

NEM INSURANCE PLC

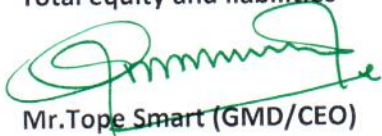
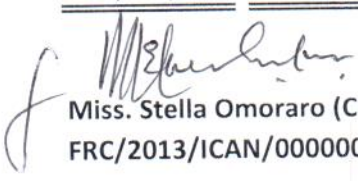
MANAGEMENT ACCOUNTS

FOR THE PERIOD ENDED

30TH SEPTEMBER, 2016

NEM INSURANCE PLC

STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER, 2016

	NOTES	Sep-16 N'000	Dec-15 N'000
Assets			
Cash and Cash equivalents	1	4,153,933	3,355,044
Financial Assets	2	3,128,546	3,396,740
Trade receivables	3	-	531,497
Reinsurance assets	4	830,808	690,838
Deferred Acquisition cost	5	623,240	443,678
Other Receivables and Prepayments	6	1,058,220	102,512
Investment in a subsidiary	7	300,808	193,308
Investment Properties	8	391,596	388,371
Statutory Deposit	9	320,000	320,000
Intangible asset	10	10,722	12,157
Property and equipment		2,887,328	2,637,455
Deferred Tax asset	11	-	16,066
Total assets		<u>13,705,201</u>	<u>12,087,666</u>
Liabilities			
Insurance contract liabilities	12	5,573,882	5,161,722
Trade payables	13	35,838	-
Book Overdraft	1.1	245,297	-
Other payables	13.1	374,751	455,306
Retirement benefit obligations	14	74,638	108,956
Income tax liability	15	277,041	154,348
Deferred tax liability	15	(16,066)	-
		<u>6,565,381</u>	<u>5,880,332</u>
Equity			
Issued share capital	16	2,640,251	2,640,251
Share premium	17	272,551	272,551
Contingency reserve	18	2,526,647	2,276,784
Retained earnings	19	1,364,968	682,345
Available for sale reserve	20	173,368	173,368
Other Res.-employee benefit act.surplus	21	162,035	162,035
total Equity		<u>7,139,820</u>	<u>6,207,334</u>
Total equity and liabilities		<u>13,705,201</u>	<u>12,087,666</u>
<div>  <p>Mr. Tope Smart (GMD/CEO) FRC/2013/CIIN/00000001331</p> </div> <div>  <p>Miss. Stella Omoraro (CFO) FRC/2013/ICAN/00000001238</p> </div>			

NEM INSURANCE PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30TH SEPTEMBER, 2016

	Notes	2016 N'000	SEPT. 2015 N'000
Gross premiums written	22	9,008,903	8,707,538
Decrease/(Increase) in unearned income		<u>(1,045,737)</u>	<u>(1,273,630)</u>
Gross premiums earned	22	7,963,166	7,433,908
Reinsurance expenses	23	<u>(1,824,378)</u>	<u>(1,129,917)</u>
Net premiums income		6,138,788	6,303,991
Fee and commission income	24	<u>458,537</u>	<u>212,436</u>
Net underwriting income		6,597,325	6,516,427
Claims expenses	25	(1,525,869)	(1,435,672)
Underwriting expenses	26	<u>(2,210,946)</u>	<u>(1,797,629)</u>
Underwriting profit		2,860,510	3,283,126
Investment Income	27	285,665	533,187
Fair value (loss)/gain	28	-	-
Other income	29	22,243	22,054
Revaluation loss investment properties	8	-	-
Profit /(loss) on disposal of Assets		-	-
Impairments	30	-	-
Other operating and admin. Expenses	31	<u>(1,689,945)</u>	<u>(1,345,276)</u>
Profit before tax		1,478,473	2,493,091
Income taxes	15.2	<u>(229,163)</u>	<u>(386,428)</u>
Profit after tax		1,249,310	2,106,663
Other Comprehensive Income			
Fair value loss on Available for sale	21	-	-
Actuarial profit on defined benefit plan	22	-	-
		<u>1,249,310</u>	<u>2,106,663</u>

