

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Table of Contents	Page
Corporate information	i
Report of the directors	iii
Certification pursuant to section 60(2) of investment Act No 29 of 2007	viii
Report of audit and compliance committee	ix
Corporate governance report	x
Management's discussion and analysis	xiv
Statement of directors' responsibilities in relation to the consolidated financial statements	1
Independent auditor's report	2
Statement of significant accounting policies	7
Consolidated statement of financial position	30
Consolidated statement of profit or loss and other comprehensive income	31
Consolidated statement of cash flows	33
Consolidated statement of changes in equity	34
Notes to the consolidated financial statements	36
Other national disclosures:	
Consolidated statement of value added	132
Financial summary – Group	133
Financial summary – Company	134

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CORPORATE INFORMATION

Company Registration Number	- RC 178140																								
Nature of business	The Company is principally engaged in the business of financial services with its main business as underwriting of life and non-life risks for both corporate and individual customers.																								
Directors:	<table><tr><td>Mahmud Yayale Ahmed, CFR, BSc, MPA, LLD (Hons)</td><td>- Chairman (resigned Chairman w.e.f)</td></tr><tr><td>Rotimi Fashola, MBA, ACII, ACLarb</td><td>- Managing Director (resigned w.e.f 02/10/17)</td></tr><tr><td>Bayo Folayan</td><td>- Acting Managing Director (appointed w.e.f 03/07/17; resigned w.e.f 01/02/19)</td></tr><tr><td>Rachel Voke Emenike (Mrs.), LLB, BL, MBA, ACII</td><td>- Managing Director/CEO (appointed w.e.f 01/02/19)</td></tr><tr><td>Sina Elusakin BSc, MBA, AIIN MEI</td><td>- Deputy Managing Director (resigned w.e.f 30/09/17)</td></tr><tr><td>Professor Oladapo Afolabi, OON, CFR, MSc, PhD</td><td>- Director</td></tr><tr><td>Augustine Olorunsola BSc</td><td>- Director</td></tr><tr><td>Awuneba Ajumogobia (Mrs.) BSc, FCA</td><td>- Director (resigned w.e.f 18/05/17)</td></tr><tr><td>Gaffar Kayode Animashawun Jnr. BL, LLM</td><td>- Director</td></tr><tr><td>Kanayo Chuks Okoye BL, LLM</td><td>- Director</td></tr><tr><td>Yinka Obalade BSc, MBA, FCA</td><td>- Executive (resigned w.e.f 01/09/17)</td></tr><tr><td>Shade Ajayi</td><td>- Acting Executive Director, Technical (appointed w.e.f 03/07/17; resigned w.e.f 31/01/19)</td></tr></table>	Mahmud Yayale Ahmed, CFR, BSc, MPA, LLD (Hons)	- Chairman (resigned Chairman w.e.f)	Rotimi Fashola, MBA, ACII, ACLarb	- Managing Director (resigned w.e.f 02/10/17)	Bayo Folayan	- Acting Managing Director (appointed w.e.f 03/07/17; resigned w.e.f 01/02/19)	Rachel Voke Emenike (Mrs.), LLB, BL, MBA, ACII	- Managing Director/CEO (appointed w.e.f 01/02/19)	Sina Elusakin BSc, MBA, AIIN MEI	- Deputy Managing Director (resigned w.e.f 30/09/17)	Professor Oladapo Afolabi, OON, CFR, MSc, PhD	- Director	Augustine Olorunsola BSc	- Director	Awuneba Ajumogobia (Mrs.) BSc, FCA	- Director (resigned w.e.f 18/05/17)	Gaffar Kayode Animashawun Jnr. BL, LLM	- Director	Kanayo Chuks Okoye BL, LLM	- Director	Yinka Obalade BSc, MBA, FCA	- Executive (resigned w.e.f 01/09/17)	Shade Ajayi	- Acting Executive Director, Technical (appointed w.e.f 03/07/17; resigned w.e.f 31/01/19)
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Company Secretary	Abiodun Ajifolawe BL, LLM, FCIS, FCTI, FClarb																								
Registered office	No. 2, Agoro Odiyan Street Off Adeola Odeku Street Victoria Island, Lagos. P M B 80181, Victoria Island, Lagos State E-mail: info@iginigeria.com Website: www.iginigeria.com																								
Liaison office	Suite 52-55, 1st Floor 65 London Wall London, EC2M 5TU Tel: 020-7374 0588; 020-7374 0648; Fax: 020-7374																								
Auditors	PKF Professional services PKF House 205A Obanikoro Ikorodu Road Lagos State www.pkf-ng.com																								

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Registrars Greenwich Registrars & Data Solutions Limited
274, Murtala Muhammed Way
Yaba, Lagos

Re-insurers Lloyds of London
African Reinsurance Corporation
Allianz SOMPO Japan
Hannover Re
AIG
WAICA Re
Swiss Re
Continental Reinsurance

Actuaries Ernst & Young

Major Bankers Access Bank Plc
Citibank Nigeria Plc
Ecobank Nigeria Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Guaranty Trust Bank Plc
Global Trust Savings & Loans Limited
Heritage Bank Plc
Keystone Bank Plc
Sterling Bank Plc
Polaris Bank Plc
Standard Chartered Bank Plc
Union Bank Plc
United Bank of Africa Plc
Wema Bank Plc
Zenith International Bank Plc

FRCN Registration No FRC/2013/000000000644

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2017

The Directors have pleasure in presenting their report on the affairs of Industrial and General Insurance Plc ("the Company") together with the Group Audited Financial Statements and Auditors' report for the year ended 31 December 2017.

CORPORATE STRUCTURE AND BUSINESS

Industrial and General Insurance Plc ("IGI" or "the Company") is a company domiciled in Nigeria with presence in some other countries.

The Company was incorporated as a private limited liability company in 31 October 1991 and licensed by the National Insurance Commission to operate as a composite insurance company in December 1991 and commenced business in January 1992. Its registered office is No 2 Agoro Odiyan Street, Victoria Island, Lagos, Nigeria.

The Company is principally engaged in the business of financial services with its main business as underwriting of life and non-life risks for both corporate and individual customers.

Following the increase in the number of members beyond the maximum required for a private company after the Company's Private Placement Exercise in year 2006/2007, the Company converted to a public limited liability company on 28 June 2007 and the change was assented to by the Registrar- General of the Corporate Affairs Commission on 30 November 2007. The name of the Company was accordingly changed to Industrial and General Insurance Plc.

The Company expanded in 2007 by acquiring Nasal Insurance Company Limited. This led to an increase in both its asset and customer base.

The Company has both local and foreign subsidiaries, namely:

Local

Global Trust Savings and Loans Limited, International Health Management Services Limited, Monarch Communications Limited and All Crown Registrars Limited.

Foreign

National Insurance Corporation Limited (Uganda) and IGI Gamstar Insurance Company Limited (The Gambia).

The financial results of all the subsidiaries have been consolidated in these financial statements.

PRINCIPAL ACTIVITIES

The Company and most of its international subsidiaries are engaged in composite insurance business, that is, life and non-life insurance which includes special risks and investment contracts whilst Monarch Communications Limited was engaged in the telecommunications business; Global Trust Savings is engaged in the business of mortgage banking; International Health Management Services Limited carries on business as a provider of pre-paid health care services and All Crown Registrars Limited engages in the business of share registration.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2017

Results at a Glance

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Gross premium income	6,002,177	7,529,493	2,870,212	3,200,616
Underwriting results	1,052,519	1,237,192	495,240	713,098
Investment income	343,532	621,860	189,930	297,117
Management expenses	(2,999,684)	(6,067,484)	(1,824,660)	(3,288,046)
Impairment charge	(598,528)	(249,431)	(512,474)	(722,096)
Loss before income tax	(4,702)	(4,024,779)	(219,078)	(1,666,686)
Net Assets	7,471,937	3,889,282	5,446,032	5,526,028

DIRECTORS AND DIRECTORS' INTERESTS

a. The names of the current Directors are listed on page 8

b. Kanayo Chuks Okoye and Gaffar Kayode Animashawun Jnr will retire by rotation and being eligible have offered themselves for re-election.

c. Directors' Shareholdings

The interests of the Directors who held office during the year in the issued share capital of the Company as recorded in the Register of Directors' Shareholding are as follows:

	Number of shares as at 31	
	2017	2016
Mahmud Yayale Ahmed, CFR	-	-
Prof. Oladapo Afolabi, OON, CFR	-	-
Rotimi Fashola	312,873,021	312,873,021
Sina Elusakin	4,455,000	4,455,000
Yinka Obalade	1,815,000	1,815,000
Foluso Gbadamosi	110,071,588	110,071,588
Awuneba Ajumogobia	-	-
Augustine Olorunsola	-	-
Gaffar K. Animashawun Jnr. (indirect)	184,064,556	184,064,556
Kanayo Chuks Okoye	-	-
Bayo Folayan	-	-
Shade Ajayi	-	-
Rachel Voke Emenike (Mrs.)	-	-
	613,279,165	613,279,165

APPOINTMENT OF NEW DIRECTORS

No appointment was made during the year

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2017

ANALYSIS OF SHAREHOLDING

The shareholding pattern of the Company is as follows:

Share Range	Number of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1 - 1,000	68	0.67	36,357	-
1,001 - 5,000	77	0.76	195,935	-
5,001 - 10,000	25	0.25	193,709	-
10,001 - 50,000	3,516	34.49	110,536,183	0.78
50,001 - 100,000	2,030	19.91	132,103,722	0.93
100,001 - 500,001	2,794	27.41	572,415,160	4.02
500,001 - 1,000,000	673	6.6	436,000,790	3.06
1,000,001 - 5,000,000	779	7.64	1,413,956,608	9.94
5,000,001 - 100,000,000	212	2.08	4,079,175,752	28.66
100,000,001 - 500,000,000	15	0.15	2,823,360,670	19.84
500,000,001 - And Above	6	0.06	4,663,262,398	32.77
TOTAL :-	10,195	100	14,231,237,284	100

The Company intends to continue carrying out the objectives set out in its Memorandum and Articles of Association. The detailed exposition of the current and future prospects is set out in the Chairman's

RESEARCH AND DEVELOPMENT

The Company is on a continuous basis carrying out research into insurance products and services.

DONATIONS

Charitable gifts and donations during the year amounted to N100,000 (31 Dec 2016 - N3,269,405) and were made to the underlisted. No donation was made to any political organization during the year.

Details	2017 N'000
Donation	<u><u>100,000</u></u>

EMPLOYMENT AND EMPLOYEES

a) Employment of physically challenged persons: It is the policy of the Company that there should be no discrimination in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop. The Company had no disabled person in its employment as at 31 December, 2017.

b) Health, safety at work and welfare of employees: Health and safety regulations are in force within the premises of the Company. The Company provides subsidy towards transportation, housing, lunch and medical expenses to all employees.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2017

c) Employees' Involvement and Training: The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress and seeking their views wherever practicable on matters which particularly affect them as employees. Management's professional and technical expertise is the Company's major asset and investment in their further development continues. The Company's expanding skill-base has been extended by a range of training provided to its employees whose opportunities for career development within the company have been

INVESTMENT IN SUBSIDIARIES

Consistent with its expansion program, the Company setup and acquired some subsidiaries in the preceding years. Below is a list of companies and the percentage holdings in the subsidiaries:

S/No	NAME OF SUBSIDIARIES	IGI'S % HOLDING	STATUS
1	Global Trust Savings & Loans Limited	98.73%	Acquired
2	NIC Holding Limited, Uganda	64.95%	Acquired
3	IGI Gamstar Insurance Company Limi	60.00%	Acquired
4	All Crown Registrars Limited	80.00%	Acquired
5	International Health Management Ser	90.84%	Set up
6	Monarch communications Ltd	56.86%	Set up

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated results for the year ended 31 December 2017 were prepared in compliance with International Financial Reporting Standards (IFRS).

The Financial Statements of the under listed subsidiaries were consolidated with that of the Company:

Global Trust Savings & Loans Limited
NIC Holding Limited, Uganda
IGI Gamstar Insurance Company Limited, Gambia
All Crown Registrars Limited
International Health Management Services Limited
Monarch communications Ltd

RELATED PARTY TRANSACTIONS

There were no material related party transactions amongst the members of the Group except for the following transactions that have been carried out at arm's length:

- i. **Global Trust Savings & Loans Limited** provides banking services to the parent company and the local subsidiaries. The transactions are carried out at arm's length and in competition with other banks.
- ii. **International Health Management Services Limited** provides pre-paid health care services to the Company and local subsidiaries at arms's length and at competitive market rates.
- iii. The Company provides insurance related services to its local subsidiaries in competition with other insurers at competitive market rates available in the industry.

The above transactions have no material effect on the Group Financial Statements. All intra-group transactions, balances, income and expenses were eliminated on consolidation.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2017

FINANCIAL PERFORMANCE AND RESULTS

The Group recorded a decrease of 30% in Gross Written Premium from N7.69 billion to N5.40 billion in 2017 while Net Premium Income decreased by 31% from N5.80 billion recorded in 2016 to N4.03 billion in 2017. Reinsurance cost for 2017 increased by 17% to N2.04 billion from N1.73 billion recorded in 2016 as a result of the decrease in revenue for the year.

Net claims incurred decreased by 72% from N4.16 billion in 2016 to N1.16 billion in 2017. Underwriting expenses increased by 57% from N1.52 billion in 2016 to N2.39 billion in 2017.

POST REPORTING DATE EVENTS

Mr. Rotimi Fashola, Mr. Sina Elusakin, Mr. Yinka Obalade, Mrs. Awuneba Ajumogobia and Mrs. Foluso Gbadamosi all retired/resigned in year 2017 with effect from the respective dates indicated against their

Mr. Bayo Folayan was appointed Acting Managing Director/CEO of the Company with effect from 3rd July, 2017. He ceased to hold the office on 31st January 2019.

Mrs. Rachel Voke Emenike was appointed Managing Director/CEO of the company with effect from 1 February 2019. Her appointment will be presented for ratification/approval at the next AGM of the

AUDITORS

The Auditors, Messrs. PKF Professional Services were appointed by the Board as the Auditors of the Company on 11th July 2019.

A resolution shall be proposed at the Annual General Meeting to appoint and fix their remuneration.



ABIODUN AJIFOLawe
COMPANY SECRETARY
FRC/2013/NBA/0000000/3830
LAGOS, NIGERIA

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 consolidated audited financial statements for the year ended 31 December 2017 that:

- 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 financial statements misleading in the light of circumstances under which such statements were made;
- c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.
- 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 subsidiaries 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 presented 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 and Compliance Committee:
 - (i) All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - (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.



Rachel Yoke Emenike
Managing Director
FRC/2015/CIIN/00000013299

Date: 16 December 2021



Tolu Delano
Chief Finance Officer
FRC/2019/ANAN/00000019788.

Date: 16 December 2021

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE IN RESPECT OF THE 2017 AUDITED ACCOUNTS

To the Members of Industrial and General Insurance Plc

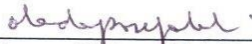
Save the resignation of two members, the membership of the Board Audit and Compliance Committee has not changed considerably, since the last changes experienced at the Annual General Meeting of the Company held on the 19th of April 2016.

The members of the Committee elected then are as stated below: The Committee at its meeting subsequently elected Professor Oladapo Afolabi, OON, as its Chairman. Two members of the Committee resigned in 2017. They are Mrs Awuneba Ajumogobia and Mr Yinka Obalade. Their positions have been filled temporarily by Mr Kanayo Okoye and Mr Tolu Delano pending the next Annual General Meeting.

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act (CAMA), CAP20, Laws of the Federation of Nigeria 2004, we, the members of the Audit and Compliance Committee of Industrial and General Insurance Plc. having carried out our statutory functions under the Act, hereby report as follows that;

- We have reviewed the scope and planning of the audit for the year ended 31 December 2017 and we confirm that they were adequate.
- The Company's reporting and accounting policies as well as the internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2017.

Finally, we acknowledge and appreciate the cooperation of Management and staff in the conduct of these duties.



Professor Oladapo Afolabi
Chairman, Audit and Compliance Committee
FRC/2017/IPAN/00000015950

Date: 22 June 2021

Members of the Committee are:-

Prof. Oladapo Afolabi, OON, CFR	- Chairman
Awuneba Ajumogobia (Mrs.)	- Member (resigned w.e.f. 18/05/17)
Yinka Obalade	- Member (resigned w.e.f 01/19/17)
Mr. Kanayo Okoye	- Member
Kayode Agboola	- Member
Dr. Gbenga Ogunkoya	- Member
Dr. Abba Njoku	- Member

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CORPORATE GOVERNANCE REPORT

1. INTRODUCTION

Industrial and General Insurance Plc as a foremost and indigenous Insurance Company in Nigeria is committed to good corporate governance and to applying best-in-class standards of behaviour as well as providing transparency in how it conducts its affairs.

The Company recognizes the importance of good corporate governance to the continued growth and profitable management of any organization and remains committed to institutionalizing corporate governance principles as part of its group corporate structure.

The Company continues to pursue strict adherence to the implementation of Corporate Governance rules as issued by the National Insurance Commission (NAICOM) and the Securities and Exchange Commission (SEC).

The guiding principles of the Company's Corporate Governance Guidelines include the following:-

- i) delegation of authority by the shareholders (who are the owners of the Company) to the Board and subsequently to Board Committees and Executive Management is clearly defined and agreed. However, the Board is aware that it is ultimately responsible and accountable for the performance of the Company. It recognises that the use of delegated authority to Board Committees and Executive Management in no way mitigates or dissipates the discharge by the Board of its responsibilities.
- ii) Institutionalized individual accountability and responsibility through empowerment and relevant authority.
- ii) Each of the Board Committees has clear-cut Terms of Reference confirmed by the Board.
- iv) There is transparency and full disclosure from the Board Committees to the Board and the Directors have full access to all Board Committees' documents and the Committee are free to seek professional advice when and if they so deem fit.
- v) actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Company and its shareholders.

2. GOVERNANCE STRUCTURE AND ORGANIZATION

According to the Company's Constitution and the requirements set forth by the Code of Corporate Governance in Nigeria, the Company has adopted the following governance structure:

- a) Shareholders' Meeting
- b) Board of Directors
- c) Board Committees
- d) Management/Management Board

2.1 Annual General Shareholders' Meeting

The General Meeting of the Company is the highest decision making body of the Company. The shareholders have an opportunity to express their views and concerns, if any, on the Company's financial results and all other issues at the Annual General Meeting of the Company (AGM).

Shareholders having the right to attend the AGM were adequately notified of the AGM by publication in national newspapers 21 days in advance of the meeting. Shareholders were given ample opportunities to participate at the AGM. Proxy forms were made available to shareholders in accordance with Company's Constitution.

2.2 Communication with Interest holders and with the Public

It is the responsibility of the Executive Management, under the direction of the Board, to ensure that the Board receives adequate information on a timely basis about the Company's businesses and operations at appropriate intervals and in an appropriate manner to enable the Board carry out its responsibilities.

Furthermore, the Board and Management of the Company ensure that communication and dissemination of information regarding the operations and management of the Company to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial and non-financial matters.

2.3 The Board of Directors

For the reporting year, the Board of the Company up until 2nd July 2017 comprised 10 members; 5 Non-Executive Directors and 5 Executive Directors. One of the 5 Non-executive Directors (none of whom exercises executive powers) chaired the Board.

As from 3rd July 2017, the Board of the Company comprised 7 members (5 Non – Executive Directors and 2 Acting Executive Directors). The reduction in the number of Directors was a result of NAICOM's directive to the Company. The Board meets regularly, at least four times in a year, that is, once every quarter.

The Board continues to operate within its responsibilities as contained in the Group Corporate Governance guidelines, Regulatory Code of Corporate Governance, the Company's Articles of Association and the Companies and Allied Matters Act as specified by the insurance sector regulator, NAICOM.

Board Composition

All the Directors bring various and varied competencies to bear on board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets regularly and is responsible for effective implementation and monitoring of the Company's strategy.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CORPORATE GOVERNANCE REPORT

CONSTITUTION OF THE BOARD

S/No	Name	Non-Executive	Executive	Remarks
1	Mahmud Yayale Ahmed, CFR	•		
2	Rotimi Fashola		•	resigned w.e.f 02/10/17
3	Prof Oladapo Afolabi, CFR	•		
4	Osten Olorunsola	•		
5	Kanayo Okoye	•		
6	Awuneba Ajumogobia (Mrs)	•		resigned w.e.f 18/05/17
7	G. K. Animashawun	.		
8	Sina Elusakin		•	resigned w.e.f 30/09/17
9	Yinka Obalade		•	resigned w.e.f 01/09/17
10	Foluso Gbadamosi		•	resigned w.e.f 30/08/17
11	Bayo Folayan		Acting	appointed w.e.f 03/07/17
12	Shade Ajayi		Acting	appointed w.e.f 03/07/17

2.4 Duties and Responsibilities of the Board

It is the responsibility of the Board to provide strategic direction for the Company. It reviews and approves the major strategies, financial and other objectives and plans of the Company. The Board ensures that adequate systems of internal controls, risk management, financial reporting and compliance are in place as well as ensuring the processes for evaluating the adequacy of these systems on an ongoing basis. Other functions include:

- selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning;
- performing all statutory roles as required by law; through decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the full Board;
- ratifying duly approved recommendations and decisions of the Board Committees;
- ensuring that proper accounting records are maintained;
- instituting internal control procedures which, as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularities;
- ensuring that applicable accounting policies are adopted and consistently applied;
- confirming that judgements and estimates made are reasonable and prudent; and
- ensuring that the going concern basis is used, unless it is inappropriate to presume that the company will continue in business.

BOARD MEETINGS

Attendance of Members at Board Meetings and Board Committees meetings for year 2017 is set out below:

Name of Directors	Board	Audit and Compliance Committee (ACC)	Finance, investment and General purposes Committee (FIGPC)	Enterprise Risks Management Committee (ERMGC)
No of Meetings	6	2	1	1
Mahmud Yayale Ahmed, CFR	4			
Rotimi Fashola	4			
Prof. Oladapo Afolabi, OON, CFR	4	2	1	1
Osten Olorunsola	5			1
Awuneba Ajumogobia (Mrs.)	2	1		
Gaffar K. Animashawun Jnr.	3			
Kanayo Chuks Okoye	5		1	1
Sina Elusakin	4			1
Yinka Obalade	3	1		
Foluso Gbadamosi	3			
Bayo Folayan	2		1	1
Shade Ajayi	2			1

3. BOARD APPRAISAL

The Code of Corporate Governance for the insurance industry recognizes the fact that a good corporate governance framework must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. The annual appraisal covers all aspects of the Board's structure, composition, responsibilities, processes and respective roles in the Board performance, as well as the Company's compliance status with the provisions of NAICOM.

4. BOARD COMMITTEES

During the year ended 31 December 2017, the Board delegated some of its responsibilities to the following committees:-

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CORPORATE GOVERNANCE REPORT

a) AUDIT AND COMPLIANCE COMMITTEE (ACC)

The Audit and Compliance Committee is a statutory committee established pursuant to Section 359 (3 & 4) of the Companies and Allied Matters Act, CAP C20, LFN 2004. The members of the committee include;

Membership

Prof. Oladapo Afolabi, OON, CFR Chairman)	Non-Executive Director
Yinka Obalade	Executive Director
Awuneba Ajumobobia (Mrs.)	Non-Executive Director
Dr. Michael Ogunkoya	Shareholder
Dr. Abba Njoku	Shareholder
Kayode Agboola	Shareholder
Kanayo Okoye	Non-Executive Director

Duties and Responsibilities

The ACC is responsible for:

- the review of the integrity of the data and information provided in the Audit and/or Financial Reports;
- ascertaining whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practice
- reviewing the scope and planning of audit requirements;
- reviewing the findings on management matters and departmental responses thereon in conjunction with the external auditors;
- keeping under review the effectiveness of the Company's system of accounting and internal control; The Committee has oversight responsibilities for the Company's financial statements;
- making recommendations to the Board of Directors in regard to the appointment, removal and remuneration of the external auditors of the company
- authorizing the Internal Auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee
- consider other issues and matters as defined by the Board of Directors.

b) FINANCE, INVESTMENT AND GENERAL PURPOSES COMMITTEE (FIGPC)

Membership

Gaffar Kayode Animashawun Jnr.	Chairman
Awuneba Ajumobobia (Mrs.)	
Prof. Oladapo Afolabi	
Augustine Olorunsola Kanayo Chuks Okoye Bayo FolayanDoyin Adebambo (in attendance)	
Emmanuel Udoh (in attendance)	

Duties and Responsibilities

The FIGPC is responsible for:

- Reviewing and recommending for Board approval, the company's strategic/financial plan highlighting key strategic imperatives, the financial implications and Key Performance Indicators (KPIs).
- Reviewing and recommending for Board approval, the company's annual budget indicating the key assumptions, funding strategy, optimal capital structure, strategic initiatives and capital expenditure for the particular year.
- Reviewing on a quarterly basis, the company's financial performance against budget as well as performance on other non-financial Key Performance Indicators.
- Regularly reviewing and recommending to the Board, limits of capital expenditure of the various levels of management, the Executive Committee and the Committee itself; and approve capital expenditure within the limits specified by the Board.
- Making recommendations to the Board on capital expenditure exceeding approval limits granted to the committee and depending on the exigency, give anticipatory approvals on behalf of the Board, ensuring that such approvals are ratified by the Board at its next sitting.
- Ensuring all approved capital expenditure is in accordance with the Company's approved annual budget, and approve extra-budgetary expenditure or recommend for Board approval as necessary.
- Ensuring compliance with the Board approved investment policy;
- Deciding the investment philosophy of the Company;
- Considering and recommending optimal investment mix consistent with risk profile approved by the Board
- Evaluating the value of daily marked-to-market portfolios and making proposals to the Management of the Company;
- Deliberating and considering within the scope of the Investment Policy, proposed investments beyond the discretionary limits of Management Investment Team;
- Reviewing of investments made by the Management Investment Team and ensuring adequate provisions for any impairment in values;
- Periodic review of performance of the major securities in the investment portfolios of the Company;
- Ensuring that there are effective procedures and resources to identify and manage non-earning investments, minimize investment loss and maximize recoveries;
- Directing, monitoring, reviewing and considering all issues that may materially impact on the existing and future quality of the Company's investment risk management;
- Delegating and reviewing investment authority limits to Management Investment Team;
- Ensuring that the Investment policy and risk limits are reviewed at least on an annual basis and as and when the environment so dictates;
- Evolving strategies that will be taken to develop the business of the company and oversee the implementation of the business plans of the company;
- Monitoring the activities undertaken to ensure that goals set out in the plans are achieved;
- Reviewing the Company's business plan and to advise the Board in respect of that plan.
- Considering future revenue generating business and areas for business change and making recommendations to the Board on the allocation of business development resources.
- Conducting research and ascertaining global issues that can facilitate the development of the company; and
- Performing such other duties as may be incidental to the attainment of the Committee's objectives as well as other functions as are from time to time assigned to the Committee by the Board.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CORPORATE GOVERNANCE REPORT

c) ENTERPRISE RISK MANAGEMENT AND GOVERNANCE COMMITTEE (ERMGC)

Membership

Augustine Olorunsola	Chairman
Prof. Oladapo Afolabi	
Kanayo Chuks Okoye	
Doyin Adebambo	
Bayo Folayan	
Shade Ajayi	

Duties and Responsibilities

The ERMGC undertakes the following duties and responsibilities:

- a. ensuring the establishment of enterprise risk management as a company-wide policy;
- b. overseeing the establishment of a risk management framework that defines the company's risk policy, risk appetite and risk limits with a view to bringing a systematic approach to evaluating and improving the effectiveness of risk management and control;
- c. ensuring that the risk management framework is integrated into the day to day operations of the Company and provide guidelines and standards for administering and management of key risks including but not limited to:
 - Harzard risks such as liability, property damage and natural catastrophe
 - Financial risks such as pricing risk, asset risk, currency risk and liquidity risk
 - Operational risks like customer satisfaction, product performance, integrity and reputational risks
 - Strategic risks such as competition, social trend and capital adequacy.
- d. providing a framework for risk management which typically involves identifying particular events or circumstances relevant to the Company's objectives (risks and opportunities) assessing them in terms of likelihood and magnitude of impact, determining a response strategy and monitoring progress;
- e. periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile;
- f. reviewing the company's compliance level with applicable laws and regulatory requirements which may impact the company's risk profile;
- g. undertaking annually a thorough risk assessment covering all aspects of the company's business; the results of which will be used to update the risk management framework of the ccompany;
- h. obtaining and review periodically relevant reports to ensure the ongoing effectiveness of the company's risk management framework;
- i. making recommendations on the mitigation or acceptance of identified financial and business development risks;
- j. requiring regular risk management reports from management which:
 - enables the committee to assess the risks involved in the businesses of companies in the Group and how they are controlled and monitored by management; and
 - give clear, explicit and dedicated focus to current and forward-looking aspects of risk exposure which may require an assessment of the Group's vulnerability to unknown or unidentified risks;
- k. monitoring and reviewing the effectiveness of the risk management, compliance and internal audit functions and to seek such assurance as it may deem appropriate that the functions are adequately resourced and have appropriate standing within the Group and are free from constraint by management or other restrictions;
- l. ensuring that the company's risk management policies and practices are disclosed in its annual report;
- m. reviewing the various corporate governance principles/codes established by the relevant regulatory authorities, Securities and Exchange Commission, National Insurance Commission etc. as well as other Corporate Governance codes established as standard for corporate entities like IGI and evolve a specified IGI Code of Corporate Governance incorporating all the relevant principles of the codes identified above.
- n. monitoring and review the insurance industry's prudential Guidelines with view to assisting the Board members and staff in the performance of their duties;
- o. reviewing the performance of Board, its members, and its committees on the basis of established criteria;
- p. reviewing Board's committee structure and terms of reference of committees of Board;
- q. reviewing the methods and processes by which the Board fulfills its duties and responsibilities including the communication process between the Board and management, the number and content of meetings, materials provided to Board members generally and with respect to meetings of the Board and its committees, and resources available to Board members;
- r. receiving and considering any significant concern of individual Board members regarding the functioning of the Board or any of its committees;
- s. ensuring an appropriate corporate governance statement is included in the Annual Report of the Company;
- t. reporting to the Board on the matters set out in these terms of reference;
- u. reviewing annually the committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Management 's Discussion and Analysis for the year ended 31 December 2017

This management discussion and analysis (MD&A) has been prepared as At 31 December 2017 and should be read in conjunction with the consolidated financial statements of Industrial and General Insurance Plc. These statements reflect management's current belief and are based on information available to the Group which is subject to certain risks, uncertainties and assumptions.

Industrial and General Insurance Plc ("Company") and its Eight (8) Subsidiaries ("Group") carried out the following principal activities of underwriting, risk management, banking, company registrars and pension management during the year under review within Nigeria and across a few African countries where IGI has its presence.

Business Strategy of the Group and Overall Performance

The Group is registered and incorporated in Nigeria as a composite Insurance Company but has investments in subsidiaries providing banking, telecommunications, pension management, and other investment solutions to both corporate and retail sector of Nigeria and other African countries. The Company has established itself as "a leading insurance company in Africa".

The group is leveraging on its investment in technology to provide a secure platform that guaranty quality, timely and easy access to our various products designed to delight our customers.

Operating Results

Our Performance is measured by seven (7) financial metrics which demonstrates how efficient our business has been.

	Group			Company		
	2017 N'000	2016 N'000	% Changes	2017 N'000	2016 N'000	% Changes
Gross premium written	5,396,208	7,693,288	(29.9)	2,580,000	3,020,008	(14.6)
Net Premium Income	4,010,090	5,796,461	(30.8)	1,557,085	2,205,433	(29.4)
Underwriting results	1,052,519	1,237,192	(14.9)	495,240	713,098	(30.6)
Investment income	343,532	621,860	(44.8)	189,930	297,117	(36.1)
Management expenses	(2,999,684)	(6,067,484)	(50.6)	(1,824,660)	(3,288,046)	(44.5)
Impairment provisions	(598,528)	(249,431)	140.0	(512,474)	(722,096)	(29.0)
Loss before tax	(4,702)	(4,024,779)	(99.9)	(219,078)	(1,666,686)	(86.9)
Earnings/loss per share (l)	1.31	(16.76)		1.92	(10.02)	

The Group experienced a reduction of 29.9% (Company reduced by 14.6%) in Gross premium written when compared to prior year's result. This is attributable to external economic factors as well as some changes within the group. We expect a positive change in this trend as structures have been put in place to address this.

Investment income for the group decreased by 30.5% from N494.28 million in 2016 to N343.53 million in 2017. Investment income for the company increased from N169.54 million in 2016 to N189.93 million in 2017 representing an increase of 6.7%.

Management expenses for the group decreased by 47.9% to N3.005 billion from N5.762 billion incurred in 2016.

The Group is currently restructuring its investment portfolio from a robust Long term portfolio to a more liquid balance. This will enable the company to meet policyholders' obligations as well as improving profitability and cash flow requirements.

INDUSTRIAL AND GENERAL INSURANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, requires the Directors to prepare consolidated financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the group:

- a) 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, CAP C20, Laws of the Federation of Nigeria, 2004;
- b) establishes adequate internal controls to safeguard its asset and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual consolidated financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; in compliance with Financial Reporting Council of Nigeria Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004.


The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit for the year ended **31 December 2017**. the Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated financial statements, as well as adequate systems of internal financial control.

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



Rachel Voke Emenike
Managing Director
FRC/2015/CIIN/00000013299

Date: 16 December 2021



Tolu Delano
Chief Finance Officer
FRC/2019/ANAN/00000019788.

Date: 16 December 2021

Independent Auditor's Report

To the Shareholders of Industrial and General Insurance Plc

Opinion

We have audited the consolidated financial statements of Industrial and General Insurance Plc. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position at **31 December 2017**, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011, Companies and Allied Matters Act, Cap C20, LFN 2004, the Insurance Act, Cap I17, LFN 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw your attention to the following notes in the financial statements.

(i) Note 3(c)(vi) which indicates that, as of 31 December, 2017, the Company had deficiencies in asset cover (Hypothecation of assets) for Policyholders' funds for General Business, Life Business Policyholders' fund and Deposit Administration Fund of N1.12 billion (2016: N1.11 billion), N1.66 billion (2016: N982.6 million) and N5.698 billion (2016: N5.79 billion) respectively.

(ii) Note 3(h)(iii) which indicates that, as of 31 December, 2017, the company had a negative solvency margin of ~~₦~~6.580 billion (2016 : ~~₦~~4.137 billion) which was below the minimum requirement of N5 billion for composite (life and general) business by ~~₦~~11.580 billion (2016 : ~~₦~~9.137 million).

These conditions as set forth in the notes mentioned above, indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

The note also explains the Directors' remedial plans which formed the basis for preparing the financial statements using accounting policies applicable to going concern.

Our opinion is not modified in respect of this matter.

The following summarises how the matter was addressed in the audit:

- We checked adverse market conditions, trends and events and also performed other risk assessment procedures to identify any adverse events or conditions.
- We asked management whether they have identified any events or conditions that may cast significant doubts on the company's ability to continue as a going concern.
- We reviewed all court cases against the Group in order to obtain reasonable assurance that no litigation threatens the going concern of the Group either by suppliers, government, customers employees aggrieved third parties or shareholder of the Group.

- We reviewed minutes of board meetings held for all the quarters in the reporting period to assess any issues that could border on regulatory or legal challenges as it relates to the going concern of the Group.
- We obtained assurance from management that significant accounting and reporting judgments are supported by a degree of rigor and analysis appropriate to the circumstances of the Group.

Other Matters

We drew attention to the following matters:

- The consolidated financial statements of Industrial and General Insurance Plc. for the year ended 31 December 2016, was audited by another auditors who expressed an unmodified opinion on those statements on 16 October, 2019.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
<p>a) Valuation of Insurance and investment Contract Liabilities</p> <p>The Group and the Company has significant life and non-life insurance and investment contract liabilities for the Group N11.06 billion and N10.54 while Company N9.51 billion and N8.77 (2016: Group N16.68 billion and N14.07 billion-Company N9.53 billion and N8.91 billion). The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgment over uncertain future outcomes.</p> <p>Provisions for reported claims are based on historical experience, however, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates, hence the eventual outcome is uncertain.</p> <p>The actuarial assumptions used in the valuation of life insurance contract liabilities are judgmental, particularly with respect to mortality rates, claims handling expenses, maintenance expenses and discount rates.</p> <p>The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.</p> <p>The Group's accounting policy on the valuation of insurance and investment contract liabilities and related disclosures are shown in notes 25 (accounting policies), note 2i (critical accounting estimates and judgments) and note 28 and 29 (insurance and investment contract liabilities).</p>	<p>Our approaches in relation to management's valuation of insurance contract liabilities using a firm of Actuaries include:</p> <ul style="list-style-type: none"> • We evaluated the design, implementation and operating effectiveness of key controls instituted by the Group which includes management review of data used for the valuation of insurance and investment contract liabilities. • We tested the accuracy and completeness of the underlying data used in actuarial valuations by checking the claims paid, outstanding claims and underwriting data recorded in the Group's books. • We engaged our actuarial specialists to challenge the appropriateness of the methodology used by the Group's external actuary in calculating the insurance and investment contract liabilities. This involved an assessment of the appropriateness of the valuation methods, taking into account available industry data and specific product features of the Group. • With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial assumptions used by the Group's external actuary and performed liability adequacy tests on insurance and investment contract liabilities including assumptions and estimates on the projected cash flows, basic chain ladder runoff period, inflation rate, mortality and discount rate by comparing them to Group specific data, available industry data and market experience. • We considered the Group's valuation methodology and assumptions for consistency between reporting periods as well as indicators of possible management bias. We were also assisted by our actuarial specialists in this regard.

b) Valuation of investment properties and land & buildings in property, plant & equipment

The valuation of the Group's investment properties is a key audit matter due to the significance of the balance and judgment required in assessing the key valuation assumptions and methodology.

