and C based on their market capitalizations, liquidities and market volatilities.

Mansard Insurance has further defined the amount of loss its willing to accept by establishing stop loss limits and the maximum holding days for trading on the broad categories of its stocks.

Enterprise-wide Risk Management unit evaluates monitors and reports Company’s exposure to the market volatility through the stop loss limit.

An analysis of the Company’s position as at June 30, 2012 is shown below:

Notes to the consolidated interim financial statements

STOP LOSS LIMIT ANALYSIS ON MANSARD INSURANCE PORTFOLIO						
STOCK	**COST PRICE**	**MARKET PRICE**	**STOCK CLASS**	**%GAIN/ LOSS**	**BENCHMARK**	**EXCEPTION**
ACCESS BANK	33.45	32.45	A	-3%	25%	NO
DANGOTE FLOUR	12,440.00	10,900.00	A	-12%	25%	NO
DIAMOND BANK	187,180.10	151,863.10	A	-19%	25%	NO
FIDELITY BANK	374,650.00	336,300.00	B	-10%	22.5%	NO
FIRST BANK	1,152,069.12	1,092,065.52	A	-5%	25%	NO
NAHCO	6,300.00	6,300.00	N/A	0%	N/A	N/A
OANDO	1,069,427.78	850,479.84	A	-20%	25%	NO
SKYE BANK	300.00	288.00	A	-4%	25%	NO
SKYE SHELTER	8,536,000.00	8,800,000.00	N/A	3%	N/A	N/A
STACO	44.00	44.00	N/A	0%	N/A	N/A
TRIPPLE GEE	10,637,526.20	10,117,647.10	N/A	-5%	N/A	N/A

The stocks with no class were equities held before the list of eligible stocks was reviewed in 2009 following the collapse of the capital market. The Company has however placed a "right to sell" option on the stocks.

AAML portfolio was not subjected to this analysis as at June 30, 2012 as it had totally divested from the equity market.

Stock to total limit analysis: Considering the volatility of stocks (typically quoted stocks); we monitor the contribution of individual stock to the total stocks holding in a portfolio. The objective of the analysis is to evaluate the Company's concentration on individual stock and ultimately exposure to market volatility if the price of any of the stocks should drastically drop.

The risk management function considers all classes of equity (trading, long term and unquoted equities) whilst performing this analysis to closely monitor the Company's exposure to market risk from quoted equity and liquidity risk that might arise from unquoted equity.

Mansard Insurance review of the stock to total limit as at June 30, 2012 indicated that Company's investment in Equity is concentrated on unquoted equity with 96% of the total equity investment. Furthermore; the Company has drastically reduced its exposure to market risk as the concentration of equity investment on this class is not more than 1% of the total equity investment.

A summary of this analysis is depicted on the next page:

Notes to the consolidated interim financial statements

Table 1: Stock to Total Limit Analysis as at June 30, 2012

STOCK TO TOTAL ANALYSIS ON MANSARD INSURANCE PORTFOLIO		
STOCK	MARKET PRICE	%
MTN	2,346,598,386.00	86%
CRUSADER	66,692,664.50	2%
GTHOMES	50,000,000.00	2%
ARM PENSION MANAGERS LTD	221,190,768.62	8%
BGL	15,000,000.00	1%
FOOD CONCEPTS LTD	6,711,373.75	0%
TRIPPLE GEE	10,117,647.10	0%
SKYE SHELTER	8,800,000.00	0%
FIRST BANK	1,092,065.52	0%
OANDO	850,479.84	0%
UBA	736,575.00	0%
FIDELITY BANK	336,300.00	0%
DIAMOND BANK	151,863.10	0%
DANGOTE FLOUR	10,900.00	0%
NAHCO	6,300.00	0%
SKYE BANK	288.00	0%
STACO	44.00	0%
ACCESS BANK	32.45	0%

AAML portfolio was not subjected to this analysis as at June 30, 2012 as it had totally divested from the equity market.

Sector concentration analysis: In monitoring the Company’s investment in relation to political risks (i.e. sudden change of policies by government) which might affect some sectors of the economy, we assess the Company’s investment concentration across sectors to guide management investment decisions.

Investment assets are mapped to their respective sectors and their contribution (in terms of market price) to the total portfolio is evaluated.

Government sector is perceived to be the safest compared with other sectors as government is not likely to default on its financial obligation.

ERM compares the Company’s portfolio against the investment sector limits stated in the Investment Management Guidelines to highlight exceptions.

The concentration of the Company’s investment across economic sectors as at June 30, 2012 is illustrated in table on the next page.

Notes to the consolidated interim financial statements

Table 2A: Sector Concentration Analysis on Mansard Insurance Portfolio as at June 30, 2012

SECTOR CONCENTRATION ANALYSIS ON MANSARD INSURANCE PORTFOLIO		
SECTOR	MARKET PRICE	%
GOVERNMENT	5,967,614,857.00	48%
PROPERTY	3,232,873,584.28	26%
TELECOMS	1,630,250,000.00	13%
BANKING	1,421,700,109.92	11%
OPEN & CLOSE ENDS FUND	93,312,896.65	1%
INSURANCE	66,692,708.50	1%
MORTGAGE	50,000,000.00	0%
PENSIONS	45,212,101.65	0%
FOODS & BEVERAGES	11,710,900.00	0%
COMPUTER	10,117,647.10	0%
REAL ESTATE	8,800,000.00	0%
PETROLEUM	850,479.84	0%
AVIATION	6,300.00	0%

Table 2B: Sector Concentration Analysis on AAML Portfolio as at June 30, 2012

SECTOR CONCENTRATION ANALYSIS ON AAML PORTFOLIO		
SECTOR	MARKET PRICE	%
GOVERNMENT	553,330,408.30	78%
BANKING	152,962,814.28	22%

Table 2C: Sector Concentration Analysis on Aggregate Portfolio as at June 30, 2012

SECTOR CONCENTRATION ANALYSIS ON AGGREGATE PORTFOLIO		
SECTOR	MARKET PRICE	%
GOVERNMENT	6,520,945,265.30	49%
PROPERTY	3,232,873,584.28	24%
TELECOMS	1,630,250,000.00	12%
BANKING	1,574,662,924.20	12%
OPEN & CLOSE ENDS FUND	93,312,896.65	1%
INSURANCE	66,692,708.50	1%
MORTGAGE	50,000,000.00	0%
PENSIONS	45,212,101.65	0%
FOODS & BEVERAGES	11,710,900.00	0%
COMPUTER	10,117,647.10	0%
REAL ESTATE	8,800,000.00	0%
PETROLEUM	850,479.84	0%
AVIATION	6,300.00	0%

Notes to the consolidated interim financial statements

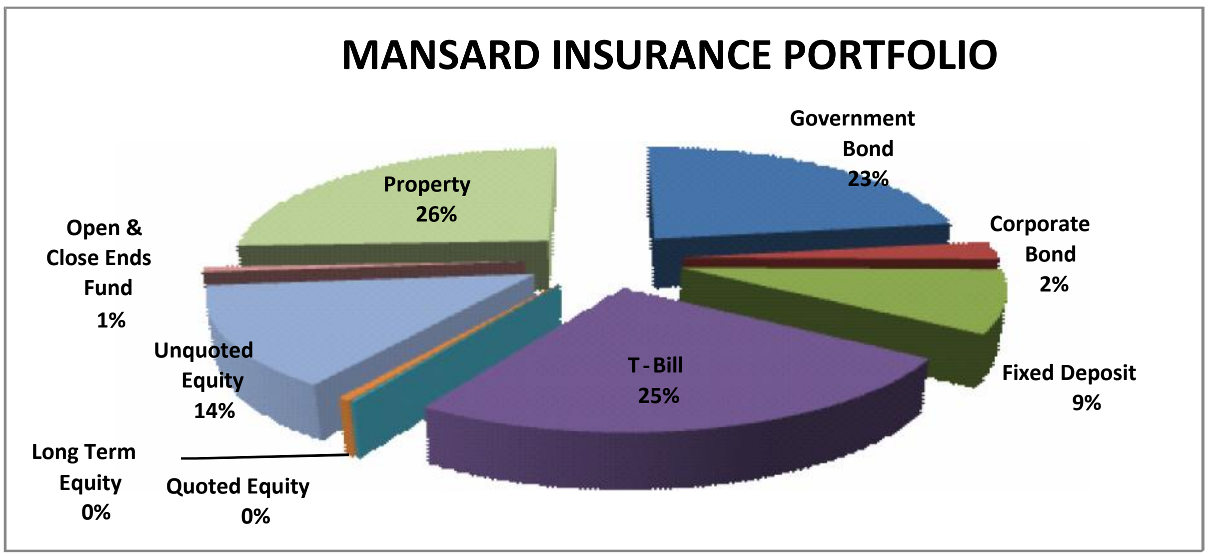
On aggregate, the Company's portfolio was concentrated on Government bonds T bills which accounted for the 53% holdings in government sector whilst other sectors are within the thresholds approved by the board.

Asset allocation analysis: Asset allocation in investment represents Company's investment across all broad classes of assets. In Mansard Insurance, we majorly invest in four broad classes of assets namely:

- Fixed Income – (Bonds)
- Money Market – (Treasury bills, Fixed deposits, Commercial papers, Bankers acceptance)
- Equity – (Quoted and unquoted equities)
- Property

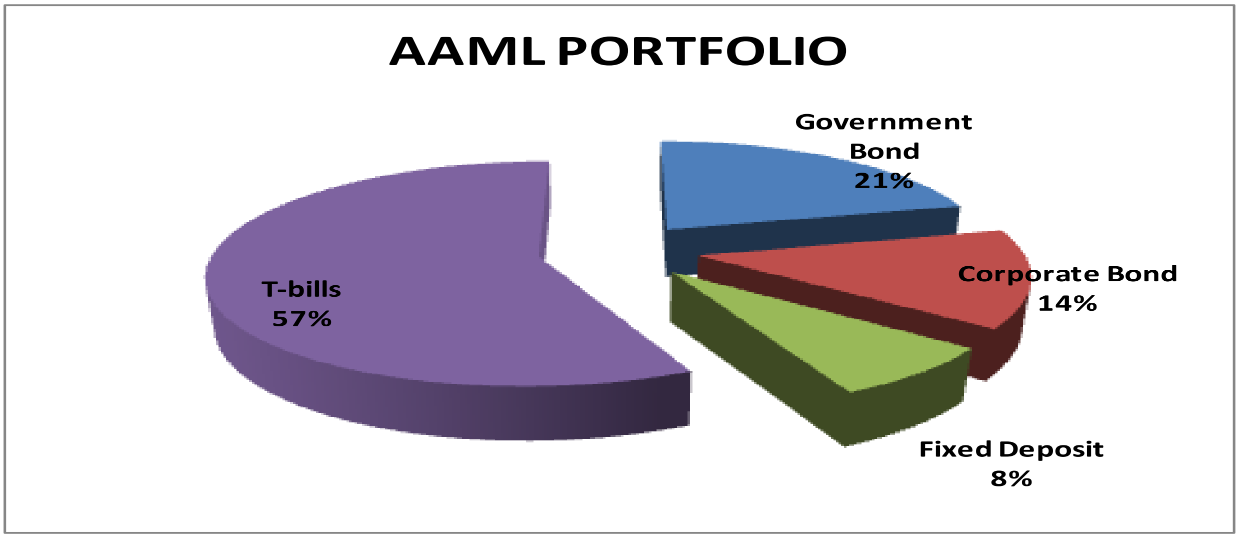
ERM team constantly evaluates and compares asset allocation with asset allocation limits as stated in the Investment Management Guidelines. The exceptions noted with recommendations are communicated to management to guide investment decisions.

The asset allocation as at June 30, 2012 for Mansard Insurance and AAML portfolios is shown below:



The asset allocation depicts a conservative investment strategy where investments in Equity accounted for only 14% of the total portfolio. This aligns with the Company's strategy to optimize the risks and returns of investment portfolios.

Notes to the consolidated interim financial statements



AAML Portfolio asset allocation as at June 30, 2012 illustrated that the portfolio is extremely conservative and the Company is not willing to lose its investment capital. This also reflects the bearish trend noted in the Capital market.

Investment Limits Review: The investment limits as stated in Investment Management Guidelines, depicts the levels of authority necessary to approve investment decisions on different classes of assets. As part of ERM assessment of investment risk, we monitor compliance of relevant approving officer/committee to this limits and report exceptions to management.

Mark to Market analysis: ERM team uses this analytical tool to assess the Company's potential gain or loss as at a particular period, we compare the cost price of assets (the price the asset was bought) with their market price (the current price in the market).

Below is a summary of the analysis carried out by Enterprise-wide risk management function as at June 30, 2012:

Table 3: Assets Marked to Market as at June 30, 2012

TRADING PORTFOLIO	FINANCIAL INSTRUMENTS	COST PRICE	MARKET VALUE	VALUATION GAIN/LOSS
SHAREHOLDER'S FUNDS	EQUITIES	69,287,754	67,762,498	(1,525,257)
LIFE INSURANCE FUND	EQUITIES	51,322,884	50,912,097	(410,787)
LIFE FUND SHF	EQUITIES	32,007,243	30,464,309	(1,542,934)

Asset- Liability Matching: This analysis is carried out to evaluate the Company's liquidity. The ERM team currently conducts asset-liability matching on Deposit Administration (pool of funds from customers) by comparing the market value of the portfolio with customers' contributions as at a particular period.

The market value of the portfolio is the asset which funds the company's financial obligations to pay customers (i.e. amount contributed with interest payable). A positive difference indicates that the asset is adequate and the Company can fulfill its financial obligation with the backing assets whilst a negative difference is an indicator for potential liquidity risk on investment-linked products.

These analyses are done on a weekly and monthly basis and reports are forwarded to the Chief Risk Officer to guide Senior Management Committee's decisions. We are currently reviewing the company's market risk management to measure and monitor this risk.

Market risk

Notes to the consolidated interim financial statements

It requires a sensitivity analysis for each type of market risk to which the entity is exposed. There are three types of market risk: interest rate risk, currency risk and other price risk. Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays.

Risk variables that are relevant to disclosing market risk include, but are not limited to:

(a) The yield curve of market interest rates.

In order to provide a realistic position on the sensitivity of our portfolios to movements in the yield curve, we have considered a parallel shift in the yield curve by 100 basis points (bps) and its attendant effect on our portfolio. The volatility of the Nigerian fixed income and money market makes it imperative to consider a shift of such magnitude as this is likely to provide an accurate estimation of the sensitivity of the various portfolios to a parallel shift in the yield curve.

In specific terms, we have considered the effect of an upward movement in yields by 100 basis points and its attendant effect on our Treasury bill holdings domiciled in our various portfolios. The value of our portfolio at a 100 basis point above the market discount rate provides the mark to market impact of an upward shift in the yield curve on our Treasury bill holdings. The following provides the details of our portfolio sensitivity to an upward parallel shift in the yield curve by 100bps.

As at June 30, 2012, a 100 basis point shift in the yield curve would have reduced the interest income on the various portfolios by the capital loss which would have crystallized in the event of a sale assuming that all other factors remained constant. In absolute terms, the interest income on the various pools (Fixed income, Assur education, Money market, Income & growth, balance pool, strategic growth and dynamic growth) would have reduced by N38,566,121.67. On other portfolios, there would have been a reduction in interest income of:- N13,783,039.72 on the AAML portfolio N85,789,116.32 on the life portfolio, N69,296,600.82 on non-life portfolio and N7,229,780.11 on the APD portfolio.