NEM INSURANCE PLC

UNDERWRITING RESULT PER CLASS OF BUSINESS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2016

	MOTOR N'000	MARINE N'000	FIRE N'000	GEN.ACCID N'000	OIL & GAS N'000	TOTAL N'000	SEPT, 2015 N'000
Direct Business Premium	3,113,843	897,009	2,111,891	1,848,938	841,120	8,812,801	8,589,205
Reinsurance Inward	18,965	37,643	69,741	64,534	5,217	196,100	118,332
Gross Premium	3,132,808	934,652	2,181,632	1,913,472	846,337	9,008,901	8,707,537
(Increase)/Decrease in Unexpired Risk	(346,547)	(147,517)	(520,320)	(6,107)	(25,246)	(1,045,737)	(1,273,630)
Gross Premium Earned	2,786,261	787,135	1,661,312	1,907,365	821,091	7,963,164	7,433,907
Reinsurance Expenses	(8,568)	(320,524)	(732,958)	(543,483)	(218,845)	(1,824,378)	(1,129,916)
Net Premium Earned	2,777,693	466,611	928,354	1,363,882	602,246	6,138,786	6,303,991
Commission Received	1,733	93,749	203,633	159,422	-	458,537	212,436
Total Income	2,779,426	560,360	1,131,987	1,523,304	602,246	6,597,323	6,516,427
Direct Claim Paid	(1,151,747)	(358,593)	(1,165,921)	(725,015)	(12,554)	(3,413,830)	(3,739,408)
Increase/Decrease in prov.for O/S Claims	263,231	167,874	(103,683)	167,549	138,606	633,577	1,577,689
Gross Claim Paid	(888,516)	(190,719)	(1,269,604)	(557,466)	126,052	(2,780,253)	(2,161,719)
Reinsurance Claim Recovery	41,251	157,350	612,470	443,315	-	1,254,386	726,046
Net Claim Incurred	(847,265)	(33,369)	(657,134)	(114,151)	126,052	(1,525,867)	(1,435,673)
Underwriting Expenses	(746,279)	(279,467)	(462,714)	(567,213)	(155,272)	(2,210,945)	(1,797,629)
Total Deduction	(1,593,544)	(312,836)	(1,119,848)	(681,364)	(29,220)	(3,736,812)	(3,233,302)
Underwriting Profit	1,185,882	247,524	12,139	841,940	573,026	2,860,511	3,283,125

NEM INSURANCE PLC

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED SEPTEMBER, 2016

	Sep-16 N'000	Dec-15 N'000
Cash flow from Operating Activities		
Premium received from policy holders	6,536,701	10,024,287
Commission Received	458,537	395,917
Cash paid to and on behalf of Employees	(818,036)	(1,111,830)
Receipt from claims recovery	84,804	152,960
Receipt from reinsurance recovery	1,169,581	1,160,572
Reinsurance premium paid	(1,824,378)	(2,093,895)
Commission Paid	(1,342,997)	(1,715,783)
Other Operating Cash payments	(638,524)	(1,554,357)
Claims Payments	(3,413,831)	(4,475,555)
Company Income Tax Paid	(106,470)	(28,745)
	105,387	753,570
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed of disposal	-	1,539
Investment in subsidiary	(107,500)	-
Investment Income	285,666	676,398
Statutory deposits	-	-
Redemption of government bond	4,461	4,331
Purchase of corporate bond	(50,000)	(25,169)
Purchase of financial assets - FVPL	-	-
Disposal of unquoted investment	-	38,938
Short term investment	825,765	(517,468)
Purchase of unquoted investment	-	(220,359)
Purchase of investment property	(3,225)	(5,245)
Purchase of intangible asset	(480)	(13,076)
Purchase of plant and equipment	(483,257)	(676,500)
Net cash outflow for investment activities	471,430	(736,610)
CASH FLOW FROM FINANCIAL ACTIVITIES		
Dividends paid to equity holders of the parents	(316,830)	(316,830)
Unclaimed Dividend received	293,605	234,154
Net cash outflow for financing activities	(23,225)	(82,676)
Total cash outflow	553,592	(65,713)
Cash and cash equivalent at January 1	3,355,044	3,420,758
Cash and cash equivalent at June 30	3,908,636	3,355,044
Represented by:		
Cash and cash equivalent at June 30	3,908,636	3,355,044