The investment properties are valued annually using the income capitalization methodology. Key assumptions in the valuation methodology include capitalization rate, vacancy rate, estimated expenses and future rental income.

The Group's accounting policy on investment properties and related disclosures are shown in notes 20 (accounting policy), note 2v (critical accounting estimates and judgments) and note 16 (investment properties). Also, its policy on properties, plant and equipment and related disclosures are shown in note 23 (accounting policy), note 2vi (critical accounting estimates and judgments) and note 17 (property, plant and equipment).

Our audit procedures included the following:

- We assessed the appropriateness of the valuation methodology adopted by giving due consideration to the requirements of the relevant accounting standards and the Group accounting policies.
- We challenged key assumptions applied in the valuation of the properties, including the capitalization rates, vacancy rate, estimated expenses and future rental income, by comparing the assumptions to publicly available sales information, historical data, market experience and properties specific attributes such as location and asset condition.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report, Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with Governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011, Companies and Allied Matters Act, Cap C20, LFN 2004, the Insurance Act, Cap I17, LFN 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

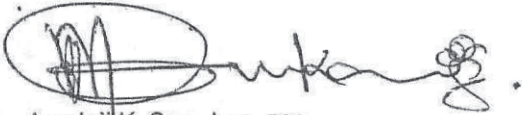
Report on other legal and regulatory requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C20, LFN 2004 and Section 28(2) of the Insurance Act, Cap I17, LFN 2003.

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

Contraventions and Penalties

The Company paid penalties in respect of contravention of the requirements of the National Insurance Commission of Nigeria's Operational Guidelines during the year ended 31 December 2017. Details of penalties paid are disclosed in note 56 to the financial statements.



Ayodeji K. Sonukan, FCA
FRC/2013/ICAN/00000002431
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria



Date: 07 February 2022

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.0 General Information

1.1 Legal form

The Company was incorporated in Nigeria as a private limited liability company on 31 October 1991 under the Companies and Allied Matters Act, 1990. It commenced business in January 1992. The board of the company passed a special resolution to change its name to Industrial and General Insurance Plc. on 28 June 2007 and the change was signed by the Registrar-General on 30 November 2007.

The Registered office is located at: No 2, Agoro Odiyan Street, Victoria Island, Lagos, Nigeria.

1.2 Principal activities

Industrial and General Insurance Plc. ("the Company") and its subsidiaries (together "the Group") underwrite every kind of insurance business and every kind of guarantee and indemnity business, and in particular, without prejudice to the generality of the foregoing words, to carry on every kind of Individual Life and Group Life Insurance, as well as every class of Non-Life Insurance including Oil & Energy, Marine & Aviation, Engineering and Contractors All Risks Insurance, Group Personal Accident, Workmen's Compensation, Employer's Liability, Public & Product Liability, Motor, Fire & Allied Perils, Theft/Burglary (Private & Business), All Risks, Money, Fidelity Guarantee, and Bid Bond/Supply Bonds, Performance Bonds, Medical, Travel, Goods- in- Transit, and Agricultural insurances in all its branches.

The Group is involved in the payment of claims, investment of funds and 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, Ghana, Uganda, Rwanda and The Gambia.

2 Going concern

The company's solvency margin is below the requirements of the Insurance Act CAP I17, LFN 2004. The Company reported a solvency margin deficit of N6.580 billion for the year ended 31 December, 2017 (2016 : N3.801 billion) which occurred as a result of the backing out or derecognition of the foreign subsidiaries and properties with yet to be perfected title.

The Group's management has performed an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. This conclusion is based on the Group Executive Management's plan of restructuring the assets of the Group and divesting from some of the subsidiary Companies to improve the liquidity position, injecting fresh capital and enhance the Group's Going Concern assumption consideration.

The principal accounting policies applied in the preparation of these financial statements are set out below.

3. Basis of preparation

3.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), IFRS interpretations committee and in compliance with the Financial Reporting Council Act, No 6 2011, the Companies and Allied Matters Act, Cap C20, LFN 2004, the Insurance Act 2003 and National Insurance Commission (NAICOM) Guidelines and Circulars. Additional requirements issued by national regulators have been included where appropriate.

These consolidated financial statements for the year ended 31 December 2017 were authorised for issue by the Company's board of directors on 24 September 2021.

3.2. Functional and presentation currency

These consolidated financial statements are presented in Nigerian Naira, which is the Group's and Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

3.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (Subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, incomes and expenses have been eliminated on consolidation.

3.3.1. Business Combinations

Business Combinations are accounted for using the acquisition method as at the acquisition date ie. when control is transferred to the Group. The Consideration transferred in the acquisition is generally measured at fair value as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred except if they are related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

recognised in accordance with the relevant IFRS in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3.4. Control and consolidation procedures

IFRS 10 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the group financial statements.

The Group controls an investee entity when it is exposed, or has rights, to variable returns from its involvement with the investee entity and has the ability to affect those returns through its power over the investee entity. The Group applies the following three elements of control as set out by the principle of control in IFRS 10 when assessing control of an investee:

- (a) power over the investee entity;
- (b) exposure, or rights, to variable returns from involvement with the investee entity; and
- (c) the ability to use power over the investee to affect the amount of the investor's returns.

3.4.1. Consolidated entities

3.4.1.1. Subsidiaries

Subsidiaries are all entities over which the group exercises control

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

In the separate financial statements, investments in subsidiaries are measured at cost.

3.4.2 Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in subsidiaries in the separate financial statement of the parent entity is measured at cost less impairment.

3.4.3 Business combination under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party of parties before and after the combination, and control is not transitory.

In the separate financial statements of the acquirer and the transferring entity, a business combination under control is accounted for using the exchange amount. In the consolidated financial statements of the acquirer, a business combination under common control is accounted for using book value accounting on the basis that the investment acquired has simply been moved from one part of the Group to another. The book value of the entity transferred is used. Any difference between the consideration paid and the capital of the acquiree is recognized in equity in the consolidated financial statements of the acquirer.

3.4.4. Non-controlling interests

Non-controlling Interest (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

3.4.5. Changes in ownership interests in subsidiaries without change in control

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 between retained earnings and Non controlling interests. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.4.6. 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. The Group derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

3.4.7 Business combination under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party of parties before and after the combination, and control is not transitory.

In the separate financial statements of the acquirer and the transferring entity, a business combination under control is accounted for using the exchange amount. In the consolidated financial statements of the acquirer, a business combination under common control is accounted for using book value accounting on the basis that the investment acquired has simply been moved from one part of the Group to another. The book value of the entity transferred is used. Any difference between the consideration paid and the capital of the acquiree is recognized in equity in the consolidated financial statements of the acquirer.

3.5 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3.6 Application of new and revised International Financial Reporting Standards (IFRS)

The accounting policies adopted are consistent with those of the previous financial year despite the adoption of IFRS. For the preparation of these Financial Statements, the following new, revised or amended requirements are mandatory for the first time for the financial year beginning 1 January 2017.

3.6.1 Summary of Standards and Interpretations effective for the first time

a Amendments to IFRS 12 Disclosure of Interests in Other Entities

This amendment clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in para-graphs B10–B16, apply to an entity's interests listed in paragraph 5 that are clas-si-fied as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

b Amendments to IFRS for SMEs

Three amendments are however of larger impact:

- The standard now allows an option to use the revaluation model for property, plant and equipment as not allowing this option has been identified as the single biggest impediment to adoption of the IFRS for SMEs in some jurisdictions in which SMEs commonly revalue their property, plant and equipment and/or are required by law to revalue property, plant and equipment;
- The main recognition and measurement requirements for deferred income tax have been aligned with current requirements in IAS 12 Income Taxes (in developing the IFRS for SMEs, the IASB had already anticipated finalization of its proposed changes to IAS 12, however, these changes were never finalized); and
- The main recognition and measurement requirements for exploration and evaluation assets have been aligned with IFRS 6 Exploration for and Evaluation of Mineral Resources to ensure that the IFRS for SMEs provides the same relief as full IFRSs for these activities.

c Amendments to IAS 7 Statement of Cash Flows

This amendment to IAS7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amends to recognition of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

-An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

d Amendments to IAS 12 Income Taxes

Amends to recognition of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

-Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

-The carrying amount of an asset does not limit the estimation of probable future taxable profits.

-Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

-An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

3.6.1.1 Standards and interpretations issued/amended but not yet effective.

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

3.6.1.2 Amendments effective from annual periods beginning on or after 1 January 2018

a Amendments to IFRS 2 Share-based Payment

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

b Amendments to IFRS 4 Insurance Contracts

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

-An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so called overlay approach;

-An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

c Amendments to IFRS 15 'Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five step model to be applied to all contracts with customers. The five steps in the model are as follows:

-Identify the contract with the customer

-Identify the performance obligations in the contract

-Determine the transaction price

-Allocate the transaction price to the performance obligations in the contracts

-Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Amends IFRS 15 Revenue from Contracts with Customers also clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

d Amendments to IFRS 9 Financial Instruments

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

-**Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.

-Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized

-Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

-Derecognition. The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

e Amendments to IAS 40 Investment Property

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

f Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Amendments' resulting from Annual Improvements 2014–2016 Cycle, the amendment deletes the short-term exemptions in IFRS 1, because they have now served their intended purpose.

g Amendments to IAS 28 Investments in Associates and Joint Ventures

This amendment Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition.

3.6.1.3 Amendments effective from annual periods beginning on or after 1 January 2019

a IFRS 16 'Leases'

Effective for an annual periods beginning on or after 1 January 2019

-.'New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows;

-.'IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that lease;

-.'IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently;

-.'IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk;

-.'IFRS 16 supersedes the following Standards and Interpretations:

- a) IAS 17 Leases;
- b) IFRIC 4 Determining whether an Arrangement contains a Lease;
- c) SIC-15 Operating Leases—Incentives; and
- d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

3.6.1.4 Amendments effective from annual periods beginning on or after 1 January 2022

IFRS 17 Insurance Contracts

The standard that replaces IFRS 4 – effective for annual periods beginning on or after 1 January 2022 (earlier application permitted only if IFRS 9 and IFRS 15 also applied) – requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts, giving basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The impact of this amendment has been reviewed and have been estimated to have major impact on the financial statements of the entity in future periods.

3.6.1.5 New standards, amendments and interpretations issued but without an effective date

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective: This includes:

a Amendments to IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances).
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognized in profit or loss.
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss.
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Also a revised version of IFRS 9 incorporating requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

b Amendments to IFRS 10 and IAS 28 Consolidated Financial Statements and Investments in Associates and Joint Ventures

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

4. The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) IFRS 14 Regulatory Deferral Accounts.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

Equity Method in Separate Financial Statements (Amendments to IAS 27).

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

5 Accounting Policies

The Group has consistently applied the accounting policies set out below to all periods presented in these consolidated financial statements.

6 Consolidation

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date.

7 Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries where it is determined that there is a capacity to control. Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists.

Control is usually present when an entity has:

- power over more than one-half of the voting rights of the other entity
- power to govern the financial and operating policies of the other entity
- power to appoint or remove the majority of the members of the board or equivalent governing body
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction (transaction with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

In its financial statements, the company accounts for its investments in subsidiaries at cost.

Intercompany transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Consistent accounting policies are used throughout the Group for the purposes of consolidation.

8 Impairment of investment in subsidiaries

Investment in subsidiary companies are carried in the Group's statement of financial position at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

Each subsidiary is assessed at each reporting date for impairment when the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the subsidiary's carrying amount and fair value less cost to sell at each reporting date. Losses for impairment in subsidiaries are recognised promptly when there is objective evidence that impairment of a subsidiary has occurred. Impairment allowances are calculated on individual subsidiary. Impairment losses are recorded as charges to the profit or loss. The carrying amount of impaired subsidiary at the reporting date is reduced through the use of impairment allowance accounts. Losses which may arise from future events are not recognised.

On disposal of an investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

9 Segment reporting

An operating segment is a component of the Group engaged in business activities from which it can earn revenues and whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Executive Management. Transactions between segments are at arms' length.

10 Foreign currency translation

a) 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 financial statements are presented in Nigeria Naira which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Monetary items denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items measured at historical cost denominated in a foreign currency are translated with exchange rate as at the date of initial recognition. Translation differences on non-monetary financial instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

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

c.) Foreign operations

The results and financial position of all the group entities which have functional currency different from the Group's presentation currency, are translated into the Group's presentation currency as follows:

- i.) assets and liabilities of each foreign operation are translated at the rates of exchange ruling at the reporting date.
- ii.) income and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on translation date in which case income and expenses are translated at the exchange rate ruling at transaction date and
- iii.) all resulting exchange differences are recognised in other comprehensive income and are classified as equity and recognised in the foreign currency translation reserve.

11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank and deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Cash and cash equivalents are measured at amortised cost. For the purpose of reporting cash flows, cash and cash equivalents include cash in hand, bank balances, fixed deposit and treasury bills within 90 days net of bank overdraft.

12 Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss; held to maturity investments; loans and receivables and available-for-sale financial assets. The Directors determine the appropriate classification of its financial assets at initial recognition.

12.1 Initial recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified at fair value through profit or loss where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial investment.

12.2 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.

12.3 Subsequent measurement

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

(i) 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 as held for trading if acquired principally for the purpose of selling in the short term.

i Available –for–sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are classified as available-for-sale or are not classified in any of the three other categories and which may be sold in response to the need for liquidity or changes in interest rates, exchange rates or equity prices. They comprise investment in unquoted equities and investments in projects. These investments are initially recognised at cost. After initial measurement, available-for-sale financial assets are subsequently measured at fair value using net assets valuation basis. In cases where the fair value of an unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment.

Fair value gains and losses are reported as a separate component in other comprehensive income until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the statement of profit or loss and other comprehensive income.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

ii Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. The investments are carried at fair value, with gains and losses arising from changes in this value recognized in the income statement in the period in which they arise. Such investments are investments in quoted equity. 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.

iii Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are mainly receivables arising from insurance contracts. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost less any impairment losses. They include receivables from Direct insured, Agents and Brokers, Coinsurance and Reinsurance companies. Other loans and receivables include loans and advances, staff loans and advances and other sundry receivables which arise in the ordinary course of business.

Impairment provisions are recognized when there is objective evidence that the Group will not be able to collect all of the amounts due under the terms of the receivable; (evidence includes significant financial difficulties on the part of the counterparty or default or significant delay in payment - over 90 days). The amount of such a provision being the difference between the carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For amounts due from policy holders and reinsurers, which are reported net, such provisions are recorded in a separate impairment account with the loss being recognised in income statement. On confirmation that the amounts receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Any subsequent recoveries are credited to the income statement in the period the recoveries are made. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

iv 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.

The Group classifies financial assets as Held-to-maturity when the Group's has positive intent and ability to hold the securities to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying its investment securities as held-to-maturity for the current and the following two financial years. Quoted equities and debt securities e.g. bonds that are initially classified as held-to-maturity may, subsequently, be moved to available-for-sale financial assets whenever the market price is higher than the purchase price in order to sell and take profit. 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. Held-to-maturity investments are largely bonds, and recognised in the consolidated income statement as Net gains/(losses) on investment securities'.

12.4 Impairment of Financial Assets

The Group assesses at each statement of financial position date 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 if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after 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.

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

12.5 Financial assets carried at amortized cost

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 is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;

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 company 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: adverse changes in the payment status of issuers or debtors in the Group; or national or local economic conditions that correlate with defaults on the assets in the Group.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

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 company of financial asset 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 amortized 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 profit or loss. 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 (i.e., 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 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.

An impairment rate is derived based on the likelihood that a premium debt will not be paid and will fall into default. The Group first assesses whether objective evidence of impairment exists individually for receivables that are individually significant and are impaired accordingly. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment. The impairment rate is derived based on the historical collection rate of outstanding premium over a period.

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 recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

12.6 Assets classified as available for sale

The Group assesses at each date of the 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 statement of profit or loss and other comprehensive income. Impairment losses recognised in the income statement on equity instruments are not reversed through the profit or loss. 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 profit or loss.

12.7 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A Cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In respect of the other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amounts. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

12.8 Impairment of other non-financial assets

Assets that have an indefinite useful life – for example, land – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

12.9 Derecognition of financial assets

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

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

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

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

12.10 Offsetting of financial instruments

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

12.11 Fair value of financial instruments

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

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

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

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

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

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

12.12 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses a valuation technique that maximises the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk and managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

12.12.1 Identification and measurement of impairment

At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. The Group considers evidence of impairment for loans and receivables and held-to-maturity investments individually and collectively. Assets showing signs of deterioration are assessed for individual impairment. All individually significant loans and receivables and held-to-maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the carrying amount and current fair value out of equity to profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed, with the amount of the reversal recognised in profit and loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income. The Group writes off certain loans and receivables when they are determined to be uncollectible.

12.12.2 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions.

12.12.3 De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On de-recognition of the financial assets, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit and loss. The Group enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the financial position.

in transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset, The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

13 Policy Loans

The group grants cash loans to Policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 90% of the policy cash value.

The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholder upon cancellation of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted.

The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 12% per annum and it is reviewed periodically. The rate is determined after due consideration on interest rate used by then actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

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

14 **Staff Loans**

This comprises of staff vehicle loans, staff emergency loans, mortgage loans and other interest bearing loans

15 **Trade receivables**

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment. They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect the entire amount due under the original terms of the invoice.

Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the profit or loss.

Trade receivables are recognised for insurance cover for which payments have been received indirectly through duly licensed insurance brokers or lead insurers in Co-insurance arrangements. Premium collected on behalf of the Company is expected to be received within 30 days from insurance brokers and lead insurers. The "**No premium, No cover**" policy by NAICOM has been adhered to strictly during the year under review.

16 **Other receivables and prepayments**

Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

17 **Reinsurance Assets**

These are 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 which also meets the classification requirements for insurance contracts held as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long 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.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Group's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Group for the related claim, the difference is amortized over the estimated remaining settlement period.

Impairment of Reinsurance assets

The Group assesses its reinsurance assets for impairment. 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 recognizes that impairment loss in the statement of profit or loss and other comprehensive income.

The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets carried at amortized cost.

Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or on expiry or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognised based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

Investment income on these contracts is accounted for using the effective interest rate method when accrued.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

18 Deferred acquisition costs (DAC)

Acquisition costs comprise mainly of agent's commission. These costs are deferred and amortized over the terms of the related policies to the extent that they are considered to be recoverable from unearned premium.

A proportion of commissions payable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amounts is less than the carrying value an impairment loss is recognised in the statement of profit or loss and other comprehensive income. DAC are also considered in the liability adequacy test for each reporting period. DAC are derecognised when the related contracts are either settled or disposed of.

19 Loans and advances

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

- those classified as held for trading and those that the Group on initial recognition designates as at fair value through profit and loss;
- those that the Group upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are reported in the statement of financial position as loans and advances to customers and placements with other banks and interest on these is reported in the statement of profit or loss and other comprehensive income as interest income.

In case of an impairment, the impairment loss is reported as a deduction from the carrying value of loans and recognized in the profit or loss and other comprehensive income as 'impairment losses on loans and advances'.

Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit and loss account, the group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Bank. As at 31 December 2015, an IAS 39 provision was computed for both unidentified and identified impairment and impairment loss was measured on the basis of the present value of estimated future cash flows discounted at the original effective interest rate. Future expected cash flows were determined based on the value of the collateral held for which the Group's interest was registered.

20 Investment properties

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and are not occupied by the Group are classified as investment property under non-current assets.

20.1. Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

20.2. Subsequent to initial recognition

Investment properties are carried at fair value, representing open market value determined annually by independent valuers. 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 company 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 redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recognised in the statement of profit or loss in the period in which they arise.

20.3. De-recognition

Investment properties are derecognised upon disposal, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in statement of profit or loss in the period in which the property is derecognised.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

20.4. Transfers

Transfers are made to or from investment property only when there is change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change.

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

21 Deferred Taxation

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the 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 at the statement of financial position date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits 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 timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

22 Intangible assets and Goodwill

22.1 Intangible Assets

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.

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

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets are amortised on the straight line basis over 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

22.2 Goodwill

Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized. The Company performs its annual impairment test of goodwill as at 31 December.

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

The recoverable amount of the non-life insurance cash generating unit has been determined based on a value-in-use calculation. The calculation requires the Company to make an estimate of the expected future cash flows from each of the cash-generating units and discount these amounts using a suitable rate which reflects the risk of those cash flows in order to calculate the present value of those cash flows. Previously recorded impairment losses for goodwill are not reversed in future periods.

When goodwill forms part of a cash-generating unit (or group of cash generating units) and part of the operations within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation to determine the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

23 Property, plant and equipment

23.1. Recognition and measurement

23.1.1. All items of property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and captioned borrowing costs.

23.1.2. Subsequent to initial recognition

23.1.2.1 Land and buildings

Land and buildings are measured at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation gain is recognised in statement of other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case, the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

23.1.2.2 All other property, plant and equipment other than land and Buildings

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

23.1.2.3 Depreciation of property, plant and equipment

Land is not depreciated. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is calculated as held for sale. Depreciation on other assets is provided on a straight line basis at the following annual rates which are expected to write off the cost or valuation of property, plant and equipment over their estimated useful lives:

	%
Building	2
Leasehold improvements	20
Furniture and fixtures	15
Motor vehicles	25
Computer equipments	33 1/3
Office equipment	20
Telecommunication	15
ISP equipment	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

23.1.2.4 De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

23.1.2.5 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell or the value in use.

24 Statutory deposit

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

25 Insurance contract liabilities

25.1 Insurance contracts

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.

Types of Insurance Contracts

The Group classifies its business into two main categories; short term (non-life) and long term (life) insurance business, depending on the duration of risk and in accordance with the provisions of the Insurance Regulations.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

a) Non-life 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).

Non-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.

Classes of non-life insurance business include Engineering insurance, Fire insurance - domestic risks, Fire insurance - industrial and commercial risks, Liability insurance, Marine Insurance, Motor insurance - private vehicles, Motor insurance - commercial vehicles, General accident insurance, Oil & Energy Insurance.

Non-Life business is normally of single-year duration.

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the income statement by setting up a provision for premium deficiency.

b) Life insurance business

Life insurance business includes individual and group life insurance businesses.

Life insurance business means the business of, or in relation to, the issuing of, or the undertaking of a liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation administration expenses, policyholder options and guarantees, which are directly related to the contract, method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is calculated adopting current financial and decrement assumptions. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for claims outstanding.

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

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate by carrying out a liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. Discounted cash flows model is used in the valuation. The interest rate applied is based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the statement of

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

profit or loss and other comprehensive income by establishing an additional insurance liability for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation.

26 Technical reserves

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

26.1 Non-Life insurance contracts

26.1.1 Reserves for unearned premium

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

26.1.2 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") at each reporting date. The Reserve for outstanding claims is based on the liability adequacy test carried out by an Actuary on the insurance contract liabilities using the "Inflation Adjusted Basic Chain Ladder Method" which is considered as being representative of the liability.

26.1.3 Reserves for unexpired risk

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

26.2 Life business

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

26.3 Contingency reserves

26.3.1 Non-life business

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

26.3.2 Life business

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

26.4 Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net. 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. Insurance contract liabilities are subject to liability adequacy testing on an annual basis.

27 Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts can be classified into interest linked and unitised fund. Interest linked investment contracts are measured at amortised cost while unitised funds are measured at fair value. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the profit and loss 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 statement of profit or loss and other comprehensive income of the group.

Investment contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment, contract liabilities are measured at amortized cost.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement of financial position and are not recognised as gross premium in the consolidated statement of profit or loss and other comprehensive income. The liability is derecognized when the contract expires, is discharged or is cancelled.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position as described above.

28 Managed funds

Managed funds pool is the money of individual investors. The combined capital is invested by a professional fund manager, in some cases being applied across a range of asset classes such as shares, bonds, property and infrastructure assets.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

A managed account may hold assets, cash or title to property for the benefit of the client. The manager may buy and sell assets without the client's prior approval, as long as the manager acts according to the client's objectives. Because a managed account involves fiduciary duty, the manager must act in the best interest of the client, or potentially face civil or criminal penalties.

Managed funds are popular with investors as they make it easy to invest. One transaction can provide access to a range of underlying investments and to diversify your investment across different asset classes and market sectors. They also provide access to investments that may otherwise be out of reach.

When you invest in a managed fund, you are allocated a number of shares or units in the fund. Each share or unit represents an equal portion of the fund's value. You may receive regular payments – called dividends or distributions – from the fund, based on the profit or income it receives from the underlying investments.

The scheme attract minimum guaranteed interest of 5% per annum
The funds are initially measured at fairvalue and subsequently at amortised costs
Interest expenses on managed funds are recognised as a guaranteed interest in profit or loss using the effective interest rate.

29 Trade payables

Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

30 Derecognition of insurance payables

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

31 Other Payables and Accruals

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

32 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognized.

33 Borrowing costs

Borrowing costs are interest and other costs incurred by the Group directly attributable to the acquisition and construction of qualifying assets which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale.

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

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizable value, the carrying amount is written down or written off. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

34 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 statement of profit or loss and other comprehensive income 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.

35 Dividends

Dividends on ordinary shares are payable out of the Distributable profits of the company and are recognised in equity in the period in which they are approved by the company's shareholders. Dividends proposed by the Directors but not yet approved by shareholders are disclosed in the financial statements in accordance with the requirements of the Companies and Allied Matters Act of 1990.

35 Share capital

The Company's issued ordinary shares are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

36 Share Premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

37 Asset Revaluation Reserve

Subsequent to initial recognition, an item of property, plant and equipment and, in certain circumstances, an intangible asset, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which case it is recognised in the statement of profit or loss and other comprehensive income. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in the income statement.

38 Available-for-Sale Reserve

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

39 Statutory reserves

39.1 Regulatory reserve

The regulatory reserve represents an appropriation from retained earnings to comply with the Financial Institutions Act 2004. The amount in the reserve represents the excess/deficit of impairment provisions determined in accordance with FIA over the impairment provisions recognised in accordance with the Group's accounting policy. The reserve is not distributable.

39.2 Capital reserve

The capital reserve is set up as a requirement under the Insurance statute 1996 under which every insurer should transfer from its profits each year before any dividend is declared and after tax provision, 5% of profits to the paid up capital of the insurer to facilitate capital growth.

40 Taxation

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 realisable 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 tax 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, 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.

41 Related party transactions

IAS 24, 'Related party disclosures'. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The amended definition means that some entities will be required to make additional disclosures, e.g., an entity that has controlling interest in another entity and is part of the key management personnel of that entity is now required to disclose transactions with that second entity. The amendment had no significant impact on related party disclosures.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

The Company has controlling interest in other entities incorporated and domiciled in Nigeria, Rwanda, Uganda, Ghana, and The Gambia. The Company is the ultimate parent of the group. There are other companies which are related to parent company, IGI Plc, through common shareholdings or common directorships.

42 Income Recognition and measurement

a. Premium income

a. Non-Life insurance business

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 statement of financial position date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

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. 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).

b. Life insurance business

Premiums are recognised as revenue when they become payable by the contract holders. Premium are shown before deduction of commission.

Claims and other benefits are recorded as an expense when they are incurred.

Salvages

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

Salvage recoveries are used to reduce the claim expense when the claim is settled.

Subrogation

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

Deferred Income

Deferred income represent a proportion of commission received on reinsurance contracts which are booked 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 reinsurance commission income the ratio of prepaid reinsurance to reinsurance cost.

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 accounting policy 25 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 compliance 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 has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

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 statement of profit or loss and other comprehensive income. The Group gathers the objective evidence that are insurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

43 Receivables and payables related to insurance 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 statement of profit or loss and other comprehensive income. The Group gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

44 Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

45 Reinsurance expenses

Premium ceded to reinsurers (outwards reinsurance premium) is recognized as an expense/outgoing that was incurred in undertaking the business of direct insurance underwriting. Outwards reinsurance premium expense is recognized in the financial statement in accordance with the pattern of reinsurance service. For proportional reinsurance, this is usually amortized in line with the duration of the risk of the underlying direct insurance policies. For non-proportional reinsurance, the expense is recognized over the period of the reinsurance arrangement.

46 Reinsurance claims

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

47 Underwriting Expenses

Underwriting expenses comprise acquisition costs and maintenance expenses. Underwriting expenses comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the accounting year in which they are incurred.

48 Investment and other income

48.1 Interest income

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

48.2 Fees and commission income

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

48.3 Investment income on financial assets

Investment income on financial assets is composed of interest income, fee and commission income and dividend income.

Interest income is recognized in the statement of profit or loss and other comprehensive income as it accrues and is calculated by using the effective interest method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividend income when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

48.4 Realized gains and losses

Realized gains and losses recorded in the statement of profit or loss and other comprehensive income on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

49 Finance cost

Interest paid is recognized in the statement of profit or loss and other comprehensive income as it accrues and is calculated by using the effective interest method. Accrued interest is included within the carrying value of the interest bearing financial liability.

50 Management Expenses

Management expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses.

Other Operating expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of their origin.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

51 Employee benefits

51.1 Short-term benefits

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

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.

51.2 Post employment benefits

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group makes contributions on behalf of qualifying employee to a mandatory scheme under the provisions of the Pension Reform Act of 2014. The rate of contribution by the Group and its employees is 10% and 8% respectively of basic salary, housing and transport allowance. The Company has no further payment obligations once it has remitted its own contribution. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

52 Income tax expense

Income tax expense is the aggregate of the charge to the profit and loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with Nigeria tax laws.

53 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 but the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the group. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

54 Provisions

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

A provision of restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

55 Contingent liabilities and assets

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 may crystallise.


A contingent asset is a possible asset that arise 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. Contingent assets are never recognised but are disclosed in the financial statements when they arise.

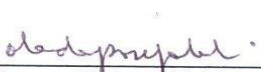
INDUSTRIAL AND GENERAL INSURANCE PLC


CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 N'000	2016 Resated N'000	2017 N'000	2016 Resated N'000
Assets					
Cash and cash equivalents	5.	1,033,072	2,038,861	77,970	75,255
Financial Assets:					
At fair value through profit or loss	6.1	584,918	359,703	13,557	10,555
Available for sale	6.2	859,018	2,882,333	456,289	371,628
Held to maturity	6.3.	457,772	515,488	-	-
Loans and receivables	6.4.	386,491	393,081	347,615	359,745
Trade receivables	7.	759,669	1,248,366	-	6,684
Reinsurance assets	8.	3,869,108	3,715,955	3,278,041	2,923,151
Deferred acquisition costs	9.	153,900	204,615	78,224	114,076
Loans and advances to customers	10.	251,305	175,266	-	-
Other receivables and prepayments	12.	763,820	947,528	167,906	461,370
Investment in subsidiaries	14.	-	-	3,333,919	3,418,582
Intangible ssets	15.	-	64,447	-	-
Deferred tax assets	48.4.	-	28,245	-	-
Investment properties	16.	23,239,950	26,401,864	17,379,877	16,856,266
Property plant and equipment	17.	6,422,413	6,933,904	5,263,674	4,942,912
Statutory deposits	18.	575,014	588,175	500,000	500,000
		<u>39,356,451</u>	<u>46,497,831</u>	<u>30,897,072</u>	<u>30,040,224</u>
Non-current assets held for sale	11.	4,660,826	3,218,947	-	-
Assets classified as discontinued operations	59.	5,733,010	5,733,010	-	-
Total assets		<u>49,750,287</u>	<u>55,449,788</u>	<u>30,897,072</u>	<u>30,040,224</u>
Equity					
Ordinary share capital	19.2	7,115,619	7,115,619	7,115,619	7,115,619
Share premium	19.3	8,530,781	8,530,781	8,530,781	8,530,781
Assets revaluation reserve	20.	5,489,812	5,258,209	5,159,421	4,826,118
Fairvalue reserve	21.	174,262	629,681	66,676	66,676
Contingency reserve	22.	3,743,134	3,059,067	2,845,224	2,771,939
Loss sustained	23.	(17,573,896)	(20,348,021)	(18,271,688)	(17,785,105)
Capital reserve	24.	131,557	73,619	-	-
Foreign exchange reserve	25.	(340,811)	(55,791)	-	-
Statutory(regulatory) reserve	26.	162,473	238,681	-	-
		<u>7,432,930</u>	<u>4,501,845</u>	<u>5,446,032</u>	<u>5,526,028</u>
Shareholder's fund					
Non-controlling interests	27.	39,007	(612,563)	-	-
Total equity		<u>7,471,937</u>	<u>3,889,282</u>	<u>5,446,032</u>	<u>5,526,028</u>
Liabilities					
Insurance contract liabilities	28.	11,059,906	16,681,506	9,508,882	9,530,056
Investment contract liabilities	29.	10,539,992	14,068,469	8,766,506	8,913,995
Trade payables	30.	1,367,203	1,239,107	686,995	817,670
Loans and borrowings	31.	1,779,587	1,800,012	350,274	226,610
Other payables and accruals	32.	6,784,952	6,979,343	3,667,010	2,791,969
Income tax payable	48.2	1,881,814	1,793,426	1,482,919	1,451,329
Deferred tax liabilities	48.4.	1,876,396	2,121,376	988,446	782,566
Deposit for shares	33.	1,255,489	1,144,256	-	-
		<u>36,545,338</u>	<u>45,827,496</u>	<u>25,451,040</u>	<u>24,514,195</u>
Liabilities classified as discontinued operations	59.	5,733,010	5,733,010	-	-
Total liabilities		<u>42,278,348</u>	<u>51,560,506</u>	<u>25,451,040</u>	<u>24,514,195</u>
Total equity and liabilities		<u>49,750,287</u>	<u>55,449,788</u>	<u>30,897,072</u>	<u>30,040,224</u>

The consolidated financial statements were approved by the Board of Directors on 16 December 2021 and signed on its behalf by:


Rachel Yoke Emenike
 Managing Director
 FRC/2015/CIIN/00000013299


Professor Oladapo Afolabi
 Director
 FRC/2017/IPAN/00000015950


Tolu Delano
 Chief Finance Officer
 FRC/2019/ANAN/00000019788.