The asset allocation of most of the portfolios is heavily skewed towards money market instruments specifically treasury bills. This is basically to provide liquidity for the various portfolios following that treasury bills are liquid assets which can readily be exchanged for cash to meet customer obligations promptly. This explains the mark to market value highlighted for the different portfolios reflecting a considerable level of sensitivity to an upward shift in the yield curve by 100bps. However, the total mark to market value remains at a considerate level compare to the total Treasury bill holdings in the various portfolios.

Interest rate risk

Interest rate volatility in the Nigerian financial space is determined by a number of factors which include:

- Inter-bank liquidity
- Inflation
- Monetary policy
  - Monetary policy rate
  - Corridor around the MPR
  - Cash reserve ratio
  - Liquidity ratio
  - Open market operations

Interest rate volatility is usually tied to the above listed factors. In other words, the degree of volatility will always be a function of the above listed variables. In the period under review, open market operations (OMO) contributed to the volatility of short term interest rates following the CBN’s tight monetary stance which required mopping excess liquidity in the inter-bank market. All other policy variables remained constant thereby curbing the volatility in mid-term interest rates.

As at June 30, if interest rates at that date had been 10 basis points lower with all other variables held constant, post-tax profit for the year would have been higher. However the proportion of our portfolio in fixed deposit is quite negligible. As such an upward movement in interest rates by 10bps would not have had a significant impact on our interest income. Similarly, considering that we rarely carry liabilities (except for REPOs) on few occasions, an upward increase in interest rates by 10bps would not have had any significant effect on our income. Similarly if interest rates had been 10 basis points higher, with all other variables held constant, there would have been no significant increase in our interest income. Hence it will be consistent to say that the sensitivity of our portfolio to a 10bps movement in interest rate is somewhat minimal. This therefore means that interest income will only be affected by significant movement in interest rates.

Notes to the consolidated interim financial statements

Currency Risk

The group is subjected to currency risk from foreign exchange risk as a result of the translation of cash and cash equivalent different from the functional currency.

We looked at a possible appreciation and depreciation of the currency by 100bps and 500bps. Again the level of volatility on the Naira informs the band we have considered, as we believe that this will provide a more realistic view on the sensitivity of our dollar denominated portfolios to a possible appreciation or depreciation in the Naira.

As at June 30, 2012 the exchange rate was N163.01/$1. A 1% appreciation in the exchange will lead to an exchange loss of N28, 452.25 on the naira equivalent of $17,340.75 domiciled in the insurance life portfolio. However, a depreciation of 1% on the same notional amount leads to an exchange gain of N 28,277.60. The upper band shows that a 5% appreciation in the exchange will lead to an exchange loss of N28,438.83 while 5% depreciation will lead to an exchange gain of N1,415,400.52. The marginal volume of dollar deposits in the insurance life portfolio seems to be responsible for the low level of sensitivity of the portfolio to a possible appreciation or depreciation of the Naira.

Exchange rate exposures in our equity portfolio have also been considered. We have a dollar denominated equity position (MTN) with a total naira value of N1,598,675,000.00 as at June 30, 2012. Having conducted a sensitivity analysis, we find that 1% appreciation will lead to an exchange loss of N16,083,840.82 while 1% depreciation in the Naira will amount to an exchange gain of N15,985,769.95. A 5% appreciation on the other hand will lead to an exchange loss of N80,026,918.59 while an appreciation of the currency by 5% depreciation will amount to an exchange gain of N79,928,846.39. The significant volume of the dollar denominated asset highlight the sensitivity of the asset to changes in the exchange. The impact is subdued at a 1% change in the exchange given the exchange loss and gain afore mentioned while a 5% change reflects a more substantial level of volatility reflecting the relative exposure of the asset to changes in the exchange rate.

For example, relevant risk variables might include:

(a) Prevailing market interest rates, for interest-sensitive financial instruments such as a variable-rate loan; or

(b) Currency rates and interest rates, for foreign currency financial instruments such as foreign currency bonds.

For interest rate risk, the sensitivity analysis might show separately the effect of a change in market interest rates on:

(a) Interest income and expense;

(b) Other line items of profit or loss (such as trading gains and losses)

The table below represents cash and cash equivalent (cash in hand and bank) as at period end that are subject to currency risk:

	TOTAL	**EUR**	**GBP**	**USD**	**NGN**
Cash and cash equivalents	1,899,858	11,068	94,630	230,000	1,564,160
Equity securities– Available for sale	3,055,790			1,656,056	1,399,734
Equity securities–At fair value through profit or loss	149,187				149,187
Debt securities– Held to maturity	4,219,464				4,219,464
Debt securities–At fair value through profit or loss	5,280,308	55,247			5,225,061
Other financial assets designated at fair value	1,226,797				1,226,797
	15,831,405				

All figures are in thousands of naira)

Operational Risk Management

A summary of the analytical tools that the Company employed in operational risk management analysis are shown below:

Notes to the consolidated interim financial statements

Issue Tracking Report/ Action Plan Report: Issues can surface from the internal self-assessment process, an audit, or regulators requirements. A key result of the self-assessment process is an action plan with assigned responsibilities. This report can contain a recap of major issues, the status of the action plan, and an aging of overdue tasks.

Risk Control & Self-Assessment Register (RCSA): Self-assessments are performed by the business areas at least twice a year and results are aggregated to provide a qualitative profile of risk across the organization and related action items. Severity of the risks identified is compared with previous RCSA risk severity and a trend is ascertained. The register summarizes findings into a "top 20" list of risks facing the institution. These summary results are accompanied by descriptions of the significant gaps and trends, suggestedmitigants, and process owners for each risk.

Risk Maps: Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps can be designed either to show inherent risks or to show the risks after control, the plotted points are color-coded by line of business, and each represents a different risk category. Risks in the upper right are very serious and need to be monitored closely to reduce their severity. High-frequency/low-severity risks create the basis for expected losses and are often subject to detailed analysis focused on reducing the level of losses.

Key Risk Indicators Dashboard: These are numerous measures of actual risks in the business and support functions, such as error rates and control breaks. Summary indicators, related escalation criteria, explanations of any excesses, and identified trends are all important aspects that are tracked. Many indicators are specific to each business unit or process, but some may be common and reported in a consolidated fashion.

Threshold is set by management for each key risk indicators and escalation of indicators above such levels triggers a mitigation response.

Loss events Report: A database for loss event collation named Loss Event Register was developed by the ERM team. This register allows staff to report actual and near-miss (an unplanned event that did not result in injury, illness, or damage – but had the potential to do so) loss events. Summary statistics from the loss event database shall be used to show trends of total losses and mean average loss, with analysis by type of loss and business line.

A summary of the risk reporting framework and measurement systems are shown below:

REPORTING TO	FREQUENCY OF REPORTING	REPORTING FORMAT
Group Heads	Ad-hoc	Issue tracking report
Management Committee Meeting	Half yearly	Risk Control &Self Assessment register ,Risk Map and Key Risk Indicators dashboard
Senior Management	Monthly	Key Risk Indicators
Board Audit and Risk Committees	Half yearly /Quarterly	Key Risk Indicators dashboard, Risk Control Self Assessment register and Risk Map
Board Risk and Audit Committees	Quarterly	Loss events report

Notes to the consolidated interim financial statements

Credit Risk Management

There is an internal risk rating systems for investment counterparties and brokers. The internal risk rating for investment counterparties are guided by current credit risk ratings.

For insurance activities, brokers are graded into categories based on historical performances on default rate, transaction volumes, and emergence period. Furthermore, the Company requires clients to agree payment plans which are documented. This serves as collateral against the risk of default as debt collectors could be employed with such collateral to recover the premium.

Credit Review Reports are given to management on a monthly basis and to the Board Risk Management and Technical Committee on a quarterly basis.

For Insurance activities, report focuses on the credit portfolio, aging analysis, average debtors day and a summary of transactions with payment plans.

Credit risk arising from investment activities are reported on a weekly and monthly basis to management by Enterprise-wide risk management team and the Board is updated on a quarterly basis.

The table below shows the company’s exposure and its rating from Agusto& Co.:

	Amount
Debt securities:	**N'000**
At fair value through profit or loss:	
– Listed securities	5,280,308
– Unlisted securities	-
Available for sale:	
– Listed securities	-
– Unlisted securities	-
Held to maturity:	
– Listed securities	3,511,686
– Unlisted securities	707,778
Equity securities:	
At fair value through profit or loss:	
– Listed securities	149,187
– Unlisted securities	-
Available for sale:	
– Listed securities	451,403
– Unlisted securities	2,604,387
Reinsurance contracts:	
Reinsurance contracts	2,448,533

Notes to the consolidated interim financial statements

AGUSTO RATING

June 30, 2012

Rating Assigned: A+
Outlook: STABLE
Issue date 26 August 2011
Expiry date 30 June 2012
Previous Rating: Aa-

Underwriting Risk Management

The Company has effective means of obtaining pertinent information to identify and measure its exposure to risks inherent in its core activities. Where a risk is not readily quantifiable, for instance, some operational risks, the company will undertake a qualitative assessment that is appropriate to the risk. The estimated risks measures are compared to the company's risk criteria to decide on the priority to be assigned to address each of the risks and the appropriate responses.

Liquidity Risk Management

The Company established a minimum operating liquidity level to maintain a comfortable cushion beyond the minimum statutory requirement (solvency margin), in order to meet cash needs. A desired target maximum for operating liquidity was established to reflect the fact that too much liquidity has a negative effect on earnings. Accordingly, a target range for operating liquidity, stated as a percentage of assets, needs to be established.

The Company looks at the following indicators to monitor its liquidity:

- cash flow needs for the immediate future (one year);
- previous years liquidity fluctuations (at least two years);
- expected increases/decreases in claims payment;
- income requirements for the year;
- volume of risks assumed;
- volume of institutional deposits and large deposits;
- Any other known factors which may have an effect on available liquidity.

Mansard Insurance also implemented investment quality limits using sources of liquidity as a guide, as well as a policy on repo transactions to maintain its liquidity ratio.

Mansard Insurance recognizes that the withdrawal of large deposits due to interest rate competition or customers' investment discretion can significantly impair liquidity and should be avoided. In this regard, the company adopted a policy which requires the identification of deposits held by one client that are over a certain threshold.

4. 3Capital Management

The Group's objectives when managing capital are:

To comply with the insurance capital requirements that the regulators of the insurance markets require; in this respect the Group manages its capital on a basis of 200% of its minimum regulatory capital position presented below.

Management considers the quantitative threshold of 200% sufficient to maximize shareholders' return and to support the capital required to write each of its businesses where the Group operates in order to;

To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

Notes to the consolidated interim financial statements

To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The defined Group capital includes equity and long term borrowing.

The National Insurance Commission (NAICOM), specifies the minimum amount and type of capital that must be held by the group to cover the group insurance liabilities; The minimum required capital (presented in the table below for each of the businesses) must be maintained at all times throughout the year.

The Group is also subject to insurance solvency regulations in all the classes of insurance in which it issues insurance and investment contracts, in which it has complied with all the local solvency regulations. The Group has embedded in its ALM framework a capital adequacy model to tests and ensures continuous and full compliance with such regulations.

The table below summarizes the minimum required capital by the Group and the regulatory capital held against each of them. These figures are an aggregate number, being the sum of the statutory capital and surplus for each insurance business.

	LIFE	**GENERAL BUSINESS**	**TOTAL**
Shareholders Fund	N3.2billion	N11.05billion	N14.25billion
Minimum Regulatory Capital	N2billion	N3billion	N5billion

The Group has different requirements depending on the class of business in which it operates.

The solvency and capital adequacy margins are calculated based on NIACOM letter on, which recognize certain admissible assets and liabilities.

The Group has establish appropriate internal controls to ensure solvency sufficient to cover all of the Group's insurance liabilities, inform the National Insurance Commission annually on the group solvency margin and capital adequacy.

During the period, the Group was compliant with the internally imposed capital requirements in all class of business.

4. 3 Fair Value Hierarchy

At 30 June 2012, investments classified as Level 1 comprise approximately 87.7% of financial assets measured at fair value on a recurring basis. Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities and equity securities.

At 30 June 2012, investments classified as Level 2 comprise approximately 21.7% of financial assets measured at fair value on a recurring basis. They primarily include certain investments portfolio and unquoted equity investments that the market quotes generally are not readily available or accessible for these securities, their fair value measures are determined utilizing relevant information generated by market transactions and portfolio valuation reports from investment and fund managers. They are often based on model pricing techniques that effectively discount prospective cash flows to present value using appropriate sector-adjusted credit spreads commensurate with the security's duration, also taking into consideration issuer-specific credit quality and liquidity. These valuation methodologies have been studied and evaluated by the Company and the resulting prices determined to be representative of exit values.

Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

At 30 June, investments classified as Level 3 comprise approximately 4.99% of financial assets measured at fair value on a recurring basis. They primarily include corporate debt securities, such as private fixed maturities. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

At 30 June, investments classified as Level 3 comprise approximately 4.99% of financial assets measured at fair value on a recurring basis. They primarily include corporate debt securities, such as private fixed maturities. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to

Notes to the consolidated interim financial statements

the overall fair value measurement.

The following table presents the Group's financial assets measured at fair value at 30 June 2012.

(All figures are in thousands of naira)

Asset Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity securities– Available for sale	-	3,055,790	-	3,055,790
Debt securities– Held to maturity	3,529,464		707,778	4,219,464
Equity securities– At fair value through profit and loss	149,187	-	-	149,187
Debt securities– At fair value through income	5,280,308	-	-	5,280,308
Other financial assets designated at fair value	1,161,705	65,091	-	1,226,797
Total	10,102,886	3,120,881	707,778	13,931,547

Notes to consolidated interim financial statements

5.0 Segment Information

The Group is organized into five operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable operating segments by product line consistent with the reports used by the Management Investment and Underwriting Committee. These segments and their respective operations are as follows:

General business: The protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are over a short contractual term. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Life business: Protection of the Group's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Asset Management: Offers a range of investment products domestically and abroad to suit customer's long- and short-term investment needs. Revenue from this segment is derived primarily from fee income, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Property Development:The Group undertakes real estate development project with the aim of outright sale or lease of the properties to meet the needs of individual and corporate bodies. The Group offers various products in real estate to meet client needs while promoting value adding business relationships and utilizes a combination of debt and equity finance to provide funds for projects. Revenue from this segment is derived primarily from fee income, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Corporate and Other: Includes the operation of the Staff Investment Scheme and corporate operations, after allocations to operating segments. Corporate operations consist primarily of corporate-level income and expenses, after allocations to any business segments

Expenses for corporate units that render services for all business segments are initially paid by the general business segment and transfered to other business units at cost price. The expenses are allocated based on service man hours rendered by the corporate units to the various business segments.