STATEMENT OF CHANGE IN EQUITY

	<i>Issued</i>									
	Share Capital	Share Premium	Retained Earnings	AFS Reserve	Other Reserves	Contingency Reserves	Total			
	N'000	N'000	N'000	N'000	N'000	N'000	N'000			
At January 1, 2016	2,640,251	272,551	682,349	173,368	162,035	2,276,784	6,207,338			
Profit for the year	-	-	1,249,310	-	-	-	1,249,310			
Transfer to Contingency reserves	-	-	(249,862)	-	-	249,862	-			
Other Comprehensive Income										
Actuarial gain on defined benefit plan										
Gains on revaluation of investment property										
Distribution to owners										
Dividend paid during the year			(316,830)				(316,830)			
As at 30th June, 2016	2,640,251	272,551	1,364,967	173,368	162,035	2,526,646	7,139,818			

FIXED ASSET SCHEDULE

	Land & Building Under Const-Oniru N'000	Land & Building N'000	Partitioning N'000	Plant & Machinery N'000	Motor Vehicle N'000	Furniture & Fittings N'000	Office Equipment N'000	Total N'000
At 1st January 2016	279,524	1,491,157	272,952	137,214	443,401	132,908	330,395	3,087,551
Additions	372,676	23,000	11,387	1,164	43,484	2,924	28,623	483,258
Reclassification								
Disposal/Transfer								-
At 30th Sept, 2016	652,200	1,514,157	284,339	138,378	486,885	135,832	359,018	3,570,809

Depreciation/Amortisation

At 1st January 2016		29,824	54,700	36,067	222,083	30,334	77,087	450,095
Charge for the year		22,713	42,652	20,757	73,035	20,375	53,854	233,386
Depreciation on Disposal								-
At 30th Sept, 2016	-	52,537	97,352	56,824	295,118	50,709	130,941	683,481

Net Book Value

At 30th Sept, 2016	652,200	1,461,620	186,987	81,554	191,767	85,123	228,077	2,887,328
At 31st December, 2015	279,524	1,461,334	220,842	102,168	270,832	106,175	253,125	2,694,000

Notes to the Financial Statements

1 CASH AND CASH EQUIVALENTS

	2016 N'000	2015 N'000
Cash and bank balances	607,129	525,048
Short-term deposits [see Note below]	3,546,804	2,829,995
	<u>4,153,933</u>	<u>3,355,043</u>

Short-term deposits: are made for varying period averaging between 1-90 days depending on the immediate cash requirements of the group. All deposits are subject to an average interest rate of 6%

1.1 BOOK OVERDRAFT

Book Overdraft	<u>245,297</u>	<u>-</u>
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2 FINANCIAL ASSETS

The financial assets are as summarised below:

	2016 N'000	2015 N'000
Financial assets at fair value through profit or loss	769,054	654,054
Available for Sale	2,127,716	2,560,909
Held to Maturity financial assets	231,776	181,777
	<u>3,128,546</u>	<u>3,396,740</u>
Current	2,127,716	2,560,909
Non-current	1,000,830	835,831
	<u>3,128,546</u>	<u>3,396,740</u>

3 TRADE RECEIVABLES

Opening Balance	531,497	209,493
Prior year collection	(531,497)	(209,493)
Addition	-	531,497
	<u>-</u>	<u>531,497</u>
Impairment	-	-
	<u>-</u>	<u>-</u>
		531,497

4 REINSURANCE ASSETS

Opening Balance	690,838	717,121
For the year reinsurance assets	139,970	(26,283)
Transfer to Impairment	-	-
	<u>830,808</u>	<u>690,838</u>

5 DEFERRED ACQUISITION COST

At January	443,678	442,473
Acquisition during the quarter	1,522,560	1,716,988
Apportionment during the quarter	(1,342,998)	(1,715,783)
	<u>623,240</u>	<u>443,678</u>

6 OTHER RECEIVABLES AND PREPAYMENT

Prepayments	14,514	14,514
Accrued Income	-	37,200
Other Debtors	964,005	8,352
Other receivables	79,701	42,446
	<u>1,058,220</u>	<u>102,512</u>

7 INVESTMENT IN SUBSIDIARY

Opening Balance	193,308	193,308
Addition	107,500	-
Investment in subsidiary	<u>300,808</u>	<u>193,308</u>

The Companies' investments in a subsidiary established in Ghana and Nigeria were treated as unquoted investments. Subsidiary in Ghana is partly owned (40%) by NEM Insurance Plc while the Nigeria subsidiary is wholly owned (40%) The investments were Partly and fully funded by the company respectively.