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Group		Company	
		2017 N'000	2016 Resated N'000	2017 N'000	2016 Resated N'000
Continuing operations					
Gross premium written	34.	5,396,208	7,693,288	2,580,000	3,020,008
Changes in unearned premium	34.	605,969	(163,795)	290,212	180,608
Gross Premium Income		6,002,177	7,529,493	2,870,212	3,200,616
Reinsurance costs	35.	(1,992,087)	(1,733,032)	(1,313,127)	(995,183)
Net Premium Income		4,010,090	5,796,461	1,557,085	2,205,433
Fees and commission income	36.1	325,003	353,206	145,983	125,219
Net underwriting income		4,335,093	6,149,667	1,703,068	2,330,652
Claims expenses (Gross)	37.	(1,559,253)	(4,720,309)	(1,021,256)	(2,355,703)
Changes in claims recoveries	37.	548,236	560,428	494,580	420,774
Net claims incurred		(1,011,017)	(4,159,881)	(526,676)	(1,934,929)
Underwriting expenses	38.	(2,460,704)	(1,519,635)	(891,320)	(449,666)
Changes in contract liabilities	39.	189,147	767,041	210,168	767,041
Underwriting profit		1,052,519	1,237,192	495,240	713,098
Investments incomes	40.	343,532	621,860	189,930	297,117
(Loss)/profit on disposal of Investment properties	50.	(180,062)	125,000	(180,062)	125,000
Net interest income	41.	33,668	219,941	43,777	43,442
Other operating incomes	42.	2,482	851,692	(70,144)	406,373
Gain/(loss) on investment contract	43.	597,152	(569,505)	413,212	(670,196)
Fair value gain/(loss) through profit or loss	44.	1,848,998	(108,332)	1,417,895	1,443,952
Impairment charge	45.	(598,528)	(249,431)	(512,474)	(722,096)
Management and administrative expenses	46.	(2,999,684)	(6,067,484)	(1,824,660)	(3,288,046)
Net operating profit/(loss)		100,077	(3,939,067)	(27,286)	(1,651,356)
Finance costs	47.	(104,779)	(85,712)	(191,792)	(15,330)
Loss before income tax		(4,702)	(4,024,779)	(219,078)	(1,666,686)
Income tax expense	48.1	(282,060)	(50,960)	(194,220)	(9,635)
Loss from continuing operations		(286,762)	(4,075,739)	(413,298)	(1,676,321)
Attributable to:					
Equity shareholders		(263,322)	(2,954,153)	(413,298)	(1,676,321)
Non-controlling interests	27.	(23,440)	(1,121,586)	-	-
		(286,762)	(4,075,739)	(413,298)	(1,676,321)

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Group		Company	
		2017 N'000	2016 Resated N'000	2017 N'000	2016 Resated N'000
Other Comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Fairvalue gain on available for sale assets	21&27	46,809	458,184	-	(66,157)
Exchange differences on translating foreign operations	25&27	(457,750)	(380,484)	-	-
Income tax relating to item that may be reclassified subsequently to profit or loss		-	-	-	-
Items that will not be reclassified subsequently to profit or loss:					
Actuarial surplus/transfer from life fund	22&27	-	98,480	-	-
Fairvalue gain on property, plant and equipment	20&27	782,600	605,181	762,497	351,478
Income tax relating to item that will not be reclassified subsequently to profit or loss		(76,476)	(35,148)	(76,250)	(35,148)
Other comprehensive income for the year, net of tax		295,183	746,213	686,247	250,173
Total comprehensive loss for the year		8,421	(3,329,526)	272,949	(1,426,148)
Attributable to:					
Equity shareholders		186,136	(2,385,409)	272,949	(1,426,148)
Non-controlling interests	27.	(177,715)	(944,117)	-	-
		8,421	(3,329,526)	272,949	(1,426,148)
Basic and diluted earnings/(loss) per share (Kobo)	51.	1.31	(16.76)	1.92	(10.02)

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Attributable to equity holders- the Group

	Ordinary share capital N'000	Share premium N'000	Assets revaluation reserve N'000	Fairvalue reserve N'000	Contingency reserve N'000	Loss sustained N'000	Capital reserve N'000	Foreign exchange reserve N'000	Statutory(reg ulatory) reserve N'000	Non- controlling interest N'000	Total N'000
1 January 2016	7,115,619	8,530,781	4,830,206	362,816	2,891,889	(17,210,912)	64,214	218,521	114,032	294,104	7,211,270
Changes in equity for 2016:											
Loss for the year	-	-	-	-	-	(2,954,153)	-	-	-	(1,121,586)	(4,075,739)
Other comprehensive income:											
Gain on valuation of property, plant and equipment	-	-	512,859	-	-	-	-	-	-	92,322	605,181
Deferred tax effect	-	-	(35,148)	-	-	-	-	-	-	-	(35,148)
Reversal of revaluation	-	-	(49,708)	-	-	-	-	-	-	(27,659)	(77,367)
Gain on available for sale financial assets	-	-	-	266,865	-	-	-	-	-	191,319	458,184
Transfer from life fund	-	-	-	-	59,088	-	-	-	-	39,392	98,480
Translation gain/(loss) for the year	-	-	-	-	-	-	1	(274,312)	124,649	(106,171)	(255,833)
Transactions with owners, recorded directly in equity:											
Transfer (from)/to capital reserve	-	-	-	-	-	(9,404)	9,404	-	-	-	-
Transfer (from)/to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer (from)/to contingency reserve	-	-	-	-	108,090	(108,090)	-	-	-	69,357	69,357
Dividend paid / declared	-	-	-	-	-	(65,462)	-	-	-	(43,641)	(109,103)
31 December 2016	7,115,619	8,530,781	5,258,209	629,681	3,059,067	(20,348,021)	73,619	(55,791)	238,681	(612,563)	3,889,282
1 January 2017	7,115,619	8,530,781	5,258,209	629,681	3,059,067	(20,348,021)	73,619	(55,791)	238,681	(612,563)	3,889,282
Changes in equity for 2017:											
Loss for the year	-	-	-	-	-	(263,322)	-	-	-	(23,440.00)	(286,762)
Other comprehensive income:											
Share of revaluation gain in retained earnings	-	-	780,326	-	-	-	-	-	-	10,193	10,193
Gain on valuation of property, plant and equipment	-	-	(76,250)	-	-	-	-	-	-	2,274	782,600
Deferred tax effect	-	-	(731,947)	(941,653)	-	-	-	-	-	(226)	(76,476)
Impact of investment reclassified to available for sale	-	-	(352,944)	-	-	2,710,357	-	-	(210,931)	968,953	1,794,779
Reversal of revaluation	-	-	-	30,402	-	-	-	-	-	-	(352,944)
Gain on available for sale financial assets	-	-	-	-	-	-	-	-	-	16,407	46,809
Transfer from life fund	-	-	-	-	-	-	-	-	-	-	-
Translation gain/(loss) for the year	-	-	713,497	455,832	158,136	769,869	52,058	(285,020)	129,592	(364,204)	1,629,760
Transactions with owners, recorded directly in equity:											
Share of ordinary share capital	-	-	-	-	-	-	-	-	-	469	469
Share of share premium	-	-	-	-	-	-	-	-	-	237	237
Transfer (from)/to capital reserve	-	-	-	-	-	(5,879)	5,879	-	-	3,173	3,173
Transfer (from)/to statutory reserve	-	-	-	-	-	(5,131)	-	-	5,131	-	65
Transfer (from)/to contingency reserve	-	-	-	-	525,931	(525,931)	-	-	-	86,645	86,645
Transfer (from)/to assets revaluation reserve	-	-	(101,079)	-	-	101,079	-	-	-	-	-
Dividend paid / declared	-	-	-	-	-	(6,917)	-	-	-	(48,976)	(55,893)
31 December 2017	7,115,619	8,530,781	5,489,812	174,262	3,743,134	(17,573,896)	131,557	(340,811)	162,473	39,007	7,471,937

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Attributable to equity holders- the Company

	Ordinary share capital N'000	Share premium N'000	Assets revaluation reserve N'000	Fairvalue reserve N'000	Contingency reserve N'000	Loss sustained N'000	Total N'000
1 January 2016	7,115,619	8,530,781	4,509,788	132,833	2,695,929	(16,032,774)	6,952,176
Changes in equity for 2016:							
Loss for the year	-	-	-	-	-	(1,676,321)	(1,676,321)
Other comprehensive income;							
Gain on valuation of property, plant and equipment	-	-	351,478	-	-	-	351,478
Deferred tax effect	-	-	(35,148)	-	-	-	(35,148)
Reversal of revaluation	-	-	-	-	-	-	-
Gain/(loss) on available for sale financial assets	-	-	-	(66,157)	-	-	(66,157)
Transactions with owners, recorded directly in equity:							
Contingency reserve for the year	-	-	-	-	76,010	(76,010)	-
Actuarial surplus/transfer from life fund	-	-	-	-	-	-	-
Transfer from assets revaluation reserve	-	-	-	-	-	-	-
31 December 2016	7,115,619	8,530,781	4,826,118	66,676	2,771,939	(17,785,105)	5,526,028
1 January 2017	7,115,619	8,530,781	4,826,118	66,676	2,771,939	(17,785,105)	5,526,028
Changes in equity for 2017:							
Loss for the year	-	-	-	-	-	(413,297.89)	(413,298)
Other comprehensive income;							
Gain on valuation of property, plant and equipment	-	-	762,497	-	-	-	762,497
Deferred tax effect	-	-	(76,250)	-	-	-	(76,250)
Reversal of revaluation	-	-	(352,944)	-	-	-	(352,944)
Gain/(loss) on available for sale financial assets	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity:							
Contingency reserve for the year	-	-	-	-	73,285	(73,285)	-
Actuarial surplus/transfer from life fund	-	-	-	-	-	-	-
Transfer from assets revaluation reserve	-	-	-	-	-	-	-
31 December 2017	7,115,619	8,530,781	5,159,421	66,676	2,845,224	(18,271,688)	5,446,033

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Group		Company	
		2017 N'000	2016 Resated N'000	2017 N'000	2016 Resated N'000
Cash flows from operating activities					
Premium received on insurance contract		5,760,902	10,154,497	2,579,669	4,091,243
Net inflow from deposit Admin contract	29.	(2,732,580)	1,243,271	1,054,207	(304,672)
Reinsurance Premium paid	35.	(1,156,211)	(2,359,385)	(1,394,840)	(1,576,749)
Commission received	36.1	325,003	353,206	127,449	125,219
Claims paid	37.	(1,559,253)	(3,566,066)	(542,051)	(1,901,759)
Reinsurance recovery received	37.2	548,236	769,892	(17,226)	214,235
Commission paid	38.1.1	(683,766)	(662,350)	(380,839)	(410,985)
Maintenance cost paid	38.1.1	(1,776,938)	(845,594)	(432,925)	(16,919)
Other Income	42.	2,482	851,692	(70,144)	406,373
Investment income	40.	322,036	358,349	104,727	60,224
Dividend income	40	21,496	263,511	85,203	236,893
Operating costs and payments to employee		(7,936,000)	(8,572,678)	(1,734,238)	(3,144,325)
Tax paid	48.2	(56,811)	(167,052)	(33,000)	(150,000)
Other operating cashflows		12,424	(57,016)	-	-
Net cash used in operating activities	52.	<u>(8,908,980)</u>	<u>(2,235,723)</u>	<u>(654,008)</u>	<u>(2,371,222)</u>
Cash flows from investing activities:					
Proceed on disposal of fair value through profit or loss		-	9,849	-	9,849
Additions to available for sale	6.2	-	(1,223,999)	-	(189,621)
Proceeds on disposal of available for sale		373,689	-	-	-
Net impact of reclassified to available for sale		7,645,661	-	-	-
Held to maturity investments	6.3.	57,716	(168,791)	-	-
Loans and advances to customers	10.	(76,039)	(96,243)	38,693	(4,606)
Addition to non-current assets held for sale	11.	(1,909)	(975)	-	-
Proceeds on disposal of non-current assets held for sale	11.	-	4,140	-	-
Proceeds on disposal of investment in subsidiaries		-	1,414,453	-	1,414,453
Addition to intangible		-	(2,742)	-	-
Acquisition of investment properties	16.	-	(1,080,139)	-	(1,046,560)
Proceeds on disposal of investment properties	50.	711,221	3,163,735	711,221	1,675,000
Purchase of property, plant and equipment	17.	(403,671)	(31,732)	(712)	(9,309)
Proceeds from disposal of property, plant & equipment		23,284	562,873	-	-
Interest income	41.	33,668	219,941	43,777	43,442
Net cash used in investing activities		<u>8,363,619</u>	<u>2,770,370</u>	<u>792,979</u>	<u>1,892,648</u>
Cash flows from financing activities:					
Additions to loans and borrowings	31.	534,933	311,657	330,154	221,111
Repayment of loans and borrowings	31.	(555,358)	(1,658,066)	(398,282)	(118,607)
Dividend paid	32.3.	(98,774)	(105,609)	-	-
Interest paid	47.	(104,779)	(85,712)	(191,792)	(15,330)
Net cash generated by financing activities		<u>(223,978)</u>	<u>(1,537,730)</u>	<u>(259,920)</u>	<u>87,174</u>
Net decrease in cash and cash equivalents		(769,339)	(1,003,083)	(120,949)	(391,400)
Cash and cash equivalents at 1 January		1,787,629	2,790,712	(145,856)	245,544
Cash and cash equivalents at 31 December	5.3.	<u>1,018,292</u>	<u>1,787,629</u>	<u>(266,805)</u>	<u>(145,856)</u>

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 General Information

Industrial and General Insurance Plc. ('the company') and its subsidiaries (together 'the Group') underwrite life and non-life 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, Uganda, Rwanda and The Gambia. The Company was incorporated in Nigeria as a private limited liability company on 31 October 1991 under the Companies and Allied Matters Act, CAP C20 LFN 2004.

The Registered office is located at: No 2, Agoro Odiyan Street, Victoria Island, Lagos, Nigeria.

2 Critical accounting estimates

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

i) Future benefit payments from long-term business contracts

The estimation of future benefit payments from long-term business contracts is the life insurance business' most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the company will ultimately pay for such claims.

The determination of the liabilities under long-term business contracts is dependent on estimates made by the Company. These estimates are incorporated in an automated model inbuilt into the company's financial information systems.

ii) Fair value of equity investments

Fair values of equity investments may be determined in whole or part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data.

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example models) are used to determine fair values, they are validated and periodically independently reviewed by qualified senior personnel. 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 observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

iii) Fair values of financial assets and liabilities

The fair values of the Group's financial assets and liabilities approximate over the respective carrying amounts, due to the generally short periods to contractual re-pricing or maturity dates as set out in these financial statements. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Company at the statement of financial position date.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the group market assumption. These two types of inputs have created the following fair value hierarchy:

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges and exchange traded derivatives like futures.

Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3- inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level include equity investments and debt instruments with significant unobservable components. The group considers relevant and observable market prices in its valuations where possible.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Fair value of financial assets and liabilities

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Group				
At 31 December 2017				
Financial assets	<u>584,918</u>	<u>-</u>	<u>1,703,281</u>	<u>2,288,200</u>
At 31 December 2016				
Financial assets	<u>362,318</u>	<u>-</u>	<u>3,788,287</u>	<u>4,150,605</u>
Company				
At 31 December 2017				
Financial assets	<u>13,557</u>	<u>-</u>	<u>803,904</u>	<u>817,461</u>
At 31 December 2016				
Financial assets	<u>10,555</u>	<u>-</u>	<u>731,373</u>	<u>741,928</u>

iv) Recoverable amount of loans and receivables

Critical estimates are made by the directors in determining the recoverable amount of impaired loans and receivables.

v) Valuation of land and buildings

Investment properties and property, plant and equipment include freehold land and buildings carried at fair value. Fair value is based on valuations performed by an independent valuation expert. In performing the valuation, the valuer uses discounted cash flow projections which incorporate assumptions around the continued demand for rental space, sustainability of growth in rent rates as well as makes reference to recent sales. The change in these assumptions could result in a significant change in the carrying value of properties.

vi) Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the projected useful lives for such assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

vii) Income taxes

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

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Management of insurance and financial risk

The Company's activities expose it to a variety of financial risks, including insurance risk, financial risk, credit risk, and the effects of changes in property values, debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

This section summarises the way the Company manages key risks:

(a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit 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.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company 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. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Claims Data

The claims data has six risk groups – (Marine, Motor, Engineering, Fire, General Accident, and Oil & Gas). We did not conduct an audit of the data but we performed some plausibility checks. The motor class contained both commercial and private cars as splitting it would significantly reduce the credibility results. General Accident included, workers compensation, Public Liability and Goods in Transit. Fire class included Household and Commercial Property. Ideally data should be grouped as homogeneously as possible but due to the small size of claims data in the subset classes, we decided to group them in the relevant classes.

The combined claims data, for all lines of business between 2007 and 31 December 2017, are summarized below. A further summary of this data for each individual class of business is detailed in tables 3.1.11 to 3.1.21 of this report.

Accident Year	Incremental Chain Ladder -Yearly projections N'000										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	11,394	1,934	165	728	-	15	30	-	-	-
2008	69,412	27,328	4,458	3,510	1,524	118	-	188	-	-	-
2009	15,010	23,566	17,125	354	2,775	58	211	-	-	-	-
2010	23,887	42,079	2,570	2,019	6,455	50	-	1,378	-	-	-
2011	13,849	22,712	9,650	7,566	1,240	12	596	-	-	-	-
2012	14,469	31,414	19,021	-	5,102	81	-	-	-	-	-
2013	19,342	36,842	23,141	2,738	1,397	-	-	-	-	-	-
2014	9,110	15,125	3,975	700	-	-	-	-	-	-	-
2015	3,493	9,039	7,196	-	-	-	-	-	-	-	-
2016	11,399	2,116	-	-	-	-	-	-	-	-	-
2017	6,570	-	-	-	-	-	-	-	-	-	-

i. Valuation Methods

The Premium Reserve

Our reserves consist of Unearned Premium Reserve ("UPR"), Unexpired Risk Reserve ("URR") and Additional Unexpired Risk Reserve ("AURR"), which are all described in section 3.

We adopted the 365th (time apportionment) method. Each policy's unexpired insurance period (UP) was calculated as the exact number of days of insurance cover available after the valuation date. The UPR is calculated as the premium *(UP)/ full policy duration.

Each policy's URR =UP*Assumed loss Ratio.

Typically, the Unearned Risk Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held, an additional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 3.

The Claims Reserves

The claim reserves is the sum of:

- Outstanding Claims Reported (OCR)
- Incurred But Not Reported (IBNR)

Reserving method

To ensure the estimates calculated are not biased by the underlying assumptions of the model chosen, four different deterministic methods were considered:

*Chain Ladder Method (BCL)

*Loss Ratio Method

*Bornhuetter-Ferguson Method

*Frequency and Severity Method

The following section describes each of these approaches under the chainladder method in turn;

The Basic Chain Ladder Method (BCL): The Basic Chain Ladder method forms the basics to the reserving methods explained below. Historical incremental claims paid were grouped into accident year cohorts by class of business – representing when they were paid after their accident year e.g. a year after 2007 etc. These cohorts are called loss development triangles. The incremental paid claims are cumulated to the valuation date and projected to their expected ultimate claim estimate. The gross claim reserve is then derived from the difference between the cumulated paid claims and the estimated ultimate claim. For the more recent under developed years, the Bornhuetter Ferguson method was used as a check on the reserves that were calculated using the Basic Chain Ladder Model. The appropriate loss ratio used is normally the average of fully developed historical years

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Inflation Adjusted Chain Ladder Method (IACL): Under this method, the historical paid losses are stripped off from inflationary effects using the corresponding inflation index in each of the accident years. We then estimate loss development ratio used to project the cumulative historical paid claims to their ultimate values for each accident year. The difference between the estimated ultimate values and the cumulative historical paid claims forms the expected gross claim reserves. These are then inflated by the corresponding inflation index from payment years to the future year of payment of the outstanding claims.

The following official inflation index were adopted.

Table 3.1.1

Year	Inflation Index	Accumulated Inflation Index
2007	6.60%	238.21%
2008	15.10%	217.27%
2009	13.90%	175.65%
2010	11.80%	142.01%
2011	10.30%	116.47%
2012	12.00%	96.25%
2013	8.00%	75.23%
2014	8.30%	62.25%
2015	9.60%	49.81%
2016	18.48%	36.69%
2017	15.37%	15.37%
2018	15.00%	

The calculations are also on two bases;

* By discounting the claims estimated to the valuation date at a discount rate of 10% p.a which at valuation date was close to the weighted average of FGN Bonds with outstanding term of 4 years or less.

* With no discounting.

Expected Loss Ratio: This method is simple and gives an approximate estimate. We adopted this method as a check on our ultimate projections and also where the volume of data available is too small to be credible when using a statistical approach. Under the method, we obtained the Ultimate claims by studying the historical loss ratios, investigating any differences and using judgments to derive a loss ratio. Paid claims already emerged is then deducted from the estimated Ultimate claims to obtain our reserves.

Frequency and Severity Method (Average Cost per claim). This method investigates the trend of the claim frequency and average cost per claim for each accident year. An Average of the fully run off accident years is used as a guide on the ultimate claim frequency and ultimate average cost which is then adopted for the accident years that are not fully run off. Large losses distorting the claims payment trend were excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method.

Unearned Premium Reserve (UPR): We have calculated each policy's unexpired insurance premium (UP) as the exact number of days of insurance cover available after the review date and calculated the UPR as the annualized premium * (UP)/policy duration.

Unexpired Risk Reserve (URR): The URR is estimated by multiplying the loss ratio by the unexpired premium (UP). This is the indication of the cost of the future claims cost and all expenses expected to be incurred in the future by the unexpired portion of existing policies.

Additional Unexpired Risk Reserve (AURR): This is defined as the max (0, URR-UPR). It is the additional reserve calculated when we expect a loss to occur.

Assumptions underlying the Valuation Methods

* Policies are written uniformly throughout the year for each class of business.

* Claims occur uniformly throughout the year for each class of business. This implies that claims occur on average halfway through year.

* Our methods assume the future claims follow a regression pattern from the historical data

Hence payment patterns will be broadly similar in each accident year. The proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.

* An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.

* We assume gross claim amount includes all related claim expenses. If this is not the case, we will hold a separate reserve to cover claim expenses.

* The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.

* Under the Average Cost per claim method, we assumed the early years eg accident years 2007 and 2008 are fully developed.

Large Losses

The table below shows the large loss cut of for each class of business. SD below means Standard Deviation.

Table 3.1.2

Class of Business	Large Loss	Comment on Derivation
General Accident	10,000,000	10m Assumed
Engineering	11,568,330	Mean + 3SD of Losses
Fire	17,248,418	Mean + 3SD of Losses
Marine	16,999,007	Mean + 3SD of Losses
Motor	5,000,000	5m Assumed
Aviation	N/A	Expected Loss Method
Bond	N/A	Expected Loss Method
Oil and Gas	N/A	Expected Loss Method

ii. Valuation Results

We summarise 4 sets of results in this section under the following methods

* Basic Chain Ladder– **with claims discounted and undiscounted**

* Inflation Adjusted Basic Chain Ladder– **with claims discounted and undiscounted**

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Basic Chain Ladder – Result Table

We present Gross claims technical reserves under Basic Chain Ladder, Inflation Adjusted Chain Ladder. We have also assumed a discounted approach of the methods used and results presented in table below.

Inflation Adjusted Chain Ladder Method – Result Table

Table 3.1.3 Discounted Inflation Adjusted basic Chain ladder Method

	Gross Outstanding Claims	Estimated Reinsurance Recoveries	Net Outstanding Claims
Class of Business	N	N	N
General Accident	248,597,237	(7,833,765)	240,763,472
Engineering	505,007,985	(370,071,368)	134,936,617
Fire	574,194,445	(443,290,009)	130,904,436
Marine	197,373,168	(14,316,196)	183,056,972
Motor	118,696,576	(26,181,749)	92,514,827
Oil and Gas*	1,840,032,572	(694,534,314)	1,145,498,257
TOTAL	3,483,901,983	(1,556,227,401)	1,927,674,581
Accounts outstanding	2,579,091,242	(1,418,504,660)	1,160,586,582
Difference	904,810,741	(137,722,741)	767,087,999

*Estimated using Expected loss ratio method and discounted

Incurred But Not Reported (IBNR) Table

Table 3.1.4 Discounted Basic Chain Ladder Method

	Outstanding Claims Reserves	Outstanding Reported Claims Reserves	Incurred But Not Reported (IBNR)
Class of Business	N	N	N
General Accident	248,597,237	172,033,473	76,563,764
Engineering	505,007,985	473,619,496	31,388,489
Fire	574,194,445	462,749,883	111,444,562
Marine	197,373,168	135,904,969	61,468,199
Motor	118,696,576	86,977,033	31,719,543
Oil and Gas*	1,840,032,572	1,247,806,386	592,226,186
TOTAL	3,483,901,983	2,579,091,240	904,810,743

Table 3.1.5 Reinsurance IBNR Table

	Total Outstanding Reinsurance Recoveries	Outstanding Reported Reinsurance Recoveries	Reinsurance IBNR
Class of Business	N	N	N
General Accident	7,833,765	(2,637,421)	5,196,344
Engineering	370,071,368	(342,128,613)	27,942,755
Fire	443,290,009	(409,843,075)	33,446,934
Marine	14,316,196	(4,279,480)	10,036,716
Motor	26,181,749	(21,282,093)	4,899,656
Oil and Gas	694,534,314	(638,333,979)	56,200,335
TOTAL	1,556,227,401	(1,418,504,661)	137,722,740

Table 3.1.6 UPR (Gross and Reinsurance UPR) Table

Estimated UPR (net of reinsurance)

	Gross UPR	Reinsurance UPR	NET UPR
Class of Business	N	N	N
General Accident	64,907,112	(73,407)	64,833,705
Engineering	141,536,516	(18,126,946)	123,409,570
Fire	72,228,471	(21,863,549)	50,364,922
Marine	69,519,467	(40,071,669)	29,447,798
Motor	218,745,744	(3,972,118)	214,773,626
Oil and Gas	25,674,156	-	25,674,156
TOTAL	592,611,466	(84,107,689)	508,503,777

Table 3.1.7 DAC-Result Table

We summarise our DAC and DAR calculated using the 365th method in the table below

	DAC	DAR
Class of Business	N	N
General Accident	11,466,165	-
Engineering	13,034,441	5,099,469
Fire	10,589,830	6,795,467
Marine	10,927,942	6,349,843
Motor	22,144,206	769,720
Oil and Gas	2,638,564	7,475,148
TOTAL	70,801,148	26,489,647

Additional Unexpired Risk Reserve (AURR)

We derived our expense ratio as the average of the management expense ratio for the last three years using the information provided by Industrial and General Insurance Plc. The expense ratio was calculated to be about 75%.

We do not have breakdown of management expenses by line of business. The Claims Ratio was estimated as the projected ultimate loss ratio for the current year.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

We have illustrated the combined ratio for each line of business with a maximum combined ratio of 113% for Fire in the table below.

Table 3.1.8 Loss Ratio Table

Class of Business	Claims Ratio(Net)	Combined Ratio	AURR N
General Accident	23%	98%	-
Engineering	35%	110%	12,259,940
Fire	38%	113%	6,321,015
Marine	31%	106%	11,922,312
Motor	17%	92%	-
Oil and Gas	24%	99%	-
Total			30,503,267

Table 3.1.9 Gross Reserves

Valuation Method	Discounted (N)	Undiscounted (N)
BCL	3,332,532,140	3,475,314,098
IABCL	3,483,901,983	3,622,537,687

Table 3.1.10 Reinsurance Recoveries

Valuation Method	Discounted (N)	Undiscounted (N)
BCL	1,439,272,147	1,499,307,853
IABCL	1,556,227,401	1,625,184,669

Conclusion

We are adopting the reserves from the Inflation Adjusted Discounted Chain Ladder method in this report. This method as indicated earlier.

- anticipates that total claim payments may be exposed to future inflationary pressures
- recognises that reserves should represent the present value and timing of future claim payments

Technical Reserves

We are reporting Gross Reserves of N4.11 billion and Reinsurance Assets of N1.64 billion as shown in the table below. Our estimates meet the Liability Adequacy Test.

	Gross (N)	Reinsurance Assets	Net (N)
Claims	3,483,901,983	(1,556,227,401)	1,927,674,582
Unexpired Premium	592,611,466	(84,107,689)	508,503,777
Total	4,076,513,449	(1,911,883,686)	2,436,178,359

Table3.1.11 - Cumulative Claims Development Pattern: General Accident

Accident Year	Incremental Chain ladder-Yearly Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	11,394	1,934	165	728	-	15	30	-	-	-
2008	69,412	27,328	4,458	3,510	1,524	118	-	188	-	-	-
2009	15,010	23,566	17,125	354	2,775	58	211	-	-	-	-
2010	23,887	42,079	2,570	2,019	6,455	50	-	1,378	-	-	-
2011	13,849	22,712	9,650	7,566	1,240	12	596	-	-	-	-
2012	14,469	31,414	19,021	-	5,102	81	-	-	-	-	-
2013	19,342	36,842	23,141	2,738	1,397	-	-	-	-	-	-
2014	9,110	15,125	3,975	700	-	-	-	-	-	-	-
2015	3,493	9,039	7,196	-	-	-	-	-	-	-	-
2016	11,399	2,116	-	-	-	-	-	-	-	-	-
2017	6,570	-	-	-	-	-	-	-	-	-	-

Table3.1.12 -Cumulative table for attritional losses - General Accident

Accident Year	Cumulative Chain ladder-Annual Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	31,409	36,089	36,446	37,876	37,876	37,900	37,945	37,945	37,945	37,945
2008	191,335	257,472	267,123	274,011	276,682	276,874	276,874	277,131	277,131	277,131	277,131
2009	36,326	87,338	120,947	121,567	126,069	126,156	126,444	126,444	126,444	126,444	126,444
2010	51,707	134,288	138,791	142,067	151,738	151,806	151,806	155,484	155,484	155,484	155,484
2011	27,180	66,978	82,635	93,970	95,664	95,678	96,274	97,011	97,011	97,011	97,011
2012	25,354	76,323	104,818	117,085	122,971	123,052	134,316	134,316	134,316	134,316	134,316
2013	31,382	86,576	118,207	121,366	122,763	184,909	184,909	184,909	184,909	184,909	184,909
2014	13,647	34,322	38,908	39,607	77,983	78,035	78,035	78,035	78,035	78,035	78,035
2015	4,775	15,203	22,399	63,442	65,751	65,801	65,801	65,801	65,801	65,801	65,801
2016	13,151	15,267	60,012	53,059	65,642	65,697	65,697	65,697	65,697	65,697	65,697
2017	6,570	38,209	46,198	48,794	50,993	51,040	51,040	51,040	51,040	51,040	51,040

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Table 3.1.13- Cumulative Claims Development Pattern: FIRE

Table of claims paid excluding large claims (Attritional Table)

Accident Year	Incremental Chain ladder-Yearly Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	12,076	-	-	50	-	-	32	-	-	-
2008	9,594	15,312	5,910	13,692	-	-	-	-	-	-	-
2009	12,306	21,966	13,424	14	50	-	-	-	-	-	-
2010	8,530	5,084	1,875	664	-	453	-	-	-	-	-
2011	6,410	33,570	1,781	16,956	-	15	1,707	-	-	-	-
2012	10,215	4,963	2,060	2,936	2760	-	-	-	-	-	-
2013	2,602	17,444	8,155	15,078	443	-	-	-	-	-	-
2014	7,694	15,347	3,914	995	-	-	-	-	-	-	-
2015	2,680	24,344	3,790	-	-	-	-	-	-	-	-
2016	8,356	7,754	-	-	-	-	-	-	-	-	-
2017	9,421	-	-	-	-	-	-	-	-	-	-

Table 3.1.14 Cumulative table for attritional losses – FIRE

Accident Year	Cumulative Chain ladder-Annual Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	33,287	33,287	33,287	33,385	33,385	33,433	33,433	33,433	33,433	33,433
2008	26,446	63,503	76,296	103,168	103,168	103,168	103,168	103,168	103,168	103,168	103,168
2009	29,782	77,331	103,676	103,701	103,782	103,782	103,782	103,782	103,782	103,782	103,782
2010	18,465	28,442	31,727	32,805	32,805	33,424	33,424	33,424	35,839	35,839	35,839
2011	7,674	70,877	73,767	99,169	99,169	99,187	100,894	102,647	102,647	102,647	102,647
2012	17,899	25,950	29,036	33,050	36,234	36,234	481,225	481,225	481,225	481,225	481,225
2013	4,221	30,353	41,501	58,896	59,339	69,640	69,648	69,648	69,648	69,648	69,648
2014	11,527	32,504	37,020	38,015	49,285	49,296	49,303	49,303	49,303	49,303	49,303
2015	3,664	31,749	35,539	62,528	62,820	62,836	62,846	62,846	62,846	62,846	62,846
2016	9,641	17,395	21,003	25,360	25,496	25,503	25,508	25,508	25,508	25,508	25,508
2017	9,421	21,360	26,083	31,788	31,966	31,976	31,981	31,981	31,981	31,981	31,981

Table 3.1.15- Cumulative Claims Development Pattern: MOTOR

Table of claims paid excluding large claims (Attritional Table)

Accident Year	Incremental Chain ladder-Yearly Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	44,768	-	17	-	-	-	-	-	300	-
2008	59,766	20,935	1,859	1,101	1,036	2,030	-	2,588	6	-	-
2009	90,961	42,637	16,484	1,697	3,024	-	3,672	45	-	-	-
2010	79,331	106,228	25,665	743	-	1,040	120	-	-	-	-
2011	93,760	71,639	7,279	7,659	5,166	52	-	-	-	-	-
2012	73,639	54,002	2,538	-	446	2016	-	-	-	-	-
2013	71,365	44,597	3,400	541	311	-	-	-	-	-	-
2014	36,887	33,182	10,316	102	-	-	-	-	-	-	-
2015	28,835	41,503	5,284	-	-	-	-	-	-	-	-
2016	30,332	10,729	-	-	-	-	-	-	-	-	-
2017	19,174	-	-	-	-	-	-	-	-	-	-

Table 3.1.16 Cumulative table for attritional losses – MOTOR

Accident Year	Cumulative Chain ladder-Annual Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	123,403	123,403	123,440	123,440	123,440	123,440	123,440	123,440	123,786	123,786
2008	164,747	215,412	219,436	221,597	223,412	226,705	226,705	230,242	230,249	230,249	230,249
2009	220,151	312,446	344,796	347,770	352,676	352,676	357,696	357,747	357,747	357,747	357,747
2010	171,726	380,202	425,173	426,379	426,379	427,800	427,938	427,938	427,943	427,943	427,943
2011	184,007	309,608	321,418	332,892	339,954	340,014	340,014	341,859	341,864	341,864	341,864
2012	129,036	216,652	220,454	220,454	220,969	222,985	224,131	225,067	225,071	225,071	225,071
2013	115,788	182,600	187,248	187,872	188,184	192,140	193,029	193,953	193,957	193,957	193,957
2014	55,262	100,618	112,519	112,621	121,189	121,828	122,471	123,140	123,142	123,142	123,142
2015	39,415	87,297	92,581	109,018	110,128	110,787	111,140	112,143	112,143	112,143	112,143
2016	34,994	45,723	64,927	65,711	66,464	66,911	67,361	67,829	67,830	67,830	67,830
2017	19,174	47,731	51,316	51,991	52,639	53,024	53,411	53,814	53,815	53,815	53,815

Appendix 1- Cumulative Claims Development Pattern: MARINE

Table 3.1.17 Table of claims paid excluding large claims (Attritional Table)

Accident Year	Incremental Chain ladder-Yearly Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	-	-	-	-	-	-	-	-	-	-
2008	12,518	-	-	-	-	-	-	-	-	-	-
2009	312	-	-	-	-	-	-	-	-	-	-
2010	51,664	-	-	-	-	-	-	-	-	-	-
2011	73,725	-	-	5,610	-	-	-	-	-	-	-
2012	26,563	21,882	9,219	2,502	-	-	-	-	-	-	-
2013	42	12,079	-	-	-	-	-	-	-	-	-
2014	18	5,050	536	211	-	-	-	-	-	-	-
2015	578	3,752	183	-	-	-	-	-	-	-	-
2016	-	1,524	-	-	-	-	-	-	-	-	-
2017	20,131	-	-	-	-	-	-	-	-	-	-

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Table3.1.18 Cumulative table for attritional losses - MARINE

Accident Year	Cumulative Chain ladder-Annual Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	-	-	-	-	-	-	-	-	-	-
2008	34,506	34,506	34,506	34,506	34,506	34,506	34,506	34,506	34,506	34,506	34,506
2009	755	755	755	755	755	755	755	755	755	755	755
2010	111,836	111,836	111,836	111,836	111,836	111,836	111,836	111,836	111,836	111,836	111,836
2011	144,687	144,687	144,687	153,092	153,092	153,092	153,092	153,092	153,092	153,092	153,092
2012	46,546	82,049	95,860	99,279	99,279	99,279	116,759	116,759	116,759	116,759	116,759
2013	68	18,164	18,164	18,164	18,164	38,265	38,265	38,265	38,265	38,265	38,265
2014	26	6,929	7,548	7,548	20,984	20,984	20,984	20,984	20,984	20,984	20,984
2015	791	5,119	5,302	43,104	43,104	43,104	43,104	43,104	43,104	43,104	43,104
2016	-	1,524	45,962	48,116	48,116	48,116	48,116	48,116	48,116	48,116	48,116
2017	20,131	47,964	53,697	56,699	56,699	56,699	56,699	56,699	56,699	56,699	56,699

Appendix 1- Cumulative Claims Development Pattern: ENGINEERING

Table3.1.19 Table of claims paid excluding large claims (Attritional Table)

Accident Year	Incremental Chain ladder-Yearly Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-
2010	19,202	-	-	-	-	-	-	-	-	-	-
2011	9,481	-	-	-	-	-	5,250	-	-	-	-
2012	7,181	1,201	4,138	-	-	-	-	-	-	-	-
2013	704	1,140	1,044	-	-	-	-	-	-	-	-
2014	8,187	2,664	-	61	-	-	-	-	-	-	-
2015	552	5,463	93	-	-	-	-	-	-	-	-
2016	84	6,035	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-	-

Table3.1.20 Cumulative table for attritional losses -

Accident Year	Cumulative Chain ladder-Annual Projections (N'000)										
	1	2	3	4	5	6	7	8	9	10	11
2007	-	17	17	17	17	17	17	17	17	17	17
2008	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-
2010	41,566	41,566	41,566	41,566	41,566	41,566	41,566	41,566	41,566	41,566	41,566
2011	18,607	18,607	18,607	18,607	18,607	24,664	24,664	24,664	24,664	24,664	24,664
2012	12,583	14,531	20,730	20,730	20,730	20,730	22,762	22,762	22,762	22,762	22,762
2013	1,143	2,851	4,278	4,278	4,278	4,278	7,435	7,435	7,435	7,435	7,435
2014	12,266	15,907	15,907	15,968	20,878	20,878	20,878	20,878	20,878	20,878	20,878
2015	754	7,057	7,150	10,327	10,327	10,327	10,327	10,327	10,327	10,327	10,327
2016	97	6,131	12,538	12,538	12,538	12,538	12,538	12,538	12,538	12,538	12,538
2017	-	4,230	5,768	5,796	5,796	5,796	5,796	5,796	5,796	5,796	5,796

Table3.1.21 Expected Loss ratio method - OIL and GAS claims

Accident Year	Gross Earned Premium	Claims Paid till date	Total O/S as at 31/12/2017	Current Incurred	Current Loss ratio	Ultimate Loss Ratio	Ultimate Losses	Outstanding Claims Reserves
	N'000	N'000	N'000	N'000	%age	%age	N'000	N'000
2009	2,060,248	1,209,550	-	1,209,550	59%	59%	1,209,550	-
2010	2,060,248	27,135	17,485	44,620	2%	2%	44,620	17,485
2011	3,123,472	3,232,784	74,976	3,307,760	105%	106%	3,307,002	74,218
2012	3,384,452	242,897	419,837	662,734	13%	20%	662,734	419,837
2013	3,047,691	1,495,546	610	1,496,156	49%	49%	1,496,156	610
2014	2,765,860	38,992	696,010	735,002	26%	26%	735,002	696,010
2015	798,615	-	25,925	25,925	3%	32%	25,925	25,925
2016	728,781	-	12,963	12,963	2%	32%	231,252	231,252
2017	1,183,021	1,791	-	1,791	0%	32%	231,252	373,807
TOTAL			1,247,806					1,465,337

We are assuming that the pre 2016 claims losses are fully developed. We used the average of 2012 to 2014 ultimate loss ratios to calculate the ultimate loss ratio for 2016. For 2017 accident year, we used the average of 2016 ultimate loss ratios to derive the ultimate loss ratio.

iii. Life Valuation Methodology and Assumptions Report 31 December 2017

VALUATION METHODS & ASSUMPTIONS

The valuation methods and assumptions should be consistent over time and should not be changed arbitrarily. It is therefore appropriate to start by considering the methods and assumptions used for the previous valuation and considering whether any changes are justified.