The corporate expenses for the following centrally shared services are being apportioned to all business segments in the group:

- System and controls
-Financial control
-Human resources
-Information technology

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

The segment information provided by the Management Underwriting Investment Committee for the reporting segments for the period ended 30 June 2012

	Non-life	Life Business	Asset Management	Property Business	Corporate and others	Elimination adjustments	Total
Gross premium income	6,370,079	1,529,362					7,899,441
-Gross premium earned	4,197,157	-	-	-	-	-	4,197,157
-Insurance premium ceded to re-insurer	(1,810,027)	-	-	-	-	-	(1,810,027)
-Net insurance premium revenue	2,387,131	-	-	-	-	-	2,387,131
-Fee income	154,777	(10,873)	69,814	-	-	-	213,719
- Allocated investment returns	401,217	364,559	49,075	29,513	3,386	-	847,750
- Other operating income	94,577	39,189	439	-	-	(53,089)	81,116
Net income	3,037,702	392,875	119,328	29,513	3,386 -	53,089	3,529,716
-Insurance benefits and claims	1,202,388	-	-	-	-	-	1,202,388
-Insurance claims recovered from re-insurer	(185,627)	-	-	-	-	-	(185,627)
-Net insurance benefits and claims	1,016,761	-	-	-	-	-	1,016,761
-Expenses on the acquisition and maintenance of insurance contracts	547,252	-	-	-	-	-	547,252
- Other expenses	736,916	76,641	50,564	2,994	2,619	-	869,734
Net expenses	2,300,929	76,641	50,564	2,994	2,619	-	2,433,747
Reportable segment profit	736,773	316,234	68,764	26,519	767	(53,089)	1,095,969
Profit before tax	736,773	316,234	68,764	26,519	767	(53,089)	1,095,969
Depreciation and amortisation	108,177	5,474	2,699	9	-	-	116,360
Interest revenue	231,235	207,000	44,512	29,513	3,386	-	515,646
Interest expenses	5,584	-		-	2,280	-	7,864
Income tax expenses	93,540	25,126	8,399	-	-	-	127,066
Total assets	19,088,575	7,809,362	734,308	5,145,169	200,871	-	32,978,286
Total assets includes:							
Investments in subsidiaries	2,707,805	-	-	-	-	-	2,707,805
Treasury shares	-	-	-	-	176,895	-	176,895
Total liabilities	8,083,185	11,005,390	51,989	4,441,188	178,227	-	23,759,980
Total liabilities includes:							
Borrowings	-	-	-	3,712,112	-	-	3,712,112
Net assets	11,005,390	3,261,050	682,319	2,429,460	22,644	(3,281,530)	14,119,333

No single external customer contributed 10 per cent or more of an entity's revenues as at period end.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

The segment information provided by the Management Underwriting Investment Committee for the reporting segments for the period ended 30 June 2011

	Non-Life	Life Business	Asset Management	Property business	Elimination Adjustments	Total
Gross premium	4,585,416	1,516,137				6,101,553
- Gross premium earned	3,113,792	-	-	-	-	3,113,792
- Insurance premium ceded to re-insurer	(1,218,094)	-	-	-	-	(1,218,094)
-*Net insurance premium revenue*	1,895,698					1,895,698
- Allocated investment returns	108,065	45,547	83,394	-	-	237,006
- Fee income	154,761	-	-	-	-	154,761
- Other operating income	161,907	(7,577)	-	-	-	154,330
			-	-	-	
Net income	2,320,431	37,970	83,394	-	-	2,441,795
-Insurance benefits and claims	679,874	-	-	-	-	679,874
-Insurance claims recovered from re-insurer	(59,680)	-	-	-	-	(59,680)
-*Net insurance benefits and claims*	620,194	-	-	-	-	620,194
-Expenses on the acquisation and maintianance of insurance contracts	474,074	-	-	-	-	474,074
- Other expenses	538,767	19,781	44,945	-	-	603,493
Net expenses	1,633,035	19,781	44,945	-	-	1,697,761
Reportable segment profit	687,396	18,189	38,449	-	-	744,033
Profit before tax	687,396	18,189	38,449	-	-	744,033
Depreciation and amortisation						
Interest revenue	205,164	61,201	8,241			274,606
Interest expenses	63	-	-	-	-	63
Income tax expenses	158,056	14,069	16,785	-	-	188,910
Total assets	9,944,439	7,473,063	737,476	5,157,082	-	23,312,060
Total liabilities	5,786,407	4,525,736	35,874	-	-	12,045,778
Net assets	4,158,032	2,947,327	701,602	(5,157,082)	-	11,266,282

No single customer contributed 10 per cent or more of the entity's revenues as at period end.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

6.0 Cash and cash equivalents

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Cash at bank and in hand	781,671	887,448	392,964
Short-term bank deposits	1,118,187	1,719,296	4,977,149
Total	1,899,858	2,606,744	5,370,113

7.0 Financial assets

The Group's financial assets are summarized below by measurement category in the table below.

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Held-to-maturity (see note 7.1 below)	4,219,464	2,942,655	1,665,320
Available-for-sale (see note 7.2 below)	3,055,790	2,868,374	2,944,279
Fair value through profit or loss (see note 7.3 below)	5,429,495	4,533,311	1,948,581
Loans and receivables (See note 8)	3,454,116	1,945,815	1,430,492
Other financial assets at fair value through profit & loss (see note 7.4 below)	1,226,797	1,042,101	846,674
Total financial assets	17,385,663	11,388,386	8,835,346

The current portion of financial assets is N11,940,121,871 (2011: N7,403,694,412) the remaining being non-current. The assets comprised in each of the categories above are detailed in the tables below.

7.1 Held-to-maturity financial assets, at amortised cost

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Debt securities – fixed interest rate:			
– Listed	3,511,686	2,942,655	1,665,320
– Unlisted	707,778	-	-
Total held-to-maturity financial assets	4,219,464	2,942,655	1,665,320

Financial assets held to maturity are not presented on the Group's consolidated interim statement of financial position at their fair value. The fair value of the held-to-maturity assets as at the reporting date is N3,585,068,818

Fair values for held-to-maturity financial assets are based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

At the reporting date, no held-to-maturity assets that were neither past due nor impaired

Held to maturity instruments represent investment in government and corporate bonds as at period end.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

7.2 *Available-for-sale financial assets*

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Equity securities			
– Listed	451,403	1,705	-
– Unlisted	2,604,387	2,866,669	1,558,017
		-	
	3,055,790	2,868,374	1,558,017
Debt securities			
– Listed	-	-	1,386,262
	-	-	1,386,262
Total available-for-sale financial assets	3,055,790	2,868,374	2,944,279

7.3 *Financial assets at fair value through profit or loss*

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Equity securities			
– Listed	149,187	532,424	719,392
	149,187	532,424	719,392
Debt securities:			
– Listed	5,280,308	4,000,887	1,229,189
	5,280,308	4,000,887	1,229,189
Total financial assets at fair value through profit or loss	5,429,495	4,533,311	1,948,581

All debt securities in this category are listed fixed rate government treasury bills.

Equity and debt securities classified at fair value through profit or loss are designated in this category upon initial recognition.

At the reporting date, there were no assets measured at fair value through the profit or loss that were neither past due or impaired

7.4 Other financial assets designated at fair value represents the assets of the GT funds. The assets matches the financial liabilities carried at fair value as at period end (See note 20).These balance comprises liability equity and debt securities classified at fair value through profit or loss which have been designated as such because they are liability-backed.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

8.0 Loans and receivables including insurance receivables

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Insurance receivables			
– Due from contract holders	3,030,071	1,801,954	510,093
– Less provision for impairment of receivables from contract holders	(247,235)	(166,297)	(20,356)
– Due from agents, brokers and intermediaries	203,133	114,720	647,340
– Less provision for impairment of receivables from agents, brokers and intermediaries	(13,760)	(98,126)	(151,217)
– Due from reinsurers	48,754	8,129	32,820
– Less provision for impairment of receivables from reinsurers	(29,499)	(3,904)	(10,006)
	2,991,464	1,656,476	1,008,674
Other loans and receivables			
– Prepayment	296,913	135,504	266,227
– Accrued income	21,839	57,101	41,125
– other loans and receivables	152,088	96,734	114,466
– Less provision for impairment of other loans and receivables	(8,188)	-	-
	462,652	289,339	421,818
Total loans and receivables including insurance receivables	3,454,116	1,945,815	1,430,492

There is no concentration of credit risk with respect to loans and receivables, as the Group has a non-symmetrical portfolio dispersed across many industries in Nigeria.

The movement in provision for impairment of insurance receivables is as follows

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Balance, beginning of the period/year	268,327	181,579	193,574
Additions, during the period	108,776	167,374	44,381
Prior year debts written off during the period	(86,609)	(80,626)	(56,376)
Balance, ending of the period/year	290,494	268,327	181,579

The Group recognised a loss of N8,187,848 (2011: Nil) for the impairment of its other receivables during the year ended 30 June 2012. The loss has been included in other operating expenses in the income statement.

The age analysis of insurance receivables and related provisions as at the end of the period are as follows:

2012

	Receivables	Provisions
0 – 90 days	2,449,794	-
91 – 180 days	496,831	96,949
Above 180 days	336,054	193,545
Total	3,282,679	290,494

2011

	Receivables	Provisions
0 – 90 days	1,400,767	-
91 – 180 days	228,865	85,183
Above 180 days	295,173	183,165
Total	1,924,805	268,348

Notes to consolidated interim financial statements
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2010

	Receivables	Provisions
0 – 90 days	645,120	-
91 – 180 days	161,959	50,129
Above 180 days	383,174	131,450
Total	1,190,253	181,579

9.0 Reinsurance assets

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Reinsurers' share of insurance liabilities	282,527	463,071	137,329
Prepaid re-insurance	2,166,006	785,851	434,162
Total assets arising from reinsurance contracts	2,448,533	1,248,922	571,491
Current	2,448,533	1,248,922	571,491
Non-current	Nil	Nil	Nil

10.0 Pledged assets

Pledged assets represents collaterised treasury bills in respect of the short term borrowing from First Securities Discount House(See note 21 (c))

11.0 Investment properties

	2012 30 Jun	2011 31 Dec	2011 31 Dec
Investment property (see note (a) below)	1,816,458	2,659,464	2,545,335
Investment property under construction (see note (b) below)	3,704,712	2,816,773	1,872,838
Balance as at period end	5,521,170	5,476,237	4,418,173

(a) Investment properties

Investment properties with Glen Maye property	-	861,945	858,368
Investment properties with Barista	1,816,458	1,797,519	1,686,967
Balance as at period	1,816,458	2,659,464	2,545,335

During the period the investment in Glen Maye property was disposed for N900 million. The Group recognised a profit of N38,055,000 (2011: Nil) for the sale of the investment property during the period. The profit has been included in other operating income in the profit or loss.

Investment property with Barista was independently valued by estate valuers at December 2011 on the basis of determining the open market value of the investment property. The open market value of the property was N1,797,539 .

(b) Investment properties under construction

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Balance, beginning of the year	2,816,773	2,816,773	1,872,838
Additions and capital improvements	887,939	-	-
Total	3,704,712	2,816,773	1,872,838

Investment property under development comprises investments made by the Group in landed properties which are being developed for rental income or capital appreciation, or both, and are not to be occupied substantially for use in the operations of the Group. Included in investment property under construction are borrowing cost of N146,855,876.29 capitalised during the period. (2011:Nil).

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

12.0 Deferred acquisition cost

This represents commission on unearned premium relating to the unexpired tenure of risk.

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Cost:			
Deferred Acquisition Cost- Fire	80,285	39,493	23,283
Deferred Acquisition Cost- Gen. Accident	76,897	18,951	16,769
Deferred Acquisition Cost- Motor	84,115	53,274	45,231
Deferred Acquisition Cost- Marine	48,675	34,356	24,840
Deferred Acquisition Cost- Engineering	29,004	17,902	13,483
Deferred Acquisition Cost- Oil & Gas	51,010	20,043	13,706
Deferred Acquisition Cost- Aviation	10,090	12,638	7,730
Total	380,076	196,657	145,042

13.0 Intangible assets

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Cost:			
Balance beginning of the period	131,447	104,947	99,085
Additions	29,189	26,500	5,862
Balance end of the period	160,636	131,447	104,947
Amortization:			
Balance beginning of the period	89,750	77,293	64,901
Amortisation charge	9,688	12,457	12,392
Accumulated amortisation and impairment ending of the period	99,438	89,750	77,293
Closing net book amount	61,198	41,697	27,654

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

14.0 Property and equipment

(a)

	LAND	BUILDING	MOTOR VEHICLES	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	FURNITURE & FITTINGS	TOTAL
Cost or valuation							
Balance, beginning of year	389,664	428,669	367,521	200,933	124,536	240,711	1,752,034
Additions	-		119,330	37,457	28,135	73,040	257,962
Reclassifications	-		-	-	-	-	-
Disposals	-		(29,072)	(134)	-	-	(29,207)
Balance, end of year	389,664	428,669	457,779	238,256	152,671	313,751	1,980,790
Accumulated depreciation							
Balance, beginning of year	-	2,143	203,298	133,529	51,817	73,348	464,135
Charge for the year	-	4,287	42,208	20,899	12,558	26,712	106,664
Disposals	-		(21,702)	(90)	-	-	(21,791)
Balance, end of year	-	6,430	223,804	154,338	64,375	100,060	549,004
Net book value							
At 30 June 2012	389,664	422,239	233,975	83,918	88,296	213,691	1,431,785
At 31 December 2011	389,664	426,526	164,222	67,405	72,719	167,362	1,287,897

i. No leased assets are included in the above property and equipment account (31 December 2011:Nil)

ii. The Group had no capital commitments as at the end of the period (31 December 2011: Nil)

iii. The Group's land and buildings were last revalued at 31 December 2011 by independent valuers for N922,536,000. Valuations were made on the basis of open market value. As at the reporting date land is being carried at cost.

Notes to consolidated interim financial statements
In thousands of Nigerian Naira

(b) Property and equipment

	LAND	BUILDINGS	MOTOR VEHICLES	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	FURNITURE & FITTINGS	TOTAL
Cost or valuation							
Balance, beginning of year	-	-	276,823	166,880	85,873	158,281	687,857
Additions	389,664	428,669	109,256	39,788	39,486	88,817	1,095,680
Disposals	-	-	(18,558)	(5,735)	(823)	(6,387)	(31,503)
Balance, end of year	389,664	428,669	367,521	200,933	124,536	240,711	1,752,034
Accumulated depreciation							
Balance, beginning of year	-	-	150,639	101,337	32,792	40,113	324,881
Charge for the year	-	2,143	73,296	37,900	19,540	33,700	166,577
Write back of previous depreciation	-	-	(2,541)	-	-	-	(2,541)
Disposals	-	-	(18,095)	(5,707)	(516)	(464)	(24,782)
Balance, end of year	-	2,143	203,299	133,530	51,816	73,349	464,135
Net book value							
At 31 December 2011	389,664	426,526	164,222	67,403	72,720	167,362	1,287,899
At 1 January 2011	-	-	126,184	65,543	53,081	118,168	362,976

i. No leased assets are included in the above property and equipment account (1 January 2011: Nil)

ii. The Group had no capital commitments as at the balance sheet date (1 January 2011: Nil). As at the reporting date land is being carried at cost.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

15.0 Statutory deposit

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003.