8 INVESTMENT PROPERTIES

Opening Balance	388,371	485,830
Reclassification/Transfer	-	(102,704)
Addition	3,225	5,245

As at June 30	391,596	388,371
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Investment properties are held at fair value, which has been determined based on valuations performed independent valuations performed by independent valuation experts, Diya Fatimilehin & Co. property plaza, Muri Okunola Street, Victoria Island Lagos. The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represent the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of comprehensive income.

This is an investment in land building held primarily for generating income or capital appreciation and occupied substantially for use in the operations of the company. This is carried in the statement of financial position at their market value.

9 STATUTORY DEPOSIT

This represents the amount deposited with the Central Bank of Nigeria as at December 31, 2013 in accordance with section 9(1) and section 10(3) of Insurance Act 2003. Statutory deposit are measured at cost

	320,000	320,000
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10 INTANGIBLE ASSET

Cost		
At January 1,	58,329	45,253
Addition	1,040	13,076
Written off	-	-
Reclassification from non-current asset	-	-
As at June 30	59,369	58,329
Amortisation		
At January 1,	46,172	40,794
Written off	-	-
Impairment during the year	2,475	5,378
As at June 30	48,647	46,172
Net Book Value	10,722	12,157

12 INSURANCE CONTRACT LIABILITIES

As at January 1,		
Reserve for unexpired premium	2,929,288	2,804,638
Reserve for outstanding claims	2,232,434	1,639,488
Addition during the year:		
Reserve for unexpired premium	1,045,737	124,650
Reserve for outstanding claims	(633,577)	592,946
	5,573,882	5,161,722
Reserve for unexpired premium	3,975,025	2,929,288
Reserve for outstanding claims	1,598,857	2,232,434
	5,573,882	5,161,722

13 TRADE PAYABLES

Trade creditors	35,838	-
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13.1 OTHER CREDITORS

Accruals	-	77,386
Unclaimed Dividend	293,605	234,154
Others	81,146	143,766
	374,751	455,306

14 RETIREMENTS BENEFITS OBLIGATIONS

As at January 1,	108,956	187,848
Addition	(34,318)	(78,892)
Gain-employee benefit actuarial surplus	-	-
Gratuity	74,638	108,956

15 TAXATION

15.1 Per Financial Position

At January 1,	154,348	12,212
Income tax for the year	229,163	170,881
Paid during the year	(106,470)	(28,745)
At June 30	<u>277,041</u>	<u>154,348</u>
15.2 Per Income Statement		
Income tax	(236,307)	140,518
Education tax	(40,734)	30,363
	<u>(277,041)</u>	<u>170,881</u>
Deferred tax	-	(296,978)
	<u>(277,041)</u>	<u>(126,097)</u>
15.3 DEFERRED TAX		
At January 1,	(16,066)	280,913
Charge for the year	-	(296,979)
	<u>(16,066)</u>	<u>(16,066)</u>
16 ISSUED SHARED CAPITAL		
Authorised share:		
8,400,000,000 ordinary shares of 50k each	<u>4,200,000</u>	<u>4,200,000</u>
ordinary shares issued and fully paid:		
At January 1, 5,280,502,913 ordinary shares of 50k each		
At December 31,	<u>2,640,251</u>	<u>2,640,251</u>
	<u>272,551</u>	<u>272,551</u>
17 SHARE PREMIUM		
Premium from the issue of shares are reported in share premium		
18 CONTINGENCY RESERVE		
As at January 1,	2,276,784	1,966,395
Transfer from retained earnings	<u>249,863</u>	<u>310,389</u>
	<u>2,526,647</u>	<u>2,276,784</u>
Contingency reserve is calculated in accordance with the provisions of Section 21(2) of the Insurance Act, 2003 at the higher of 3% of the total premium or 20% of total profit after tax. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium		
19 RETAINED EARNINGS		
As at 1 January	682,349	624,105
Transfer from comprehensive income	<u>682,619</u>	<u>58,241</u>
	<u>1,364,968</u>	<u>682,346</u>
Retained earnings consist of undistributed profits/loss from previous years		
20 AVAILABLE FOR SALE RESERVE		
Opening Balance	<u>173,368</u>	329,232
Movement	-	(155,864)
	<u>173,368</u>	<u>173,368</u>
The fair value reserve shows the effect from the fair value measurement of financial instruments of the category available for sale. Any gains or losses are not recognised in the comprehensive income statements until the asset has been sold or impaired.		
21 OTHER RESERVE		
Actuarial gains on retirement benefit		-
Opening Balance	162,035	68,178
Gain during the year	-	93,857
	<u>162,035</u>	<u>162,035</u>
This represents actuarial gains on employee retirement benefit		
22 GROSS PREMIUM WRITTEN		Sep-15
The analysis of gross premium by business class is as follows:		
Fire	2,111,891	1,582,074
Oil and Gas	841,120	1,210,049
General accident	1,848,938	1,893,951
Marine	897,009	811,281
Motor	3,113,843	3,091,850
Inward reinsurance	<u>196,102</u>	<u>118,333</u>
Gross premium written	<u>9,008,903</u>	<u>8,707,538</u>
(Increase) in unearned premium	<u>(1,045,737)</u>	<u>(1,273,630)</u>
Gross premium income	<u>7,963,166</u>	<u>7,433,908</u>