Valuation Methods

The Insurance Act 2003 does not specify any particular approach that must be used in determining the statutory value of insurance liabilities. Whilst some sections of the Act appear to make reference to the net premium approach to reserving, we understand that this simply reflects the practice at the time the Act was written and is not a requirement to adopt a net premium valuation approach. We have in the last few years adopted the gross premium valuation approach for statutory purposes as standard and this has been acceptable to NAICOM.

From the IFRS perspective, the main features of IFRS 4 that impact the liability calculations are as follows:

- The IFRS prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period.
- The IFRS requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.
- The IFRS requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Liability Adequacy Test

IFRS 4 paragraph 15 describes the liability adequacy test which, if the conditions are not met, requires any deficiency to be recognised in profit or loss. Section 16 states that:

"If an insurer applies a liability adequacy test that meets specified minimum requirements, this IFRS imposes no further requirements. The minimum requirements are the following:

- The test considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees.
- If the test shows that the liability is inadequate, the entire deficiency is recognised in profit or loss."

The proposed methodology is as follows:

Type of Business	Valuation Method
Individual Risk Business	Gross premium (1)
Individual Deposit Based Business	Deposit Reserve Account balance at valuation date (2a). Risk Reserve: Gross premium (2b)
Group Life	UPR + IBNR (3)
Group Deposit Administration	Account balance at valuation date (2a)

Notes:

(1) A gross premium method is proposed for individual traditional risk business. This is a monthly cashflow approach taking into account the incidence of all expected future cashflows including office premiums, expenses and benefit payments, satisfying the Liability Adequacy Test. This implies that no further testing is required as a result of the implementation of the IFRS; or in other words the liability adequacy test has been met implicitly and a separate liability calculation will not be required for accounting purposes. Negative reserves will be zeroised at the valuation date.

(2) (a) A reserve for the Individual deposit-based business (Deposit Plus Plan) will be maintained being the amount standing to the credit of the policyholders (account balance) at the valuation date.

(b) Reserves for the supplementary life cover and expenses for individual deposit based business will be calculated using a gross premium cashflow approach as described in (1). This is the present value of future guaranteed benefit costs and expenses, less future risk premiums. For the paid-up DPP policies, we have held two times of the annual estimated expense as the risk reserves.

(3) Reserves for Group Life business will comprise an unexpired premium reserve (UPR) and where necessary, a reserve for Incurred But Not Reported Claims (IBNR) to make an allowance for the delay in reporting of claims.

The UPR will represent the unexpired portion of the premium for each scheme, net of an expense margin reflecting the acquisition cost loadings. The adequacy of the UPR will be tested by comparing against an Additional Unexpired Risk Reserve (AURR), which will be calculated using pooled industry claims data for the underlying assumptions. An AURR will be held in cases where the UPR is deemed insufficient to meet claims in respect of the unexpired period.

A loss ratio approach will be used for IBNR reserving, where the underlying claim rates are based on an analysis of historical group life claims experience, with judgement adopted where required.

No separate reserve is proposed for claims handling costs for Group Life business as these are typically insignificant in size. Any costs incurred are absorbed as part of the general business management costs.

Assumptions

The Insurance Act 2003 does not specify any particular rules for determining the valuation assumptions but instead places reliance on the advice of the Actuary.

Paragraphs 22-30 of IFRS4 make reference to the setting of an IFRS compliant valuation basis. The following points are noted in particular:

* Paragraph 24 - Current market interest rates: An insurer is permitted, but not required, to change its accounting policies so that it re-measures designated insurance liabilities to reflect current market interest rates and recognises changes in those liabilities in profit and loss. At that time it may also introduce accounting policies that require other current estimates and assumptions for the designated liabilities.

* Paragraph 26 - Prudence: An insurer need not change its accounting policies for insurance contracts to eliminate excessive prudence. However, if an insurer already measures its insurance contracts with sufficient prudence it shall not introduce additional prudence.

In light of the above requirements we have determined a valuation basis adopting the following principles:

* The basis is a single set of realistic long term assumptions expected to reflect the average future experience of the business.

* Adjustments are then made to the individual assumptions for prudence and other considerations.

Valuation interest rate

The proposed valuation interest rate is based on current market risk-free yields with adjustments. This is in line with the requirements of IFRS 4 (Paragraph 24). The use of a riskfree rate also implies that future investment margins (in excess of the risk-free return) will not be capitalised upon, which satisfies paragraph 27 of IFRS 4. Further the result is a "fair value" liability calculation which aids the comparability of accounts between insurers.

We propose to adopt gross valuation interest rates of 13% per annum for all long term business except Annuity, and 13.5% per annum for Annuity business. These rates are to be applied as a single long term rate of return.

As of 31 December 2017, the average yield on 20-year FGN bonds was 14.0%. By comparison, long term bonds were yielding around 15.5% in December 2016. In Appendix 1 we show the change in yields on the FGN bonds over the year.

For the purpose of determining the valuation interest rate, we have considered a 0.25% deduction from the long term yield to arrive at a gross valuation interest rate of 13.75%. This is a prudent margin.

However, this calculation is subjected to a minimum tax, which is payable on 20% of gross incomes, with no exemptions or deductions. This is equivalent to tax payable of 6% of gross investment income. The minimum tax test implies that tax will always be payable, and as such the payment of future tax needs to be allowed for. We propose to do so implicitly by deducting 6% of the gross valuation interest rate, to arrive at net rates of 12.93%. However, for the purpose of valuation, we propose to adopt 13%.

Annuity fund is tax exempted and hence, tax allowance will be nil here. Although, the duration mismatch between available bonds and the liabilities also implies there is reinvestment risk. We have made a provision for this by deducting a margin of 0.25% of the gross yield.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Expenses

A firm must make provisions for expenses, either implicitly or explicitly, in its mathematical reserves of an amount which is not less than the amount expected to be incurred in fulfilling its long-term insurance contracts. IFRS 4 explicitly requires the consideration of claims handling expenses.

Future maintenance expenses

The regulatory maintenance expenses are derived from the best estimate maintenance expenses plus a prudence margin for adverse deviations.

* Per policy maintenance charges

* Allocated operating expenses

In the absence of an expense analysis we have assumed that:

- 40% of the overheads (management expenses) were incurred in managing the group life portfolio, with the balance relating to individual life.
- Of the individual life share, 40% of the overheads were incurred in the acquisition and administration of new business.

We recommend that an expense analysis project is undertaken for the life business. This will make clearer the actual maintenance costs being incurred, and also help understand whether there is any difference in terms of costs incurred in managing different products, regular versus single premium business etc. This will help to set more product/policy specific expense assumptions going forward.

Expense	Current Valuation	Previous valuation
Risk	N11,100 pp	N10,000 pp
DA	N11,100 pp	N10,000 pp

Expense inflation & other inflation measures

We propose adopting an ongoing expense per policy inflation assumption of 11% pa. The latest published annual Consumer Price Inflation as at 31 December 2017 was about 15.37%. We do not expect the current high inflation levels to persist, more so, we expect internal efficiencies to be put in place – hence our assumed low inflation assumption.

Commission

Commission rates are set at the rates payable.

Mortality

There has been no change to the mortality assumptions since the previous valuation. The proposed mortality tables for the current valuation remains The UK's A6770 mortality table without adjustment for Individual risk business. We conducted a mortality study in 2010 using industry mortality experience data which demonstrated a good fit to the A6770 table.

Future mortality improvements

No allowance has been made for future mortality improvements as there is no business in force with exposure to longevity risk.

Withdrawals

The full account balance will be maintained for lapsed deposit based policies at the valuation date, as the funds remain a policyholder entitlement. No reserve will be held for future guaranteed life insurance benefits. No allowance will be made for future lapse or surrender in the reserve calculations.

Group Life Business

Unexpired premium reserves (UPR) are reduced by a margin representing acquisition expenses, as these have been loaded into rates yet they have already been incurred. We propose to adopt an acquisition expense ratio of 20% of the gross premium. Group Life commission is currently paid at 9% of premium and a NAICOM (regulatory) fee is payable at 1% of premium. The remaining 10% of premium reflects the loading for additional acquisition expenses.

Reinsurance Agreement

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. For IFRS compliance purposes all reserves will be reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

iv. FORM 16 ACTUARIAL VALUATION OF LIFE INSURANCE BUSINESS

(Under the Insurance Act 2003) SUMMARY AND VALUATION OF THE POLICIES OF INDUSTRIAL AND GENERAL INSURANCE PLC AS AT 31 DECEMBER 2017

Description of Transaction	Number of Policies	Amount of Sum Insured	Amount of Bonuses	Amount of Office Yearly Premiums	Amount OF Single Premium	DA liability (Account Balance)	Risk Liability	Total Liabilities
	N	N	N	N	N	N	N	N
INDIVIDUAL BUSINESS								
Deposit Based Policies								
Dividend Plus Plan-Active	3,959	7,972,946,134	-	107,751,696	-	3,229,180,588	190,985,755	3,420,166,343
Dividend Plus Plan Paid up	6,083	9,154,076,615	-	-	-	3,187,035,869	126,762,000	3,313,797,869
Total Deposit Based	10,042	17,127,022,749	-	107,751,696	-	6,416,216,457	317,747,755	6,733,964,212
Individual with Participation in Profits								
Anticipated Endowments	3,512	2,657,852,412	328,961,446	206,346,352	-	-	1,195,538,965	1,195,538,965
Educational Endowments	-	-	-	-	-	-	-	-
Endowments Assurances	4	3,439,000	293,500	505,140	-	-	2,009,487	2,009,487
Continuous Educational Endowment	43	29,565,510	4,477,602	1,630,999	-	-	14,956,518	14,956,518
Individual without Participation in profits								
Mortgage	145	276,896,913	-	12,259,411	-	-	10,664,887	10,664,887
Term Assurance	13	28,515,160	-	68,348	-	-	801,107	801,107
Total risk	3,717	2,996,268,995	333,732,548	220,810,250	-	-	1,223,970,964	1,223,970,964
Total Individual Business	13,759	20,123,291,744	333,732,548	328,561,946	-	6,416,216,457	1,541,718,719	7,957,935,176
Group Deposit Based Business								
Group Deposit Administration	32	2,344,569,057	-	-	-	2,344,569,057	-	2,344,569,057
Total Group Deposit Based business	32	2,344,569,057	-	-	-	2,344,569,057	-	2,344,569,057
Group Life	336	40,526,686,473	-	233,433,714	-	-	465,645,716	465,645,716
Total Group Business	368	42,871,255,530	-	233,433,714	-	2,344,569,057	465,645,716	2,810,214,773
Additional reserve	-	-	-	-	-	-	318,080,423	318,080,423
Unallocated premium	-	-	-	-	-	-	-	-
Grand Total	14,127	62,994,547,274	333,732,548	561,995,660	-	8,760,785,514	2,325,444,858	11,086,230,372

The valuation has been made on the following principles which were determined by the Actuary: -

a) Individual Business

For all Endowment, Term Assurance and Mortgage Protection policies, the gross premium method of valuation was adopted.

Reserves were calculated via a monthly cash flow projection approach, taking into account future office premiums, expenses and benefit payments. Future cash flows were discounted back to the valuation date at the valuation rate of interest. The full valuation assumptions are given (after Group Business section) below.

The reserve for the deposit based policies has been taken as the amount standing to the credit of the policy holders at the valuation date. We were provided with individual policyholder account balances as part of the valuation data, which were relied upon without qualification. Where policies still have active life cover, this has been valued using a monthly cashflow projection approach as described above for other risk business.

Group Business

An unexpired premium was included for Group business policies. An allowance was made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims. No assets have been established in respect of deferred Acquisition Costs (DAC)

An allowance was made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims. This was based on a loss ratio approach, which uses historical claims experience to estimate the ultimate claim rates, from which the IBNR portion is determined

b) For Individual policies, the valuation age has been taken as Age Last Birthday at the valuation date. The period to maturity has been taken as the full term of the policy less the expired term. Full credit has been taken for premiums due between the valuation date and the end of the premium term

c) The valuation of the liabilities was made on the assumption that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment.

d)

i. No specific adjustment has been made for immediate payment of claims.

ii. No specific adjustment has been made for expenses after premiums have ceased in the case of limited payment policies i.e. they have been allocated the same level of expenses as premium paying policies

e) Where negative reserves were calculated, these were set to zero to prevent policies being treated as assets.

f) There were no policies subject to substandard terms in force at the valuation date

3. The Mortality Table used in the valuation is the UK's Mortality of Assured Lives Table (A6770).

4. The rate of interest used in the valuation is 13%.

5. Expenses for individual risk and deposit based business were reserved for explicitly at N11,100 pa increasing with inflation at 11% pa.

6. The basis to be adopted for the distribution of profits among policyholders and shareholders is determined by the Directors, on the advice of the Actuary, bearing in mind the distribution of profits to with-profits policyholders.

7a) The principles upon which any distribution of profits to policyholders will be made are determined by the Directors, acting upon the advice of the Actuary.

7b) Reversionary bonuses are allotted in respect of each full year's premium paid.

7c) Reversionary bonuses vest on the policy anniversary.

8. The liabilities given in Form 16 are presented gross of reinsurance. The table below summarizes the gross position and impact of reinsurance.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

iv. FORM 16 ACTUARIAL VALUATION OF LIFE INSURANCE BUSINESS

(Under the Insurance Act 2003)
SUMMARY AND VALUATION OF THE POLICIES OF
INDUSTRIAL AND GENERAL INSURANCE PLC AS AT 31 DECEMBER 2017

	Gross liability (N)	Reinsurance (N)	Net liability (N)
Individual Traditional	1,541,718,719	-	1,541,718,719
Individual DA	6,416,216,457	-	6,416,216,457
Group DA	2,344,569,057	-	2,344,569,057
Group Life- UPR	38,137,894	-	38,137,894
Group Life- IBNR	427,507,822	(13,573,775)	413,934,047
Additional reserves	318,080,423	-	318,080,423
Total	11,086,230,372	(13,573,775)	11,072,656,597

An additional reserve of N318,080,423 was held representing a contingency reserve against the following at the valuation date:

*N299 m : Expense Reserves

* N19 m : Account Balance of lapsed DPP

The solvency level at the valuation date was 95.5%. That is, assets representing the Life and Deposit Administration Funds on the company's balance sheet (N13.58bn) were 95.5% of the actuarially calculated gross liabilities including outstanding claims (N14.22bn).

v. FORM 15 PART B (f) (Under the Insurance Act 2003) Industrial and General Insurance Plc

POLICIES INCLUDED IN THE VALUATION AT 31 DECEMBER 2017

	With Profits Sums Assured N	Declared Bonus N	Without Profits Sums Assured N
ANTICIPATED ENDOWMENT			
<u>Year of Maturity</u>			
2017-2020	173,647,944	31,759,521	-
2021 -2025	1,178,579,070	164,184,249	-
2026-2030	1,502,301,092	93,908,814	-
2031-2035	43,779,976	4,184,088	-
TOTAL	2,898,308,082	294,036,672	-

EDUCATION ENDOWMENT ASSURANCES

<u>Year of Maturity</u>			
2017-2020	4,585,000	417,800	
2021 -2025	764,000	30,560	
2026-2030	-	-	
2031-2035	-	-	
TOTAL	5,349,000	448,360	

CONTINUOUS EDUCATIONAL ENDOWMENT

<u>Year of Maturity</u>			
2017-2020	16,791,474	4,610,971	-
2021 -2025	6,030,500	1,258,714	-
2026-2030	184,375	51,625	-
2031-2035	-	-	-
TOTAL	23,006,349	5,921,310	-

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

vi. HYPOTHECATION OF ASSETS AS AT 31 December, 2017

AS AT DECEMBER, 2017	General Business			Life Business			TOTAL	
	Shareholders' Fund N'000	Policy Holders' Fund N'000	Others N'000	Shareholders' Fund N'000	Deposit Admin Fund N'000	Policy Holders' Fund N'000		Others N'000
COMPANY TOTAL	2,987,729	4,018,550	5,725,744	2,554,109	8,766,506	5,490,332	1,669,857	31,212,827
ASSETS:								
Investment Property	2,481,208	1,004,638	3,636,035	2,354,109	3,068,277	1,921,616	2,913,995	17,379,877
Land and Building			2,724,093				2,527,868	5,251,961
Leasehold Improvement			(7,057)				0	7,057
Computer and Other Equipment			7,177				522	7,698
Motor vehicles			3				0	3
Furniture and Fittings			10,810				258	11,068
Trade Receivables								
Reinsurance Assets		1,748,962				1,529,079		3,278,041
Loans to Policy Holders						341,758		341,758
Statutory Deposits	300,000			200,000				500,000
Financial Assets- Fair Value through P or L		4,731				8,826		13,557
- Available for sale							169,960	456,289
Bank Placements			286,329					
Cash & Cash equivalents		47,894				30,076		77,970
Investment in Subsidiaries	206,521						3,127,398	3,333,919
Other Assets			280,680				287,062	567,742
TOTAL	2,987,729	2,806,224	6,938,069	2,554,109	3,068,277	3,831,355	9,027,062	31,212,826
Surplus/(Deficit)	0	(1,212,326)	1,212,325	0	(5,698,229)	(1,658,977)	7,357,205	-
								1

Other Assets:	Non-Life	Life
Loans and Receivables-Staff	5,857	
Other Receivables and Prepayment	597,234	279,639
Deferred Acquisition Cost	70,801	7,423
Deferred Income Tax		
Intangible Assets		
TOTAL	673,892	287,062

SUMMARY OF DEFICIT	
General Business	
Shareholder	0
Policy Holders Fund Bal.	(1,212,326)
Life Business	
Policy Holders Fund Balance	(1,658,977)
Deposit Admin Balance	(5,698,229)
TOTAL	(8,569,531)

NOTE: As demonstrated in the table above, there are other assets to account for the shortfall in the asset hypothecation as they become admissible under the existing guidelines. The company has taken steps to make the assets admissible.

INDUSTRIAL AND GENERAL INSURANCE PLC

HYPOTHECATION OF ASSETS OF 2016

AS AT DECEMBER, 2016	General Business				Life Business				Total N'000
	Shareholders' Fund	Policy Holders' Fund	Others	Shareholders' Fund	Deposit Admin Fund	Policy Holders' Fund	Others		
	N'000	N'000	N'000	N'000	N'000	N'000	N'000		
Company Total	3,529,810	4,258,427	5,399,762	2,245,754	8,913,995	5,271,629	420,847	30,040,224	
Assets:									
Investment Properties	2,817,005	1,064,607	4,006,819	998,876	3,119,898	1,845,070	3,003,991	16,856,266	
Land and Building	-	-	2,254,333	2,438,117	-	(1,384)	208,439	4,899,505	
Leasehold Improvement	-	-	-	-	-	-	-	-	
Motor Vehicles	-	-	10,476	-	-	1,385	-	11,861	
Furniture and Fittings	-	-	13,375	-	-	-	664	14,039	
Office Equipment	-	-	14,743	-	-	-	1,241	15,984	
Computer Equipment	-	-	1,525	-	-	-	-	1,525	
Trade Receivables	-	6,684	-	-	-	-	-	6,684	
Reinsurance Assets	-	1,851,170	-	-	-	1,071,981	-	2,923,151	
Loans to Policy Holders	-	-	-	-	-	358,180	-	358,180	
Statutory Deposits	300,000	-	-	200,000	-	-	-	500,000	
Financial Assets:									
- Held through P or L	-	3,490	-	-	-	7,065	-	10,555	
- Available for sale	-	104,698	-	-	-	266,929	-	371,627	
Bank Placements	-	-	-	-	-	-	-	-	
Cash & cash equivalents	-	-	-	-	-	-	-	-	
Investment in Subsidiaries	232,020	59,163	-	-	-	18,366	-	75,255	
Other Assets	270,705	-	206,478	-	-	721,398	2,406,000	3,418,581	
Total	3,619,730	3,146,701	6,507,749	3,636,993	3,119,898	4,288,990	5,720,163	30,040,224	
Surplus/(deficit)	89,920	(1,111,726)	1,107,987	1,391,239	(5,794,097)	(982,639)	5,299,316	0	

Other assets:	Summary of Deficit	
	General	Life
Loans and Receivables-Staff	1,565	-
Other Receivables and Prepayment	371,678	89,692
Deferred Acquisition Cost	103,940	10,136
Deferred Tax asset	-	-
Intangible Assets	-	-
TOTAL	477,183	99,828

Summary of Deficit	
General Business	
Shareholder fund balance	-
Policyholders fund balance	(1,111,726)
Life Business	
Policyholders fund balance	(982,639)
Deposit admin balance	(5,794,097)
Total	(7,888,462)

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Management of insurance and financial risk (continued)

(b) Financial risk management

Financial Risks Management (FRM) Risk Classification: Most financial risk can be categorized as either systematic or non-systematic. Systematic risk affects an entire economy and all of the businesses within it; an example of systematic risk would be losses due to a recession. Non-systematic risks are those that vary between companies or industries; these risks can be avoided completely through careful planning. There are several types of systematic risk. Interest risk is the risk that changing interest rates will make the current investment's rate look unfavorable. Inflation risk is the risk that inflation will increase, making the current investment's return smaller in relation. Liquidity risk is associated with "tying up" investible funds in long-term assets that cannot be sold easily. There are also different types of non-systematic risk. Management risk is the risk that bad management decisions will hurt the company in which investment had been made. Credit risk is the risk that a debt instrument issuer (such as a bond issuer) will default on their repayments. The Group is exposed to an array of risks through its operations and has identified and categorized its exposure to these broad risks listed below: Market Risk, Credit Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Reputational Risk, Foreign Currency Risk, Equity risk.

The Group manages financial risks via the Board Assets & Liabilities Committee (ALCO) which is mandated to achieve long-term investment returns in excess of the group's obligations under insurance and investment contracts. The principal technique of the Group's BIC is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of business, a separate portfolio of assets is maintained.

i. Market risk

Market Risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates, foreign currencies and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimizing the return on risk. Overall responsibility for managing market risk rests with the Assets and Liabilities Committee (ALCO).

Market risk measurement techniques

The following market risk limits are adopted by the group to measure market volatilities in interest rate, liquidity, foreign exchange risk and trading exposures:

- i. Counterparty limits
- ii. Liquidity gap reports
- iii. 3-6 month repricing gap report
- iv. Liquidity and cash forecasting

ii. Credit risks

Credit risk is the risk of financial loss to the Group if a debtor fails to make payments of interest and principal when due. The Group is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met. Sources of credit risk identified are Direct Default Risk that the Group 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 that changes the possibility of future default by an obligor will adversely present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the Group's exposure to them.

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

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

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

ii. Credit risk (continued)

Maximum exposure to credit risk	Note	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Cash and cash equivalents (excl.cash on hand)	5.	1,033,072	2,038,861	77,970	75,255
Investment Securities:					
At Fair value through Profit or Loss	6.1	584,918	359,703	13,557	10,555
Available for sale	6.2	859,018	2,882,333	456,289	371,628
Held to Maturity	6.3.	457,772	515,488	-	-
Loans and Receivables	6.4.	386,491	393,081	347,615	359,745
Trade receivables	7.	759,669	1,248,366	-	6,684
Reinsurance Assets	8.	3,869,108	3,715,955	3,278,041	2,923,151
Other receivables and prepayments	12.	763,820	947,528	167,906	461,370
Statutory deposits	18.	575,014	588,175	500,000	500,000
Total assets exposed to credit risk		9,288,883	12,689,490	4,841,378	4,708,388

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- * receivables arising out of direct insurance
- * receivables arising out of reinsurance
- * reinsurers' share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents, derivative financial instrument, corporate bonds and deposits with banks and other receivables.

The Company has no significant concentrations of credit risk. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company risk department.

Maximum exposure to credit risk before collateral held

	2017		2016	
	Group N'000	Company N'000	Group N'000	Company N'000
Trade receivables	759,669	1,248,366	-	6,684
Reinsurance assets	3,869,108	3,715,955	3,278,041	2,923,151
Loans and receivables	386,491	393,081	347,615	359,745
Other receivables	763,820	947,528	167,906	461,370
Deposits with financial institutions	506,765	1,156,665	765	-
Cash and bank balances	526,307	882,196	77,205	75,255
	6,812,160	8,343,791	3,871,532	3,826,205

ii Credit risk_ (continued)

No collateral is held for any of the above assets. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. None of the Company's credit risk counterparties are rated.

None of the above assets are past due or impaired except for the following amounts in;

- receivables arising out of direct insurance arrangements (which are due on inception of insurance cover);
- receivables arising out of reinsurance arrangements

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Financial assets that are past due or impaired are summarised as follows:

	Receivables arising out of direct insurance arrangements		Receivables arising out of reinsurance arrangements	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Neither past due nor impaired	-	6,684	3,278,041	2,923,151
Past due but not impaired	-	-	-	-
Impaired	7,015	-	149,064	149,064
Gross	7,015	6,684	3,427,105	3,072,215
Less: allowance for impairment	(7,015)	-	(149,064)	(149,064)
Net	-	6,684	3,278,041	2,923,151

Financial assets past due but not impaired;

	Receivables arising out of direct insurance arrangements		Receivables arising out of reinsurance arrangements	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Past due but not impaired:				
- by 91 to 180 days	-	-	-	-

All receivables past due by more than 90 days are considered to be impaired, and are carried at their estimated recoverable value.

Credit risk (continued)

Financial assets individually impaired

Of the total gross amount of impaired receivables, the following amounts have been individually assessed:

	Receivables arising out of direct insurance arrangements		Receivables arising out of reinsurance arrangements	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Individually assessed impaired receivables	-	-	-	-
- Direct clients	-	-	-	-
- Agency	-	-	-	-
- Insurance brokers	7,015	-	149,064	149,064
	7,015	-	149,064	149,064

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Financial Risk Management Policy (Cont'd)

iii Sensitivity analysis - interest-rate risk

The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values.

	2017			
	Carrying amount N'000	Fixed rate N'000	Floating rate N'000	Non-interest bearing N'000
Assets				
Cash and cash equivalent	77,970	-	-	77,970
Trade receivable	-	-	-	-
Reinsurance Assets	3,278,041	-	-	3,278,041
	<u>3,356,011</u>	<u>-</u>	<u>-</u>	<u>3,356,011</u>
Liabilities				
Non-life insurance liability	4,018,550	-	-	4,018,550
Other liabilities	14,943,833	8,766,506	-	6,177,327
Loans and Borrowings	350,274	350,274	-	-
	<u>19,312,657</u>	<u>9,116,780</u>	<u>-</u>	<u>10,195,877</u>

	2016			
	Carrying amount N'000	Fixed rate N'000	Floating rate N'000	Non-interest bearing N'000
Assets				
Cash and cash equivalent	75,255	-	-	75,255
Trade receivables	6,684	-	-	6,684
Reinsurance Assets	2,923,151	-	-	2,923,151
	<u>3,005,090</u>	<u>-</u>	<u>-</u>	<u>3,005,090</u>
Liabilities				
Non-life insurance liability	4,258,427	-	-	4,258,427
Other liabilities	14,642,924	8,913,994	-	5,728,930
Loans and Borrowings	5,499	5,499	-	-
	<u>18,906,850</u>	<u>8,919,493</u>	<u>-</u>	<u>9,987,357</u>

The impact on the Company's profit before tax if interest rates on financial instruments held at amortised cost or at fair value had increased or decreased by 100 basis points, with all other variables held constant are considered insignificant. This is due to the short term nature of the majority of the financial assets measured at amortised cost.

iv. Sensitivity analysis - equity risk

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

Management monitors movements of financial assets and equity price risk movements by assessing the expected changes in the different portfolios due to parallel movements of a 10% increase or decrease in the Nigeria All share index with all other variables held constant and all the Company's equity instruments in that particular index moving proportionally.

As at 31 December 2017, the market value of quoted securities held by the Company is N13.6 Million (2016: N10.6 million). If the all share index of the NSE moves by 100 basis points at 31 December 2017, the effect on profit or loss would have been N3 million (2016: N0.1 million).

The Company holds a number of investments in unquoted securities with a market value of N456 million as at 31 December 2017 (2016: N372 million).

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

v. Foreign exchange risk

The Company holds offshore investments and carries out cross-border business transactions, which exposes it to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets.

The Company does not deem this exposure as being significant and manages it through holding USD denominated bank accounts.

At 31 December 2017, if the Nigeria Naira had weakened/strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for short term insurance for the year would have been N242 million (2016 : N28.9 million) higher/lower and pre-tax profit for long-term business for the year would have been N296 million (2016 : N95 million), mainly as a result of US dollar receivables and bank balances.

vi. Price risk

The Company is exposed to equity securities price risk because of investments in quoted securities classified either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Company. All quoted shares held by the Company are traded on the Nigerian Stock Exchange (NSE).

At 31 December 2017, if the NSE Index had increased/decreased by 10% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation to the index, pre-tax profit for short term insurance for the year would have been N403 million (2016 : N0.7 million), higher/lower, and equity for long-term business would have been N403 million (2016 : N1.4 million) higher/lower.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Management of insurance and financial risk (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made. The Group does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments are term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

The table below presents the discounted cash flows payable by the Company under financial and other liabilities by remaining contractual maturities at the balance sheet date.

General insurance:

	1-12 months N'000
At 31 December 2017:	
Liabilities	
Insurance contract liabilities	4,018,550
Other payables	3,870,848
Loans and Borrowings	350,274
Total financial liabilities	8,239,672

	1-12 months N'000
At 31 December 2016:	
Liabilities	
Insurance contract liabilities	4,258,427
Other payables	3,552,427
Loans and Borrowings	226,610
Total financial liabilities	8,037,464

Experience shows that the short term insurance contract liabilities are settled over periods exceeding the brackets shown above.

Life business :

	1-3 months N'000	3-12 months N'000	1-5 years N'000	Total N'000
At 31 December 2017:				
Insurance contract liabilities	5,490,332	-	-	5,490,332
Payable under investment contracts	8,766,506	-	-	8,766,506
Other payables	801,126	-	-	801,126
Loans and Borrowings	-	-	-	-
Total financial liabilities	15,057,964	-	-	15,057,964

	1-3 months N'000	3-12 months N'000	1-5 years N'000	Total N'000
At 31 December 2016:				
Insurance contract liabilities	2,924,416	19,185	2,328,028	5,271,629
Payable under investment contracts	891,400	1,782,799	6,239,797	8,913,996
Other payables	-	719,547	-	719,547
Loans and Borrowings	-	-	-	-
Total financial liabilities	3,815,816	2,521,531	8,567,825	14,905,172

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Liquidity risk

The following table shows amount expected to be recovered or settled after more than twelve months (non current) for each asset and liability line item and the amount expected to be recovered or settled not more than twelve months after the reporting date (current)

Group	2017			2016		
	Current N'000	Non current N'000	Total N'000	Current N'000	Non current N'000	Total N'000
Assets						
Cash and cash equivalents	1,033,072	-	1,033,072	2,038,861	-	2,038,861
Financial Assets	1,830,428	457,772	2,288,200	3,635,117	515,488	4,150,605
Trade receivables	759,669	-	759,669	1,248,366	-	1,248,366
Reinsurance Assets	3,869,108	-	3,869,108	3,715,955	-	3,715,955
Deferred acquisition costs	153,900	-	153,900	204,615	-	204,615
Loans and advances to customers	201,044	50,261	251,305	140,213	35,053	175,266
Other receivables and prepayments	763,820	-	763,820	947,528	-	947,528
Intangible ssets	-	-	-	-	64,447	64,447
Deferred tax assets	-	-	-	-	28,245	28,245
Investment P property	-	23,239,950	23,239,950	-	26,401,864	26,401,864
Property plant and equipment	-	6,422,413	6,422,413	-	6,933,904	6,933,904
Statutory deposits	-	575,014	575,014	-	588,175	588,175
	8,611,041	30,745,411	39,356,451	11,930,655	34,567,177	46,497,831
Non current assets held for sale	-	4,660,826	4,660,826	-	3,218,947	3,218,947
Assets classified as discontinued operations	-	5,733,010	5,733,010	-	5,733,010	5,733,010
Total Assets	8,611,041	41,139,246	49,750,287	11,930,655	43,519,134	55,449,788
Liabilities						
Insurance Contract Liabilities	4,976,958	6,082,948	11,059,906	9,168,233	7,513,273	16,681,506
Investment Contract Liabilities	3,565,598	6,974,394	10,539,992	8,441,081	5,627,388	14,068,469
Trade Payable	1,367,203	-	1,367,203	1,239,107	-	1,239,107
Loans and Borrowings	14,780	1,764,807	1,779,587	251,232	1,548,780	1,800,012
Other payables and accruals	6,784,952	-	6,784,952	6,979,343	-	6,979,343
Income tax payable	-	1,881,814	1,881,814	-	1,793,426	1,793,426
Deferred tax liabilities	-	1,876,396	1,876,396	-	2,121,376	2,121,376
Deposit for shares	1,255,489	-	1,255,489	1,144,256	-	1,144,256
	17,964,979	18,580,359	36,545,338	27,223,252	18,604,243	45,827,496
Liabilities classified as discontinued operations	-	5,733,010	5,733,010	-	5,733,010	5,733,010
TB Total Liabilities	17,964,979	24,313,369	42,278,348	27,223,252	24,337,253	51,560,506
Gap	(9,353,938)	16,825,877	7,471,939	(15,292,598)	19,181,880	3,889,283

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Liquidity risk

The following table shows amount expected to be recovered or settled after more than twelve months (non current) for each asset and liability line item and the amount expected to be recovered or settled not more than twelve months after the reporting date (current)

Company	2017			2016		
	Current N'000	Non current N'000	Total N'000	Current N'000	Non current N'000	Total N'000
Assets						
Cash and cash equivalents	77,970	-	77,970	75,255	-	75,255
Financial Assets	817,461	-	817,461	741,928	-	741,928
Trade receivables	-	-	-	6,684	-	6,684
Reinsurance Assets	3,278,041	-	3,278,041	2,923,151	-	2,923,151
Deferred acquisition costs	78,224	-	78,224	114,076	-	114,076
Other receivables and prepayments	167,906	-	167,906	461,370	-	461,370
Investment in Subsidiaries	-	3,333,919	3,333,919	-	3,418,582	3,418,582
Investment Property	-	17,379,877	17,379,877	-	16,856,266	16,856,266
Property plant and equipment	-	5,263,674	5,263,674	-	4,942,912	4,942,912
Statutory deposits	-	500,000	500,000	-	500,000	500,000
	4,419,602	26,477,470	30,897,072	4,322,464	25,717,760	30,040,224
Assets classified as discontinued operations	-	-	-	-	-	-
Total Assets	4,419,602	26,477,470	30,897,072	4,322,464	25,717,760	30,040,224
Liabilities						
Insurance Contract Liabilities	4,278,997	5,229,885	9,508,882	4,162,218	5,367,838	9,530,056
Investment Contract Liabilities	3,565,598	5,200,908	8,766,506	3,565,598	5,348,397	8,913,995
Trade payable	686,995	-	686,995	817,670	-	817,670
Loans and Borrowings	344,775	5,499	350,274	221,111	5,499	226,610
Other payables and accruals	3,667,010	-	3,667,010	2,791,969	-	2,791,969
Income tax payable	-	1,482,919	1,482,919	-	1,451,329	1,451,329
Deferred tax liabilities	-	988,446	988,446	-	782,566	782,566
TB Total Liabilities	12,543,375	12,907,658	25,451,033	11,558,566	12,955,629	24,514,195
GAP	(8,123,773)	13,569,812	5,446,039	(7,236,102)	12,762,130	5,526,028

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Management of insurance and financial risk (continued)

(d) Strategic risk management

Strategic risks are those that arise from the fundamental decisions that directors take concerning an organization's objectives. Essentially, strategic risks are the risks of failing to achieve these business objectives.

The company's strategic risks are:

i. **Business risks** – risks that derive from the decisions that the Board takes about the creation of new products for future business developments for the company. They include risks associated with developing and marketing these products, economic risks affecting the products and risks arising from changes in the technological environment which impact on revenue generation.

ii. **Non-business risks** – risks that do not derive from the products developed for the business. For example, risks associated with the long-term sources of finance used.

Strategic risk levels link in with how the whole organization is positioned in relation to its environment and are not affected solely by what the directors decide. Competitor actions will affect risk levels in product markets and technological developments may mean that production processes, or products, quickly become out-of-date.

Responsibility for strategic risk management

Strategic risks are determined by Board decisions about the objectives and direction of the company. Board strategic planning and decision-making processes, therefore, must be thorough. It's important that directors establish a formal schedule of matters that are reserved for their decision.

These should include significant acquisitions and disposals of assets, investments, capital projects, and treasury policies. To take strategic decisions effectively, the Board needs sufficient information about how the business is performing, and about relevant aspects of the economic, commercial, and technological environments. To assess the variety of strategic risks the company faces, the board needs to have a breadth of vision; hence governance reports recommend that a Board be balanced in skills, knowledge, and experience.

However, even if the Board follows corporate governance best practices concerning the procedures for strategic decision making, this will not necessarily ensure that the directors make the correct decisions.

Managing strategic risks

Strategic risks are often risks that company may have to take in order to expand, and even to continue in the long term. For example, the risks connected with developing a new product may be very significant – the technology may be uncertain, and the competition facing the company may severely limit premium generation.

However, the alternative strategy may be to persist with products in mature markets, the marketing of which are static and ultimately likely to decline.

The company may accept other strategic risks in the short term, but take action to reduce or eliminate those risks over a longer timeframe.

(e) Operational risk management

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

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development and
- Ethical and business standards.

(f) Compliance risk management

Compliance risk management is the current and prospective risk to earnings or capital arising from violations of, or non-conformity with, laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. Compliance risk also arises in situations where the laws or rules governing certain Insurance products or activities of the Insurer's clients may be ambiguous or untested. This risk exposes the institution to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced franchise value, limited business opportunities, reduced expansion potential, and an inability to enforce contracts.