	Jun 2012	Dec 2011	Jan 2011
Statutory deposit	500,000	500,000	500,000
	500,000	500,000	500,000

16.1 Share capital:

Share capital comprises:	Jun 2012	Dec 2011	Jan 2011
(a) Authorized:			
10,000,000,000 Ordinary shares of 50k each (2011: 10,000,000,000 ordinary shares of 50k each)	5,000,000	5,000,000	5,000,000
(b) Issued and fully paid:			
10,000,000,000 Ordinary shares of 50k each (2008: 8,750,000,000 ordinary shares of 50k each)	5,000,000	5,000,000	5,000,000

(i) General Business

Issued and fully paid:	Jun 2012	Dec 2011	Jan 2011
8,000,000, 000 Ordinary shares of 50k each (2011: 8,000,000,000 Ordinary shares of 50k each)	4,000,000	4,000,000	-

(ii) Life Business

Issued and fully paid:	Jun 2012	Dec 2011	Jan 2011
2,000,000,000 Ordinary shares of 50k each (2011: 2,000,000,000 Ordinary shares of 50k each)	1,000,000	1,000,000	1,000,000

16.2 Share premium

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

16.3 Other regulatory reserves

In accordance with Section 21 (1) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

The movement in this account during the year is as follows:

	Jun 2012	Dec 2011	Jan 2011
Balance, beginning of year	1,241,011	988,223	745,687
Transfer from profit and loss	218,028	252,788	242,534
Balance, end of year	1,459,039	1,241,011	988,221

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

(i) General Business

	Jun 2012	Dec 2011	Jan 2011
Balance, beginning of year	1,074,930	845,819	623,991
Transfer from profit and loss	190,825	229,111	221,826
Balance, end of year	1,265,755	1,074,930	845,817

(ii) Life Business

	Jun 2012	Dec 2011	Jan 2011
Balance, beginning of year	166,081	142,404	121,696
Transfer from profit and loss	27,203	23,677	20,708
Balance, end of year	193,284	166,081	142,404

16.4 Capital reserve

The Company's issued and fully paid capital was reconstructed by a special resolution at its Board meeting on 18th October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid capital will stand at N2,500,000,000 divided into 5,000,000,000 Ordinary shares at 50k each with the surplus nominal value arising from the reconstruction being transferred to the Company's capital reserve account. The reconstruction was sanctioned by the Federal High Court of Nigeria, Lagos on 31st October 2007 and registered by the Corporate Affairs Commission on 18th December 2007. The balance on the capital reserve was allocated between the non-life business and life business segments in the proportion of their share capital, as follows:

	Jun 2012	Dec 2011	Jan 2011
Life business segment	1,000,000	1,000,000	1,000,000
Non-life business segment	1,500,000	1,500,000	1,500,000
	2,500,000	2,500,000	2,500,000

16.5 Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company

16.6 Regulatory risk reserves (life fund)

Regulatory reserves represents actuarial valuation surplus on the life fund not available for distribution to the shareholders in compliance with the Insurance Act of 2003 which requires a maximum of 40% of actuarial surplus to be available for distribution to the shareholders.

16.7 Regulatory reserves (premium receivables)

Regulatory reserves (premium receivables) represents the excess of the regulatory impairment for premium receivable over the impairment model required by IFRS not distributable to the shareholders as at period end.

	Jun 2012	Dec 2011	Jan 2011
NGAAP Impairment	483,649	355,108	255,650
IFRS Impairment	(290,494)	(166,297)	(20,356)
Balance per regulatory risk reserves	193,155	188,811	235,294
Balance, beginning of the period/year	86,781	74,071	52,331
Additions during the year/period	106,374	12,710	21,740
Balance, end of the period/year	193,155	86,781	74,071

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

17.1 Treasury shares

Treasury shares represent the actual cost of 153,336,758 ordinary shares of the Company (2011: 153,336,758) held by the Staff Share Incentive Scheme as at 30 June 2012.

The total amount of paid to acquire the shares, net of income tax, was N176,895,484.68 and has been deducted from shareholders' equity. The shares are held as treasury shares. The Company has the right to re-issue these shares at a later date. All shares issued by the Company were fully paid.

17.2 Available for Sale Reserves

Movements in the retained earnings reserve

	2012 30 Jun	2011 31 Dec	2011 1 Jan
At beginning of the year	877,997	711,823	-
Fair value loss on available for sale bonds	-	58,808	(97,451)
Fair value (loss)/gain on available for sale shares	61,370	148,208	809,276
Fair value gains on shares held by the SIT scheme reversed	-	(40,843)	
Exchange gains on AFS instruments	96,100	-	-
Total other reserves at 30 June	1,035,467	877,997	711,823

18.0 Non-controlling interests

Non controlling interest represents 44.3% (1,882,725 ordinary shares) of the equity holding of the Company's subsidiary APD Limited which was sold to Karsang Limited in prior period for a purchase consideration of N304,075,804.

The movement in Non controlling interest

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Balance beginning of the year	304,076	-	-
Shares transferred during the period	-	304,076	-
Transfer from the profit and loss account	11,748	-	-
Balance as at period end	315,824	304,076	-

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

19.0 Insurance liabilities

	2012 30 Jun	2011 31 Dec	2011 1 Jan
– Claims reported and loss adjustment expenses (See note 19.2)	985,372	1,300,801	671,196
– Claims incurred but not reported	361,108	287,220	235,810
– Unearned premiums (See note 19.3)	4,479,130	2,311,448	1,571,682
Life fund (See note 19.4)	663,827	562,710	793,902
Total insurance liabilities, gross	6,489,437	4,462,179	3,272,590
Recoverable from reinsurers			
Short-term insurance contracts			
– Claims reported and loss adjustment expenses	189,143	146,942	137,329
– Claims incurred but not reported	93,384	14,694	-
Total reinsurers' share of insurance liabilities (See note 9)	282,527	161,636	137,329
Net short-term insurance contracts:	6,206,911	4,300,543	3,135,261
Current	5,825,610	3,899,469	2,478,688
Non-current	663,827	562,710	793,902

The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation.

19.1 Development claim tables

In addition to scenario testing, the development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated balance sheet.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Engineering

Accident Period	Development 0	1	2	3	4	5	6
2005	-	1,266	1,266	1,266	1,266	1,266	1,266
2006	1,214	11,622	11,649	11,649	11,649	11,649	
2007	32,843	43,872	46,969	46,981	48,616		
2008	12,703	98,111	98,461	98,524			
2009	25,794	45,495	47,432				
2010	7,554	107,066					
2011	20,133						

General Accident

Accident Period	Development 0	1	2	3	4	5	6
2005	8,766	9,854	9,886	9,911	9,911	9,911	9,911
2006	10,916	23,922	25,664	29,169	29,799	30,133	
2007	26,260	62,575	76,785	79,743	81,891		
2008	83,607	155,616	171,885	185,087			
2009	36,586	127,651	150,966				
2010	90,446	162,770					
2011	66,488						

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Marine Cargo

Accident Period	Development 0	1	2	3	4	5	6
2005	218	534	1,137	2,168	2,168	2,168	2,168
2006	10,512	14,006	14,006	14,890	14,890	14,890	
2007	5,091	42,503	46,775	49,351	49,351		
2008	3,484	15,487	15,893	15,968			
2009	11,508	32,314	42,320				
2010	64,164	89,054					
2011	62,841						

1,698

Marine Hull

Accident Period	Development 0	1	2	3	4	5	6
2005	-	0	0	0	0	0	0
2006	1,021	1,913	1,913	1,913	1,913	1,913	
2007	9,076	13,537	13,845	13,845	13,845		
2008	104	104	104	104			
2009	10,187	25,424	25,801				
2010	13,976	15,305					
2011	8,010						

Notes to consolidated interim financial statements
In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Motor - Attritional

Accident Period	Development Quarter 0	1	2	3	4	5	6	7	8	9	10	11	12
2005 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-
2005 Q2	-	-	-	-	-	29	29	29	29	29	29	29	29
2005 Q3	-	363	363	363	363	363	363	363	363	363	363	363	363
2005 Q4	6,918	6,988	7,807	8,377	8,965	8,967	8,967	8,967	8,967	8,967	8,967	8,967	8,967
2006 Q1	9,891	10,737	11,450	11,468	11,468	11,468	11,468	12,238	12,238	12,238	12,238	12,238	12,238
2006 Q2	12,014	19,253	21,497	21,610	21,610	21,945	21,968	21,968	21,968	21,968	21,968	21,968	21,968
2006 Q3	12,244	17,301	19,680	21,538	21,538	21,538	21,564	21,564	21,564	21,564	21,564	21,564	21,564
2006 Q4	14,369	20,250	21,853	25,563	25,622	25,622	25,677	25,677	25,677	25,677	25,677	25,677	25,677
2007 Q1	25,853	37,121	42,116	43,359	43,547	43,558	43,558	47,808	47,808	49,408	49,424	49,424	49,424
2007 Q2	22,068	32,872	43,354	43,621	45,684	46,279	46,279	46,292	47,837	47,837	47,837	47,837	47,837
2007 Q3	26,815	33,454	36,995	37,848	37,889	37,889	41,139	41,139	41,139	41,139	41,139	41,139	41,139
2007 Q4	28,764	44,523	49,121	50,669	50,691	50,961	51,048	51,048	51,048	51,048	51,048	51,048	51,048
2008 Q1	40,785	60,676	70,582	71,756	72,187	72,520	72,520	73,407	73,407	73,480	73,495	73,495	73,680
2008 Q2	49,184	70,355	78,441	83,493	85,237	85,547	85,874	86,231	86,250	86,256	87,546	87,876	87,891
2008 Q3	33,035	52,852	59,365	65,016	65,016	65,218	65,354	65,450	65,497	65,864	65,864	66,468	66,468
2008 Q4	45,087	60,184	69,015	72,304	72,627	72,697	73,103	73,321	73,321	76,711	78,629	78,936	78,936
2009 Q1	61,653	77,269	79,457	82,114	82,442	83,199	83,611	83,611	83,611	83,611	83,611	83,611	
2009 Q2	69,969	84,786	90,264	94,375	97,120	97,252	97,427	97,565	98,001	98,001	98,001		
2009 Q3	72,657	93,394	95,014	99,014	99,134	99,146	99,543	99,543	99,543	99,543			
2009 Q4	101,591	130,764	137,337	137,808	141,206	141,966	146,495	146,495	146,495				
2010 Q1	97,976	128,478	130,184	130,990	132,624	133,586	135,171	136,462					
2010 Q2	112,863	145,047	162,111	172,705	173,180	173,180	173,420						
2010 Q3	92,707	117,938	122,287	125,489	127,849	127,909							
2010 Q4	134,692	173,880	187,478	191,098	192,834								
2011 Q1	117,602	153,473	161,617	161,708									
2011 Q2	139,710	168,263	179,767										
2011 Q3	131,359	171,025											
2011 Q4	112,133												

Notes to consolidated interim financial statements
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Claims Paid Triangulations as at December 2011

Motor - Attritional (cont.d)

Development Quarter														
13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	29	29	29	29	29	29	29	29	29	29	29	29	29	
363	363	363	363	363	363	363	363	363	363	363	363	363		
8,967	8,967	8,967	8,967	8,967	8,967	8,967	8,967	8,967	8,967	8,967	8,967			
12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238				
21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968					
21,564	21,564	21,564	21,564	21,564	21,564	21,564	21,564	21,564						
25,677	25,677	25,677	25,677	25,677	25,677	25,677	25,677							
50,878	50,878	50,878	50,878	50,878	50,878	52,878								
47,837	47,837	47,837	47,837	47,837	47,837									
41,139	41,139	41,139	41,139	41,139										
51,048	51,048	51,048	51,048											
73,680	73,680	73,768												
87,891	87,999													
66,468														

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Motor - Large

	Development Quarter												
Accident Period	0	1	2	1,698	4	5	6	7	8	9	10	11	12
2005 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-
2005 Q2	-	-	-	-	-	-	-	-	-	-	-	-	-
2005 Q3	-	-	-	-	-	-	-	-	-	-	-	-	-
2005 Q4	-	-	-	-	-	-	-	-	-	-	-	-	-
2006 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-
2006 Q2	-	-	10,970	10,970	10,970	10,970	10,970	10,970	10,970	10,970	10,970	10,970	10,970
2006 Q3	-	5,212	5,212	5,212	5,212	5,212	5,212	5,212	5,212	5,212	5,212	5,212	5,212
2006 Q4	6,592	6,592	11,755	11,755	11,755	11,755	11,755	11,755	11,755	11,755	11,755	11,755	11,755
2007 Q1	3,192	16,293	22,717	22,717	22,717	24,518	24,518	24,518	24,518	24,518	24,518	24,518	24,518
2007 Q2	7,572	13,964	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249
2007 Q3	6,459	46,142	52,091	52,091	52,091	52,091	52,091	52,091	52,091	52,091	52,091	52,091	52,091
2007 Q4	22,946	43,857	43,857	43,961	44,660	44,660	44,660	44,660	44,660	44,660	44,660	44,660	44,660
2008 Q1	21,239	31,035	31,035	31,035	31,035	31,035	31,035	31,035	31,035	31,035	31,035	31,035	31,035
2008 Q2	12,963	40,892	58,619	68,595	68,595	68,595	68,595	68,595	68,595	68,595	68,595	68,595	68,595
2008 Q3	21,410	41,027	41,027	41,027	41,027	41,027	41,027	41,027	41,027	41,027	41,027	41,027	41,027
2008 Q4	11,747	22,484	22,484	28,571	28,571	28,571	28,571	28,571	28,571	28,571	28,571	28,571	28,571
2009 Q1	39,761	51,538	52,265	70,057	70,057	70,057	70,057	70,057	70,057	70,057	70,057	70,057	
2009 Q2	5,443	5,443	5,443	5,443	5,443	5,443	5,443	5,443	5,443	5,443	5,443		
2009 Q3	19,707	21,220	21,220	21,220	21,220	26,231	34,969	34,969	34,969	34,969			
2009 Q4	15,494	40,425	48,383	57,552	57,552	57,552	57,552	57,552	57,552				
2010 Q1	32,410	57,732	61,428	72,112	72,418	74,102	74,203	74,203					
2010 Q2	9,286	17,306	17,382	17,382	17,382	17,382	23,386						
2010 Q3	24,355	24,355	24,355	24,355	24,355	24,355							
2010 Q4	16,644	46,550	54,241	69,215	69,215								
2011 Q1	27,717	33,854	35,393	35,393									
2011 Q2	22,786	22,786	22,786										
2011 Q3	5,201	12,129											
2011 Q4	19,977												

Notes to consolidated interim financial statements
In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Motor - Large (cont.d)

Development Quarter

13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-				
10,970	10,970	10,970	10,970	10,970	10,970	10,970	10,970	10,970	10,970					
5,212	5,212	5,212	5,212	5,212	5,212	5,212	5,212	5,212						
11,755	11,755	11,755	11,755	11,755	11,755	11,755	11,755							
24,518	24,518	24,518	24,518	24,518	24,518	24,518								
20,249	20,249	20,249	20,249	20,249	20,249									
52,091	52,091	52,091	52,091	52,091										
44,660	44,660	44,660	44,660											
31,035	31,035	31,035												
68,595	68,595													
41,027														

Notes to consolidated interim financial statements
In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Fire - Attritional