Re-insurance Outward	(1,824,378)	(1,129,917)
	6,138,788	6,303,991

23 RE-INSURANCE EXPENSE

Motor	8,568	3,772
Marine	320,524	168,977
Fire	732,958	362,243
General accident	543,483	306,989
Oil and Gas	218,845	287,935
	1,824,378	1,129,916

24 FEE AND COMMISSION INCOME

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

Motor	1,733	679
Marine	93,749	40,824
Fire	203,633	91,131
General accident	159,422	79,654
Oil and Gas	-	148
	458,537	212,436

25 CLAIMS EXPENSES

The analysis of claim expenses by business class is as follows:

Motor	(847,266)	(774,683)
Marine	(33,369)	(159,255)
Fire	(657,134)	(57,729)
General accident	(114,152)	(510,261)
Oil and Gas	126,052	66,256
	(1,525,869)	(1,435,672)

Claims expenses consist of claims paid during the financial year together with the movement in the provision for outstanding claims.

26 UNDERWRITING EXPENSES

Commission expense	(1,342,998)	(1,247,808)
Maintenance expense	(867,948)	(549,821)
	(2,210,946)	(1,797,629)

26.1 COMMISSION EXPENSE

The analysis of commission expenses by business class is as follows:

Motor	373,061	342,151
Marine	170,974	187,169
Fire	349,881	251,078
General accident	393,624	401,618
Oil and Gas	55,458	65,791
	1,342,998	1,247,807

26.2 MAINTENANCE EXPENSE

Motor	373,218	236,423
Marine	108,493	68,727
Fire	112,833	71,477
General accident	173,590	109,964
Oil and Gas	99,814	63,229
	867,948	549,820

Underwriting expenses consist of acquisition and maintenance expenses which include commission and policy expenses, proportion of staff cost and insurance supervision levy. Underwriting expenses for insurance contracts are recognised as expense when incurred

27 INVESTMENT INCOME

Dividend income	81,538	276,139
Interest from fixed deposit	169,920	218,325
Interest from statutory deposit	34,207	38,723
	285,665	533,187

28 FAIR VALUE GAIN THROUGH PROFIT OR LOSS

Fin. assets at fair val throu p.or l at beg of the yr	(654,054)	(665,839)
Addition during the year	-	-
	(654,054)	(665,839)
Fin. assets at fair val throu p.or l at end of the yr	654,054	665,839
	-	-

29 OTHER INCOME

Sundry Income	1,253	10,734
Rental Income	20,990	11,320
Exchange Gain	-	-
	<u>22,243</u>	<u>22,054</u>
30 IMPAIRMENTS		
Unquoted investment	-	-
trade receivable	-	-
Reinsurance assets	-	-
Intangible assets	-	-
	<u>-</u>	<u>-</u>
31 OTHER OPERATING & ADMINISTRATIVE EXPENSES		
Auditors Remuneration	-	-
Employee Benefits	(818,036)	(780,002)
Other Management Expenses	(638,523)	(468,367)
Depreciation	(233,386)	(96,907)
	<u>(1,689,945)</u>	<u>(1,345,276)</u>