Quantity of Compliance Risk Indicators

The following indicators are used when assessing the quantity of compliance risk.

Low

- Violations or noncompliance issues are insignificant, as measured by their number or seriousness.
- The institution has a good record of compliance. The Company has a strong control structure that has proven effective. Compliance management systems are sound and minimize the likelihood of excessive or serious future violations or non-compliance.

Moderate

- The frequency or severity of violations or non-compliance is reasonable.
- The company has a satisfactory record of compliance. Compliance management systems are adequate to avoid significant or frequent violations or non-compliance.

High

Violations or non-compliance expose the company to significant impairment of reputation, value, earnings, or business opportunity.

The company has an unsatisfactory record of compliance. Compliance management systems are deficient, reflecting an inadequate commitment to risk management

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(g) Quality of Compliance Risk Management Indicators

The following indicators are used when assessing the quality of compliance risk management.

Strong

- Management fully understands all aspects of compliance risk and exhibits a clear commitment to compliance. The commitment is communicated throughout the institution.
- Authority and accountability for compliance are clearly defined and enforced.
- Management anticipates and responds well to changes of a market, technological, or regulatory nature.
- Compliance considerations are incorporated into product and system development and modification processes, including changes made by outside service providers or vendors.

When deficiencies are identified, management promptly implements meaningful corrective action.

- Appropriate controls and systems are implemented to identify compliance problems and assess performance.
- Training programs are effective, and the necessary resources have been provided to ensure compliance.
- Compliance management process and information systems are sound, and the company has a strong control culture that has proven effective.
- The company's privacy policies fully consider legal and litigation concerns.

Satisfactory

- Management reasonably understands the key aspects of compliance risk. Its commitment to compliance is reasonable and satisfactorily communicated.
- Authority and accountability are defined, although some refinements may be needed.
- Management adequately responds to changes of a market, technological, or regulatory nature.
- While compliance may not be formally considered when developing products and systems, issues are typically addressed before they are fully implemented.
- Problems can be corrected in the normal course of business without a significant investment of money or management attention. Management is responsive when deficiencies are identified.
- No shortcomings of significance are evident in controls or systems. The probability of serious future violations or noncompliance is within acceptable tolerance.
- Management provides adequate resources and training given the complexity of products and operations.
- Compliance management processes and information systems are adequate to avoid significant or frequent violations or noncompliance.
- Company privacy policies adequately consider legal and litigation concerns.

(g)i Management of insurance and financial risk (continued)

Weak

- Management does understand and has not ignored key aspects of compliance risk. The importance of compliance is emphasized or communicated throughout the organization.
- Management has established or enforced accountability for compliance performance.
- Management anticipates or takes timely or appropriate actions in response to changes of a market, technological, or regulatory nature.
- Compliance considerations are incorporated into product and system development.
- Errors are often detected internally, corrective action is often effective, and Management is responsive.
- The likelihood of continued violations or noncompliance is low because a corrective action program does exist.
- Management has provided adequate resources or training.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

- Compliance management processes and information systems are efficient.
- Company privacy policies exist and there are no legal or litigation concerns.

(h) Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the balance sheets, are:

- to comply with the capital requirements as set out in the Insurance Act, CAP I17 LFN 2004 governing the organisation of insurance business in Nigeria and the related regulations (together "insurance regulations");
- to comply with regulatory solvency requirements as set out in the insurance regulations;
- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to its policyholders; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

3 Management of insurance and financial risk (continued)

(hii) Capital management (continued)

The deficit in asset cover of N1.21 billion (2016: Deficit of N1.11 billion) in respect of general business and N7.357 billion (2016: N6.776 billion) for Life business totalling N8.569 billion (2016: N7.888 billion) recorded in Hypothecation under the Insurance and Investment Contracts Liabilities as at the reporting date arose as a result of the restrictions placed on investment of the policy holders funds by the Insurance Act 2003 and NAICOM regulations, as the Company has adequate assets to provide cover to the liabilities.

The Directors have commenced the process of restructuring the investment portfolio towards liquidity and admissibility of the Group and have obtained the permission of the NAICOM accordingly.

The Group's continued existence as a going concern is dependent on the following:

- the board approved a new investment policy that reduces the percentage of real estate holdings as well as private equity. Thus, sale placing some assets for sale;
- the company's major shareholders have agreed to dilution of their holding, thereby creation of additional 9.4 billion shares to be sold; and
- all non-related line of business to the company's core functions of "risk management" should be sold;

Insurance regulations require each insurance Company to hold the minimum level of paid up capital as follows;

- General insurance business companies 3 billion Naira and
- Life insurance business companies 2 billion Naira

Composite insurance businesses are required to maintain a solvency margin (admitted assets less admitted liabilities) equivalent to the higher of 15% of net premium or the amount of Minimum Capital Base whichever is higher.

Capital adequacy and solvency margin are monitored regularly by the Board of Directors. The required information is filed with the NAICOM on a quarterly basis.

During the year the Company held the minimum paid up capital required for both general insurance and life businesses.

Minimum Capital Requirement

Industrial and General Insurance Plc complied with the minimum capital requirement of N3 billion for general business. This is shown under Shareholders' fund in the statement of financial Position.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Solvency Margin

Insurance industry regulator measures the financial strength of general business insurers using a solvency margin model, which NAICOM generally expects general business insurers to comply with this capital adequacy requirements.

Section 24 of the Insurance Act 2003 defines Solvency margin of a general business insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of Net premium income or the minimum capital base (N3billion) whichever is higher.

This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. The company had a negative solvency margin of N6.580 billion (31 Dec 2016: N3.801 billion) and a shortfall of N11.580 billion (31 Dec 2016 : N9.137 million) in its solvency margin for the year ended 31 December 2017. The regulator has the authority to request more extensive reporting and can place restriction on the Company's operations if the company falls below this requirement.

a The table below summarises the solvency margin of the Company at 31 December 2017.

	Total N'000	Admissible N'000	Inadmissible N'000
Admissible assets			
Cash and cash equivalents	77,970	77,970	-
Financial Assets -			
- At fair value through profit or loss	13,557	13,557	-
- Available for sale	456,289	320,066	136,223
- Loans and Receivables	347,615	347,615	-
Trade Receivables	-	-	-
Reinsurance assets	3,278,041	3,278,041	-
Deferred acquisition cost	78,224	78,224	-
Investment in subsidiaries	3,333,919	769,142	2,564,777
Investment properties	17,379,877	7,234,249	10,145,628
Statutory deposits with CBN	500,000	500,000	-
Other receiveables and prepayments	167,906	-	167,906
Property, plant & equipment	5,263,674	5,263,674	-
	30,897,072	17,882,538	13,014,534
Less:			
Admissible liabilities			
Insurance contract liabilities	9,508,882	9,508,882	-
Investment Contract Liabilities	8,766,506	8,766,506	-
Trade payable	686,995	686,995	-
Other payables and accruals	3,667,010	3,667,010	-
Income tax payable	1,482,919	1,482,919	-
Deferred tax liabilities	988,446	-	988,446
Loans and Borrowings	350,274	350,274	-
	25,451,032	24,462,586	988,446
Solvency margin		(6,580,048)	
15% of Net Premium	233,563		
Minimum Capital Base	5,000,000	(5,000,000)	
Deficit in solvency margin		(11,580,048)	
Solvency ratio		(132)	

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

b The table below summarises the solvency margin of the Company at 31 December 2016.

	Total N'000	Admissible N'000	Inadmissible N'000
Admissible assets			
Cash and cash equivalents	75,255	59,911	15,344
Financial Assets -			
- At fair value through profit or loss	10,555	10,555	-
- Available for sale	371,628	371,628	-
- Loans and Receivables	359,745	359,745	-
Trade Receivables	6,684	6,684	-
Reinsurance assets	2,923,151	2,923,151	-
Deferred acquisition cost	114,076	114,076	-
Investment in subsidiaries	3,418,582	2,553,355	865,227
Investment properties	16,856,266	7,752,637	9,103,629
Statutory deposits with CBN	500,000	500,000	-
Other receivables and prepayments	461,370	-	461,370
Property, plant & equipment	4,942,912	4,942,912	-
	<u>30,040,224</u>	<u>19,594,654</u>	<u>10,445,570</u>
Less:			
Admissible liabilities			
Insurance contract liabilities	9,530,056	9,530,056	-
Investment Contract Liabilities	8,913,995	8,913,995	-
Trade payable	817,670	817,670	-
Other payables and accruals	2,791,969	2,791,969	-
Income tax payable	1,451,329	1,451,329	-
Deferred tax liabilities	782,566	-	782,566
Loans and Borrowings	226,610	226,610	-
	<u>24,514,195</u>	<u>23,731,629</u>	<u>782,566</u>
Solvency margin		<u>(4,136,975)</u>	
15% of Net Premium	<u>330,815</u>		
Minimum Capital Base	<u>5,000,000</u>	<u>(5,000,000)</u>	
Deficit in solvency margin		<u>(9,136,975)</u>	
Solvency ratio		<u>(83)</u>	

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Enterprise-wide Risk Management Principles

The Group's business operations are largely diversified and spread across different geographical locations. This necessitates the need for proper identification, measurement, aggregation and effective management of risks and efficient utilisation of capital to derive an optimal risk and return ratio. To ensure effective integration over time into organization processes so that risk management not only protects value but creates value, the Group is guided by the following principles:

- * The Group will not take any action that will compromise its integrity. It shall identify, measure, manage, control and report as practical as possible all risks.
- * The Group will at all times comply with all government regulations and uphold international best practice.
- * The Group will build and entrench an enduring risk culture, which shall pervade the entire organization.
- * The Group will only accept the risk that fall within its risk acceptance criteria and have commensurate returns and

continually review its activities to determine inherent risks level and adopt appropriate risk response at all times

- * The Group will make decision based on careful analysis of the implication of such risk to its strategic goals and operating environment.

Enterprise-wide Risk Management Framework

This framework is developed to promote a strong risk management culture and integrate risk considerations into management and decision-making processes through a robust risk governance structure. It ensures that top risks are properly identified, analyzed and assessed, in a consistent manner across the organisation. We operate the 'three lines of defense model' for the oversight and management of risk to create and promote a culture that emphasizes effective management and adherence to operating controls as illustrated below:

Risk Appetite

The Group's risk appetite is reviewed by the Board of Directors annually at a level that minimises erosion of earnings or capital due to avoidable losses or from frauds and operational inefficiencies. This reflect the conservative nature of IGI Group as far as risk taking is concerned.

The Group employs a range of quantitative indicators to monitor the risk profile. Specific limits have been set in line with the Group's risk appetite.

Risk management Approach

The Group addresses the challenge of risks comprehensively through an Enterprise-wide risk management framework by applying leading practices that is supported by a robust governance structure consisting of board level and executive management committees. The Board drives the risk governance and compliance process through its committees. The audit committee provides oversight function on the system of internal control, financial reporting and compliance. The Board Risk Committee sets the risk philosophy, policies and strategies as well as provides guidance on the various risk element and their management. The management risk committee drives the management of the financial risks (Market, Liquidity and credit Risk), operational risks as well as strategic and reputational risks.

Enterprise-wide Risk Management Principles

Risk management Approach (continued)

In addition, the Group manages its risk in a structured, systematic and transparent manner through a global risk policy which embeds comprehensive risk management processes into the organisational structure and risk measurement and monitoring activities. This structure ensures that the Group's overall risk exposure are within the parameters set by the Board.

The key features of the Group's risk management policy are:

- i. The Board of Directors provides overall risk management direction and oversight
- ii. The Group's risk appetite is approved by the Board of Directors.
- iii. Risk management is embedded in the Group as an intrinsic process and is core competency of all its employees.
- iv. The Group manages its credit, market, operational and liquidity risks in a co-ordinated manner within the organisation.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

- v. The Group's risk management function is independent of the business divisions.
- vi. The Group's internal audit function reports to the Board Audit committee and provides independent validation of the business units compliance with risks policies and procedures and the adequacy and effectiveness of the risk management framework on an enterprise-wide basis.

The Group continually modifies and enhances its risk management policies and systems to reflect changes in markets, products and international best practices. Training, individual responsibility and accountability, together with a disciplined and cautious culture of control, lie at the heart of the Group's management of risk.

The Board of Directors is committed to managing compliance with a robust compliance framework to enforce compliance with applicable laws, rules and standards issued by the industry regulators and other law enforcement agencies, market conventions, codes of practices promoted by industry associations and internal policies.

4 SEGMENT INFORMATION - GROUP

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the consolidated financial statements. Group financing, including finance cost and income taxes are managed on group basis and are not allocated to individual operating segments.

No inter-segment transactions occurred in the year. If any transaction were to occur, transfer prices between operation segments are set on arm's length basis in manner similar to transaction's with third parties. Segment income, expenses and results will then include those transfers between business segments which will then be eliminated on consolidation.

The Group comprises of 9 operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing consistent with the reports used by the Management Investment and Underwriting Committee. These segments and their programs. Management identifies its reportable operating segments by product line respective operations are as follows:

Insurance: The insurance aspect of the group is made up of six operating segments based on geographical locations and broadly classified as short term (Non life) and long term (life) insurance businesses.

Non-Life: This segments covers the protection of customers's 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 short-term in nature. 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: This segment covers the protection of the Group's customer 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 and loss.

Banking: This segment is engaged in the business of banking and provision of related services

Telecommunications: services in this segment include Fixed Wireless and Wire line, Private Network link, Internet Services, Paging and voicemail Services, Public Payphones Services, Prepaid Calling Cards, Cabling, Sales and individual needs.

Registrars: This segment carries on the business of share registration and act as Company Registrar.

Health Management Services: The principal activity of this segment is the provision of healthcare maintenance, management, advisory, administrative and logistics support services.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4.a. SEGMENT INFORMATION-Group

STATEMENT OF FINANCIAL POSITION											
Note	IGI Plc Nigeria N'000	Global Trust			Int'l Health Mgt. Serv Ltd Nigeria N'000	NIC Holdings Uganda N'000	IGI Gamstar Ins. Company Gambia N'000	Monarch Communi ons Nigeria N'000	Elimination adjustment N'000	Total N'000	
		Savings & Loans Ltd Nigeria N'000	All Crown Registrars Nigeria N'000	Int'l Health Mgt. Serv Ltd Nigeria N'000							
19.2	7,115,619	1,100,000	168,556	449,194	698,657	150,757	1,000,000	(3,567,164)	7,115,619		
19.3	8,530,781	1,000,000	-	7,768	355,982	-	-	(1,363,750)	8,530,781		
20.	5,159,421	-	-	160,178	25,119	277,983	-	(132,889)	5,489,812		
21.	66,676	-	-	-	149,237	-	-	(41,652)	174,261		
22.	2,845,224	-	-	-	997,871	34,315	204,878	(339,154)	3,743,134		
23.	(18,271,688)	265,651	(17,211)	281,301	1,530,158	155,009	(5,043,640)	3,526,523	(17,573,897)		
24.	-	-	-	-	202,551	-	-	(70,994)	131,557		
25.	-	-	-	-	(87,800)	(188,024)	-	(64,987)	(340,811)		
26.	-	164,563	-	-	-	-	-	(2,090)	162,473		
	5,446,033	2,530,214	151,345	898,441	3,871,775	430,040	(3,838,762)	(2,056,157)	7,432,929		
27.	-	152	493	2,030	(54,256)	(126,437)	302	216,723	39,007		
	5,446,033	2,530,366	151,838	900,471	3,817,519	303,603	(3,838,460)	(1,839,434)	7,471,936		
28.	9,508,882	-	-	28,363	1,453,250	69,411	-	-	11,059,906		
29.	8,766,506	-	-	-	1,773,485	-	-	-	10,539,991		
30.	686,995	-	-	-	518,279	22,195	-	139,732	1,367,201		
31.	350,274	208,901	-	100,000	518,070	-	932,336	(329,994)	1,779,587		
32.	3,667,010	717,725	35,535	195,162	1,619,274	63,277	1,791,194	(1,304,226)	6,784,951		
48.2	1,482,919	240,926	1,517	3,010	152,522	920	-	-	1,881,814		
48.4.	988,446	-	-	-	887,951	-	-	-	1,876,397		
33.	-	-	-	-	-	117,214	1,138,275	-	1,255,489		
	25,451,032	1,167,552	37,052	326,535	6,922,831	273,017	3,861,805	(1,494,488)	36,545,336		
59.	-	-	-	-	-	-	-	5,733,010	5,733,010		
	25,451,032	1,167,552	37,052	326,535	6,922,831	273,017	3,861,805	4,238,522	42,278,346		
	30,897,065	3,697,918	188,890	1,227,006	10,740,350	576,620	23,345	2,399,088	49,750,282		

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4.b SEGMENT INFORMATION-Group

		STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME										
		Global Trust		NIC		IGI Gamstar		Monarch				
Note		IGI Plc Nigeria N'000	Savings & Loans Ltd Nigeria N'000	All Crown Registrars Nigeria N'000	Int'l Health Mgt. Serv Ltd Nigeria N'000	Holdings Uganda N'000	Ins. Company Gambia N'000	Communicati ons Limited Nigeria N'000	Elimination adjustment N'000	Total N'000		
34.	Gross premium written	2,580,000	-	-	1,075,409	1,566,472	174,328	-	-	5,396,209		
34.	Changes in unearned premium	290,212	-	-	378,804	(63,047)	-	-	-	605,969		
35.	Gross Premium Income	2,870,212	-	-	1,454,213	1,503,425	174,328	-	-	6,002,178		
	Reinsurance costs	(1,313,127)	-	-	-	(637,325)	(41,636)	-	-	(1,992,088)		
36.1	Net Premium Income	1,557,085	-	-	1,454,213	866,100	132,692	-	-	4,010,090		
	Fees and commission income	145,983	-	-	-	129,749	49,269	-	-	325,001		
	Net underwriting income	1,703,068	-	-	1,454,213	995,849	181,961	-	-	4,335,091		
37.	Claims expenses (Gross)	(1,021,256)	-	-	(344,572)	(179,236)	(14,189)	-	-	(1,559,253)		
37.	Changes in claims recoveries	494,580	-	-	-	49,702	3,955	-	-	548,237		
	Net claims incurred	(526,676)	-	-	(344,572)	(129,534)	(10,234)	-	-	(1,011,016)		
38.	Underwriting expenses	(891,320)	-	-	(891,590)	(664,369)	(13,427)	-	-	(2,460,706)		
39.	Changes in contract liabilities	210,168	-	-	-	(21,020)	-	-	-	189,148		
	Underwriting profit	495,240	-	-	218,051	180,926	158,300	-	-	1,052,517		
40.	Investments incomes	189,930	628	8,009	25,868	184,744	8,994	-	(74,643)	343,530		
	Loss on disposal of investment properties	-	-	-	-	-	-	-	(180,062)	(180,062)		
41.	Net interest income	43,777	108,966	-	-	-	-	-	(119,075)	33,668		
42.	Other operating incomes	(70,144)	39,307	4,340	4,156	4,527	19,596	700	-	2,482		
43.	Loss on investment contract	413,212	-	-	-	183,940	-	-	-	597,152		
44.	Fair value gain/(loss) through Profit or loss	1,417,895	-	-	-	431,103	-	-	-	1,848,998		
45.	Impairment charge/(write back)	(512,474)	5,366	-	-	(91,420)	-	-	-	(598,528)		
46.	Management and administrative expenses	(1,824,660)	(96,707)	(9,885)	(239,420)	(640,382)	(188,630)	-	-	(2,999,684)		
	Net operating loss	152,776	57,560	2,464	8,655	253,438	(1,740)	700	(373,780)	100,073		
47.	Finance costs	(191,792)	(27,233)	-	(2,483)	-	(2,346)	-	119,075	(104,779)		
48.1	Loss before income tax	(39,016)	30,327	2,464	6,172	253,438	(4,086)	700	(254,705)	(4,706)		
	Income tax expense	(194,220)	(13,225)	-	(3,010)	(68,991)	(2,615)	-	-	(282,061)		
	Loss from continuing operations	(233,236)	17,102	2,464	3,162	184,447	(6,701)	700	(254,705)	(286,767)		

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4.c. SEGMENT INFORMATION - GROUP

31 December 2016

		STATEMENT OF FINANCIAL POSITION										Total N'000
		IGI Plc Nigeria N'000	Global Trust Savings & Loans Ltd Nigeria N'000	All Crown Registrars Nigeria N'000	Int'l Health Mgt. Serv Ltd Nigeria N'000	NIC Holdings Ltd Uganda N'000	IGI Gamstar Ins. Company Gambia N'000	Sonarwa Hoising Ltd Rwanda N'000	Monarch Communicati ons Limited Nigeria N'000	Elimination adjustment N'000	Total N'000	
Assets	Note	75,255	199,206	65,745	399,647	70,288	27,054	1,196,257	6,137	(727)	2,038,862	
Cash and cash equivalents	5.	-	-	-	-	265,978	-	83,170	-	-	359,703	
Financial Assets:		10,555	-	-	-	586,822	-	1,923,883	-	-	2,882,333	
At fair value through profit or loss	6.1	371,628	-	-	-	387,850	-	1,27,608	-	-	515,488	
Available for sale	6.2	-	-	-	-	13,735	3,703	-	-	-	393,081	
Held to maturity	6.3.	359,745	5,637	-	10,261	559,663	-	961,853	-	(279,834)	1,248,366	
Loans and receivables	6.4.	6,684	-	-	-	424,799	50,056	317,949	-	-	3,715,955	
Trade receivables	7.	2,923,151	-	-	-	54,165	-	36,374	-	-	204,615	
Reinsurance assets	8.	114,076	175,266	-	-	-	-	-	-	-	175,266	
Deferred acquisition costs	9.	461,370	8,158	20,073	279,834	234,452	7,636	543,465	-	(607,461)	947,527	
Loans and advances to customers	10.	3,418,582	-	-	-	-	-	-	-	(3,418,581)	-	
Other receivables and prepayments	12.	-	-	-	-	-	-	64,447	-	-	64,447	
Investment in subsidiaries	14.	-	-	-	-	-	-	13,578	-	-	13,578	
Intangible assets	15.	-	-	-	-	-	-	4,080,268	-	-	4,080,268	
Deferred tax assets	48.4.	16,856,266	14,667	115,000	-	5,350,326	-	-	-	-	26,401,860	
Investment properties	16.	4,942,912	2,833	1,815	407,379	370,315	334,008	858,141	16,500	-	6,933,903	
Property plant and equipment	17.	500,000	-	-	-	72,665	15,510	-	-	-	588,175	
Statutory deposits	18.	-	-	-	-	-	-	-	-	-	-	
		30,040,224	405,767	202,633	1,097,121	8,391,088	437,967	10,206,993	22,637	(4,306,603)	46,497,826	
Non-current assets held for sale	11.	-	3,218,947	-	-	-	-	-	-	-	3,218,947	
Assets classified as discontinued operations	59.	-	-	-	-	-	-	-	-	5,733,010	5,733,010	
Total assets		30,040,224	3,624,714	202,633	1,097,121	8,391,088	437,967	10,206,993	22,637	1,426,407	55,449,783	

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4.c. SEGMENT INFORMATION - GROUP

31 December 2016

		STATEMENT OF FINANCIAL POSITION									
		Global Trust		IGI Gamstar		Sonarwa		Monarch			
		IGI Plc	All Crown	Int'l Health	NIC Holdings	IGI Gamstar	Sonarwa	Monarch			
		Nigeria	Registrars	Mgt. Serv Ltd	Ltd	Company	Ltd	Communicati			
		N'000	Nigeria	Nigeria	Uganda	Gambia	Rwanda	ons Limited			
			N'000	N'000	N'000	N'000	N'000	Nigeria			Total
								N'000			N'000
	Equity										
19.2	Ordinary share capital	7,115,619	168,556	444,080	320,397	21,019	789,527	1,000,000	(3,843,579)		7,115,619
19.3	Share premium	8,530,781	-	5,183	163,250	-	11,705	-	(1,180,138)		8,530,781
20.	Assets revaluation reserve	4,826,118	-	-	15,339	255,168	731,947	-	(713,282)		5,258,209
21.	Fairvalue reserve	66,676	-	-	97,637	-	941,653	-	(476,285)		629,681
22.	Contingency reserve	2,771,939	-	-	497,675	27,045	-	-	(237,582)		3,059,067
23.	Loss sustained	(17,785,105)	(19,183)	167,155	889,565	(146,152)	(2,710,357)	(4,848,552)	3,850,776		(20,348,021)
24.	Capital reserve	-	-	-	119,913	140,998	(1,082,871)	-	(46,294)		73,619
25.	Foreign exchange reserve	-	-	-	914,017	-	-	-	(27,935)		(55,791)
26.	Statutory(regulatory) reserve	-	-	-	-	-	210,931	-	(131,682)		238,681
	Shareholder's fund	5,526,028	149,373	616,418	3,017,793	298,078	(1,107,465)	(3,848,552)	(2,806,011)		4,501,845
27.	Non-controlling interests	-	-	-	-	-	-	-	(612,563)		(612,563)
	Total equity	5,526,028	149,373	616,418	3,017,793	298,078	(1,107,465)	(3,848,552)	(3,418,574)		3,889,282
	Liabilities										
28.	Insurance contract liabilities	9,530,056	-	82,766	1,162,996	71,197	5,834,487	-	-		16,681,502
29.	Investment contract liabilities	8,913,995	-	-	1,481,909	-	3,672,566	-	-		14,068,470
30.	Trade payables	817,670	-	-	109,527	-	262,771	-	49,139		1,239,107
31.	Loans and borrowings	226,610	181,271	-	459,794	-	-	932,336	-		1,800,011
32.	Other payables and accruals	2,791,969	51,743	246,951	1,392,699	62,722	869,317	1,800,578	(937,164)		6,979,343
48.2	Income tax payable	1,451,329	1,517	6,067	104,472	1,991	-	-	-		1,793,426
48.4.	Deferred tax liabilities	782,566	-	-	661,899	-	675,311	-	-		2,121,376
33.	Deposit for shares	-	-	2,000	-	3,981	-	1,138,275	-		1,144,256
	Liabilities classified as discontinued operations	24,514,195	53,260	337,784	5,373,296	139,891	11,314,452	3,871,189	(888,025)		45,827,491
59.		-	-	-	-	-	-	-	5,733,010		5,733,010
	Total liabilities	24,514,195	53,260	337,784	5,373,296	139,891	11,314,452	3,871,189	4,844,985		51,560,501
	Total equity and liabilities	30,040,224	202,633	954,202	8,391,089	437,969	10,206,987	22,637	1,426,411		55,449,784

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4.d SEGMENT INFORMATION - GROUP

		STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME												
		Global Trust			Int'l Health		NIC		IGI Gamstar		Monarch			
		IGI Plc Nigeria N'000	All Crown Registrars Nigeria N'000	Mgt. Serv Ltd Nigeria N'000	Holdings Uganda N'000	Ins. Company Gambia N'000	Sonarwa Holsings Ltd Rwanda N'000	Communicati ons Limited Nigeria N'000						
Note														
	Gross premium written	3,200,008	-	1,392,677	1,069,836	165,761	2,045,006	-	-	-	-	-	-	7,693,288
34.	Changes in unearned premium	180,608	-	-	(3,726)	(8,105)	(332,572)	-	-	-	-	-	-	(163,795)
	Gross Premium Income	3,200,616	-	1,392,677	1,066,110	157,656	1,712,434	-	-	-	-	-	-	7,529,493
35.	Reinsurance costs	(995,183)	-	-	(391,410)	(43,767)	(302,672)	-	-	-	-	-	-	(1,733,032)
	Net Premium Income	2,205,433	-	1,392,677	674,700	113,889	1,409,762	-	-	-	-	-	-	5,796,461
36.1	Fees and commission income	125,219	-	-	72,444	87,779	64,875	-	-	-	-	-	-	353,206
	Net underwriting income	2,330,652	-	1,392,677	747,144	201,668	1,474,637	-	-	-	-	-	-	6,149,667
37.	Claims expenses (Gross)	(2,355,703)	-	(320,640)	3,813	(8,066)	(1,955,973)	-	-	-	(83,740)	-	-	(4,720,309)
37.	Changes in claims recoveries	420,774	-	-	(82,704)	4,257	134,361	-	-	-	83,740	-	-	560,428
	Net claims incurred	(1,934,929)	-	(320,640)	(78,891)	(3,809)	(1,821,612)	-	-	-	-	-	-	(4,159,881)
38.	Underwriting expenses	(449,666)	-	(887,601)	(325,632)	(23,146)	166,410	-	-	-	-	-	-	(1,519,635)
39.	Changes in contract liabilities	767,041	-	-	-	-	-	-	-	-	-	-	-	767,041
	Underwriting profit	713,098	-	184,436	342,621	174,713	(180,565)	-	-	-	-	-	-	1,237,192
40.	Investments incomes	297,117	1,259	34,305	129,145	4,893	155,142	-	-	-	-	-	-	621,861
	Profit on disposal of Investment properties	125,000	-	-	-	-	-	-	-	-	-	-	-	125,000
41.	Net interest income	43,442	119,340	-	1,872	3,622	52,604	-	-	-	(939)	-	-	219,941
42.	Other operating incomes	406,373	24,197	7,898	159,329	(3,114)	171,638	23,286	-	-	-	-	-	851,692
43.	Loss on investment contract	(670,196)	-	-	-	(3,984)	-	-	-	-	-	-	-	(669,505)
44.	Fair value gain/(loss) through Profit or loss	1,443,952	-	-	(27,061)	-	(1,525,223)	-	-	-	-	-	-	(108,332)
45.	Impairment charge/(write back)	(722,096)	-	-	(54,079)	(17,379)	(246,031)	-	-	-	-	-	-	(249,431)
46.	Management and administrative expenses	(3,288,046)	(265,683)	(14,923)	(455,235)	(179,559)	(1,720,425)	(19,473)	-	-	(104,667)	-	-	(6,067,484)
	Net operating loss	(1,651,356)	(114,210)	260,416	96,592	(20,808)	(3,292,860)	3,813	783,483	(3,939,066)	-	-	-	(3,939,066)
47.	Finance costs	(15,330)	(55,076)	(3,449)	-	(3,894)	(7,919)	(44)	-	-	-	-	-	(85,712)
	Loss before income tax	(1,666,686)	(169,286)	256,967	96,592	(24,702)	(3,300,779)	3,769	783,483	(4,024,778)	-	-	-	(4,024,778)
48.1	Income tax expense	(9,635)	(12,984)	(6,067)	(24,384)	(2,961)	5,071	-	-	-	-	-	-	(50,960)
	Loss from continuing operations	(1,676,321)	(182,270)	250,900	72,208	(27,663)	(3,295,708)	3,769	783,483	(4,075,738)	-	-	-	(4,075,738)

INDUSTRIAL AND GENERAL INSURANCE PLC

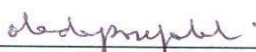
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Notes	Life Business 2017 N'000	General Business 2017 N'000	Intra company adjustment N'000	Total N'000	2016 Restated N'000
Assets						
Cash and cash equivalents	5.	30,076	47,894	-	77,970	75,255
Financial Assets:						
At Fair value through Profit or Loss	6.1	8,826	4,731	-	13,557	10,555
Available for sale	6.2	169,960	286,329	-	456,289	371,628
Loans and Receivables	6.4.	341,758	5,857	-	347,615	359,745
Trade receivables	7.	-	-	-	-	6,684
Reinsurance Assets	8.	1,529,079	1,748,962	-	3,278,041	2,923,151
Deferred acquisition costs	9.	7,423	70,801	-	78,224	114,076
Other receivables and Prepayments	12.	345,795	140,080	(317,969)	167,906	461,370
Investment in Subsidiaries	14.	3,127,398	206,521	-	3,333,919	3,418,582
Investment Properties	16.	10,191,841	7,188,036	-	17,379,877	16,856,266
Property plant and equipment	17.	2,528,648	2,735,026	-	5,263,674	4,942,912
Statutory deposits	18.	200,000	300,000	-	500,000	500,000
Total assets		18,480,804	12,734,237	(317,969)	30,897,072	30,040,224
Liabilities						
Insurance Contract Liabilities	28.	5,490,332	4,018,550	-	9,508,882	9,530,056
Investment Contract Liabilities	29.	8,766,506	-	-	8,766,506	8,913,995
Trade payables	30.	633,967	53,028	-	686,995	817,670
Loans and Borrowings	31.	-	350,274	-	350,274	226,610
Other payables and Accruals	32.	167,159	3,817,820	(317,969)	3,667,010	2,791,969
Income tax payable	48.2	251,989	1,230,930	-	1,482,919	1,451,329
Deferred tax liabilities	48.4.	602,814	385,632	-	988,446	782,566
Total Liabilities		15,912,767	9,856,234	(317,969)	25,451,032	24,514,195
Net assets		2,568,037	2,878,003	-	5,446,040	5,526,029
Equity						
Share capital	19.2	2,650,806	4,464,813	-	7,115,619	7,115,619
Share premium	19.3	3,871,731	4,659,050	-	8,530,781	8,530,781
Assets revaluation reserve	20.	3,474,026	1,685,395	-	5,159,421	4,826,118
Fair value reserve	21.	(2,121)	68,797	-	66,676	66,676
Contingency reserve	22.	462,566	2,382,658	-	2,845,224	2,771,939
Loss sustained	23.	(7,888,972)	(10,382,709)	-	(18,271,681)	(17,785,104)
		2,568,037	2,878,003	-	5,446,040	5,526,029



Rachel Yoke Emenike
Managing Director
FRC/2015/CIIN/00000013299



Professor Oladapo Afolabi
Director
FRC/2017/IPAN/00000015950



Tolu Delano
Chief Finance Officer
FRC/2019/ANAN/00000019788.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4.3 SEGMENT INFORMATION - COMPANY

REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

	General		Marine & Aviation		Engineering		Oil & Energy		General Business		Life Business	
	Fire N'000	Accident N'000	Motor N'000	Aviation N'000	Agric N'000	Engineering N'000	Energy N'000	General Business N'000	Life Business N'000	2017 N'000	2016 N'000	
Income												
Direct premium	142,610	229,193	463,648	391,553	17,021	165,279	896,341	2,305,645	205,768	2,511,413	2,857,516	
Inward reinsurance premium	34,109	16,699	-	4,565	-	13,214	-	68,587	-	68,587	162,492	
Gross premium written	176,719	245,892	463,648	396,118	17,021	178,493	896,341	2,374,232	205,768	2,580,000	3,020,008	
Changes in unearned premium	(15,211)	36,587	(24,029)	(24,637)	(17,052)	(12,406)	289,174	232,426	57,786	290,212	180,608	
Gross Premium Earned	161,508	282,479	439,619	371,481	(31)	166,087	1,185,515	2,606,658	263,554	2,870,212	3,200,616	
Deduct:												
Outward reinsurance premium	(64,814)	(5,388)	(15,546)	(107,142)	(6,804)	(44,779)	(893,755)	(1,138,228)	-	(1,138,228)	(64,952)	
Changes in prepaid reinsurance	(14,770)	261	1,658	(16,643)	36,558	(32,289)	(128,471)	(153,696)	(21,203)	(174,899)	(930,231)	
Reinsurance cost	(79,584)	(5,127)	(13,888)	(123,785)	29,754	(77,068)	(1,022,226)	(1,291,924)	(21,203)	(1,313,127)	(995,183)	
Net Premium Earned	81,924	277,352	425,731	247,696	29,723	89,019	163,289	1,314,734	242,351	1,557,085	2,205,433	
Commission received	24,983	-	1,130	16,763	650	11,908	71,451	126,885	564	127,449	125,219	
Changes in unearned commission	586	-	(770)	2,664	-	1,421	14,633	18,534	-	18,534	-	
Total income	107,493	277,352	426,091	267,123	30,373	102,348	249,373	1,460,153	242,915	1,703,068	2,330,652	
Expenses												
Gross claims paid	(131,316)	(20,034)	(49,498)	(57,918)	-	(7,641)	(16,177)	(282,584)	(259,177)	(541,761)	(2,355,703)	
Changes in outstanding claims provision	261,763	(29,563)	(66,453)	88,547	(308)	(31,014)	(215,521)	7,451	(486,657)	(479,206)	-	
Gross claims incurred	130,447	(49,597)	(115,951)	30,629	(308)	(38,655)	(231,698)	(275,133)	(745,834)	(1,020,967)	(2,355,703)	
Reinsurance claims recovery	100,324	4,859	6,476	29,335	-	5,004	145,998	145,998	479,495	625,493	506,330	
Changes in reinsurance recoveries	(61,502)	6,318	12,985	(29,684)	-	(115,232)	56,200	(130,915)	-	(130,915)	(85,556)	
Net claims incurred/(recovered)	169,269	(38,420)	(96,490)	30,280	(308)	(148,883)	(175,498)	(260,050)	(266,339)	(526,389)	(1,934,929)	
Changes in insurance contract liability	-	-	-	-	-	-	-	-	210,168	210,168	767,041	
Acquisition expenses	(21,871)	(38,155)	(37,889)	(74,222)	(248)	(21,050)	(87,982)	(281,417)	(141,124)	(422,541)	(410,985)	
Changes in commission expenses	1,949	482	1,478	4,456	(125)	(5,015)	(36,366)	(33,141)	(2,713)	(35,854)	(21,762)	
Maintenance expenses	(14,742)	(968)	(2,623)	(23,380)	5,620	(14,556)	(193,075)	(244,015)	(189,199)	(433,214)	(16,919)	
Total expenses	134,605	(77,061)	(135,524)	(62,866)	4,939	(189,504)	(492,921)	(818,623)	(389,207)	(1,207,830)	(1,617,554)	
Underwriting results	242,098	200,291	290,567	204,257	35,312	(87,156)	(243,548)	641,530	(146,292)	495,240	713,098	

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5. Cash and cash equivalents

Cash and cash equivalents comprise of balances with less than three months maturity from the date of acquisition, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Cash in hand	2,959	348,593	-	-
Bank balances(Note 5.1)	523,348	533,603	77,205	75,255
Short term deposits/placements with banks(Note 5.2)	506,765	1,156,665	765	-
	<u>1,033,072</u>	<u>2,038,861</u>	<u>77,970</u>	<u>75,255</u>

5.1. Included In the above Group amount was N21.7 million representing cash reserve requirement with the central bank of Nigeria.