Accident Period	Development Quarter 0	1	2	3	4	5	6	7	8	9	10	11	12
2005 Q1	-	-	-	-	-	-	-	134	134	134	134	134	134
2005 Q2	-	-	72	72	72	72	72	72	72	72	72	72	72
2005 Q3	87	87	87	87	87	87	87	87	87	87	87	87	87
2005 Q4	24	24	96	96	96	96	96	96	96	96	96	96	96
2006 Q1	176	246	407	773	1,890	1,890	1,890	1,890	1,890	2,009	2,009	2,009	2,009
2006 Q2	0	553	1,666	2,144	2,359	2,359	2,359	2,359	2,359	2,359	2,359	2,359	2,359
2006 Q3	189	1,451	2,098	2,122	2,757	3,115	3,131	3,149	3,149	3,149	3,149	3,149	3,149
2006 Q4	54	824	872	1,132	1,591	2,193	2,193	2,636	2,636	2,653	2,653	2,667	2,822
2007 Q1	0	660	1,237	4,012	4,815	4,850	5,506	5,506	5,506	5,506	5,573	5,573	5,573
2007 Q2	239	602	1,151	2,953	3,221	3,707	4,120	4,209	4,836	4,836	4,936	4,936	4,936
2007 Q3	176	490	1,652	5,025	5,078	5,137	5,225	5,225	5,423	5,423	5,446	5,446	5,573
2007 Q4	0	50	1,537	2,402	2,450	3,154	3,159	3,661	3,661	3,669	3,669	3,669	3,669
2008 Q1	288	1,906	2,931	3,920	4,725	5,080	5,080	5,136	5,185	5,185	5,185	5,280	5,312
2008 Q2	89	366	1,061	1,506	1,710	1,822	1,822	2,075	2,089	2,273	2,449	2,461	3,107
2008 Q3	572	972	2,168	2,218	2,804	4,031	4,920	5,059	5,104	5,112	5,789	5,895	5,902
2008 Q4	205	411	870	918	2,414	2,418	2,467	2,480	3,062	3,062	3,062	3,367	3,367
2009 Q1	120	1,841	2,276	2,747	3,517	4,590	4,699	4,712	4,887	4,971	5,652	5,652	
2009 Q2	295	2,016	3,076	4,261	4,615	5,443	5,443	6,218	6,320	6,530	6,549		
2009 Q3	1,019	2,671	3,896	4,854	5,133	5,197	5,308	5,308	5,308	5,308			
2009 Q4	439	2,320	3,244	4,509	4,520	4,777	4,786	6,368	6,368				
2010 Q1	829	2,675	3,410	3,951	4,938	4,938	5,296	5,325					
2010 Q2	-	849	2,540	3,624	5,051	5,284	6,367						
2010 Q3	3,314	4,147	5,268	6,106	6,615	6,746							
2010 Q4	162	498	2,303	3,832	3,832								
2011 Q1	2,366	7,150	10,425	12,381									
2011 Q2	1,093	5,387	6,716										
2011 Q3	1,161	1,822											
2011 Q4	869												

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Fire - Attritional cont.d

Development Quarter														
13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
134	134	134	134	134	134	134	134	134	134	134	134	134	134	134
72	72	72	72	72	72	72	72	72	72	72	72	72	72	
87	87	87	87	87	87	87	87	87	87	87	87	87		
96	96	96	96	96	96	96	96	96	96	96	96			
2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009				
2,859	2,859	2,859	2,859	2,859	2,859	2,859	2,859	2,859	2,859					
3,149	3,149	3,149	3,251	3,251	3,251	3,251	3,251	3,251						
2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822							
5,573	5,573	5,573	5,573	5,573	5,573	5,573								
4,936	4,936	4,936	4,955	4,955	4,955									
5,573	5,573	5,573	5,585	5,640										
3,679	3,791	3,807	3,807											
5,500	5,511	5,511												
3,107	3,341													
5,902														

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Fire - Large

	Development												
Accident Period	0	1	2	1,698	4	5	6	7	8	9	10	11	12
2005 Q1	-	-	-	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939
2005 Q2	-	-	-	-	-	-	-	-	-	-	-	-	-
2005 Q3	-	-	-	-	-	-	-	-	-	-	-	-	-
2005 Q4	-	-	-	-	-	-	-	-	-	-	-	-	-
2006 Q1	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212
2006 Q2	-	-	2,205	2,205	2,205	2,205	2,205	2,205	2,205	2,205	2,205	2,205	5,357
2006 Q3	10,206	10,206	10,206	10,206	10,206	10,206	11,212	11,212	11,212	11,212	11,212	11,212	11,212
2006 Q4	3,375	4,399	4,399	4,399	5,299	5,299	5,299	5,299	5,299	5,299	5,299	5,299	5,299
2007 Q1	-	-	-	-	5,990	7,398	7,398	24,891	24,891	24,891	24,891	24,891	24,891
2007 Q2	-	630	630	630	630	630	630	630	630	630	630	630	630
2007 Q3	43	329	3,050	4,297	4,297	5,687	5,687	5,687	5,687	5,687	5,687	5,687	5,687
2007 Q4	7,510	7,556	7,556	7,556	7,556	14,881	18,775	18,775	21,244	21,329	21,329	21,329	21,329
2008 Q1	-	-	834	834	5,312	5,312	5,312	5,312	5,312	5,312	5,312	5,312	5,312
2008 Q2	-	-	-	-	-	-	-	-	43	43	4,844	7,405	7,405
2008 Q3	-	-	-	-	-	-	-	-	-	-	-	-	-
2008 Q4	-	2,152	2,152	2,152	3,211	6,509	7,744	10,264	10,264	10,264	10,264	10,264	10,264
2009 Q1	6,000	31,288	31,288	31,288	31,288	31,288	31,288	31,288	31,288	31,288	31,288	31,288	
2009 Q2	4,868	9,450	13,303	15,652	15,652	15,652	15,652	15,652	15,652	15,652	15,652		
2009 Q3	-	-	-	1,378	1,378	1,378	3,037	3,037	3,037	3,037			
2009 Q4	1,440	2,976	2,976	2,976	2,976	2,976	2,976	2,976	2,976				
2010 Q1	1,046	1,046	14,567	17,770	31,331	31,331	31,331	31,331					
2010 Q2	8,795	13,913	25,529	26,500	26,500	29,028	29,028						
2010 Q3	-	-	2,107	2,107	2,107	24,291							
2010 Q4	904	3,766	7,087	7,087	7,087								
2011 Q1	-	15,808	20,108	20,108									
2011 Q2	8,585	21,300	34,716										
2011 Q3	6,402	21,402											
2011 Q4	3,000												

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Claims Paid Triangulations as at December 2011

Fire - Large cont.d

Development Quarter														
13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-	-			
1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212				
5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357	5,357					
11,212	11,212	11,212	11,212	11,212	11,212	11,212	11,212	11,212						
5,299	5,299	5,299	5,299	5,299	5,299	5,299	5,299							
24,891	24,891	24,891	24,891	24,891	24,891	24,891								
630	630	630	630	630	630									
5,687	5,687	5,687	5,687	5,687										
21,329	21,329	21,329	21,329											
5,312	5,312	5,312												
7,405	7,405													
-														

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

19.2 – Claims reported and loss adjustment expenses

	2012 30 Jun	2011 31 Dec	2011 1 Jan
General	707,662	679,006	577,218
Life	277,710	621,795	93,978
	985,372	1,300,801	671,196

The age analysis Claims reported and losses adjusted for short term insurance contracts

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Days			
0 - 90	243,682	96,935	175,092
91 -180	96,439	62,473	98,250
181-270	68,125	147,728	100,255
271-360	71,792	76,100	53,609
361 and above	227,624	295,770	150,013
	707,662	679,006	577,218

The age analysis Claims reported and losses adjusted for life contracts

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Days			
0 - 90	56,911	8,768	38,839
91 -180	49,382	8,505	11,064
181-270	27,250	33,012	9,471
271-360	40,038	32,847	34,604
361 and above	104,129	538,663	
	277,710	621,795	93,978

	Outstanding 30 Jun 12	IBNR 30 Jun 12	Claims 30 Jun 12	Claims 31 Dec 11	Claims 1 Jan 11
Fire	105,084	81,887	186,972	174,107	145,837
General accidents	204,474	65,312	269,785	241,477	217,257
Motor	251,020	43,177	294,197	264,779	176,973
Marine	49,467	46,608	96,075	85,060	67,029
Engineering	43,094	51,519	94,613	83,599	130,772
Energy	48,595	65,449	114,044	106,438	68,096
Aviation	5,928	7,157	13,085	10,145	5,754
Total	707,662	361,108	1,068,771	965,606	811,718

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Life Business
– Claims reported and loss adjustment expenses

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Provision for the year	277,710	621,795	93,978

19.3 Long term insurance contract and unearned premium

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Unearned premium	4,479,130	2,311,447	1,571,682
Life fund	663,827	562,863	793,902
	5,142,957	2,874,310	2,365,584

General Business
The movement in unearned premium during the year was as follows:

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Balance, beginning of year	2,311,447	1,571,682	1,248,266
Increase in unearned premium (see Note 24)	2,167,683	739,765	323,416
Balance, end of period	4,479,130	2,311,447	1,571,682

19.4 Life Business

The movement in life fund during the year was as follows:

	2012 30 Jun	2011 31 Dec	2011 1 Jan
Balance, beginning of year	562,863	793,902	347,057
Transfer from revenue account	140,153	(217,803)	450,839
	703,016	576,099	797,896
Shareholders share of Life Fund valuation surplus	(39,189)	(17,373)	(3,994)
Transfer from annuity account	-	4,137	-
Balance, end of period	663,827	562,863	793,902

Notes to consolidated interim financial statements
In thousands of Nigerian Naira

19.5 *Movement in claims and adjustments expenses*

	Jun 2012			Dec-11		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
As at the beginning of the year						
Notified claims	1,300,801	(146,941)	1,153,860	671,196	(124,845)	546,351
Incurred but not reported	287,220	(14,694)	272,526	235,810	(12,484)	248,294
Total at beginning of period/year	1,588,021	(161,635)	1,426,386	907,006	(137,329)	794,645
Cash paid for claims settled in period/year						
Increase in liabilities :	(1,621,380)	279,011	(1,342,369)	(1,155,995)	287,273 -	1,443,268
Total at end of period/year	(1,621,380)	279,011	(1,342,369)	(1,155,995)	287,273 -	1,443,268
Notified claims	1,305,951	(399,902)	906,049	1,785,600	(311,580)	2,097,180
Incurred but not reported	73,888		73,888	51,410		51,410
Total at end of period/year	1,346,480	(282,527)	1,063,953	1,588,021	(161,636)	1,499,967

Provisions for unearned premiums and unexpired short term insurance risks

	2012			2011		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Unearned premium provision						
At beginning of year	2,311,448	785,851	1,525,597	1,571,682	434,162	1,137,520
Increase in the period/year	2,167,682	1,381,230	786,453	739,766	351,689	388,077
Release in the period/year	-	-	-	-	-	-
At end of period/year	4,479,130	2,167,081	2,312,050	2,311,448	785,851	1,525,597

(a) These provisions represent the liability for short-term insurance contracts for which the Group's obligations are not expired at year-end. The unexpired risk provision relates is Nil (2011: Nil) as the group does not expect to pay claims in excess of the related unearned premium provision during the period

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

20.1 Investment Contract Liabilities

At amortised cost

	Jun 2012	Dec 2011	Jan 2011
Deposit administration	1,802,542	1,513,107	971,979
Annuity funds	-	-	4,011
	1,802,542	1,513,107	975,990

The movement in deposit administration during the year can be divided into interest-linked, unitized and annuity funds. The movements in these three categories of deposit administration during the year were as follows:

The movement in interest-linked funds during the year was as follows:

	Jun 2012	Dec 2011	Jan 2011
Balance, beginning of period/ year	1,640,686	972,485	535,084
Contributions and interest charge for the period/year	1,160,849	1,689,735	1,182,099
Interest and withdrawals during the period/year	(998,993)	(1,149,122)	(745,204)
Balance, end of year	1,802,542	1,513,098	971,979

20.2 The movement in unitised funds during the year was as follows:

	Jun 2012	Dec # 2011	Jan 2011
Balance, beginning of period/year	1,042,101	846,674	580,010
Contributions	198,707	890,522	768,771
Withdrawals	(14,011)	(695,095)	(502,107)
Balance, end of period/year	1,226,797	1,042,101	846,674

The movement in annuity funds during the year was as follows:

	Jun 2012	Dec 2011	Jan 2011
Balance, beginning of period/year	-	4,011	-
Contributions	-	126	4,011
Transfer to life fund	-	(4,137)	-
Balance, end of period/year	-	-	4,011

21 Borrowing

	Jun 2012	Dec 2011	Jan 2011
Bank Loan (a)	2,281,606	-	-
Loan note (b)	995,078	-	-
Short term borrowing (c)	435,429		
Total borrowings	3,712,112	-	-
Current portion	499,435	-	-
Non-current portion	3,212,678	-	-

The fair value of the non current borrowings are as follows:

	Jun 2012	Dec 2011	Jan 2011
Bank Loan	2,115,899	-	-
Loan note	922,432	-	-
			-
Total borrowings	3,038,331	-	-

(a) Bank borrowing represents N2,240,000,000 (2011: Nil) facility granted to APD Ltd. by GTBank Plc payable in 5 years commencing April 2012. Interest is payable quarterly at an average rate of 90 days NIBOR less a spread of 100 basis point subject to a floor of 15% resulting to an effective interest rate of 18.5% and the principal is due at maturity in April 2017 . A equitable mortgage on the Group's investment property under construction (See note 11) was used to secure the borrowing.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

(b) Loan represents N912,227,414.39 unsecure facility granted to APD by Karsang Limited payable in 7 year commencing November 2011. Interest is payable quarterly at an effective rate of 15% and the principal due at maturity in November 2018.

(c) Short term borrowing represents obligations in respect of treasury bills purchased on behalf of the Group by First Security Discount House. The facility has an effective interest rate of 15% and the principal is due at maturity in August 2012.

22 Trade, Other Payables & Deferred Income

	Jun 2012	Dec 2011	Jan 2011
Deferred income	162,940	89,236	54,203
Trade creditors (including re-insurance payable)	1,718,480	1,288,161	595,403
Other creditors	286,397	1,609,464	280,513
Accrued expenses	72,374	76,895	77,949
Deposits against guarantees (see note (a) below)	3,702	3,702	3,072
Provision for NITDA levy	124,153	6,339	15,173
	2,368,046	3,073,797	1,026,313

(a) This represents amounts deposited by customers as collateral for bid and performance bonds or advance payment guarantees provided by the Group.