5.2. The placement with banks have a short term maturity of 30-90 days and thus, the effect of discounting is immaterial.

5.3. Cash and cash equivalents as per cashflow

Cash in hand	2,959	348,593	-	-
Bank balances	523,348	533,603	77,205	75,255
Short term deposits/placements with other banks	506,765	1,156,665	765	-
	<u>1,033,072</u>	<u>2,038,861</u>	<u>77,970</u>	<u>75,255</u>
Bank overdrafts (Note 31)	(14,780)	(251,232)	(344,775)	(221,111)
	<u>1,018,292</u>	<u>1,787,629</u>	<u>(266,805)</u>	<u>(145,856)</u>

6. Financial assets

6.1 Fair value through Profit or Loss-FVTPL

Quoted Equities:

Movement in FVTPL

At 1 January	398,789	398,789	10,555	13,393
Fair value gain/(loss)	266,585	(56,128)	3,002	(2,838)
Derecognised on disposal of subsidiary	-	(87,480)	-	-
Impact of investment reclassified to available for sale	(83,170)	-	-	-
Translation Adjustment	2,714	104,522	-	-
At 31 December	<u>584,918</u>	<u>359,703</u>	<u>13,557</u>	<u>10,555</u>
Current	584,918	359,703	13,557	10,555
Non Current	-	-	-	-
	<u>584,918</u>	<u>359,703</u>	<u>13,557</u>	<u>10,555</u>

Financial Assets at Fair Value through Profit or Loss of the group represents investment where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day. Assets under this category have been acquired for short term trading intent.

6.2 Available for sale-AFS

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Unquoted equities (Note 6.2.1)	859,018	2,879,718	456,289	371,628
Treasury bills (Note 6.2.2)	-	2,615	-	-
	<u>859,018</u>	<u>2,882,333</u>	<u>456,289</u>	<u>371,628</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
6.2.1 Movement in unquoted equities				
At 1 January	2,617,551	1,396,167	437,784	202,659
Additions in the year	-	1,058,259	-	72,000
Recalssificatied from investment in subsidiaries (Note 14)	1,069,914	163,125	1,069,914	163,125
Disposal during the year	(347,414)	-	-	-
	<u>3,340,051</u>	<u>2,617,551</u>	<u>1,507,698</u>	<u>437,784</u>
Fair value gain/(loss) (Note 21)	-	318,235	-	(66,156)
Impairment on investment in subsidiaries (Note 14.1)	(983,015)	-	(1,051,409)	-
Impact of investment reclassified to available for sale	(1,923,883)	-	-	-
Derecognised on disposal of subsidiary	-	(152,577)	-	-
Translation Adjustment	425,865	96,509	-	-
At 31 December	<u>859,018</u>	<u>2,879,718</u>	<u>456,289</u>	<u>371,628</u>
Current	859,018	2,879,718	456,289	371,628
Non Current	-	-	-	-
	<u>859,018</u>	<u>2,879,718</u>	<u>456,289</u>	<u>371,628</u>
6.2.2 Movement in treasury bills				
At 1 January	2,615	-	-	-
Additions in the year	-	2,615	-	-
Disposal during the year	(2,615)	-	-	-
	<u>-</u>	<u>2,615</u>	<u>-</u>	<u>-</u>
Fair value gain/(loss)(Note 21)	-	-	-	-
Translation Adjustment	-	-	-	-
At 31 December	<u>-</u>	<u>2,615</u>	<u>-</u>	<u>-</u>
Current	-	2,615	-	-
Non Current	-	-	-	-
	<u>-</u>	<u>2,615</u>	<u>-</u>	<u>-</u>

6.2.3 The Group's accounting policy is to hold its investments in treasury bills as available-for-sale and measured at fair value. Treasury bills are debt instruments issued by the Government of Uganda for a term of six months and twelve months respectively.

	Company	
	2017 N'000	2016 N'000
6.2.4 Unquoted equities		
British Int'l school	72,000	72,000
Moyofade Community Bank	32,698	32,698
WAICA RE	37,647	37,647
Swift 4G	132,314	132,314
IGI Pension Fund Manager Ltd	163,125	163,125
Sonarwa (Rwanda)	1,069,914	-
	<u>1,507,698</u>	<u>437,784</u>
Fair value gain/(loss)	<u>(1,051,409)</u>	<u>(66,156)</u>
	<u>456,289</u>	<u>371,628</u>

6.2.5 Analysis of unlisted available for sale financial assets:

The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate and other unquoted securities are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount and its carrying value and recognises the amount in the income statement.

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

Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

Unquoted equities are valued using models which incorporate both observable and non-observable market data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Cost N'000	Impairment N'000	2017 Carrying Amount N'000	2016 N'000
6.2.6 Unquoted equities				
British International School	72,000	-	72,000	72,000
Moyofade Community Bank	32,698	-	32,698	32,698
WAICA RE	37,647	-	37,647	37,647
Swift 4G	132,314	66,157	66,157	66,157
IGI Pension Fund Manager Ltd	163,125	-	163,125	163,125
Sonarwa (Rwanda)	1,069,914	985,252	84,662	-
	<u>1,507,698</u>	<u>1,051,409</u>	<u>456,289</u>	<u>371,627</u>

6.2.7 Our initial investment in Sonarwa Holdings was N1,069,914,231. However, Sonarwa Holdings was later split into two (i.e Sonarwa General and Sonarwa Life) where IGI held 64.25% in each of the Sonarwa Companies. In 2017, the National Bank of Rwanda (BNR) directed new property revaluation as at 31st December, 2016 to be undertaken by newly appointed estate valuers in the two companies. This resulted in property revaluation losses thus affecting the shareholders funds in the two companies and the need for shareholders to inject additional capitals. Accordingly, IGI total Investment of about N1billion in the company was impaired by N985,251,890.93. However, there was a disagreement on a major property of Sonarwa Life (Nobilis Hotel) which was agreed by shareholders and BNR to be removed from Sonarwa Life books for sale to confirm the actual market value of the property. IGI is entitled to 64.25% of the net proceeds from sale of the Nobilis Hotel as recovery. Rwanda Social Security Board (RSSB), a shareholder in the two Sonarwa Companies thereafter injected RWF4billion in Sonarwa General and RWF3billion in Sonarwa Life to dilute IGI Holding in Sonarwa General to 15.96% and 0% in Sonarwa Life as a result of the negative shareholding in Sonarwa Life.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
6.3. Held to Maturity-HTM				
Government Securities	390,163	515,488	-	-
Corporate Securities	67,609	-	-	-
	<u>457,772</u>	<u>515,488</u>	<u>-</u>	<u>-</u>
Current	-	-	-	-
Non Current	<u>457,772</u>	<u>515,488</u>	<u>-</u>	<u>-</u>
	<u>457,772</u>	<u>515,488</u>	<u>-</u>	<u>-</u>

6.3.1 The fair value of the held to maturity financial assets have been estimated by comparing current market interest rates for similar debt securities to the rates offered when the debt securities were first recognized together with appropriate market credit adjustments. For held to maturity financial assets that are traded in active market, their fair values are determined using unadjusted market quotes.

6.4. Loans and Receivables				
Staff Loans (Note 6.4.1)	269,825	260,278	237,236	232,944
Policy loans (Note 6.4.2)	351,521	367,243	341,758	358,180
	<u>621,346</u>	<u>627,521</u>	<u>578,994</u>	<u>591,124</u>
Impairment of loans and receivables (Note 6.4.3)	(234,855)	(234,440)	(231,379)	(231,379)
	<u>386,491</u>	<u>393,081</u>	<u>347,615</u>	<u>359,745</u>
Current	386,491	393,081	347,615	359,745
Non Current	-	-	-	-
	<u>386,491</u>	<u>393,081</u>	<u>347,615</u>	<u>359,745</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
6.4.1 Movement in staff loans				
At 1 January	260,278	286,023	232,944	259,980
Additions in the year	14,728	1,291	8,500	-
Repayments	(5,747)	(27,036)	(4,208)	(27,036)
	269,259	260,278	237,236	232,944
Translation Adjustment	566	-	-	-
At 31 December	269,825	260,278	237,236	232,944
6.4.2 Movement in policy loans				
At 1 January	367,243	259,980	358,180	326,705
Additions in the year	-	107,263	-	31,475
Repayments	(15,722)	(0)	(16,422)	-
	351,521	367,243	341,758	358,180
Translation Adjustment	-	-	-	-
At 31 December	351,521	367,243	341,758	358,180
6.4.3 Movement in impairment of loans and receivables				
At 1 January	234,440	233,648	231,379	231,546
Charge for the year (Note 45)	-	-	-	-
Written off	-	(167)	-	(167)
Translation Adjustment	415	959	-	-
At 31 December	234,855	234,440	231,379	231,379
Total Financial assets	2,288,200	4,150,605	817,461	741,928

6.4.4 Staff Loans

Staff are entitled to loans which are repayable through payroll deductions. The difference between the market interest rate and the rate at which these loans are advanced to staff to be amortised over the tenor of the loan.

About 98% of the loans are however fully impaired. Although, the circumstances for the impairment was that the staff loan were legacy balances in the company's book, which was investigated and discovered not to be outstanding loans rather were balances arising from system glitch during the introduction of a new payroll module in 2013 for salary preparation.

6.4.5. Policy Loans

The Group grants cash loans to policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 90% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholder upon cancellation of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted.

The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 12% per annum and it is reviewed periodically. The rate is determined after due consideration on the interest rate used by the actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings.

Loans to policyholders are not impaired as they are securitized by the surrender value of policies in force as at the reporting date. It is payable on demand and its carrying value approximates its fair value.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
7. Trade receivables				
Premiums receivable from Co-insurance Companies	-	-	-	-
Premiums receivable from brokers and agents	1,162,925	1,527,619	7,015	6,684
	1,162,925	1,527,619	7,015	6,684
Impairment of trade receivables (Note 7.1)	(403,256)	(279,253)	(7,015)	-
	759,669	1,248,366	-	6,684
Current	759,669	1,248,366	-	6,684
Non Current	-	-	-	-
	759,669	1,248,366	-	6,684
7.1 Movement in impairment of trade receivables				
At 1 January	279,253	198,460	-	-
Additions during the year (Note 45)	98,435	71,458	7,015	-
Recoveries	-	(46,123)	-	-
Written off	-	(20,809)	-	-
Translation adjustment	25,568	76,267	-	-
At 31 December	403,256	279,253	7,015	-
7.2 Movement in trade receivables				
At 1 January	1,527,619	639,909	6,684	13,124
Gross premium written	5,396,208	7,693,288	2,580,000	3,020,008
Premium received/recovered	(5,760,902)	(6,805,578)	(2,579,669)	(3,026,448)
At 31 December	1,162,925	1,527,619	7,015	6,684
8. Reinsurance assets				
Prepaid Reinsurance (Note 8.1)	466,709	834,810	90,894	247,809
Estimated reinsurance recoveries on claims (Note 8.2)	3,171,177	2,761,786	3,085,306	2,675,342
Receivables from re-insurers (Note 8.3)	479,739	268,423	250,905	149,064
	4,117,625	3,865,019	3,427,105	3,072,215
Impairment of reinsurance assets	(248,517)	(149,064)	(149,064)	(149,064)
	3,869,108	3,715,955	3,278,041	2,923,151
Current	3,869,108	3,715,955	3,278,041	2,923,151
Non Current	-	-	-	-
	3,869,108	3,715,955	3,278,041	2,923,151

- a. Included in the Group figure N4,164,922,000 and Company figure N3,474,402,000 above is life business claim incurred but not reported amount of N6,786,887.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
8.1. Prepaid reinsurance				
(a) Fire	65,248	23,728	21,863	23,728
General accident	21,437	-	73	-
Motor	5,069	139	3,973	139
Aviation	309,970	32,541	-	32,541
Marine	40,071	-	40,071	-
Agric	18,127	-	18,127	-
Engineering	-	16,164	-	16,164
Oil and Energy	-	745,444	-	158,443
	<u>459,922</u>	<u>818,016</u>	<u>84,107</u>	<u>231,015</u>
Total Prepaid reinsurance - Non Life	<u>459,922</u>	<u>818,016</u>	<u>84,107</u>	<u>231,015</u>
(b) Total prepaid reinsurance - Life	<u>6,787</u>	<u>16,794</u>	<u>6,787</u>	<u>16,794</u>
Total Prepaid reinsurance	<u>466,709</u>	<u>834,810</u>	<u>90,894</u>	<u>247,809</u>
8.1.1 Movement in prepaid reinsurance				
At 1 January	834,810	1,187,387	247,809	1,178,040
Increase/(decrease) (Note 35)	835,876	(352,577)	(156,916)	(930,231)
Impact of investment reclassified to available for sale	(1,170,389)	-	-	-
At 31 December	<u>500,297</u>	<u>834,810</u>	<u>90,893</u>	<u>247,809</u>
			(1)	
8.2. Estimated reinsurance recoveries on claims				
Fire	443,290	476,531	443,290	476,531
General accident	7,834	1,515	7,834	1,515
Motor	26,182	13,197	26,182	13,197
Aviation	71,858	114,704	-	28,260
Marine	14,316	32,466	14,316	32,466
Engineering	370,071	353,663	370,071	353,663
Oil and Energy	694,534	714,523	694,534	714,523
	<u>1,628,085</u>	<u>1,706,599</u>	<u>1,556,227</u>	<u>1,620,155</u>
Life business				
Individual business	-	-	-	-
Group business	<u>1,543,092</u>	<u>1,055,187</u>	<u>1,529,079</u>	<u>1,055,187</u>
	<u>3,171,177</u>	<u>2,761,786</u>	<u>3,085,306</u>	<u>2,675,342</u>
8.3 Receivables from reinsurers/co-insurers				
Fire	479,739	268,423	250,905	149,064
	<u>479,739</u>	<u>268,423</u>	<u>250,905</u>	<u>149,064</u>
Life business				
Group business	-	-	-	-
Individual business	-	-	-	-
	<u>479,739</u>	<u>268,423</u>	<u>250,905</u>	<u>149,064</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
8.3.1 Movement in receivables from reinsurers/co-insurers				
At 1 January	268,423	149,064	149,064	149,064
Movement during the year	211,316	119,359	101,841	-
At 31 December	479,739	268,423	250,905	149,064

- i. The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement.
- ii. The estimated reinsurance recoveries on claims and prepaid reinsurance represent reinsurance share of outstanding claims and unearned premium as stated in the actuarial report which has been captured as part of the gross liabilities in the accounts, hence not subject to impairment.

9. Deferred acquisition costs

Deferred acquisition costs represent commission on unearned premium relating to the unexpired period of risks and comprise Deferred acquisition cost is only recognised for the non-life business segment of the company. The movement of deferred acquisition cost is as follows:

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
9.1. Movement in deferred acquisition costs				
At 1 January	204,615	216,306	114,076	135,838
Acquisition cost for the year	668,570	652,942	422,543	410,985
Impact of investment reclassified to available for sale	(36,374)	-	-	-
Translation adjustment	855	9,408	-	-
Total acquisition cost for the year	837,666	878,656	536,619	546,823
Amortization during the year (Note 38.1)	(683,766)	(674,041)	(458,395)	(432,747)
At 31 December	153,900	204,615	78,224	114,076
Current	153,900	204,615	78,224	114,076
Non Current	-	-	-	-
	153,900	204,615	78,224	114,076
9.2. Deferred acquisition costs analysis				
Fire	13,979	11,857	10,590	8,641
General accident	43,847	27,745	11,466	10,984
Motor	48,902	39,745	22,144	20,666
Aviation	13,148	13,263	-	3,257
Marine	10,928	3,215	10,928	3,215
Agric	-	125	-	125
Engineering	13,034	18,049	13,034	18,049
Oil and Energy	2,639	39,004	2,639	39,004
	146,477	153,003	70,801	103,941
Life business				
Individual Life	-	-	-	-
Group Life	7,423	51,612	7,423	10,135
	153,900	204,615	78,224	114,076

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
10. Loans and advances customers				
Overdrafts	283,734	389,803	-	-
Term loans	3,180	7,824	-	-
Mortgage loans	2,283	174,555	-	-
	289,197	572,182	-	-
Impairment on loans and advances to customers (Note 10.1)	(37,892)	(396,916)	-	-
	251,305	175,266	-	-
Current	201,044	140,213	-	-
Non Current	50,261	35,053	-	-
	251,305	175,266	-	-
10.1 Movements in impairment on loans and advances to customers:				
At 1 January	396,916	519,663	-	-
Write back in the year (Note 45)	(5,366)	(6,677)	-	-
Recovery in the year	(353,659)	(116,070)	-	-
At 31 December	37,892	396,916	-	-
10.2 Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:				
i. those classified as held for trading and those that the Bank on initial recognition designates as at fair value through profit and loss;				
ii. those that the Bank upon initial recognition designates as available-for-sale; or				
iii. those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.				
10.3 They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are reported in the statement of financial position as loans and advances to customers and placements with other banks and interest on these is reported in the profit or loss account as interest income.				
10.4 In case of an impairment loss, the impairment loss is reported as a deduction from the carrying value of loans and recognized in the profit and loss account as impairment losses on loans and advances.				
11. Non current assets held for sale				
At 1 January	3,218,947	3,222,112	-	-
Additions during the year (Note 11.2)	1,909	975	-	-
Disposal during the year	-	(4,140)	-	-
Transfer from Property, plant and equipment (Note 17a)	394,783	-	-	-
Transfer from investment properties (Note 16)	1,045,187	-	-	-
At 31 December	4,660,826	3,218,947	-	-
Current	-	-	-	-
Non Current	4,660,826	3,218,947	-	-
	4,660,826	3,218,947	-	-

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11.1 A landed property owned by one of the subsidiaries in the Group has been classified as non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property has been designed for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale is highly probable. For the sale to be highly probable.

11.2 This represents approval by the board to sale a plot of land at 3A Mackinnon road valued at Ushs 4 billion, plot 2 Porttal Avenue property valued at Ushs 10.09 billion and the remaining two (2) empty plot at Kansanga .

*The Group is committed to a plan to sell the property and an active programme to locate a buyer and complete the plan have been initiated

*The property is being actively marketed for sale at a price that is reasonable in relation to its current fair value.

*The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, all things being equal.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
12. Other receivables and prepayments				
Receivable from related parties (Note 13di)	3,228,442	4,239,518	4,392,936	4,239,518
Commission receivable on reinsurance ceded	77,798	-	77,798	-
Deposit for shares (Note 12.3)	500,000	500,000	500,000	500,000
Accrued income	152,596	87,290	87,290	87,290
Withholding tax receivables	47,909	388,786	4	-
Other receivables (Note 12.4)	1,475,519	1,175,116	900,778	928,604
Prepaid rents & rates	106,700	78,716	14,179	5,578
	5,588,964	6,469,426	5,972,985	5,760,990
Impairment on other receivables and prepayments (Note 12.1)	(4,825,144)	(5,521,898)	(5,805,079)	(5,299,620)
	763,820	947,528	167,906	461,370
12.1 Movement in Impairment on other receivables and prepayments				
At 1 January	5,521,898	5,550,607	5,299,620	5,299,620
Additions during the year (Note 45)	505,459	246,031	505,459	-
Written off during the year	-	(274,740)	-	-
Impact of elimination of impairment on related parties	(1,164,492)	-	-	-
Translation Adjustments	(37,721)	-	-	-
At 31 December	4,825,144	5,521,898	5,805,079	5,299,620

12.2 Analysis of impairment loss by assets

Group	2017				
	Gross	Impairment			Net At 31
	At 31 Dec N'000	At 1 Jan N'000	(Write back)/ Additions N'000	At 31 Dec N'000	Dec N'000
Description of assets					
Receivable from related parties	3,228,442	3,899,167	(630,597)	3,268,570	(40,128)
Deposit for shares	500,000	500,000	-	500,000	-
Accrued income	152,596	48,814	-	48,814	103,782
Other receivables	1,707,926	1,073,917	(66,157)	1,007,760	700,166
	5,588,964	5,521,898	(696,754)	4,825,144	763,820
Group	2016				
	Gross	Impairment			Net At 31
	At 31 Dec N'000	At 1 Jan N'000	(Write back)/ Additions N'000	At 31 Dec N'000	Dec N'000
Description of assets					
Receivable from related parties	4,239,518	4,173,907	(274,740)	3,899,167	340,351
Deposit for shares	500,000	500,000	-	500,000	-
Accrued income	87,290	48,814	-	48,814	38,476
Other receivables	1,642,618	827,886	246,031	1,073,917	568,701
	6,469,426	5,550,607	(28,709)	5,521,898	947,528

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Company	2017				
	Gross	Impairment			
	At 31 Dec N'000	At 1 Jan N'000	Additions N'000	At 31 Dec N'000	Net At 31 Dec N'000
Description of assets					
Receivable from related parties	4,392,936	3,930,245	571,616	4,501,861	(108,925)
Deposit for shares	500,000	500,000	-	500,000	-
Accrued income	87,290	48,814	-	48,814	38,476
Other receivables	992,759	820,561	(66,157)	754,404	238,355
	<u>5,972,985</u>	<u>5,299,620</u>	<u>505,459</u>	<u>5,805,079</u>	<u>167,906</u>
Company	2016				
	Gross	Impairment			
	At 31 Dec N'000	At 1 Jan N'000	Additions N'000	At 31 Dec N'000	Net At 31 Dec N'000
Description of assets					
Receivable from related parties	4,239,518	3,930,245	-	3,930,245	309,273
Deposit for shares	500,000	500,000	-	500,000	-
Accrued income	87,290	48,814	-	48,814	38,476
Other receivables	934,182	820,561	-	820,561	113,621
	<u>5,760,990</u>	<u>5,299,620</u>	<u>-</u>	<u>5,299,620</u>	<u>461,370</u>

- This represents deposit for shares in IGI Pension Fund Management N75,000,000, Perfect Structures Limited N225,000,000 and
- 12.3. Chancellor's properties Limited N200,000,000 made in year 2012. These are however moribund organisations. Thus, fully impairment has been made.
- 12.4. Included in the balance reported by the Company above is N942 million which represent sundry receivable. However, the balance has been fully impaired due to the balance not being substantiated by the Company. In addition to the balance reported by the Company is N575 million representing receivable from branches and due from COMESA National Bureau included in the Group balance.
- 12.5. The total impairment in the other receivable were majorly due to the moribund status of the organisations concerned.

13. Related party disclosures

a. Transactions with related parties

The Company enters into transactions with its subsidiaries and associated companies and key management personnel in the normal course of business at arms length. Details of significant transactions carried out during the year with related parties are as follows:

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
b. Sale of:	-	-	-	-
Debt set-off with Intl Health Mgt Services Ltd	-	-	-	-
Pension contract with IGI Pension fund managers Ltd	250	-	250	-
Insurance and investment contracts to Industrial Trustees Ltd	-	-	-	-
Consultancy & Professional services to IGI Ghana Ltd	-	-	-	-
Insurance and investment contracts to Perfect Structures Ltd	-	-	-	-
	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
c. Purchase of				
Estate Management Services from Chancellor's Property	-	62,809	-	62,809
Professional services from All Crown Registrars Ltd	-	-	-	-
Professional services from Perfect Structures Ltd	-	-	-	-
	<u>-</u>	<u>62,809</u>	<u>-</u>	<u>62,809</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
d. Balances with related parties				
Receivables from and payable to related parties are as follows:				
i Receivables from related parties				
Monarch communications Ltd	1,469,030	2,633,523	2,633,523	2,633,523
Global trust Savings & Loans Ltd	189,687	189,687	189,687	189,687
IGI Pension fund managers Ltd	92,733	92,613	92,733	92,613
All crown Registrars Ltd	56,407	56,407	56,407	56,407
Intl Health Mgt Services Ltd	243,408	90,110	243,408	90,110
NIC Holdings Limited, Uganda	-	1	1	1
Global Trust Bank Ltd, Uganda	-	-	-	-
IGI Gamstar Ins Co. Ltd, Gambia	27,235	27,235	27,235	27,235
Sonarwa (Rwanda)	-	-	-	-
IGI Life Assurance Ghana Ltd	41,852	41,852	41,852	41,852
Offshore Prod. Engineering	29,233	29,233	29,233	29,233
Industrial Energy Company	251,206	251,206	251,206	251,206
Apex Airline	129,560	129,560	129,560	129,560
Andrew Robins Ltd.	74,062	74,062	74,062	74,062
Shaw Environment & Infrastruct. Nig.	243,436	243,436	243,436	243,436
Sierra Leone Project	32,058	32,058	32,058	32,058
First Securities Discount House Ltd.	155,835	155,835	155,835	155,835
Others	192,700	192,700	192,700	192,700
	3,228,442	4,239,518	4,392,936	4,239,518
ii Payables to related parties				
IGI Pension fund managers Ltd	145,112	145,112	145,112	145,112
Due to Directors	49,138	49,138	49,138	49,138
International Health Management Services Limited	-	391,000	-	391,000
Global trust Savings & Loans Ltd	570,675	-	-	-
Others	27,602	1,087,953	-	-
	792,527	1,673,203	194,250	585,250

e. Outstanding balances at the reporting date are unsecured. Settlement will take place in cash. There was allowance for impairment on receivables with related parties at the transition date, comparative year and reporting date.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
14. Investment in subsidiaries				
Cost of investments:				
At 1 January	-	-	5,075,110	11,209,216
Recalssificatied to Available for sale assets(Note 6.2.1)	-	-	(1,069,915)	(163,125)
Recalssificatied to discontinued operations(Note 57.1)	-	-	-	(5,970,981)
	-	-	4,005,195	5,075,110
Impairment on investment in subsidiaries (Note 14.1)	-	-	(671,276)	(1,656,528)
	-	-	3,333,919	3,418,582
Movements in impairment on investment in subsidiarie:				
14.1				
At 1 January	-	-	1,656,528	6,905,412
Additions during the year (Note 45)	-	(263,155)	-	985,251
Recalssificatied to Available for sale assets(Note 6.2.1)	-	-	(985,252)	-
Reclassified to discontinued operations (Note 57.1)	-	-	-	(5,970,981)
Written back	-	263,155	-	(263,154)
At 31 December	-	-	671,276	1,656,528

14.2 Each subsidiary is assessed at each reporting date for impairment when the carrying amount exceeds its recoverable amount using its statement of financial position. The recoverable amount is the higher of the subsidiary's fair value less cost at each reporting date. Losses for impairment in subsidiaries are recognised promptly when there is objective evidence that impairment of a subsidiary has occurred. Impairment allowances are calculated on individual subsidiary. Impairment losses are recorded as charges to the profit or loss account. The carrying amount of impaired subsidiary at the reporting date is reduced through the use of impairment allowance accounts. Losses which may arise from future events are not recognised.

14.3 Subsidiaries disclosures

All shares in subsidiary undertakings are ordinary shares.

Name of subsidiaries	Country of incorporation	Held by (Units) in thousand	Holdings (%) 2017	Status	Carrying amount	Holdings (%) 2016	
					N		
14.5.1	Monarch communications Ltd	Nigeria	568,600	56.86	Discontinued	-	56.86
14.5.2	Global trust Savings & Loans Ltd	Nigeria	1,086,030	98.73	Operational	2,086,000	98.73
14.5.3	IGI Pension fund managers Ltd (Note 6.2.1)	Nigeria		11.25	Discontinued	-	100
14.5.4	All crown Registrars Ltd	Nigeria	134,845	80	Operational	147,358	80
14.5.5	Intl Health Mgt Services Ltd	Nigeria	408,048	90.84	Operational	320,000	90.84
14.5.6	NIC Holdings Limited, Uganda	Uganda	453,777	64.95	Operational	721,398	64.95
14.5.7	IGI Gamstar Ins Co. Ltd, Gambia	Gambia	90,454	60	Operational	59,163	60
14.5.8	Sonarwa (Rwanda)(Note 6.2.1)	Rwanda	77,100,000	15.96	Discontinued	-	64.25
					3,333,919		

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14.4. Movement in investment in subsidiaries

Name of subsidiaries	31 December 2017											
	Gross					Impairment					Net	
	At 1 Jan N'000	Additions N'000	Disposal N'000	During the year' N'000	Reclassified to: Unquoted equities N'000	At 31 Dec N'000	At 1 Jan N'000	Additions N'000	Write back N'000	During the year' N'000	Reclassified to: Unquoted equities N'000	At 31 Dec N'000
Monarch communications Ltd	590,447	-	-	-	-	590,447	590,447	-	-	-	-	590,447
Global trust Savings & Loans Ltd	2,086,000	-	-	-	-	2,086,000	-	-	-	-	-	2,086,000
All crown Registrars Ltd	158,500	-	-	-	-	158,500	11,142	-	-	-	-	11,142
Intl Health Mgt Services Ltd	320,000	-	-	-	-	320,000	-	-	-	-	-	320,000
NIC Holdings Limited, Uganda	721,398	-	-	-	-	721,398	-	-	-	-	-	721,398
IGI Gamstar Ins Co. Ltd, Gambia	128,850	-	-	-	-	128,850	69,687	-	-	-	-	69,687
Sonarwa (Rwanda)	1,069,914	-	-	-	(1,069,914)	-	985,251	-	-	-	(985,251)	-
Total	5,075,109	-	-	-	(1,069,914)	4,005,195	1,656,527	-	-	-	(985,251)	671,276

Name of subsidiaries	31 December 2016											
	Gross					Impairment					Net	
	At 1 Jan N'000	Additions N'000	Disposal N'000	During the year' N'000	Reclassified to: Discontinued operation N'000	At 31 Dec N'000	At 1 Jan N'000	Additions N'000	Write back N'000	During the year' N'000	Reclassified to: Discontinued operation N'000	At 31 Dec N'000
Monarch communications Ltd	590,447	-	-	-	-	590,447	590,447	-	-	-	-	590,447
Global trust Savings & Loans Ltd	2,086,000	-	-	-	-	2,086,000	-	-	-	-	-	2,086,000
IGI Pension fund managers Ltd	1,450,000	-	(1,286,874)	(163,126)	-	-	263,155	(263,155)	-	-	-	-
All crown Registrars Ltd	158,500	-	-	-	-	158,500	11,142	-	-	-	-	11,142
Intl Health Mgt Services Ltd	320,000	-	-	-	-	320,000	-	-	-	-	-	320,000
NIC Holdings Limited, Uganda	721,398	-	-	-	-	721,398	-	-	-	-	-	721,398
Global trust bank Ltd, Uganda	5,730,662	-	-	-	(5,730,662)	-	5,730,662	-	-	-	(5,730,662)	-
IGI Gamstar Ins Co. Ltd, Gambia	128,850	-	-	-	-	128,850	69,687	-	-	-	-	69,687
Sonarwa (Rwanda)	1,069,914	-	-	-	-	1,069,914	138,479	985,251	-	-	(138,479)	985,251
IGI life Assurance Ghana Ltd	138,479	-	-	-	(138,479)	-	138,479	-	-	-	-	-
Industrial and General Insurance (Ghana) Company Ltd	101,840	-	-	-	(101,840)	-	101,840	-	-	-	(101,840)	-
Total	12,496,090	-	(1,286,874)	(163,126)	(5,970,981)	5,075,109	6,905,412	985,251	(263,155)	-	(5,970,981)	1,656,527

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14.5. Subsidiaries details

14.5.1 Monarch Communications Limited was incorporated as a limited liability company on January 2nd, 1997. It commenced business on 1st June, 2005. The company was granted a telecommunication licence by the Nigerian Communication Commission (NCC) under section 12 of Act No 75 of 1992 to provide private Network Links (fixed telephony) in Nigeria.

14.5.2 Global Trust Savings and Loans Limited was incorporated as a private limited liability company on 12 January, 1995 and commenced business on 1st June of the same year. The company changed its name from Prime Investments Company Limited to Global Trust Savings & Loans Limited on 1st January 1998. Its shares are held by private individuals. The company engaged mainly in Mortgage trade, financing and other related financial services.

14.5.3 IGI Pension Fund Managers Limited was incorporated as a private liability company on November 9, 2007. The principal activities of the Company is to carry on the business of Pension Fund Management and Administration, subject to the provision of the Pension Reform Act, 2004.

Reclassification of investments

In year 2016, the Industrial and General Insurance Plc sold 88.75% of the shares in IGI Pension Fund Managers leading to 11.25% now. To this end, this investment has been reclassified to Note 6.2.1 as Unquoted equity available for sale investment.

14.5.4 All Crown Registrars Limited was incorporated as a private limited liability company on 3rd October 1994 and commenced business the same year. The principal activities of the company is to carry out the business of share registration and act as Company Registrars.

14.5.5 International Health Management Services Limited was incorporated in Nigeria under the Company and Allied Matters Act, 2004 (CAMA) on April 9, 2001, and commenced business on 1st October, 2005. The registered office and principal place of business is at 2, Joseph Street, Marina, Lagos, Nigeria. The principal activities of the Company is the provision of healthcare maintenance, management, advisory, administrative and logistic support services. This is for an enhanced health-care delivery system in Nigeria as required under the National Health Insurance Scheme (NHIS) or any other health schemes set up by the Federal Government of Nigeria.

14.5.6 National Insurance Corporation Limited (NIC) Holdings Limited was incorporated in Uganda under the Ugandan Companies Act, National Insurance Corporation Act 1964 and is regulated by the Insurance Regulatory Authority (formerly Ugandan Insurance Commission) and domiciled in Uganda. The company is licensed to transact all classes of life and general insurance business as defined by the Insurance Act (Cap 213). As at 31 December 2014, IGI Plc owns 60% of NIC, Uganda through Corporate Holdings Limited, A special purpose vehicle created solely for the acquisition. The Corporation is a public limited company with 40% of shares in the Corporation listed on the Main Investment Market Segment (MIMS) of the Uganda Securities Exchange with effect from 25 March 2010.

14.5.7 IGI Gamstar Insurance Company Limited is principally engaged in the business of underwriting general insurance business in The Gambia in accordance with provisions of the Insurance Act 2003 and Insurance Regulations 2005. 60% of the 1,530,000 units of shares issued and fully paid are held by Industrial & General Insurance Plc a company incorporated in the Federal Republic of Nigeria.

14.5.8 Sonarwa Holdings Limited formerly known as Société Nouvelle D'assurances Du Rwanda Limited was registered as an insurance company in Rwanda underwriting classes of life and non-life insurance risks in 1975. The Memorandum and Articles of Association were amended in 2011 and the name changed to Sonarwa Holdings Limited.

In accordance with Law No. 52/2008 governing the organisation of insurance business in Rwanda and the complementary insurance regulations, the company was required to separate its life and non-life insurance businesses. Accordingly, two subsidiaries, Sonarwa Life Assurance Company Limited and Sonarwa General Insurance Company Limited were incorporated in 2011. Effective 1 January 2012, Sonarwa Holdings Limited transferred the life and non life insurance businesses to the subsidiaries. Sonarwa Holdings Limited continues to transact business as an investment and holding company.

Reclassification of investments

On 7th November, 2016, the shareholders of Sonarwa General held an Extra-Ordinary Meeting (EGM) to approve the acceptance of a proposal of capital injection of Rwf 4 billion by the Rwanda Social Security Board (RSSB) through the acquisition of a Convertible Preference Shares and based on a valuation of the company to be conducted by a reputable international financial consultant. In the interim, the financial position of the company as at 30th September, 2016 has been used to distribute Board seats and allocate key management positions as agreed by the shareholders and approved by the Bank of Rwanda, the regulatory body to become effective when the associated capital funds are disbursed.

An EGM was held by shareholders of Sonarwa Life on 23rd November, 2016 to approve additional capital injection of Rwf 3 billion by RSSB in the company on similar terms and conditions.

These capital injections by RSSB would eventually lead to dilution of shareholdings and number of Board seats of other shareholders of the two companies including Industrial and General Insurance Plc.