Deferred income is front-end fees received from re-insurance and investment contract as a pre-payment for retrocession and acceptance of asset management and related services. These amounts are non-refundable and are released to income as the services are rendered

23 Deferred Income Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The company had an unrecognised deferred tax assets in the life business amounting to N287 million (2011: N339 million) at year end. This has not been recognised because based on the structure of the life business which may make it difficult for it to be profitable in the near future to offset the unrelieved loss carried forward from prior periods. The offset amounts are as follows:

	Jun 2012	Dec 2011	Jan 2011
Deferred tax assets			
– Deferred tax asset to be recovered after more than 12 months	-	-	4,705
	-	-	4,705
Deferred tax liabilities			
Deferred tax liability to be recovered after more than 12 months	117,961	145,445	132,703
	117,961	145,445	132,703
Total	117,961	145,445	127,998

	Jun 2012	Dec 2011	Jan 2011
Balance, beginning of year	145,445	132,703	191,595
Charge/(credit) for the year (see note 24.1 below)	(27,484)	12,743	(58,892)
Balance, end of year	117,961	145,445	132,703

Net deferred tax liabilities are attributable to the following:

	Jun 2012	Dec 2011	Jan 2011
Assets:			
Property and equipment			4,705
Balance, end of year	-	-	4,705

	Jun 2012	Dec 2011	Jan 2011
Liabilities:			
Property and equipment	117,961	145,445	132,703
Balance, end of year	117,961	145,445	132,703

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In thousands of Nigerian Naira

24 Current Income Tax Liabilities

The movement in this account during the year was as follows:

	Jun 2012	Dec 2011	Jan 2011
Balance, beginning of year	587,699	650,328	582,424
Charge for the year (see note (b) below)			
- General	121,697	235,910	364,554
- Life	25,126	14,764	22,534
- Assur Asset Management Limited	7,727	22,320	45,046
Payments during the year	(477,195)	(335,623)	(364,230)
Balance, end of year	265,054	587,699	650,328

24.1 The tax charge for the year comprises:

	Jun 2012	Jun 2011	Jan 2011
Corporate income tax charge			
-General	110,829	117,655	269,231
- Life	25,126	14,823	74,700
- Assur Asset Management Limited	7,632	16,785	20,623
Education levy			
- General	10,868	9,950	16,183
- Life	-	-	4,980
- Assur Asset Management Limited	95	-	1,371
Capital gains tax			
- General	-	-	45,046
	154,550	159,213	432,134
Deferred tax charge/(credit)			
- General	(28,157)	30,451	(56,243)
- Life	-	(754)	(3,599)
- Assur Asset Management Limited	672	-	(812)
Available for sale			
- General			
Total tax charge for the year	127,066	188,910	371,480

Tax on the Group's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated companies as follows:

	Jun 2012	Jun 2011
Profit before income tax	1,029,210	743,970
Tax calculated at domestic rate applicable in Nigeria at 30%	308,763	223,191
Effect of:		
Income not subject to tax	(178,394)	(78,325)
Additional deduction from profit subject to tax	(14,629)	(10,426)
Net reversal of timing differences	(27,485)	29,697
Education tax	10,963	9,950
Minimum tax on life business	27,848	14,823
Total	127,066	188,910

25 Contingent Liabilities

Contingent liabilities represents litigation claims against the Group as at 30 June, 2012 amounting to N22,558,750 (31 December 2011: 16,000,000). These litigation arose in the normal course of business and are being contested by the Group. The directors, having sought advise of professional counsel, are of the opinion that no significant liability will crystallize from these claims. No provisions have been made in these financial statements.

Notes to consolidated interim financial statements

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26 Net insurance premium revenue

	2012 30 Jun	2011 30 Jun
Short-term insurance contracts (Non-life):		
– Gross premium	6,360,824	4,585,416
– Provision for unexpired risk	(2,167,683)	(1,471,624)
Premium revenue arising from insurance contracts issued	4,193,141	3,113,792
Short-term reinsurance contract:		
– Re-insurance cost	3,189,756	1,928,734
– Change in prepaid re-insurance	(1,380,153)	(710,640)
Net premium revenue ceded to reinsurers on insurance contracts issued	1,809,603	1,218,094
Net insurance premium revenue	2,383,538	1,895,698

27 Fee income

	2012 30 Jun	2011 30 Jun
Policy administration and asset management services		
– Insurance contracts	192,883	154,761
–Asset Management fee	20,708	-
Total	213,591	154,761

28 Investment income

	2012 30 Jun	2011 30 Jun
Dividend income	127,084	131,430
– Interest income	40,994	-
– Net foreign exchange gain/loss	4,847	-
Interest income	233,059	42,230
Interest income on trading stocks	156,831	232,376
Gain on sale of properties	40,832	-
Cash and cash equivalents interest income	84,761	-
Total fee income	688,408	406,036

29 Net realised gains on financial assets

	2012 30 Jun	2011 30 Jun
Realised gains/(loss) on financial assets -		
– Equity securities	1,945	-
– Debt securities	22,924	-
Realised losses on financial assets – trading assets:		
– Equity securities	16,366	(199,409)
Total	41,235	(199,409)

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

	2012 30 Jun	2011 30 Jun
Net fair value gains on financial assets at fair value through profit or loss	17,408	32,441
Fair value loss on investment property	(2,777)	(17,568)
Total	14,631	14,873

Net fair value gains on non-derivative financial assets at fair value through profit or loss relate entirely to assets designated to be in this category upon initial recognition.

31 Other operating income

	2012 30 Jun	2011 30 Jun
Income from sale of fixed assets	5,272	915
Sundry income	-	58,722
Other income received	2,329	44,862
Gain/Loss on foreign currency transaction	-	19,142
Unrealised net foreign exchange gain/(loss)	2,924	42,230
Total	10,525	165,871

32 Insurance benefits

	2012 30 Jun	2011 30 Jun
Current year claims and loss adjustment expenses	1,203,407	717,613
Outstanding claims	102,544	(37,739)
Total claims and loss adjustment expense	1,305,951	679,874
Recoverable from re-insurance	(279,011)	(59,680)
Net claims and loss adjustment expense	1,026,940	620,194

33 Profit or loss on investment contracts

	2012 30 Jun	2011 30 Jun
Interest Income	135,444	17,367
	135,444	17,367
Guaranteed Interest	(41,673)	(28,909)
Profit from investment contracts	93,771	(11,542)

34 Expenses for the acquisition of insurance and investment contracts

Costs incurred for the acquisition of insurance contracts expensed in the period	546,611	474,074
	546,611	474,074

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

35 Expenses for marketing and administration

	2012 30 Jun	2011 30 Jun
Marketing and administrative expenses	164,997	9,496
	164,997	9,496

36 Employee benefit expense

	2012 30 Jun	2011 30 Jun
Wages and salaries	300,991	230,523
Pension costs – defined contribution plans	6,067	4,914
	307,058	235,437

37 Other operating expenses

	2012 30 Jun	2011 30 Jun
Depreciation, amortisation and impairment charges (Notes 13 and 14)	116,351	81,171
Impairment on premium receivables (See note 8)	108,776	104,131
Impairment on other loans and receivables (see note 8)	8,188	
Other expenses	168,894	173,258
	402,209	358,560

38 Finance costs

	2012 30 Jun	2011 30 Jun
Bank borrowings	7,864	63
	7,864	63

39 Earning per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 16).

	2012 30 Jun	2011 30 Jun
Profit attributable to the Company's equity holders	672,368	402,337
Weighted average number of ordinary shares in issue (thousands)	4,846,663	4,846,663
Basic earnings per share (e per share)	7k	5k

The dividends paid in 2012 was N800 million (N0.08 per share) i:e 8k per share (2011: N900 million i:e 9k per share).

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

40.0 Supplementary profit and loss information:

(a) General information:

The Company's profit before taxation for the year is stated after charging/(crediting) the following

	2012 30 Jun	2011 30 Jun
Depreciation	106,664	80,950
Profit/(loss) on disposal of fixed assets	5,272	(915)
Auditor's remuneration	8,500	8,000

(b) Staff and directors' cost:

i. Employee costs, including executive directors, during the year amounted to:

	2012 30 Jun	2011 30 Jun
Wages and salaries	300,991	235,437
Other pension costs	6,067	3,838
	307,058	239,275

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

	2012 30 Jun Number	2011 30 Jun Number
N100,001 – N150,000	-	-
N150,001 – N200,000	-	3
N200,001 – N250,000	-	14
N250,001 – N300,000	-	-
N300,001 – N350,000	43	-
N350,001 – N400,000	33	24
N400,000 – N450,000	28	22
N450,001 – N500,000	-	-
N500,001 – N550,000	-	28
N550,001 – N600,000	-	30
N600,001 – N650,000	28	21
N650,001 – N700,000	-	12
N700,001 – N750,000	23	-
Above N750,001	32	21
	187	175

iii. The average number of full time persons employed by the Company during the year was as followed:

	2012 30 Jun Number	2011 30 Jun Number
Management staff	19	20
Non management staff	168	155
	187	175

Notes to consolidated interim financial statements

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(c) Directors' remuneration:

i. Remuneration paid to the directors of the Company (excluding pension contribution and certain benefits) was as follows:

	2012 30 Jun	2011 30 Jun
Directors fees	2,876	2,015
Directors emoluments	29,688	14,707
	32,564	16,722

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

	2012	2011
Chairman	1,719	2,006
Highest paid director	4,000	2,006

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

	Company 2012 Number	Company 2011 Number
N300,001 - N350000	-	-
N500,001 - N1,000,000	2	1
N1,000,000- N1,500,000	-	-
N1,500,001 - N2,000,000	7	7
	9	8

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

This comprises:

		2012 30 Jun	2011 31 Dec
Profit after taxation		902,144	1,033,694
Taxation		127,066	290,443
Operating profit		1,029,210	1,324,137
Adjustment to reconcile profit before taxation to net cash flow from operations:			
Impairment on premiun receivables	37	108,776	167,374
Impairment on other loans and receivables	37	8,188	
Depreciation, amortisation and impairment charges	37	116,352	176,492
Increase/ (decrease) in unearned premium	19.3	2,167,683	739,764
Increase/(decrease) in Life funds	19.4	101,117	(231,191)
(Profit)/Loss on sale of fixed assets	31	(5,272)	(1,856)
Dividend income on equity investments	28	(127,084)	(247,905)
Net realised gain on financial assets	29	(41,235)	
Unrealised gain on trading properties		-	(15,939)
Profit on disposal of investments	28	(40,832)	-
Fair value loss on trading properties	30	2,777	-
Fair value gain on AFS financial instruments		-	(165,169)
Fair value gain/(loss) on investment property		-	(94,535)
Net cash flow from operating activities		3,319,680	1,651,172

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42.0 Actuarial valuation of the life fund

The latest available actuarial valuation of the life business funds was as at 30 June 2012. The actuarial value of the net liability of the fund was N543,961,000 (2011: N505,462,000) which has been provided for. The valuation of the Company's life business fund as at 30 June 2012 was carried out by HR Nigeria Limited, a recognized actuarial valuation firm. The valuation was done based on the following principles:

(a) For all individual life policies, the gross premium method of valuation was used. Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments including an allowance for rider benefits. Future cashflows were discounted back to the valuation date at the valuation rate of interest. The reserve for deposit based plans were taken as the amount standing to the credit of the policyholder at the valuation date plus the estimated value of the mortality risk;

(b) For group life policies, the net liabilities for annual premium contracts were calculated in the same way as individual business. An unearned premium reserve was included for group life policies;

(c) For individual life policies, the valuation age was taken as the age last birthday at the valuation date. The outstanding premium paying term has been calculated as the year of maturity minus expired duration. In all cases, full credit has been taken for premiums due between the valuation date and the end of the premium paying term;

(d) The valuation of the liabilities was made on the assumptions that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment. No specific adjustment has been made for immediate payment of claims;

(e) The Mortality of Assured Lives A49/52 Ultimate Table was used in the valuation.

(f) The valuation assumed an interest rate of 10%.

43.0 Contravention of laws and regulations

The Company did not contravene any law or regulation during the year and no penalty was paid.

44.0 Post balance sheet events

Subsequent to the period end, the name of the Company was changed from Guaranty Trust Assurance Plc. to Mansard Insurance Plc.

45.0 Prior year corresponding figures

Certain prior year corresponding figures have been amended to conform with the current year reporting format.

Notes to consolidated interim financial statements

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46.0 ***Principal subsidiary undertakings***

Company name	*Country of origin*	*Nature of business*	*% of equity capital controlled*	*Year end consolidated*
Assur Asset Management Limited	Nigeria	Asset Management	100	30 June.
Barista Property Development Limited	Nigeria	Real estate	100	30 June.
Staff Investment Trust Scheme	Nigeria	Trustee	100	30 June.
APD Limited	Nigeria	Property development	55.70	30 June.

Details of consolidated subsidiaries as at 30 June 2012 are shown below:

The consolidated financial data of the consolidated entities are as follow:

Company name	*Cash and cash equivalents*	*Total assets*	*Total liabilities*	*Net assets*	*Gross earnings*	*Profit before tax*
Life business	409,186	7,809,362	4,548,313	3,261,050	295,593	314,034
Non-life	993,910	19,088,575	8,083,185	11,005,390	3,090,157	671,521
Mansard Insurance Plc	1,403,096	26,897,937	12,631,497	14,266,440	3,385,750	985,555
Assur Asset Management Limited	47,445	734,308	51,989	682,319	119,328	69,457
Barista Property Development Company Lin	-	1,725,479	-	1,725,479	-	-
Staff Investment Trust Scheme		200,871	178,227	22,644	3,386	767,460
APD Limited	449,317	5,145,169	4,441,188	703,981	29,513	26,519
Elimination	-	(4,602,482)	(1,320,952)	(3,281,530)	(53,089)	(53,089)
Consolidated totals	1,899,858	30,101,283	15,981,950	14,119,333	3,484,888	1,029,210

Notes to consolidated interim financial statements

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47.0 Related parties

Parent

The parent company, which is also the ultimate parent company, is Assur Africa Holding.

Subsidiaries

Transactions between Mansard Insurance Plc and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

Transactions with key management personnel

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

Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:

Gross premium written:

	6 months Jun. 2012	6 months Dec. 2011
Short term contracts	22,146	423,547
Life contract	235	-
Total premium written	22,381	423,547

There was no Loan to key management personnel as at period end (2011.Nil).

Key management personnel compensation for the period comprises:

	Jun. 2012	Dec. 2011
Short-term employee benefits	29,688	59,377
Treasury shares surplus payments	33	-

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Related party	Transaction	Nature of relationship	Jun. 2012	Dec. 2011
Directors	Insurance Policy		2,021	4,695
Vigeo Limited	Insurance Policy	Common directorship	18,759	-
Citiserve Limited	Insurance Policy	Common directorship	1,141	-
Squeaky clean Services	Insurance Policy	Common directorship	202	-
Guaranty Trust Bank	Insurance Policy	Former parent company	-	317,782
Helmsman Insurance Brokers	Insurance Policy	Common directorship	-	101,070

48.0 Seasonality of revenue

Due to the seasonal nature of the non-life and group life segment, higher revenues are usually expected in the first half of the year because corporate organisations in the country run a January to December financial period, thus most of their policies are booked in the the first half of the year. Other segments of life business revenue and retail policies are more evenly spread between the two halves of the year because customers incept policies on an occurence basis.

Notes to consolidated interim financial statements

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49.0 Explanation of transition to IFRSs

(a) *Implementation of IFRSs*

As stated in note 3 on significant accounting policies, these are the Group's first consolidated financial statements prepared in accordance with IAS 34 Interim reporting. As the Group publishes comparative information for the year in its financial statements, the date of transition to IFRSs is effectively, 1 January 2011, which represents the start of the earliest period of comparative information presented. The opening balance sheet as at 1 January 2011 has been restated accordingly. The accounting policies as set out in note 3 have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Comparative information at 31 December, 2011 is restated to take account of the requirements of all standards including IAS 32 - *Financial instruments: Presentation*, IAS 39 – *Financial instruments: Recognition and Measurement* and IFRSs 7- *Financial Instruments: Disclosures*.

The most significant IFRSs impact for the Group originated from the implementation of IAS 39 - *Financial instruments: Recognition and Measurement* which requires the valuation of financial assets and liabilities at fair values and impairment of financial assets to only be accounted if there is objective evidence that a loss event has occurred after initial recognition but before the balance sheet date, IAS 27 - *Consolidated and Separate Financial Statements* and SIC 12 – *Consolidation*, *Special Purpose Entities* which requires the consolidation of the Group's interest in the Staff Share Investments Trust and IAS 1 *Presentation of Financial Statements*.