It is however believed that the total amount of Rwf 7 billion, when disbursed, would have significant positive impact on the liquidity, solvency, regulatory compliance, business generation and profitability of the two companies in moving forward.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14.5. A summary of the results and financial position of Group together with relevant disclosures relating to non-controlling interests is provided below in accordance with the requirements of IFRS 12:

Summary of results:	Group	Subsidiaries	Group	Subsidiaries
	2017	2017	2016	2016
	N'000	N'000	N'000	N'000
Summary of financial position:				
Total assets	49,750,287	18,853,215	55,449,788	25,409,565
Total liabilities	<u>(42,278,348)</u>	<u>(16,827,308)</u>	<u>(51,560,506)</u>	<u>(27,046,310)</u>
Equity attributable to owners of the company	7,471,939	2,025,907	3,889,283	(1,636,746)
Non-controlling interests	<u>39,007</u>	<u>178,018</u>	(612,563)	-
Summary of statement of profit or loss and other comprehensive income:				
Revenue	6,002,177	3,131,965	7,529,493	4,328,877
Other operating incomes	3,291,066	858,877	3,265,836	(238,082)
Expenses	<u>(9,580,005)</u>	<u>(4,556,842)</u>	<u>(14,871,068)</u>	<u>(7,212,309)</u>
Loss or loss for the year	<u>(286,762)</u>	<u>(566,000)</u>	<u>(4,075,739)</u>	<u>(3,121,514)</u>
Profit or loss attributable to owners of the company	<u>(263,322)</u>	<u>149,976</u>	(2,954,153)	(1,277,832)
Loss attributable to the non-controlling interests	<u>(23,440)</u>	<u>(23,440)</u>	<u>(1,121,586)</u>	<u>(1,121,586)</u>
(loss)/profit for the year	<u>(286,762)</u>	<u>126,536</u>	<u>(4,075,739)</u>	<u>(2,399,418)</u>
Other comprehensive income/(loss) attributable to owners of the company				
Other comprehensive loss to the non-controlling interests	449,458	(236,789)	568,744	318,571
	<u>(154,275)</u>	<u>(154,275)</u>	177,469	177,469
Other comprehensive income for the year	<u>295,183</u>	<u>(391,064)</u>	<u>746,213</u>	<u>496,040</u>
Total comprehensive income attributable to owners of the company				
Total comprehensive income to the non-controlling interests	186,136	(86,813)	(2,385,409)	(959,261)
	<u>(23,440)</u>	<u>(23,440)</u>	<u>(1,121,586)</u>	<u>(1,121,586)</u>
Total comprehensive income for the year	<u>162,696</u>	<u>(110,253)</u>	<u>(3,506,995)</u>	<u>(2,080,847)</u>
Dividends paid to non controlling interests	(48,976)	(48,976)	(43,641)	(43,641)
Summary of cash flows:				
Net cash (out)/in flow from operating activities	(8,908,980)	(8,254,972)	(2,235,723)	135,499
Net cash (out)/in flow from investing activities	8,363,619	7,570,640	2,770,370	877,722
Net cash in/(out) flow from financing activities	<u>(223,978)</u>	<u>35,942</u>	<u>(1,537,730)</u>	<u>(1,624,904)</u>
Net cash out flow	<u>8,139,641</u>	<u>7,606,582</u>	<u>1,232,640</u>	<u>(747,182)</u>

14.6. Change in the Group's ownership interest in a subsidiary

There was a changes in the Group's ownership interest in the Sonarwa only during the year. See Note 14.3.8.

14.7. Significant restrictions

There are no significant restrictions on the company's or subsidiary's ability to access or use the assets and settle the liabilities of the Group.

14.8 Financial support

The Group has not given any financial support to a consolidated structured entity.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
15. Intangible ssets				
Computer Software (Note 15.1)	-	64,447	-	-
Goodwill (Note 15.2)	-	-	-	-
	<u>-</u>	<u>64,447</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>64,447</u>	<u>-</u>	<u>-</u>
Current	-	-	-	-
Non Current	-	64,447	-	-
	<u>-</u>	<u>64,447</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>64,447</u>	<u>-</u>	<u>-</u>
15.1 Movement in Computer software				
Cost				
At 1 January	117,047	114,305	52,600	52,600
Additions during the year	-	2,742	-	-
Impact of investment reclassified to available for sale	(64,447)	-	-	-
Translation adjustments	1,408	-	-	-
	<u>54,008</u>	<u>117,047</u>	<u>52,600</u>	<u>52,600</u>
At 31 December	<u>54,008</u>	<u>117,047</u>	<u>52,600</u>	<u>52,600</u>
Amortisation and impairment				
At 1 January	52,600	52,600	52,600	52,600
Translation adjustments	1,408	-	-	-
	<u>54,008</u>	<u>52,600</u>	<u>52,600</u>	<u>52,600</u>
At 31 December	<u>54,008</u>	<u>52,600</u>	<u>52,600</u>	<u>52,600</u>
Carrying amount	<u>-</u>	<u>64,447</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>64,447</u>	<u>-</u>	<u>-</u>
15.2 Movement in Goodwill				
Cost				
At 1 January	549,851	549,851	-	-
	<u>549,851</u>	<u>549,851</u>	<u>-</u>	<u>-</u>
At 31 December	<u>549,851</u>	<u>549,851</u>	<u>-</u>	<u>-</u>
Amortisation and impairment				
At 1 January	549,851	348,077	-	-
Impairment charge for the year (Note 45)	-	201,774	-	-
	<u>549,851</u>	<u>549,851</u>	<u>-</u>	<u>-</u>
At 31 December	<u>549,851</u>	<u>549,851</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.3a Goodwill represents the excess of the purchase consideration over the fair value of the aggregate net assets of the subsidiary companies. Goodwill arising has been subjected to tests for impairment on annual basis in accordance with the provision of the International Accounting Standards (IAS). As at 31 December 2016, there were no reasonable expectations that the group would be able to derive any economic benefit from the outstanding balance of the Goodwill. Hence, the balance was fully impaired.

15.3b The Group intangible assets comprises of purchased computer software. The computer software are accounted for using cost model of IAS 38, that is, cost less accumulated amortization and accumulated impairment. The amortization is charged to the Income Statement in line with the Group's accounting policy. These assets were tested for impairment and no impairment is required in respect of the assets.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
16. Investment properties				
At valuation:				
At 1 January	26,401,864	25,326,450	16,856,266	15,915,506
Additions	-	1,033,579	-	1,000,000
Transfer from Subsidiary	-	46,560	-	46,560
Disposal/transfer to Subsidiary	(891,283)	(3,038,735)	(891,283)	(1,550,000)
Reclassification to other assets	-	24,814	10	-
Transferred to Held for sale (Note 11)	(1,045,187)	-	-	-
Fair value gain (Note 44)	1,851,732	1,487,373	1,414,884	1,444,200
Impact of investment reclassified to available for sale	(4,080,272)	-	-	-
Translation adjustments	1,003,096	1,521,823	-	-
At 31 December	23,239,950	26,401,864	17,379,877	16,856,266
16.1 Of the investment properties, the following relates:				
Policyholder Fund	9,780,558	13,529,762	3,920,485	3,984,164
Shareholders fund	3,515,630	2,731,721	3,515,630	2,731,721
Deposi Administration	6,777,206	3,119,898	6,777,206	3,119,898
Others	3,166,556	7,020,483	3,166,556	7,020,483
Total	23,239,950	26,401,864	17,379,877	16,856,266

- Investment properties represents the Group's investment in land and buildings held for the purpose of capital appreciation. It is the Group's policy not to depreciate these investment properties that did not generate any income or direct operating expenses during the year.
- During the year, the Company disposed an Investment Property located at No 2, Joseph Str. Lagos Island, Lagos valued at N380 Million and Plot 88 UPI;1/02/07/01/88 Urugwiro Village Kacyiru, Kigali valued at N511 Million (31 Dec 2016: N1.550 billion).
- Rental income for the year on the Group was N181 million (31 Dec 2016: N217 million) while the Company was N28 million (31 Dec 2016: N10.7 million).
- Certain Land and Buildings were revalued in December 2017 by Messrs Ora Egbunike & Associates chartered surveyors and valuers (FRC/2012/NIESV/0000000244). The valuation was based on open market value between a willing buyer and seller produced a surplus balance of N1.415 billion (Dec 2016: N1.444 billion) which has been credited to other comprehensive income. The basis of appraisal for valuation of the properties is the "Open market Concept". The Open market value is the best price at which an interest in property assets might reasonably be expected to be sold as at the date of valuation either by a private treaty, public auction or tender as may be appropriate.
- Further analysis and details of the investment properties including their location are stated below. This includes the cost, carrying amount and the corresponding fair value adjustments recognised in the statement of profit or loss and other comprehensive income.
- Included in investment properties are land and buildings amounting to N10.146 million (2016: N9.104 billion) for which title documents perfection are ongoing. The documents were filed at the land registry, some payments were made on the assessment received. The processes are continuing and will be completed within reasonable time.

Company Description of properties	Location	31 December 2017				Fair value gain N	Carrying amount N
		At 1 January N	Addition N	Disposal N			
Land at Property at Gas Area, Off Airport Rd, Rumuodomaya Port Harcourt	Rivers	34,560,000	-	-	-	34,560,000	
Building at House 14 Road C Karu Housing Estate, Karu, Abuja	Rivers	19,980,000	-	-	-	19,980,000	
Building at Property at Plot 41/42 Independence Way, Marata Estate, Kaduna	FCT	97,200,000	-	-	-	97,200,000	
Land at Plot 5 & 6 BLK 1, Ring Road, Ibadan	Kaduna	8,800,000	-	-	-	8,800,000	
Building at 4 H NIG.Maiyegun Property, Lekki	Lagos	2,910,000,000	-	-	90,000,000	3,000,000,000	
Building at No 2, Joseph Str. Lagos Island, Lagos	Lagos	380,000,000	-	(380,000,000)	-	-	
Building at Block SB3, Flat 14, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000	
Building at Block SB5, Flat 14, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000	
Building at Block SB2, Flat 16, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000	
Building at Block SB4, Flat 16, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000	
Building at Block SB9, Flat 16, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000	
Building at Block SB10, Flat 16, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000	
Building at Block 1, Flat 22, Lukulu Street, Wuse Abuja	Abuja	16,200,000	-	-	-	16,200,000	
Building at Block 3, Flat 4, Lukulu Street, Wuse, Abuja	Abuja	16,200,000	-	-	-	16,200,000	
Building at Block 9, Flat 9, Sassandra Street, Wuse Abuja	Abuja	19,400,000	-	-	-	19,400,000	
Building at Block 9, Flat 10, Sassandra Street, Wuse Abuja	Abuja	19,400,000	-	-	-	19,400,000	
Building at Block 6(3) Flat 22, Jos Street, Area 3, Garki Abuja	Abuja	23,760,000	-	-	-	23,760,000	
Building at Block 39 (3), Flat 7, Eleme Close, Area 2, Section 1, Garki Abuja	Abuja	23,760,000	-	-	-	23,760,000	
Building at Block 1, Flat 5, Gombe Close, Garki Abuja	Abuja	48,600,000	-	-	-	48,600,000	
Building at Block E11, CBN I & J Estate 1, Garki Abuja	Abuja	37,800,000	-	-	-	37,800,000	
Building at Property along Oyemekun Road, Akure	Akure	24,840,000	-	-	-	24,840,000	
Building at Ibara/Oke-Ilewo Junction, Ibara, Abeokuta, Ogun State	Ogun	65,000,000	-	-	-	65,000,000	
Land at Plot 310 Ubumwe Village, Remera, Kigali City	Foreign	255,554,538	-	-	54,084,291	309,641,128	
Sub total		4,312,094,538	-	(380,000,000)	144,084,291	4,076,181,128	

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Company Cont'd

Description of properties	Location	31 December 2017			Fair value gain N	Carrying amount N
		At 1 January	Addition	Disposal		
		N	N	N		
Land at Alejo Family (Purchase of Igbogbo Ikorodu land)	Lagos	450,000,000	-	-	-	450,000,000
Land at Block V, Plot 11, within Nitel/Mtel Carrier Station, Ikorodu, Lagos	Lagos	7,370,000	-	-	-	7,370,000
Building at Plot 88 UPI;1/02/07/01/88 Urugwiro Village Kacyiru, Kigali.	Foreign	511,282,586	-	(511,282,586)	-	-
Land at Ikorodu Industrial Estate, Ikorodu	Lagos	215,000,000	-	-	-	215,000,000
Building at Block A14, Flat 3 Games Village, Abuja	Abuja	97,200,000	-	-	-	97,200,000
Building at Fumta Jetty, 1st Avenue, Festac Town, Lagos	Lagos	250,000,000	-	-	28,800,000	278,800,000
Land at Property at Off Trinity Avenue, Okota, Isolo Lagos	Lagos	32,940,000	-	-	-	32,940,000
Land at Plot N. A. C. 10 Abubakar, kigo Road, Kaduna	Kaduna	10,450,000	-	-	-	10,450,000
Building at Plot 3274, Cadastral Zone A6, Maitama, Abuja	Abuja	693,600,000	-	-	-	693,600,000
Land at Property Along Oshodi -Apapa (Mile 2 Apapa) Exp., Awodiora, Lagos	Lagos	730,000,000	-	-	-	730,000,000
Land at No. 3, GLOVER ROAD, Ikoyi, Lagos	Lagos	539,243,109	-	-	-	539,243,646
Land at Plot 28, Bk. 34, Isheri Olofin, Lagos	Lagos	3,960,000	-	-	-	3,960,000
Land at Plot 10, Block 15 Area 5 Opic Estate Agbara Abeokuta	Lagos	4,510,000	-	-	-	4,510,000
Land at Plot 3C Blk IV Ibara, GRA, Abeokuta	Ogun	30,780,400	-	-	18,000,000	48,780,400
Land at Property at No. 202, Ibekwe Road, Ikot-Abassi, Akwa Ibom	Rivers	5,280,000	-	-	-	5,280,000
Building at No. 1 Bendel Steel Structures Road, Enerehen, Effurun, Warri	Delta	37,260,000	-	-	-	37,260,000
UTC Building at 119 Broad Street, Lagos	Lagos	408,000,000	-	-	100,000,000	508,000,000
Building at No. 24, Awolowo Way, by J. Allen, Dugbe, Ibadan)	Ibadan	127,500,000	-	-	-	127,500,000
Land at Block XXV111, Plot 1 & 2, Mainland Park Estate, Ogun State	Ogun	5,500,000	-	-	-	5,500,000
Building at Idi-Iroko-pokia Road, Owode, Idi roko, Ogun State	Ogun	5,775,000	-	-	-	5,775,000
Land at Property along Moshood Abiola Road (Formerly Apapa Road) Ijora Badia, Ijora, Lagos	Lagos	1,885,000,000	-	-	-	1,885,000,000
Building at Plot 498 Shiroro Road Tunga, Minna	Abuja	62,640,000	-	-	-	62,640,000
Building at Plot 2186 IBB Way, Wuse Zone 4, Abuja	Abuja	2,105,000,000	-	-	624,000,000	2,729,000,000
Building at No 6 Okunfolami Str. Anthony village Lagos	Lagos	123,420,000	-	-	-	123,420,000
Building at No. 17A & B, Olateru Olagbegi Cres., Bodija Estate, Ibadan	Ibadan	60,000,000	-	-	-	60,000,000
Land at Monarch Comm. Awodiora Landed Property	Lagos	760,000,000	-	-	-	760,000,000
Land at Onikoyi Road Parkview Estate, ikoyi Lagos	Lagos	510,000,000	-	-	-	510,000,000
Land at No. 44E Gerard Road, Ikoyi, Lagos	Lagos	1,363,500,000	-	-	100,000,000	1,463,500,000
Building at No. 2B, Oroke Drive, Ikoyi, Lagos	Lagos	331,500,000	-	-	-	331,506,490
Land at Block XVI, Plot 9-14, within NITEL/MTEL Carrier station, Ikorodu	Lagos	37,800,000	-	-	-	37,800,000
Land at Block X, Plot 5, within NITEL/MTEL Carrier station, Ikorodu	Lagos	7,370,000	-	-	-	7,370,000
Land at Block X, Plot 6, within NITEL/MTEL Carrier station, Ikorodu	Lagos	7,370,000	-	-	-	7,370,000
Land at Block VII Plot 17, within NITEL/MTEL Carrier station, Ikorodu	Lagos	7,370,000	-	-	-	7,370,000
Land at Block VI Plot 2, within NITEL/MTEL Carrier station, Ikorodu	Lagos	7,370,000	-	-	-	7,370,000
Land at Block VIII Plot 12, within NITEL/MTEL Carrier station, Ikorodu	Lagos	7,370,000	-	-	-	7,370,000
Land at Property of 4.2 Hectares At Tourism Zone Goshen Estate, Lekki, Lagos	Lagos	1,000,000,000	-	-	400,000,000	1,400,000,000
Land at Ajah Village Land	Lagos	18,000,000	-	-	-	18,000,000
Land at Alasia Sangotedo in Lekki	Lagos	13,250,000	-	-	-	13,250,000
Land at LASG Alasia Lekki-Epe Property	Lagos	25,000,000	-	-	-	25,000,000
Land at 43/45 Akinoye street, Idimu, Lagos	Lagos	6,600,000	-	-	-	6,600,000
Building at 595 Agege Motor Road, Lagos	Lagos	39,960,000	-	-	-	39,960,000
Sub total		12,544,171,095	-	(511,282,586)	1,270,800,000	13,303,695,536
Grand total		16,856,265,633	-	(891,282,586)	1,414,884,291	17,379,876,664

Company

Description of properties	Location	31 December 2016			Fair value gain N	Carrying amount N
		At 1 January	Addition	Disposal		
		N	N	N		
Land at Property at Gas Area, Off Airport Rd, Rumuodomaya Port Harcourt	Rivers	34,560,000	-	-	-	34,560,000
Building at House 14 Road C Karu Housing Estate. Karu, Abuja	Rivers	19,980,000	-	-	-	19,980,000
Building at Property at Plot 41/42 Independence Way, Marata Estate, Kaduna	FCT	97,200,000	-	-	-	97,200,000
Land at Plot 5 & 6 BLK 1, Ring Road, Ibadan	Kaduna	8,800,000	-	-	-	8,800,000
Sub total		160,540,000	-	-	-	160,540,000

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Company Cont'd

31 December 2016

Description of properties	Location	31 December 2016			Fair value gain	Carrying amount
		At 1 January	Addition	Disposal		
		N	N	N	N	N
Building at 4 H NIG.Maiyegun Property, Lekki	Lagos	1,968,500,000	-	-	941,500,000	2,910,000,000
Building at No 2, Joseph Str. Lagos Island, Lagos	Lagos	351,900,000	-	-	28,100,000	380,000,000
Building at Block SB3, Flat 14, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000
Building at Block SB5, Flat 14, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000
Building at Block SB2, Flat 16, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000
Building at Block SB4, Flat 16, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000
Building at Block SB9, Flat 16, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000
Building at Block SB10, Flat 16, NNPC Quarters, Garki Abuja	Abuja	51,840,000	-	-	-	51,840,000
Building at Block 1, Flat 22, Lukulu Street, Wuse Abuja	Abuja	16,200,000	-	-	-	16,200,000
Building at Block 3, Flat 4, Lukulu Street, Wuse, Abuja	Abuja	16,200,000	-	-	-	16,200,000
Building at Block 9, Flat 9, Sassandra Street, Wuse Abuja	Abuja	19,400,000	-	-	-	19,400,000
Building at Block 9, Flat 10, Sassandra Street, Wuse Abuja	Abuja	19,400,000	-	-	-	19,400,000
Building at Block 6(3) Flat 22, Jos Street, Area 3, Garki Abuja	Abuja	23,760,000	-	-	-	23,760,000
Building at Block 39 (3), Flat 7, Eleme Close, Area 2, Section 1, Garki Abuja	Abuja	23,760,000	-	-	-	23,760,000
Building at Block 1, Flat 5, Gombe Close, Garki Abuja	Abuja	48,600,000	-	-	-	48,600,000
Building at Block E11, CBN I & J Estate 1, Garki Abuja	Abuja	37,800,000	-	-	-	37,800,000
Building at Property along Oyemekun Road, Akure	Akure	24,840,000	-	-	-	24,840,000
Building at Ibara/Oke-Ilewo Junction, Ibara, Abeokuta, Ogun State	Ogun	65,000,000	-	-	-	65,000,000
Land at Plot 310 Ubumwe Village, Remera, Kigali City	Foreign	255,554,538	-	-	-	255,554,538
Land at Alejo Family (Purchase of Igbogbo Ikorodu land)	Lagos	450,000,000	-	-	-	450,000,000
Land at Block V, Plot 11, within Nitel/Mtel Carrier Station, Ikorodu, Lagos	Lagos	7,370,000	-	-	-	7,370,000
Building at Plot 88 UPI;1/02/07/01/88 Urugwiro Village Kacyiru, Kigali	Foreign	511,282,586	-	-	-	511,282,586
Land at Ikorodu Industrial Estate, Ikorodu	Lagos	168,300,000	-	-	46,700,000	215,000,000
Building at Block A14, Flat 3 Games Village, Abuja	Abuja	97,200,000	-	-	-	97,200,000
Building at Fumta Jetty, 1st Avenue, Festac Town, Lagos	Lagos	203,800,000	-	-	46,200,000	250,000,000
Land at Property at Off Trinity Avenue, Okota, Isolo Lagos	Lagos	32,940,000	-	-	-	32,940,000
Land at Plot N. A. C. 10 Abubakar, kigo Road, Kaduna	Kaduna	10,450,000	-	-	-	10,450,000
Building at Plot 3274, Cadastral Zone A6, Maitama, Abuja	Abuja	693,600,000	-	-	-	693,600,000
Land at Property Along Oshodi -Apapa (Mile 2 Apapa) Exp., Awodiora, Lagos	Lagos	714,000,000	-	-	16,000,000	730,000,000
Land at No. 3, GLOVER ROAD, Ikoyi, Lagos	Lagos	539,243,109	-	-	-	539,243,109
Land at Plot 28, Bk. 34, Isheri Olofin, Lagos	Lagos	3,960,000	-	-	-	3,960,000
Land at Plot 10, Block 15 Area 5 Opic Estate Agbara Abeokuta	Lagos	4,510,000	-	-	-	4,510,000
Land at Plot 3C Blk IV Ibara, GRA, Abeokuta	Ogun	30,780,400	-	-	-	30,780,400
Land at Property at No. 202, Ibekwe Road, Ikot-Abassi, Akwa Ibom	Rivers	5,280,000	-	-	-	5,280,000
Building at No. 1 Bendel Steel Structures Road, Enerehen, Effurun, Warri	Delta	37,260,000	-	-	-	37,260,000
UTC Building at 119 Broad Street, Lagos	Lagos	372,300,000	-	-	35,700,000	408,000,000
Building at No. 24, Awolowo Way, by J. Allen, Dugbe, Ibadan)	Ibadan	127,500,000	-	-	-	127,500,000
Land at Block XXV111, Plot 1 & 2, Mainland Park Estate, Ogun State	Ogun	5,500,000	-	-	-	5,500,000
Building at Idi-Iroko-pokia Road, Owode, Idi roko, Ogun State	Ogun	5,775,000	-	-	-	5,775,000
Land at Property along Moshood Abiola Road (Formerly Apapa Road) Ijora Badia, Ijora, Lagos	Lagos	1,818,000,000	-	-	67,000,000	1,885,000,000
Building at Plot 498 Shiroro Road Tunga, Minna	Abuja	62,640,000	-	-	-	62,640,000
Building at Plot 2186 IBB Way, Wuse Zone 4, Abuja	Abuja	1,917,000,000	-	-	188,000,000	2,105,000,000
Building at No 6 Okunfolami Str. Anthony village Lagos	Lagos	123,420,000	-	-	-	123,420,000
Building at No. 17A & B, Olateru Olagbegi Cres., Bodija Estate, Ibadan	Ibadan	60,000,000	-	-	-	60,000,000
Land at Monarch Comm. Awodiora Landed Property	Lagos	685,000,000	-	-	75,000,000	760,000,000
Land at Onikoyi Road Parkview Estate, ikoyi Lagos	Lagos	510,000,000	-	-	-	510,000,000
Land at No. 44E Gerard Road, Ikoyi, Lagos	Lagos	1,363,500,000	-	-	-	1,363,500,000
Sub total		13,742,565,633	-	-	1,444,200,000	15,186,765,633

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Company Cont'd	31 December 2016						
	Description of properties	Location	At 1 January	Addition	Disposal	Fair value gain	Carrying amount
			N	N	N	N	N
Building at No. 2B, Oroke Drive, Ikoyi, Lagos	Lagos		331,500,000	-	-	-	331,500,000
Land at Block XVI, Plot 9-14, within NITEL/MTEL Carrier station, Ikorodu	Lagos		37,800,000	-	-	-	37,800,000
Land at Block X, Plot 5, within NITEL/MTEL Carrier station, Ikorodu	Lagos		7,370,000	-	-	-	7,370,000
Land at Block X, Plot 6, within NITEL/MTEL Carrier station, Ikorodu	Lagos		7,370,000	-	-	-	7,370,000
Land at Block VII Plot 17, within NITEL/MTEL Carrier station, Ikorodu	Lagos		7,370,000	-	-	-	7,370,000
Land at Block VI Plot 2, within NITEL/MTEL Carrier station, Ikorodu	Lagos		7,370,000	-	-	-	7,370,000
Land at Block VIII Plot 12, within NITEL/MTEL Carrier station, Ikorodu	Lagos		7,370,000	-	-	-	7,370,000
Land at Property of 4.2 Hectares At Tourism Zone Goshen Estate, Lekki, Lagos	Lagos		1,100,000,000	-	(1,100,000,000)	-	-
Land at Ajah Village Land	Lagos		18,000,000	-	-	-	18,000,000
Land at Alasia Sangotedo in Lekki	Lagos		13,250,000	-	-	-	13,250,000
Land at LASG Alasia Lekki-Epe Property	Lagos		25,000,000	-	-	-	25,000,000
Land at Plot 3, Block 1, Oniru Chieftancy Family Estate lekki, Lagos	Lagos		450,000,000	-	(450,000,000)	-	-
Bernestelli property	Lagos		-	1,000,000,000	-	-	1,000,000,000
Land at 43/45 Akinoye street, Idimu, Lagos	Lagos		-	6,600,000	-	-	6,600,000
Building at 595 Agege Motor Road, Lagos	Lagos		-	39,960,000	-	-	39,960,000
Sub total			2,012,400,000	1,046,560,000	(1,550,000,000)	-	1,508,960,000
Grand total			15,915,505,633	1,046,560,000	(1,550,000,000)	1,444,200,000	16,856,265,633

16.2. The Status of perfection for the investment properties are as follows:

Description of properties	Location	Status of perfection	Company	
			2017	2016
1 Building at 4 H NIG.Maiyegun Property, Lekki	Lagos	Perfected title with acquired SPV	3,000,000,000	2,910,000,000
2 Building at Property at Plot 41/42 Independence Way, Marata Estate, Kaduna	FCT	Perfected	97,200,000	97,200,000
3 Land at Plot 310 Ubumwe Village, Remera, Kigali City	Foreign	Perfected	309,638,829	255,554,538
4 Land at Ikorodu Industrial Estate, Ikorodu	Lagos	Perfected	215,000,000	215,000,000
5 Land at Property Along Oshodi -Apapa (Mile 2 Apapa) Exp., Awodiora, Lagos	Lagos	Perfected	730,000,000	730,000,000
6 Land at Onikoyi Road Parkview Estate, ikoyi Lagos	Lagos	Perfected	510,000,000	510,000,000
7 UTC Building at 119 Broad Street, Lagos	Lagos	Perfected	508,000,000	408,000,000
8			5,369,838,829	5,125,754,538
9				
10 Building at Fumta Jetty, 1st Avenue, Festac Town, Lagos	Lagos	Disposed post balance sheet	278,800,000	250,000,000
11 Building at No. 17A & B, Olateru Olagbegi Cres., Bodija Estate, Ibadan		Disposed post balance sheet	60,000,000	60,000,000
12 Building at No. 1 Bendel Steel Structures Road, Enerehen, Effu Delta		Disposed post balance sheet	37,260,000	37,260,000
13 Building at No 2, Joseph Str. Lagos Island, Lagos		Disposed post balance sheet	-	380,000,000
14 Building at Plot 88 UPI;1/02/07/01/88 Urugwiro Village		Disposed post balance sheet	-	511,282,586
15 Building at Property along Oyemekun Road, Akure	Akure	Disposed post balance sheet	24,840,000	24,840,000
16 Land at No. 44E Gerard Road, Ikoyi, Lagos	Lagos	Disposed post balance sheet	1,463,510,000	1,363,500,000
Total Admissible			7,234,248,829	7,752,637,124
17 Land at Plot 28, Bk. 34, Isheri Olofin, Lagos	Lagos	Duly excuted deed of assignment with ri	3,960,000	3,960,000
18 Land at Plot 10, Block 15 Area 5 Opic Estate Agbara Abeokuta Lagos	Lagos	Duly excuted deed of assignment with ri	4,510,000	4,510,000
19 Land at Property at No. 202, Ibekwe Road, Ikot-Abassi, Akwa I Rivers		Duly excuted deed of assignment with ri	5,280,000	5,280,000
20 Land at Block XXV111, Plot 1 & 2 , Mainland Park Estate, Ogui Ogun		Duly excuted deed of assignment with ri	5,500,000	5,500,000
21 Building at Idi-Iroko-pokia Road, Owode, Idi roko, Ogun State	Ogun	Duly excuted deed of assignment with ri	5,775,000	5,775,000
22 Land at 43/45 Akinoye street, Idimu, Lagos	Lagos	Duly excuted deed of assignment with ri	6,600,000	6,600,000
23 Land at Plot N. A. C. 10 Abubakar, kigo Road, Kaduna	Kaduna	Duly excuted deed of assignment with ri	8,800,000	8,800,000
24 Building at Block 1, Flat 22, Lukulu Street, Wuse Abuja	Abuja	Duly excuted deed of assignment with ri	10,450,000	10,450,000
25 Building at Block 3, Flat 4, Lukulu Street, Wuse, Abuja	Abuja	Duly excuted deed of assignment with ri	16,200,000	16,200,000
26 Building at Block 9, Flat 9, Sassandra Street, Wuse Abuja	Abuja	Duly excuted deed of assignment with ri	16,200,000	16,200,000
27 Building at Block 9, Flat 10, Sassandra Street, Wuse Abuja	Abuja	Duly excuted deed of assignment with ri	19,400,000	19,400,000
28 Building at House 14 Road C Karu Housing Estate. Karu, Abuje Rivers	Rivers	Duly excuted deed of assignment with ri	19,400,000	19,400,000
29 Land at Plot 5 & 6 BLK 1, Ring Road, Ibadan	Kaduna	Duly excuted deed of assignment with ri	19,980,000	19,980,000
30 Building at Block 6(3) Flat 22, Jos Street, Area 3, Garki Abuja	Abuja	Duly excuted deed of assignment with ri	23,760,000	23,760,000
31 Building at Block 39 (3), Flat 7, Eleme Close, Area 2, Section 1 Abuja	Abuja	Duly excuted deed of assignment with ri	23,760,000	23,760,000
32 Land at Property at Off Trinity Avenue, Okota, Isolo Lagos	Lagos	Duly excuted deed of assignment with ri	32,940,000	32,940,000
33 Land at Property at Gas Area, Off Airport Rd, Rumuodomaya F Rivers		Duly excuted deed of assignment with ri	34,560,000	34,560,000
34 Land at Block XVI, Plot 9-14, within NITEL/MTEL Carrier static Lagos	Lagos	Duly excuted deed of assignment with ri	37,800,000	37,800,000
35 Building at 595 Agege Motor Road, Lagos	Lagos	Duly excuted deed of assignment with ri	39,960,000	39,960,000
36 Building at Block 1, Flat 5, Gombe Close, Garki Abuja	Abuja	Duly excuted deed of assignment with ri	48,600,000	48,600,000
Sub-total			383,435,000	383,435,000

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Description of properties	Location	Status of perfection	Company	
			2017	2016
37 Land at Plot 3C Blk IV Ibara, GRA, Abeokuta	Ogun	Duly excuted deed of assignment with ri	48,780,400	30,780,400
38 Building at Block SB3, Flat 14, NNPC Quarters, Garki Abuja	Abuja	Duly excuted deed of assignment with ri	51,840,000	51,840,000
39 Building at Block SB5, Flat 14, NNPC Quarters, Garki Abuja	Abuja	Duly excuted deed of assignment with ri	51,840,000	51,840,000
40 Building at Block SB2, Flat 16, NNPC Quarters, Garki Abuja	Abuja	Duly excuted deed of assignment with ri	51,840,000	51,840,000
41 Building at Block SB4, Flat 16, NNPC Quarters, Garki Abuja	Abuja	Duly excuted deed of assignment with ri	51,840,000	51,840,000
42 Building at Block SB9, Flat 16, NNPC Quarters, Garki Abuja	Abuja	Duly excuted deed of assignment with ri	51,840,000	51,840,000
43 Building at Block SB10, Flat 16, NNPC Quarters, Garki Abuja	Abuja	Duly excuted deed of assignment with ri	51,840,000	51,840,000
44 Building at Plot 498 Shiroro Road Tunga, Minna	Abuja	Duly excuted deed of assignment with ri	62,640,000	62,640,000
45 Building at No. 24, Awolowo Way, by J. Allen, Dugbe, Ibadan	Ibadan	Duly excuted deed of assignment with ri	127,500,000	127,500,000
46 Land at Block VII Plot 17, within NITEL/MTEL Carrier station, I Lagos	Lagos	Duly excuted deed of assignment with ri	7,370,000	7,370,000
47 Land at Block V, Plot 11, within Nitel/Mtel Carrier Station, Ikorof Lagos	Lagos	Not perfected	7,370,000	7,370,000
48 Land at Block X, Plot 5, within NITEL/MTEL Carrier station, Ikc Lagos	Lagos	Not perfected	7,370,000	7,370,000
49 Land at Block X, Plot 6, within NITEL/MTEL Carrier station, Ikc Lagos	Lagos	Not perfected	7,370,000	7,370,000
50 Land at Block VI Plot 2, within NITEL/MTEL Carrier station, Ikc Lagos	Lagos	Not perfected	7,370,000	7,370,000
51 Land at Block VIII Plot 12, within NITEL/MTEL Carrier station, Lagos	Lagos	Not perfected	7,370,000	7,370,000
52 Land at Alasia Sangotedo in Lekki	Lagos	Not perfected	13,250,000	13,250,000
53 Land at Ajah Village Land	Lagos	Not perfected	18,000,000	18,000,000
54 Land at LASG ALASIA LEKKI-EPE PROPERTY	Lagos	Not perfected	25,000,000	25,000,000
55 Building at Block E11, CBN I & J Estate 1, Garki Abuja	Abuja	Not perfected	37,800,000	37,800,000
56 Building at Ibara/Oke-Ilewo Junction, Ibara, Abeokuta, Ogun St	Ogun	Not perfected	65,000,000	65,000,000
57 Building at Block A14, Flat 3 Games Village, Abuja	Abuja	Duly excuted deed of assignment with ri	97,200,000	97,200,000
58 Building at No 6 Okunfolami Str. Anthony village Lagos	Lagos	Not perfected	123,420,000	123,420,000
59 Building at No. 2B, Oroke Drive, Ikoyi, Lagos	Lagos	Not perfected	331,500,000	331,500,000
60 Land at Alejo Family (Purchase of Igbogbo Ikorodu land)	Lagos	Not perfected	450,000,000	450,000,000
61 Land at No. 3, GLOVER ROAD, Ikoyi, Lagos	Lagos	Duly excuted deed of assignment with ri	539,243,109	539,243,109
62 Building at Plot 3274, Cadastral Zone A6, Maitama, Abuja	Abuja	Not perfected	693,600,000	693,600,000
63 Land at Monarch Comm. Awodiora Landed Property	Lagos	Duly excuted deed of assignment with ri	760,000,000	760,000,000
64 Land at Property of 4.2 Hectares At Tourism Zone Goshen Est: Lagos	Lagos	Duly excuted deed of assignment with ri	1,400,000,000	1,000,000,000
65 Land at Property along Moshood Abiola Road (Formerly Apapc Lagos	Lagos	Duly excuted deed of assignment with ri	1,885,000,000	1,885,000,000
66 Building at Plot 2186 IBB Way, Wuse Zone 4, Abuja	Abuja	Duly excuted deed of assignment with ri	2,729,000,000	2,105,000,000
Sub-total			9,762,193,509	8,720,193,509
Total Inadmissible			10,145,628,509	9,103,628,509
			17,379,877,338	16,856,265,633

The increase in the list of inadmissible properties for solvency capital from N9.103 billion in 2016 to N10.146 billion in 2017 arose from the increased compliance drive by the National Insurance Commission of Nigeria which has required that all properties without fully perfected titles be inadmissible in the solvency capital calculation. The non-perfection of titles of these properties does not however imply impairment from an accounting standard viewpoint as the company holds duly executed deeds of assignments of the respective properties that substantiate ownership and these are considered adequate to enable the company to exercise the right to realize or transfer the affected properties.