An explanation of how the transition from Nigerian GAAP to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the accompanying notes and tables.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Reconciliation of equity

	Notes	**31 December 2011** Previous GAAP	**31 December 2011** Effect of transition to IFRS	**31 December 2011** IFRS	**30 June 2011** Previous GAAP	**30 June 2011** Effect of transition to IFRS	**30 June 2011** IFRS	**1 January 2011** Previous GAAP	**1 January 2011** Effect of transition to IFRS	**1 January 2011** IFRS
Asset										
Cash and bank balances	(i)	887,448	1,719,296	2,606,744	1,532,721	2,637,628	4,170,349	392,964	4,977,149	5,370,113
Short term investment	(ii)(i)	7,344,754	(7,344,754)	-	5,953,824	(5,953,824)	-	7,334,901	(7,334,901)	-
Long term investment	(ii)(ii)	4,969,418	(4,969,418)	-	4,697,994	(4,697,994)	-	4,240,299	(4,240,299)	-
Financial assets										
Equity securities:										
– Available for sale	(ii)(iii)	-	2,868,373	2,868,373	-	2,110,360	2,110,360	-	1,558,017	1,558,017
– At fair value through profit or loss	(ii)(iv)	-	532,424	532,424	-	1,321,327	1,321,327	-	719,392	719,392
Debt securities:										
– Held to maturity	(ii)(v)	-	2,942,655	2,942,655	-	2,591,582	2,591,582	-	1,665,320	1,665,320
– Available for sale	(ii)(iii)	-	-	-	-	220,525	220,525	-	1,386,262	1,386,262
– At fair value through profit or loss	(ii)(iv)	-	4,000,887	4,000,887	-	2,128,217	2,128,217	-	1,229,189	1,229,189
Other financial assets designated at fair value		-	1,042,101	1,042,101	-	344,567	344,567	-	846,674	846,674
Loans and receivables including insurance receivables	(ii)(vi)	3,345,830	(1,400,015)	1,945,815	4,323,454	(1,566,847)	2,756,607	2,105,361	(674,869)	1,430,492
Pledged asset		-	-	-	-	220,000	220,000	-	-	-
Reinsurance assets		-	1,248,922	1,248,922	-	1,525,398	1,525,398	-	571,491	571,491
Investment property	(iv)	2,565,729	93,734	2,659,463	2,114,043	433,317	2,547,360	2,563,703	(18,368)	2,545,335
Investment properties under construction		2,816,773	1	2,816,774	2,592,579	(451,688)	2,140,891	1,872,838	-	1,872,838
Deferred acquisition cost		196,656	-	196,656	304,871	-	304,871	145,042	-	145,042
Deferred tax asset			-	-	5,459	-	5,459	4,705	-	4,705
Intangible assets	(iii)	41,697	-	41,697	23,822	-	23,822	27,654	-	27,654
Property and equipment	(iii)	1,278,912	8,989	1,287,901	391,738	8,987	400,725	356,530	6,446	362,976
Statutory deposit		500,000	-	500,000	500,000	-	500,000	500,000	-	500,000
		23,947,217	743,195	24,690,412	22,440,505	871,555	23,312,060	19,543,997	691,502	20,235,500
Liabilities										
Insurance liabilities	(v)	4,242,860	219,319	4,462,179	5,124,311	178,088	5,302,399	3,094,502	178,088	3,272,590
Financial liabilities:										
Investment contracts:				1,697,761						
– At amortised cost (deposit admin)	(vi)	2,555,208	(1,042,101)	1,513,107	2,099,494	(344,567)	1,754,927	1,822,664	(846,674)	975,990
– At fair value		-	1,042,101	1,042,101	-	344,567	344,567	-	846,674	846,674
Borrowing		-	-	-	-	220,063	220,063	-	-	-
Trade and other payables	(vii)(viii)	3,171,563	(97,767)	3,073,796	1,861,354	7,697	1,869,051	970,201	56,111	1,026,312
Current income tax liabilities		587,700	(1)	587,699	693,856	0	693,856	650,328	-	650,328
Deferred income tax	(ix)	185,249	(39,804)	145,445	172,705	(9,551)	163,154	137,316	(4,613)	132,703
TOTAL LIABILITIES		10,742,580	81,747	12,522,088	9,951,720	396,298	10,348,017	6,675,011	229,586	6,904,598
Net assets		13,204,637	661,448	12,168,324	12,488,785	475,258	12,964,043	12,868,986	461,916	13,330,902
EQUITY and LIABILITIES										
Equity attributable to owners of the parent										
Ordinary shares		5,000,000	-	5,000,000	5,000,000	-	5,000,000	5,000,000	-	5,000,000
Share premium		3,843,243	-	3,843,243	3,843,243	-	3,843,243	3,843,243	-	3,843,243
Other regulatory reserves		-	-	-	-	-	-	-	-	-
Statutory regulatory reserves		1,241,009	2	1,241,011	1,140,944	-	1,140,944	988,221	-	988,221
Capital reserves		2,500,000	-	2,500,000	2,500,000	-	2,500,000	2,500,000	-	2,500,000
Retained earnings	(x)	316,309	(126,437)	189,872	4,598	(123,572)	(118,974)	537,522	(147,082)	390,440
Regulatory risk reserves (trade receivables)	16.7	-	86,781	86,781	-	73,826	73,826	-	74,071	74,071
Treasury shares	(vii)	-	(176,895)	(176,895)	-	(176,895)	(176,895)	-	(176,895)	(176,895)
Fair value reserves	(ii)(iii)	-	877,997	877,997	-	701,899	701,899	-	711,823	711,823
Non-controlling interest		304,076	-	304,076	-	-	-		-	-
Total equity		13,204,637	661,448	13,866,085	12,488,785	475,258	12,964,043	12,868,986	461,917	13,330,902

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The Group adopted IFRSs effective 1 January 2011. The key principle of IFRS 1 – First-time Adoption of International Financial Reporting Standards for reporting entities with adoption date subsequent to 1 January 2006 is a full retrospective application of IFRSs. However, this statement provides exemption from retrospective application in certain instances due to costs and practical considerations.

(b) Key impact analysis of IFRS on the financial position as at 1 January 2011, date of transition, 30 June 2011 and 31 December 2011.

i Explanation of material adjustments to cash and cash equivalents at 1 January 2011, 30 June 2011 and 31 December 2011

The net impact of application of IFRSs on cash and cash equivalents of the Group is an increase in cash and cash equivalents by N1.7billion, N2.6billion and 4.98billion as at 31 December 2011, 30 June 2011 and 1 January 2011 respectively. Apart from the reclassification of placements to cash and cash equivalents, there have been no material adjustments to the cash flow statements in respect of cash utilised by operating activities before tax, cash flows from investing activities and cash flows from financing activities as a result of the adoption of IFRSs.

ii IAS 32, 39 and IFRS 7 financial instruments

Under IFRSs, financial assets and liabilities are required to be classified as held for trading, at fair value through profit or loss, fair value through equity, loans and receivables and held to maturity and other financial assets and liabilities. Financial instruments are measured based on their classification. Nigerian GAAP does not require such classification of financial instruments and measurement. The basis of valuation of individual instruments is provided in the accompanying statement of accounting policy.

(ii)(i) ***Short term investment:***

Under IFRS, investments are not classified as short term investments but as AFS, HFT or HTM. The changes above are as follows:

In thousands of Nigerian Naira	31 Dec 2011	30 June 2011	1 January 2011
Cash and cash equivalent	(2,761,397)	(2,637,628)	(4,977,149)
AFS equity securities	(50,000)	50,000	-
Equities securities at fair value through profit or loss	(532,424)	(1,250,194)	(719,392)
Held to maturity debt securities	-	(17,236)	-
Debt securities at fair value through profit or loss	(4,000,887)	(2,098,766)	(1,706,503)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	(46)	-	68,143
	(7,344,754)	(5,953,824)	(7,334,901)
Impact on equity	(46)	-	68,143

(ii)(ii) ***Long term investment:***

Under IFRS, investments are not classified as long term investments but as AFS, HFT or HTM. The changes above are as follows:

In thousands of Nigerian Naira	31 Dec 2011	30 June 2011	1 January 2011
AFS equity securities	(2,053,677)	(1,493,158)	(768,002)
Held to maturity debt securities	(3,029,166)	(2,698,466)	(1,665,320)
AFS debt securities	-	(220,525)	(1,480,153)
Other financial assets designated at fair value	-	(344,567)	(846,674)
Debt securities at fair value through profit or loss	-	-	477,313
Derecognition of accrued interest income	54,703	-	56,079
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	58,722	58,722	(13,542)
	(4,969,418)	(4,697,994)	(4,240,299)
Impact on equity	58,722	58,722	(13,542)

(ii)(iii) ***Available–for-sale financial instruments***

The effect of measuring available-for-sale investments at fair value through equity is as follows:

	31 Dec 2011	30 June 2011	1 January 2011

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

In thousands of Nigerian Naira			
Equity instruments			
Short term investments	50,000	(50,000)	-
Long term investments	2,053,677	1,493,158	768,002
foreign exchange gain	(113,300)	(34,700)	(15,700)
Net fair value gain	877,997	701,899	805,713
	2,868,374	2,110,357	1,558,015
Debt instruments			
Long term investments	-	220,525	1,480,153
Net fair value gain	-	-	(93,890)
	-	220,525	1,386,263
Impact on equity	877,997	701,899	711,823

(ii)(iv) Financial instruments at fair value through profit and loss

The effect of measuring financial instruments at fair value through profit and loss account is as follows:

	31 Dec 2011	30 June 2011	1 January 2011
In thousands of Nigerian Naira			
Equity instruments			
Short term investments	532,424	1,250,194	719,392
Net fair value gain	-	71,133	-
	532,424	1,321,327	719,392
Debt instruments			
Short term investments	4,000,887	2,098,766	1,706,503
Long term investments	-	-	(477,313)
Net fair value gain	-	29,451	-
	4,000,887	2,128,217	1,229,190
Impact on equity	-	100,584	-

(ii)(v) Held to maturity financial instruments

Under the Nigerian GAAP, long term investments are carried at cost less any permanent dimunition in value of investments. The effect of measuring held to maturity financial instruments at amortized cost is as follows:

	31 Dec 2011	30 June 2011	1 January 2011
In thousands of Nigerian Naira			
Debt instruments			
Short term investments	-	17,236	-
Long term investments	3,029,166	2,698,466	1,665,320
Reclassification unearned discount from other payables	(149,964)	-	-
Reclassification accrued income from loans and receivables	63,453	-	-
Retained earnings	-	(124,120)	-
	2,942,655	2,715,702	1,665,320
Impact on equity	-	(124,120)	-

(ii)(vi) *Impairment of loans and advances and other receivables:*

Under Nigerian GAAP, loans and receivables are measured at cost net of impairment losses. A specific risk provision for loan impairment is established to provide for management’s estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. Under IFRSs, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before the balance sheet date.

In addition to the above, the impact of change on loans and receivables from the Nigerian NGAAP to IFRS balance were also attributable to the reclassification of prepaid re-insurance and accrued income on from loans and receivable to re-insurance assets and held to maturity assets respectively.

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

(iii) *Property and equipment / Intangible assets*

Prior to the enactment of SAS 31 on 1 January 2011 under the Nigerian GAAP, which is in line with IFRS as regards the classification of intangible assets, acquired software was capitalised as computer software and computer equipment under property and equipment, and depreciated over the estimated useful life of the asset. IFRSs requires that software should be classified as intangible assets. As a result, the net book value of software amounting to N41.7million, N23.6million and N27million were reclassified from property and equipment to intangible assets as at 31 December 2011, 30 June 2011 and 1 January 2011 repectively. The reclassification did not impact the profit and loss account, neither did it impact equity.

The application of a 10 % residual value on the cost of motor vehicles was implemented. This change was also applied retrospectively and resulted in a reduction of N8million in the accumulated depreciation of motor vehicles which impacted the profit and loss account.

(iv)

Under Nigerian GAAP investment property are measured at lower of cost and net realisable amount. Under IFRSs, investment property are measured at fair value with changes in fair value recognized in the profit or loss account.The impact of changes in Investment properties from the Nigerian GAAP to IFRS balance were mainly attributable to the fair value gain of N93.7 million recognized in the profit or loss account.

(v) *Insurance Liabilities*

The impact of changes in Insurance liabilites from the Nigerian GAAP to IFRS balance were mainly attributable to the additional provision made by Company in line with the results of the liability adequacy test carried out by the Company.

(vi) *Investment Contracts*

The impact of changes in investment contracts resulted from the reclassification of investment contracts carried at fair value to investment contracts at fair value account.

Business combinations

(vii)

The Group has applied IFRS 3 to all business combinations that occurred with effect from 1 January 2011 (the date of transition to IFRS).

On 1 January 2011 the Staff Share Investment Trust was the only material entity not previously consolidated. The effect of consolidating the results of the Staff Share Investment Trust Scheme at 1 January 2011 was an increase in liabilities to employees by N56 million and the recognition of treasury shares of N176 million at this date.

(viii) *Trade and other payables*

The impact of changes in trade and other payable resulted from the reclassification of unearned discount on held to maturity bonds carried at amortised cost to held to maturity financial; instuments.

(ix) *Deferred income tax*

The impact of changes in deferred income tax resulted from from timing differnces on fair value gains on avaliable for sale financial instruments recognized under IFRSs.

(x) *Retained earnings*

The effect of IFRS measurment on retained earnings is as follows:

	Dec 2011	Jun 2011	Dec 2010
Balance per NGAAP	316,309	4,598	537,522
Impact of IFRS measurement			
Net impact of IFRS on opening period	116,469	(135,995)	-
Reversal/(additional) provision for insurance liabilities	10,179	-	(178,088)
Reversal of excess depreciation on property plant and equipments	-	2,542	6,446
Fair value gain on financial instruments	36,511	91,162	68,143
Fair value loss on investment properties	-	-	(18,368)
Reversal of excess interest on HTM bonds	-	(56,069)	(15,776)
Reverse of SIT	-		1,648
Reclassification of exchange gain on AFS instruments	(113,300)	(34,700)	(15,700)
Deferred tax expense	39,803	9,551	4,613
Interest expense	-	(63)	-
Elimination of intra-group sale	(216,098)	-	-
Balance per IFRS	189,873	(118,974)	390,440

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Reconciliation of comprehensive income for the period Apr - June 2011

		Apr - June 2011		
	Notes	**Previous GAAP**	**Effect of transition to IFRS**	**IFRS**
	N'000			
Gross premium written		1,752,426		1,752,426
Insurance premium revenue		1,597,889	-	1,597,889
Insurance premium ceded to reinsurers		(546,786)	-	(546,786)
Net insurance premium revenue		1,051,103	-	1,051,103
Fee income:				
– Insurance contracts		67,527	-	67,527
Investment income	(i)	393,634	(144,744)	248,890
Net realised losses on financial assets		(203,186)	44,124	(159,062)
Net fair value gains on financial assets at fair value through profit or loss	(ii)	-	12,720	12,720
Other operating income		79,201	74,562	153,764
Loss on deposit administration		(3,362)	0	(3,362)
Life fund valuation surplus		(36,414)	-	(36,414)
Net income		1,348,503	(13,337)	1,335,166
Insurance benefits				
Insurance claims and loss adjustment expenses	(iii)	337,818	-	337,818
Insurance claims and loss adjustment expenses recovered from reinsurers		(33,050)	-	(33,050)
Net insurance benefits and claims		304,768	-	304,768
Expenses for the acquisition of insurance and investment contracts		239,967	-	239,967
Expenses for marketing and administration		6,911	-	6,911
Employee benefit expense		120,113	-	120,113
Other operating expenses		179,533	(41,571)	137,962
Expenses		851,292	(41,571)	809,721
Results of operating activities		497,211	28,233	525,445
Finance costs		-	(63)	(63)
Profit before tax		497,211	28,170	525,381
Income tax expense		(100,781)	4,938	(95,843)
Profit for the period		396,431	33,108	429,539
Consolidated statement of comprehensive income				
Profit for the period		396,431	33,108	429,539
Other comprehensive income:		-		-
Change in available-for-sale financial assets		-	77,195	77,195
Currency translation differences	40		11,200	11,200
Other comprehensive income for the period, net of tax		-	88,395	88,395
Total comprehensive income for the period		396,431	121,503	517,934
Attributable to:				
		396,431	121,503	517,934
– Owners of the parent		-		-
– Non-controlling interests		-		-
Total comprehensive income for the period		396,431	121,503	517,934

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Reconciliation of comprehensive income for the period ended 31 December 2011

	Notes	31 December 2011 Previous GAAP	Effect of transition to IFRS	IFRS 31-Dec 2011
Gross premium written		10,004,771	-	10,004,771
Insurance premium revenue		6,897,266	-	6,897,266
Insurance premium ceded to reinsurers		(2,767,870)	(1)	(2,767,871)
Net insurance premium revenue		4,129,396	(1)	4,129,395
Fee income:				
– Insurance contracts		270,641	-	270,641
Investment income	(iii)	738,450	(68,763)	669,687
Net realised losses on financial assets		(25,329)	(8,221)	(33,550)
Net fair value gains on financial assets at fair value through profit or loss	(iv)	-	110,474	110,474
Other operating income		48,684	10,606	59,290
Loss on deposit administration		(14,140)	-	(14,140)
Life fund valuation surplus		17,373	-	17,373
Net income		5,165,075	44,096	5,209,171
Insurance benefits				
Insurance claims and loss adjustment expenses	(v)	1,734,189	51,411	1,785,600
Insurance claims and loss adjustment expenses recovered from reinsurers		(287,273)	-	(287,273)
Net insurance benefits and claims		1,446,916		1,498,327
Expenses for the acquisition of insurance and investment contracts		978,401	-	978,401
Expenses for marketing and administration		221,500	-	221,500
Employee benefit expense		668,551	-	668,551
Other operating expenses		592,501	(5,485)	587,016
Expenses		3,907,869	(5,485)	3,953,796
Profit before tax		1,257,206	-	1,255,375
Income tax expense		(325,632)	-	(290,442)
Profit for the year		931,574	-	964,933
Consolidated statement of comprehensive income				
Profit for the year		931,574	33,359	964,933
Other comprehensive income:		-	-	-
Change in available-for-sale financial assets		-	52,873	52,873
Currency translation differences	40		113,300	113,300
Other comprehensive income for the year, net of tax		-	166,173	166,173
Total comprehensive income for the year		931,574	199,532	1,131,106
Attributable to:				
		931,574	199,532	1,131,106
– Owners of the parent		-	-	-
– Non-controlling interests		-	-	-
Total comprehensive income for the year		931,574	199,532	1,131,106

Notes to consolidated interim financial statements

In thousands of Nigerian Naira

Reconciliation of comprehensive income for the period ended 30 June 2011

		Jan- June 2011		
	Notes	**Previous GAAP**	**Effect of transition to IFRS**	**IFRS**
N'000		30-Jun 2011		30-Jun 2011
Gross premium written		6,101,553	-	6,101,553
Insurance premium revenue		3,113,792	-	3,113,792
Insurance premium ceded to reinsurers		(1,218,094)	-	(1,218,094)
Net insurance premium revenue		1,895,698	-	1,895,698
Fee income:				
– Insurance contracts		154,761	-	154,761
Investment income	(i)	468,889	(62,853)	406,036
Net realised losses on financial assets		(199,409)	-	(199,409)
Net fair value gains on financial assets at fair value through profit or loss	(ii)	-	14,873	14,873
Other operating income		83,129	82,742	165,871
Profit or loss on investment contracts		(11,542)	-	(11,542)
Life fund valuation surplus		15,506	-	15,506
Net income		2,407,032	34,762	2,441,794
Insurance benefits				
Insurance claims and loss adjustment expenses	(iii)	679,874	-	679,874
Insurance claims and loss adjustment expenses recovered from reinsurers		(59,680)	-	(59,680)
Net insurance benefits and claims		620,194	-	620,194
Expenses for the acquisition of insurance and investment contracts		474,074	-	474,074
Expenses for marketing and administration		9,496	-	9,496
Employee benefit expense		235,437	-	235,437
Other operating expenses		354,184	4,376	358,560
Expenses		1,693,385	4,376	1,697,761
Results of operating activities		713,647	30,386	744,033
Finance costs		-	(63)	(63)
Profit before tax		713,647	30,323	743,970
Income tax expense		(193,848)	4,938	(188,910)
Profit for the period		519,799	35,261	555,060

Consolidated statement of comprehensive income

Profit for the period		519,799		555,060
Other comprehensive income:		-		-
Change in available-for-sale financial assets		-	77,195	77,195
Currency translation differences	40		34,700	34,700
Other comprehensive income for the period, net of tax		-	111,895	111,895
Total comprehensive income for the period		519,799	111,895	666,954
Attributable to:				
		519,799	147,155	666,954
– Owners of the parent		-		-
– Non-controlling interests		-		-
Total comprehensive income for the period		519,799		666,954

Notes to consolidated interim financial statements
In thousands of Nigerian Naira

Explanation of material changes to income statement items

i *Investment income and expense*

Under IFRSs, interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Under Nigerian GAAP, interest income and expense are recognised in accordance with the terms of the related facility on an accrual basis.

The impact arising from the changes is summarised as follows:

	31 December 2011	30 June 2011	Apr- June 2011
In thousands of Nigerian Naira			
Entries to properly state financial assets at amortised cost	-	-	(144,744)
Entries to de-recognise accrued interest income	54,703	(44,074)	44,124
Reversal of foreign exchange gain on MTN linked notes at year end.	-	(18,779)	-
	54,703	(62,853)	(100,620)
Impact on equity	54,703	(62,853)	(100,620)

ii *Net fair value gains on financial assets at fair value through profit or loss*

The impact arising from the change is summarised as follows:

	31 December 2011	30 June 2011	Apr- June 2011
Net fair value gains on financial assets at fair value through profit or loss	15,939	18,005	12,720
Fair value gains/ (loss) on investment property	94,535	93,890	74,562
	110,474	111,895	87,283
Impact on equity	110,474	111,895	87,283

iii *Insurance claims and loss adjustment expenses*

The impact arising from the change is as follows:

	31 December 2011	30 June 2011	Apr- June 2011
Being entries to recognise additional IBNR for the year for 2011	51,411	-	-
	51,411	-	-
Impact on equity	51,411	-	-

SUMMARISED REVENUE ACCOUNTS (NON-LIFE)
FOR THE PERIOD ENDED 3OTH JUNE 2012
(All amounts in Naira thousands unless otherwise stated)

	FIRE	GENERAL ACCIDENT	MOTOR	MARINE	ENGINEERING	OIL & ENERGY	AVIATION	JUNE 2012	JUNE 2011
	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
REVENUE									
Gross Premium Written	656,105	930,055	1,339,260	1,061,942	237,832	2,025,851	92,732	6,343,778	4,581,764
Add Reinsurance Inward Premium	4,502	3,356	2,632	3,387	83	2,596	490	17,047	3,652
	660,607	933,412	1,341,892	1,065,330	237,915	2,028,447	93,222	6,360,824	4,585,416
Less Unexpired Risks Provision	(225,353)	(375,534)	(328,352)	(332,527)	(71,272)	(931,204)	96,559	(2,167,683)	(1,471,624)
Gross Premium Earned	435,254	557,878	1,013,541	732,802	166,643	1,097,243	189,781	4,193,141	3,113,791
Less Reinsurance Cost									
Local Facultative Premium	(108,736)	(282,751)	(8,933)	(598,610)	(32,177)	(1,675,930)	(56,504)	(2,763,640)	(1,555,542)
Prepaid Reinsurance	172,690	131,303	4,287	319,371	36,401	808,562	(92,461)	1,380,153	710,641
Reinsurance Treaty Premium	(233,668)	(7,750)	(2,821)	(88,560)	(73,367)	(19,950)	-	(426,116)	(373,191)
Net Premium	(169,714)	(159,197)	(7,468)	(367,799)	(69,142)	(887,317)	(148,965)	(1,809,603)	(1,218,092)
Net Earned Premium	265,540	398,680	1,006,073	365,004	97,501	209,925	40,816	2,383,539	1,895,699
Add Commission Received									
Direct Business Commission	-	481	-	1,030	-	47,007	-	48,517	35,013
Local Facultative Comm	24,137	25,584	1,101	29,932	4,606	15,800	2,178	103,339	64,740
Reinsurance Treaty Comm	60,539	-	-	22,223	23,494	5,847	-	112,103	101,869
Deferred Comm. Income	(41,715)	(11,781)	(525)	(12,008)	(9,937)	(2,833)	5,096	(73,704)	(46,861)
	42,961	14,283	576	41,177	18,163	65,821	7,274	190,255	154,762
Total Income	308,502	412,964	1,006,649	406,180	115,663	275,746	48,090	2,573,793	2,050,460
Expenses									
Claims Paid	217,655	117,098	615,799	156,303	62,900	35,129	322	1,205,207	717,631
Outstanding Claims	27,837	38,909	1,698	1,364	17,595	3,180	5,481	96,063	(37,738)
Gross Claims	245,492	156,007	617,497	157,668	80,495	38,310	5,802	1,301,270	679,892
Treaty Claims Recovered	116,343	18,341	12,594	35,762	18,433	-	-	201,471	109,730
Facultative Claims Recovered	-	-	-	-	9,778	-	-	9,778	5,290
Ri Claim Recoverable	4,476	183	(1,769)	(2,560)	38,362	26,285	2,784	67,762	(55,323)
Total Claims Recovered/Recoverable	120,819	18,523	10,824	33,202	66,573	26,285	2,784	279,011	59,697
Claims Incurred	124,673	137,484	606,672	124,466	13,922	12,024	3,018	1,022,260	620,196
Underwriting Expenses	104,573	136,877	104,433	105,389	38,895	68,887	7,295	566,349	489,482
Deferred Acquisition Cost (Comm)	(40,792)	(57,945)	(30,841)	(14,319)	(11,102)	(30,968)	2,548	(183,419)	(159,828)
Acquisition Cost	20,926	6,755	50,091	29,450	401	10,060	3,462	121,145	94,681
Maintenance Costs	7,806	9,828	9,116	6,819	2,142	4,769	2,056	42,536	49,737
Total Underwriting Expenses	92,513	95,515	132,798	127,338	30,336	52,748	15,362	546,611	474,071
Underwriting Result	91,316	179,965	267,178	154,376	71,405	210,973	29,710	1,004,923	956,194

SUMMARISED REVENUE ACCOUNTS (LIFE)
FOR THE PERIOD ENDED 30TH JUNE 2012
(All amounts in Naira thousands unless otherwise stated)

	GROUP LIFE	HEALTH INSURANCE	INDIVIDUAL LIFE	ANNUITY	JUNE 2012 TOTAL	JUNE 2011 TOTAL
	=N=	=N=	=N=	=N=	=N=	=N=
REVENUE						
Gross Premium Written	1,052,027	91,220	290,354	95,761	1,529,362	1,516,137
Add Reinsurance Inward Premium					-	-
	1,052,027	**91,220**	**290,354**	**95,761**	**1,529,362**	**1,516,137**
Less Reinsurance Premium						
Local Facultative Premium	(392,144)		(1,088)		(393,232)	(279,112)
Reinsurance Treaty Premium	(4,428)	(55,693)	(8,178)		(68,300)	(62,196)
Net Premium	**655,455**	**35,527**	**281,088**	**95,761**	**1,067,831**	**1,174,829**
Add Commission Received						
Direct Business Commission		3			3	293
Local Facultative	66,832		5,180		72,012	51,470
Reinsurance Treaty	-		-		-	2,187
	66,832	3	5,180	-	72,014	53,950
Investment Income	23,492	1,271	10,054	5,659	40,476	10,836
Other Income	42	2	18		62	866
Total Income	**745,821**	**36,803**	**296,340**	**101,420**	**1,180,384**	**1,240,481**
Expenses						
Claims Paid	678,099	2,759	9,218	11,549	701,625	419,369
Surrenders			256		256	388
Maturity Claims					-	-
Increase/Decrease Outstanding Claims	(344,085)				(344,085)	469,099
Gross Claims Incurred	334,014	2,759	9,474	11,549	357,796	888,856
Reinsurance Recovery	(354,067)	(2,207)			(356,275)	(61,700)
Claims Recoverable	259,047				259,047	(281,950)
Net Claims Incurred	238,994	552	9,474	11,549	260,569	545,206
Acquisition Expenses	96,558	941	55,867		153,367	114,697
Maintenance Cost	52,199	2,273	4,815		59,288	21,897
Operating Expenses	382,573	20,695	163,739		567,007	420,493
					1,698	
Total Expenses	770,324	24,461	233,896	11,549	1,040,231	1,102,293
Transfer to Life Insurance Fund	(24,503)	12,341	62,444	89,871	140,153	138,188

Appendix

REGIONALOFFICES

ABUJA
GTBank Plc Maitama Branch,
ETF Building,
Plot433,Zambezi Crescent,
Off Aguiyi Ironsi Way, Maitama,
Abuja.
Tel: 09-8725181, 09-7800647

IBADAN
11B, Jimoh Odutola Road, Ibadan,
Oyo State.
Tel: 02-2413779, 2413795,
2413677, 2413876

PORT HARCOURT
47,Trans Amadi Industrial Layout, Port Harcourt.
Rivers State.
Tel: 084-462195

ENUGU
Plot 1, Ogui Road, Enugu,
Enugu State
Tel: 042-253061, 254085,
254072, 254073

Appendix

AGENCY OFFICES

ALAUSA
DN Meyer Building
Plot 34, Mobolaji Johnson Avenue
Behind 7Up Bottling Company
Alausa-Ikeja, Lagos.
Tel: 01-9500774, 01-9500811

ONIKAN
3/5, Boyle Street,
Onikan, Lagos.
Tel: 01-8548089, 01-8548139,
01-9500771

OPEBI
4th Floor, Adebola House,
38, Opebi Road, Ikeja, Lagos.
Tel: 01-8426346

YABA
176, Herbert Macaulay,
Adekunle, Yaba, Lagos.
Tel: 01-8426349

FESTAC
Plot 248, Block B
Amuwo-Odofin, Festac Link Road,
Amuwo-Odofin, Lagos.
Tel: 01–8426392

IKOTA – LEKKI
K4, Road 5 Ikota Shopping Complex
Ajah, Ikota, Lagos.
Tel: 07029276131

IKORODU
177 Ikorodu Road Onipanu, Lagos.
Tel: 01-9500774, 08190468990

APAPA
No. 31 Calcutta Crescent Apapa.
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