The inadmissibility of the non-fully perfected titles for solvency capital arose solely from a regulatory interpretation by the National Insurance Commission of Nigeria who also is committed to admitting the same for solvency calculation when perfection is achieved.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. Property plant and equipment - Group

	Land N'000	Buildings N'000	Leasehold improvement N'000	Motor Vehicles N'000	Furniture and fittings N'000	Office equipment N'000	Computer equipment N'000	Total N'000
Cost and/or Valuation								
At 1 January 2016	2,469,732	4,372,889	149,346	1,447,379	1,447,379	134,512	680,853	13,065,123
Additions	6,100	436	-	8,501	4,580	3,230	8,884	31,732
Revaluation surplus	19,290	337,828	-	-	-	-	2	357,121
Disposal	-	(3,085)	-	(5,112)	-	-	-	(2,371,230)
Disposal of subsidiary	-	(894)	(894)	(10,400)	(13,344)	(8,304)	(35,538)	(68,480)
Translation adjustment	332,185	(7,283)	-	18,341	(119,473)	20,578	103,284	347,632
As 31 December 2016	2,827,307	4,700,785	148,452	1,458,709	1,319,142	150,016	757,485	11,361,897
At 1 January 2017	2,827,307	4,700,785	148,452	1,458,709	1,319,142	150,016	757,485	11,361,897
Additions	-	391,888	-	-	4,203	339	7,241	403,671
Revaluation surplus	(352,944)	781,659	-	-	-	-	-	428,715
Disposal	-	-	-	(48,438)	(1,500)	-	-	(49,938)
Reclassification (Note v)	(1,468,773)	1,115,830	-	-	-	-	8,365	(352,943)
Adjustments (Note vi)	-	-	-	-	-	-	-	8,365
Transferred to Held for sale (Note 11)	-	(394,783)	-	-	-	-	-	(394,783)
Impact of investment reclassified to available for sale	-	(1,259,468)	-	(102,860)	(229,999)	(6,413)	(243,308)	(1,842,048)
Translation adjustment	20,759	398,334	-	(53,226)	(519,221)	458,690	(15,982)	289,353
As 31 December 2017	1,026,349	5,734,245	148,452	1,254,186	572,625	602,632	513,800	9,852,290
Depreciation and impairment								
At 1 January 2016	-	510,779	149,230	1,265,231	1,099,903	125,001	638,493	6,151,671
Charged for the year	-	119,379	116	53,435	36,010	7,278	24,472	240,690
Disposal	-	(452)	-	(6,597)	(68)	-	(475)	(2,370,615)
Disposal of subsidiary	-	-	(894)	(10,274)	(13,344)	(7,315)	(35,023)	(66,850)
Revaluation	-	(1,098)	-	-	-	-	-	(1,098)
Translation adjustment	-	209,842	-	33,154	99,909	27,960	103,333	474,197
As 31 December 2016	-	838,449	148,452	1,334,949	1,222,421	152,924	730,800	4,427,993
At 1 January 2017	-	838,449	148,452	1,334,949	1,222,421	152,924	730,800	4,427,993
Charged for the year	-	62,802	-	30,396	8,632	11,478	7,445	120,753
Disposal	-	-	-	(28,020)	(1,500)	-	-	(29,520)
Revaluation	-	(1,155)	-	-	-	-	-	(1,155)
Adjustments	-	1,656	-	11,846	7,057	548	8,822	29,929
Impact of investment reclassified to available for sale	-	(483,098)	-	(70,451)	(200,271)	(3,513)	(226,570)	(983,903)
Translation adjustment	-	294	-	(55,188)	(500,605)	437,927	(16,650)	(134,221)
As 31 December 2017	-	418,949	148,452	1,223,532	535,733	599,363	503,847	3,429,876
Carrying amount:								
31 December 2016	2,827,307	3,862,336	-	123,761	96,722	(2,908)	26,684	6,933,904
31 December 2017	1,026,349	5,315,296	-	30,654	36,891	3,269	9,954	6,422,413

i. Included in the depreciation charged for the year was N120,752,391 (December 2016 : N240,690,835) in the management/administrative expenses and a charge of Nil(December 2016 : Nil) to underwriting expenses in the statement of profit or loss and other comprehensive income for the Group.

ii. There is an Asset Debenture Security (Landed property at Plot 7A and 7B, block 6, Lekki Peninsula scheme, Eti Osa, Lagos state covering 26.510sq meters with professional value at N800 million by Ora Egbunike & Associate (Estate Surveyors & Valuers) for the overdraft secured from Global Trust Savings & Loans limited by the Holding Company while legal mortgage charge over landed and property on plot 13B Kmapala road (Included as part of investment properties) while overdraft from Guaranty Trust Bank was secured by Lien on 2,068,172 units of New Vision shares (presented as FVTPL) by NIC Holdings.

iii. No impairment of property, plant and equipment during the year.

iv. Fair Values of Land and Building

On a determined basis, the Group engages the services of external, independent and qualified valuers to determine the fair value of the Group's Land and Buildings. As at December 2017, the fair values of the Land and Buildings have been determined by Messrs. Ora Egbunike & Associates Chartered Surveyors and Valuers (FR/2012/NIESI/000000244). The valuation was based on open market value between a willing buyer and seller produced a surplus balance of N781,659 million (Dec 2016 : N851,122 million) which has been credited to other comprehensive income. The basis of appraisal for valuation of the properties is the "Open market Concept". The Open market value is the best price at which an interest in property assets might reasonably be expected to be sold as at the date of valuation either by a private treaty, public auction or tender as may be appropriate. The revaluation surplus net of applicable deferred income taxes was credited to Other Comprehensive Income and is shown in "Asset Revaluation Reserve" in Shareholders' Equity.

v. This represents adjustment to separate land from building based on the current Valuation report.

vi. This represent adjustments to align with schedules

INDUSTRIAL AND GENERAL INSURANCE PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Property plant and equipment - Company

Cost and/or Valuation	Land N'000	Buildings N'000	Leasehold improvement N'000	Motor Vehicles N'000	Furniture and fittings N'000	Office equipment N'000	Computer equipment N'000	Total N'000
At 1 January 2016	2,453,232	2,443,049	148,452	1,034,469	402,858	532,174	389,923	7,404,157
Additions	6,100	-	-	-	119	2,880	210	9,309
Revaluation surplus	19,290	332,161	-	-	-	-	2	351,454
As 31 December 2016	2,478,622	2,775,210	148,452	1,034,469	402,977	535,054	390,135	7,764,920
At 1 January 2017	2,478,622	2,775,210	148,452	1,034,469	402,977	535,054	390,135	7,764,920
Additions	-	-	-	-	172	-	540	712
Revaluation surplus	-	762,560	-	-	-	-	-	762,560
Reclassification(Note v)	(1,468,773)	1,115,830	-	-	-	-	-	(352,943)
Adjustment (Note vi)	-	-	-	-	-	-	8,365	8,365
As 31 December, 2017	1,009,849	4,653,600	148,452	1,034,469	403,149	535,054	399,040	8,183,614
Depreciation and impairment								
At 1 January 2016	-	297,592	148,336	1,016,295	364,808	519,618	386,580	2,733,229
Charged for the year	-	56,736	116	6,323	24,131	(548)	2,030	88,788
As 31 December 2016	-	354,328	148,452	1,022,609	388,939	519,070	388,610	2,822,008
At 1 January 2017	-	354,328	148,452	1,022,609	388,939	519,070	388,610	2,822,008
Charged for the year	-	55,504	-	11	3,142	8,442	904	68,003
Adjustment (Note vi)	-	1,656	-	11,846	7,057	548	8,822	29,929
As 31 December 2017	-	411,488	148,452	1,034,466	399,138	528,060	398,336	2,919,940
Carrying amount:								
31 December 2016	2,478,622	2,420,882	-	11,860	14,038	15,984	1,525	4,942,912
31 December 2017	1,009,849	4,242,112	-	3	4,011	6,994	704	5,263,674

- i. Included in the depreciation charged for the year was N68,003,662 (December 2016 :N88,789,714) in the management /administrative expenses and a charge of Nil (December 2016 : Nil) to underwriting expenses in the statement of profit or loss and other comprehensive income for the Company.
- ii. There is an Asset Debenture Security (Landed property at Plot 7A and 7B, block 6, Lekki Peninsula scheme, Eti Osa, Lagos state covering 26,510sq meters with professional value at N800 million by Ora Egbunike & Associate (Estate Surveyors & Valuers) for the overdraft secured from Global Trust Savings & Loans limited.

iii. No impairment of property, plant and equipment during the year.

iv. Fair Values of Land and Building

On a determined basis, the Company engages the services of external, independent and qualified valuers to determine the fair value of the Group's Land and Buildings. As at December 2017, the fair values of the Land and Buildings have been determined by Messrs. Ora Egbunike & Associates Chartered Surveyors and Valuers (FRC/2012/NI/ESV/0000000244). The valuation was based on open market value between a willing buyer and seller produced a surplus balance of N762.560 million (Dec 2016: N351.455 million) which has been credited to other comprehensive income. The basis of appraisal for valuation of the properties is the "Open market Concept". The Open market value is the best price at which an interest in property assets might reasonably be expected to be sold as at the date of valuation either by a private treaty, public auction or tender as may be appropriate. The revaluation surplus net of applicable deferred income taxes was credited to Other Comprehensive Income and is shown in "Asset Revaluation Reserve" in Shareholders' Equity.

v. This represents adjustment to separate land from building based on the current Valuation report.

vi. This represent adjustments to align with schedules

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17.b Analysis of revaluation surplus

Description of properties	31 December 2017					
	At 1 January N'000	Addition N'000	Transfers from subsidiaries N'000	Disposal N'000	Fair value gain N'000	At 31 December N'000
9, Lebanon Street, Ibadan	90,180	-	-	-	-	90,180
Plot 75/3c Yakubu Gowon Way Jos	37,260	-	-	-	-	37,260
Plot 722 Akibo Savage VI Lagos	367,200	-	-	-	-	367,200
'Plot 758 Cadestral Zone AO, CBD Abuja(Annex)	1,950,000	-	-	-	292,800	2,242,800
Commercial Land @ Rumukrussi P/H	158,916	-	-	-	-	158,916
Land Along Lekki Expressway (Plot 8 Lekki Pennisula Scheme I Blk 128)	43,000	-	-	-	-	43,000
'Lekki Pennisula, Lagos (plot 2 Block 1 Oniru Chieftancy Land)	750,000	-	-	-	-	750,000
Payment On Lanlate Land And N1m Premium	6,000	-	-	-	-	6,000
Payment On Land At Ikorodu	10,933	-	-	-	-	10,933
Purchase Of Land At Oshogbo	11,000	-	-	-	-	11,000
Property at Abeokuta ExpressWay, Abule Egba	86,400	-	-	-	-	86,400
Kamax Global Services, 21/22 University Road, Gbagwalada, Abuja	30,000	-	-	-	-	30,000
2 Agoro Odiyan Street, Off Adeola Odeku Street, V.I	1,360,000	-	-	-	469,760	1,829,760
	4,900,889	-	-	-	762,560	5,663,449
Depreciation and impairment	-	-	-	-	-	(411,488)
	4,900,889	-	-	-	762,560	5,251,961

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
18. Statutory deposits				
At 1 January	588,175	556,345	500,000	500,000
Additions during the year	72,122	-	-	-
Withdrawals during the year	(86,438)	(3,383)	-	-
Interest earned	5,247	6,971	-	-
Translation adjustment	(4,092)	28,242	-	-
At 31 December	575,014	588,175	500,000	500,000
Current	5,247	6,971	-	-
Non Current	569,767	581,204	500,000	500,000
	575,014	588,175	500,000	500,000
18.1. This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2018 (2017: N500,000,000), in accordance with Section 9(1) and Section 10(3) of Insurance Act 2003. Interest income earned on this deposit is included in Investment income. While remaining balances came from the foreign subsidiary NIC Holdings Ltd Uganda.				
19. Share capital				
19.1 Authorised:				
24,000,000,000 ordinary shares of 50 kobo per share	12,000,000	12,000,000	12,000,000	12,000,000
19.2 Issued and fully paid:				
14,231,237,284 ordinary shares of 50 kobo per share				
Movement in issued and fully paid				
At 1 January	7,115,619	7,115,619	7,115,619	7,115,619
At 31 December	7,115,619	7,115,619	7,115,619	7,115,619
19.3 Share premium				
Number (units) of shares issued	14,231,237	14,231,237	14,231,237	14,231,237
Issue proceeds (in Naira)	8,530,781	8,530,781	8,530,781	8,530,781
At 31 December	8,530,781	8,530,781	8,530,781	8,530,781
19.3a Premiums from the issue of shares are reported in share premium.				
20. Assets revaluation reserve				
At 1 January	5,258,209	4,830,206	4,826,118	4,509,788
Gain on valuation of land and buildings	780,326	512,859	762,497	351,478
Deferred tax effect	(76,250)	(35,148)	(76,250)	(35,148)
Effect of reclassification of land and buildings	(352,944)	(49,708)	(352,944)	-
Transfer to retained earnings (Note 23)	(101,079)	-	-	-
Impact of investment reclassified to available for sale	(731,947)	-	-	-
Translation adjustment	713,497	-	-	-
At 31 December	5,489,812	5,258,209	5,159,421	4,826,118

20.1 Additions and decreases in assets revaluation arises as a result of revaluation and disposal of assets

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
21. Fair value reserve				
At 1 January	629,681	362,816	66,676	132,833
Gain/(loss) on available for sale(Note 6.2)	30,402	266,865	-	(66,157)
Deferred tax effect	-	-	-	-
Impact of investment reclassified to available for sale	(941,653)	-	-	-
Translation adjustment	455,832	-	-	-
At 31 December	174,262	629,681	66,676	66,676

i. Equity fair value reserve shows the effects from the fair value measurement of equity instruments to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated profit or loss and other comprehensive income.

22. Contingency reserve				
At 1 January	3,059,067	2,891,889	2,771,939	2,695,929
Transfer from retained earnings (Note 23)	525,931	108,090	73,285	76,010
Share of surplus/transfer from life fund	-	59,088	-	-
Translation adjustment	158,136	0	-	-
At 31 December	3,743,134	3,059,067	2,845,224	2,771,939

i. As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the group. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with section 21 (2) and 22 (1) of the insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriation are charged to the life fund.

ii. Except for Uganda, the contingency reserve is set up under Section 47 (2) (c) of the Insurance Statute of 1996. The reserve is provided for at the greater of 2% of the gross premium income and 15% of the net profit each year effective from 1996 and is required to accumulate until it reached the greater of either minimum paid up capital or 50% of the net premiums written. The contingency reserve for life insurance business is set up under Section 47(3) (b) of the Insurance Statute of 1996 and provides contingency reserve at 1% of the premiums written.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
23. Loss sustained				
At 1 January	(20,348,021)	(17,210,912)	(17,785,105)	(16,032,774)
Loss for the year	(263,322)	(2,954,153)	(413,298)	(1,676,321)
Dividend paid / declared	(6,917)	(65,462)	-	-
Transfer to capital reserve(Note 24)	(5,879)	(9,404)	-	-
Transfer to statutory reserve (Note 26)	(5,131)	-	-	-
Transfer to contingency reserve(Note 22)	(525,931)	(108,090)	(73,285)	(76,010)
Transfer from assets revaluation reserve (Note 20)	101,079	-	-	-
Impact of investment reclassified to available for sale	2,710,357	-	-	-
Translation adjustment	769,869	-	-	-
At 31 December	(17,573,896)	(20,348,021)	(18,271,688)	(17,785,105)

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
24. Capital reserve				
At 1 January	73,619	64,214	-	-
Transfer from retained earnings (Note 23)	5,879	9,404	-	-
Transfer from Statutory(regulatory) reserve (Note 26)	-	-	-	-
Translation adjustment	52,058	1	-	-
At 31 December	131,557	73,619	-	-
24.1	The capital base reserve is set up as a requirement under the Insurance Statute 1996, under which every insurer should transfer from its profits each year, before any dividend is declared and after tax provision, at 5% of profits to be paid up capital of the insurer to facilitate capital growth.			
25. Foreign exchange reserve				
At 1 January	(55,791)	218,521	-	-
Movement during the year	(285,020)	(274,312)	-	-
Translation adjustment	-	-	-	-
At 31 December	(340,811)	(55,791)	-	-
26. Statutory(regulatory) reserve				
At 1 January	238,681	114,032	-	-
Transfer from retained earnings (Note 23)	5,131	-	-	-
Transfer to capital reserve (Note 24)	-	-	-	-
Impact of investment reclassified to available for sale	(210,931)	-	-	-
Translation adjustment	129,592	124,649	-	-
At 31 December	162,473	238,681	-	-
27. Non controlling interest				
The Non-Controlling interest in the subsidiaries is hereby presented below:				
At 1 January	(612,563)	294,104	-	-
Loss for the year	(23,440)	(1,121,586)	-	-
Share of revaluation gain in retained earnings	10,193	-	-	-
Share of dividend paid / declared	(48,976)	(43,641)	-	-
Share of ordinary share capital	469	-	-	-
Share of share premium	237	-	-	-
Share of assets revaluation reserve	2,274	92,322	-	-
Share of reversal of revaluation	-	(27,659)	-	-
Share of fair value reserve	16,407	191,319	-	-
Share of contingency reserve	86,645	69,357	-	-
Share of capital reserve	3,173	-	-	-
Share of foreign exchange reserve	(172,730)	(106,172)	-	-
Share of statutory (regulatory) reserve	65	-	-	-
Share of surplus/transfer from life fund	-	39,392	-	-
Impact of investment reclassified to available for sale	968,953	-	-	-
Deferred tax effect	(226)	-	-	-
Translation adjustment	(191,474)	1	-	-
At 31 December	39,007	(612,563)	-	-

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
28. Insurance contract liabilities				
Reserve for Reported claims by policyholders	6,024,617	6,713,090	5,706,309	5,455,973
Provision for Claims incurred but not reported	1,136,641	2,064,350	1,083,405	854,535
Outstanding Claims Provision (Note 28.1)	7,161,258	8,777,440	6,789,714	6,310,508
Unearned Premium (Note 28.2i)	1,614,053	4,167,291	623,115	855,541
Reserve for life fund (Note 39)	2,246,457	2,412,618	2,057,915	2,268,083
Unexpired Life Insurance Contract fund (Note 28.2ii)	38,138	1,324,157	38,138	95,924
Total Insurance Contract Liabilities	11,059,906	16,681,506	9,508,882	9,530,056
Current	4,976,958	9,168,233	4,278,997	4,162,218
Non Current	6,082,948	7,513,273	5,229,885	5,367,838
	11,059,906	16,681,506	9,508,882	9,530,056
28.1 Incurred but not reported Claims (IBNR)				
i. General business:				
Fire	36,103	438,164	22,976	24,051
General accident	82,392	67,353	76,564	80,146
Motor	40,964	741,460	31,720	33,204
Aviation and marine	86,504	164,583	61,468	64,344
Engineering	31,389	32,857	31,389	32,857
Oil and Energy	592,226	619,934	592,226	619,934
Health Management Services (HMO)	-	-	-	-
	869,578	2,064,351	816,343	854,536
Outstanding Claims				
General business:				
Fire	531,410	671,848	462,750	672,479
General accident	202,210	218,866	171,726	218,866
Motor	135,330	82,324	86,977	82,324
Aviation and marine	266,855	248,295	135,905	248,295
Agric	308	-	308	-
Engineering	473,619	475,112	473,619	475,112
Oil and Energy	1,247,806	1,976,619	1,247,806	851,275
Health Management Services (HMO)	1,154	69,612	-	-
	2,858,692	3,742,676	2,579,091	2,548,351
	3,728,270	5,807,027	3,395,434	3,402,887
ii. Life business				
Group business	3,317,447	2,312,356	3,278,740	2,249,564
Individual business	115,539	658,057	115,539	658,058
	3,432,986	2,970,413	3,394,279	2,907,622
Total	7,161,256	8,777,440	6,789,713	6,310,509
28.1a The movement in the provision for outstanding claims;				
At 1 January	8,777,440	7,706,938	6,310,509	5,856,565
Movement during the year	4,218,303	1,070,502	479,204	453,944
Impact of investment reclassified to available for sale	(5,834,487)	-	-	-
At 31 December	7,161,256	8,777,440	6,789,713	6,310,509

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
28.2 Unearned Premium and Unexpired risk				
i. General business:				
Fire	165,927	557,557	78,549	63,338
General accident	273,008	191,901	64,907	101,494
Motor	539,531	1,905,083	218,746	194,717
Aviation and marine	425,471	990,795	81,442	56,804
Agric	-	1,075	-	1,075
Engineering	154,015	127,004	153,797	127,004
Oil and Energy	25,674	311,109	25,674	311,109
Health Management Services (HMO)	30,427	82,767	-	-
	1,614,053	4,167,291	623,115	855,541
Included in the Group figure N1,614,057,000 and Company figure N623,115,000 above is Additional Unexpired Risk Reserve amount of N30,504,000.				
ii. Life business				
Group business	-	-	-	-
Individual business	38,138	1,324,157	38,138	95,924
	38,138	1,324,157	38,138	95,924
Total	1,652,191	5,491,448	661,253	951,465

28.2a Movement in the unexpired risks account during the year was as follows:

At 1 January	5,491,448	1,132,073	951,465	1,132,073
Additions during the year	4,814,592	11,888,868	2,580,000	3,020,008
Amortised during the year	(6,002,177)	(7,529,493)	(2,870,212)	(3,200,616)
Impact of investment reclassified to available for sale	(2,651,672)	-	-	-
Translation adjustment	-	-	-	-
At 31 December	1,652,191	5,491,448	661,253	951,465

28.3 Age analysis of Outstanding claims:

	31 December 2017					
	0-90days N'000	91-180days N'000	181-270days N'000	271-365days N'000	365+ days N'000	Total N'000
Amount Range						
0 - 250,000	149,838	120,721	251,994	435,592	301,504	1,259,649
250,001 - 500,000	5,198	3,524	4,020	3,538	244,284	260,564
500,001 - 1,500,000	636	3,800	503	1,000	502,706	508,645
1,500,001 - 2,500,000	6,079	-	5,104	-	59,568	70,751
2,500,001 - 5,000,000	6,375	3,050	2,664	-	3,086,408	3,098,497
5,000,001 - Above	7,531	10,454	8,050	-	482,168	508,203
IBNR	-	-	-	-	-	1,083,405
Grand Total (₦)	175,657	141,549	272,336	440,130	4,676,637	6,789,714
	31 December 2016					
	0-90days N'000	91-180days N'000	181-270days N'000	271-365days N'000	365+ days N'000	Total N'000
Amount Range						
0 - 250,000	18,491	6,415	8,775	4,071	16,578	54,330
250,001 - 500,000	126,812	26,151	18,093	16,709	81,752	269,517
500,001 - 1,500,000	145,504	75,366	72,521	64,433	366,260	724,084
1,500,001 - 2,500,000	84,710	41,441	91,760	36,129	266,944	520,984
2,500,001 - 5,000,000	83,129	43,990	123,163	38,546	511,853	800,681
5,000,001 - Above	148,171	59,168	121,936	168,754	2,588,349	3,086,378
IBNR	-	-	-	-	-	854,535
Grand Total (₦)	606,817	252,531	436,248	328,642	3,831,736	6,310,509

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

28.4 Actuarial valuation of life fund

The latest available actuarial valuation of the life business funds was as at 31 December 2017. The actuarial value of the net liability of the fund was N2,363,114,000 (31 Dec 2016:N2,364,006,634) which has been provided for. The valuation of the Company's life business fund as at 31 December 2017 was carried out by HR Nigeria Limited, FRC/2012/NAS/00000000738 a recognized actuarial valuation firm. The valuation was done based on the following principles:

On Individual life business, for all Endowment, Term Assurance and Mortgage Protection policies, the gross premium method of valuation was adopted. Reserves were calculated via a monthly cashflow projection approach, taking into account future office premiums, expenses and benefit payments. Future cashflows were discounted back to the valuation date at the valuation rate of interest. The reserve for the deposit based policies has been taken as the amount standing to the credit of the policy holders at the valuation date. Where policies still have active life cover, this has been valued using a monthly cashflow projection approach as described above for other risk business.

An unexpired premium was included for Group business policies. An allowance was made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims. For Individual policies, the valuation age has been taken as Age Last Birthday at the valuation date. The period to maturity has been taken as the full term of the policy less the expired term. Full credit has been taken for premiums due between the valuation date and the end of the premium term. The valuation of the liabilities was made on the assumption that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment.

There were no policies subject to substandard terms in force at the valuation date. The Mortality Table used in the valuation is the UK's Mortality of Assured Lives Table (A6770). The rate of interest used in the valuation is 13%.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
29. Investment contract liabilities				
29.1 Deposit administration				
At 1 January	13,926,602	12,113,825	8,913,995	8,649,161
Additions during the year:				
Receipts on deposit administration on Group life	26	114,563	26	-
Receipts on deposit administration on individual life	1,144,218	430,284	1,054,181	5,031
Withdrawals during the year:				
Withdrawals - deposit administration on group life	(199,996)	(822,727)	-	(22,405)
Withdrawals - deposit administration on individual life			(787,449)	
Net deposit Admin for the year	944,248	(277,880)	265,723	(17,374)
	14,870,850	11,835,945	9,179,718	8,631,787
Guaranteed interest:				
Guaranteed interest paid (Note 43)	443,087	476,202	443,087	476,202
Fee income:				
Deposit administration on Group and individual life:				
Lapsed investment contract policies on Individual life (Note 43)	(1,020,312)	(68,556)	(895,903)	-
Actuarial surplus/(deficit) during the year (Note 43)	19,927	(161,859)	39,604	(193,994)
Impact of investment reclassified to available for sale	(3,672,566)	-	-	-
Translation adjustment	(172,331)	1,844,870	-	0
At 31 December	10,468,655	13,926,602	8,766,506	8,913,995
29.2 Managed funds (Note 29.2b)	71,337	141,867	-	-
Total Investment Contract Liabilities	10,539,992	14,068,469	8,766,506	8,913,995
Current	3,565,598	8,441,081	3,565,598	3,565,598
Non Current	6,974,394	5,627,388	5,200,908	5,348,397
	10,539,992	14,068,469	8,766,506	8,913,995
29.2a. Managed Funds above relate to funds managed by a subsidiary in Uganda on behalf its clients. They attract a minimum guaranteed Interest of 5% per annum and has been included in the consolidated financial statements.				
29.2b. Movement in managed funds				
At 1 January	141,867	92,723	-	-
Additions/accrued interest in the year	3,503	3,295	-	-
Withdrawals during the year	(7,764)	(18,593)	-	-
Transfer to actuarial contingency reserve	-	10,647	-	-
Translation adjustment	(66,269)	53,795	-	-
At 31 December	71,337	141,867	-	-
30. Trade payables				
Due to Reinsurance	221,703	440,176	201,547	440,176
Due to Brokers	713,081	372,298	53,029	11,327
Due to Co-insurance	432,419	426,633	432,419	366,167
	1,367,203	1,239,107	686,995	817,670

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
31. Loans and borrowings				
Bank overdraft (Note 31.2)	14,780	251,232	344,775	221,111
Term loan (Note 31.3)	1,657,471	1,441,444	5,499	5,499
Debenture loan (Note 31.4)	107,336	107,336	-	-
Total	1,779,587	1,800,012	350,274	226,610
31.1. Movement in Loans & borrowings				
At 1 January	1,800,012	3,146,421	226,610	124,106
Addition during the year	430,154	225,945	330,154	205,781
Repayments during the year	(555,358)	(1,658,066)	(398,282)	(118,607)
Interest on loan during the year (Note 47)	104,779	85,712	191,792	15,330
Translation adjustment	-	-	-	-
At 31 December	1,779,587	1,800,012	350,274	226,610
Current	14,780	251,232	344,775	221,111
Non Current	1,764,807	1,548,780	5,499	5,499
	1,779,587	1,800,012	350,274	226,610

31.2. Bank Overdraft:

The Group has overdraft facilities with Global Trust Savings & Loans limited to supplement working capital & finance operational expenses for a tenor of 12 months with 26% interest rate per annum. The facility is renewable.

Also, overdraft facilities with Guaranty Trust bank for N30.1 million.

31.3. Term Loans

Term Loans were obtained from Access Bank Plc by the Parent Company, Guaranty Trust Bank Uganda & Bank of Africa Uganda by National Insurance Company Limited, Uganda, Skye bank (Now Polaris Bank) by Global Trust Savings and Loans and International Health Management Services Ltd with xxxx p.a respectively.

31.4. Debenture loan

The Group has Debenture liability through Monarch Communications Limited.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
32. Other payables and accruals				
Payable to related parties (Note 13ii)	792,527	1,393,369	194,251	585,250
Commissions and other payables to brokers	-	-	-	-
Accrued expenses (Note 32.1)	1,557,619	1,471,814	1,329,172	514,824
Rent received in advance	132,915	92,128	110,151	92,128
Information Technology Levy	20,686	20,686	20,686	20,686
Deposits and other customers' accounts (Note 32.2)	678,894	674,672	-	-
Withholding Tax	193,375	198,306	173,351	173,351
Pension Contributions	624,659	682,428	618,465	680,017
National Housing Fund	69,888	63,768	68,909	63,065
Pay As You Earn	118,277	132,769	108,028	93,087
Health Management Services	12,647	6,941	12,647	6,941
NAICOM supervisory levy	31,646	30,250	31,646	30,250
Other statutory deductions	502,328	38,512	40,863	33,889
Audit fees	43,982	42,183	30,400	30,400
Deferred acquisition revenue	26,490	45,024	26,490	45,023
Dividend payable (Note 32.3)	199,167	92,775	-	-
Provision for litigations	-	83,679	-	-
Sundry creditors (Note 32.4)	1,779,851	1,910,039	901,951	423,058
	6,784,952	6,979,343	3,667,010	2,791,969
Current	6,784,952	6,979,343	3,667,010	2,791,969
Non Current	-	-	-	-
	6,784,952	6,979,343	3,667,010	2,791,969

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
32.1. Accrued expenses detailed analysis:				
Accrued Expenses	333,689	60,948	105,242	104,842
Accrued Rent	23,484	23,484	23,484	23,484
Sundry Accruals	1,329	1,329	1,329	1,329
Final Entitlements Account	-	1,774	-	1,774
Salary and Other deductions	6,757	-	6,757	-
Staff revolving loan	4,040	80	4,040	80
Outstanding Salary and Wages	1,188,320	383,316	1,188,320	383,316
Sundry Accruals	-	1,000,884	-	-
	1,557,619	1,471,814	1,329,172	514,824
32.2. Deposits and other customers' accounts detailed analysis:				
Savings accounts	33,995	28,323	-	-
Current accounts	128,597	282,445	-	-
Fixed deposits	512,460	359,246	-	-
Interest payables	3,842	4,658	-	-
	678,894	674,672	-	-
32.3. Dividend payable detailed analysis:				
At 1 January	92,775	11,227	-	-
Amount declared during the year	149,330	109,103	-	-
Payments during the year	(98,774)	(105,609)	-	-
Translation adjustment	55,836	78,054	-	-
At 31 December	199,167	92,775	-	-
32.4. Sundry creditors detailed analysis:				
Other Creditor (Note 32.4.1)	1,770,136	424,723	892,236	423,086
Oando Plc	36	(28)	36	(28)
Other deductions	9,680	-	9,680	-
Sundry Creditors	-	1,485,344	-	-
	1,779,851	1,910,039	901,951	423,058

32.4.1. Included in the above is N400 million deposited by Charles Borromeo Catholic Church in respect of purchase of property at Plot 2, Block 1, Oniru Chieftancy Family Estate, Victorial Island, Lagos.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
33. Deposit for shares				
Movement in the deposit for shares during the year was as follows:				
At 1 January	1,144,256	1,169,783	-	-
Translation adjustments	111,233	(25,527)	-	-
At 31 December	1,255,489	1,144,256	-	-

33.1. This represents for shares awaiting allotment.

	31 December 2017			
	Direct premium N'000	Inward reinsurance premium N'000	Increase/ (decrease) in unearned premium N'000	Gross premium income N'000
34. Gross premium income analysed as follows:				
i. Group				
Fire	303,113	34,109	(14,834)	322,388
General accident	558,700	16,699	(14,375)	561,024
Motor	1,106,708	-	(30,303)	1,076,405
Aviation and marine	887,796	4,565	(30,825)	861,536
Agric	17,021	-	(17,052)	(31)
Engineering	165,279	13,214	(12,406)	166,087
Oil and Energy	896,341	-	289,174	1,185,515
Health Management Services(HMO)	1,079,422	-	378,804	1,458,226
	5,014,380	68,587	548,183	5,631,150
Life business				
Individual life	128,494	-	-	128,494
Group life	184,747	-	57,786	242,533
	5,327,621	68,587	605,969	6,002,177

	31 December 2016			
	Direct premium N'000	Inward reinsurance premium N'000	Increase/ (decrease) in unearned premium N'000	Gross premium income N'000
Gross premium income analysed as follows:				
ii. Group				
Fire	565,367	27,383	(40,216)	552,534
General accident	510,425	96,416	(30,583)	576,258
Motor	1,663,667	-	(336,485)	1,327,182
Aviation and marine	725,965	29,877	130,363	886,205
Agric	1,960	-	4,090	6,050
Engineering	211,212	8,816	134,026	354,054
Oil and Energy	913,762	-	(44,838)	868,924
Health Management Services(HMO)	1,771,880	-	(24,300)	1,747,580
	6,364,238	162,492	(207,943)	6,318,787
Life business				
Individual life	817,168	-	-	817,168
Group life	349,390	-	44,148	393,538
	7,530,796	162,492	(163,795)	7,529,493

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

		31 December 2017			
		Direct premium	Inward reinsurance premium	Increase/(decrease) in unearned premium	Gross premium income
34 b. Gross premium income analysed as follows:		N'000	N'000	N'000	N'000
i. Company					
Fire		142,610	34,109	(15,211)	161,508
General accident		229,193	16,699	36,587	282,479
Motor		463,648	-	(24,029)	439,619
Aviation and marine		391,553	4,565	(24,637)	371,481
Agric		17,021	-	(17,052)	(31)
Engineering		165,279	13,214	(12,406)	166,087
Oil and Energy		896,341	-	289,174	1,185,515
		<u>2,305,645</u>	<u>68,587</u>	<u>232,426</u>	<u>2,606,658</u>
Individual life		21,021	-	-	21,021
Group life		184,747	-	57,786	242,533
		<u>2,511,413</u>	<u>68,587</u>	<u>290,212</u>	<u>2,870,212</u>

		31 December 2016			
		Direct premium	Inward reinsurance premium	Increase/(decrease) in unearned premium	Gross premium income
ii. Company		N'000	N'000	N'000	N'000
Fire		127,191	27,383	12,076	166,650
General accident		236,847	96,416	(43,855)	289,408
Motor		438,540	-	(11,027)	427,513
Aviation and marine		198,476	29,877	73,052	301,405
Agric		1,960	-	4,090	6,050
Engineering		211,212	8,816	134,027	354,055
Oil and Energy		913,762	-	(44,838)	868,924
		<u>2,127,988</u>	<u>162,492</u>	<u>123,525</u>	<u>2,414,005</u>
Individual life		457,866	-	-	457,866
Group life		271,662	-	57,083	328,745
		<u>2,857,516</u>	<u>162,492</u>	<u>180,608</u>	<u>3,200,616</u>

		Group		Company	
		2017	2016	2017	2016
		N'000	N'000	N'000	N'000

35. Reinsurance expense

Reinsurance cost is analysed as follows:

Reinsurance paid (Note 8.1.1)	1,156,211	1,380,455	1,156,211	64,952
Changes in prepaid reinsurance (Note 8.1.1)	835,876	352,577	156,916	930,231
	<u>1,992,087</u>	<u>1,733,032</u>	<u>1,313,127</u>	<u>995,183</u>

35.1 Reinsurance expenses by product;

Fire	184,951	189,938	79,584	58,997
General accident	88,542	36,521	5,127	11,600
Motor	29,875	74,603	13,888	14,411
Aviation and marine	586,423	539,709	123,785	168,605
Agric	6,804	-	(29,754)	-
Engineering	77,068	66,246	77,068	62,505
Oil and Energy	1,022,226	792,511	1,022,226	667,989
	<u>1,995,889</u>	<u>1,699,528</u>	<u>1,291,924</u>	<u>984,107</u>
Individual life	14,326	2,467	3,220	2,467
Group life	-	31,037	17,983	8,609
	<u>2,010,215</u>	<u>1,733,032</u>	<u>1,313,127</u>	<u>995,183</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

35.1 The Company has a reinsurance agreement with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc to reinsure the risks associated with fire and consequential loss, General accident, Marine cargo, motor, aviation and special risks etc. according to agreed quota share, surplus treaty or excess of loss treaty. This agreement is being modified on yearly basis.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
36.1 Fees and commission income				
Fire	82,566	70,118	24,983	19,090
General accident	25,073	76,900	-	-
Motor	1,589	79	1,130	79
Aviation and marine	110,406	90,589	16,763	14,727
Agric	650	-	650	-
Engineering	11,908	15,043	11,908	15,043
Oil and Energy	71,451	94,177	71,451	73,948
	303,643	346,906	126,885	122,887
Individual life	2,826	257	564	180
Group life	-	6,043	-	2,152
	306,469	353,206	127,449	125,219
36.2 Deferred acquisition revenue				
Fire	586	-	586	-
General accident	-	-	-	-
Motor	(770)	-	(770)	-
Aviation and marine	2,664	-	2,664	-
Agric	-	-	-	-
Engineering	1,421	-	1,421	-
Oil and Energy	14,633	-	14,633	-
	18,534	-	18,534	-
Individual life				
Group life				
	325,003	353,206	145,983	125,219
37. Claims expenses				
37.1 Claims expenses(Gross)				
37.1a Claims paid				
Fire	175,033	153,382	131,605	99,845
General accident	104,297	31,671	20,034	31,671
Motor	125,266	1,275,649	49,498	102,694
Aviation and marine	59,310	22,873	57,918	22,873
Agric	-	606	-	606
Engineering	7,641	162,652	7,641	162,652
Oil and Energy	16,177	93,482	16,177	93,482
Health Management Services(HMO)	345,556	320,640	-	-
	833,280	2,060,955	282,873	513,823
Individual life	161,731	1,253,780	123,782	1,058,383
Group life	134,160	314,105	135,395	329,555
	1,129,171	3,628,840	542,050	1,901,761

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
37.1b Changes in claims reserve				
Fire	(290,285)	(60,754)	(269,626)	(60,123)
General accident	(63,123)	(178,630)	29,563	(153,571)
Motor	18,351	(102,353)	36,359	(102,353)
Aviation and marine	31,639	120,197	(50,590)	98,676
Agric	308	-	308	-
Engineering	31,014	243,392	31,014	243,392
Oil and Energy	215,521	(150,549)	215,521	(150,549)
Health Management Services(HMO)	-	-	-	-
	(56,575)	(128,697)	(7,451)	(124,528)
Individual life	(542,519)	121,701	(542,519)	121,701
Group life	1,029,176	1,098,465	1,029,176	456,769
	430,082	1,091,469	479,206	453,942
	1,559,253	4,720,309	1,021,256	2,355,703
37.2 Reinsurance Claims recoveries				
Fire	24,409	(15,884)	28,383	(6,836)
General accident	25,201	(52,450)	21,617	(27,760)
Motor	41,262	57,159	19,461	9,288
Aviation and marine	31,897	264,537	(348)	255,886
Engineering	(110,228)	(141,539)	(110,228)	(141,538)
Oil and Energy	56,200	146,012	56,200	29,366
	68,741	257,835	15,085	118,406
Individual life	-	-	-	-
Group life	479,495	302,593	479,495	302,368
	548,236	560,428	494,580	420,774
37.2.1 Reinsurance Claims recoveries				
Receipt from reinsurance on claims paid	(238,542)	1,532,538	(17,226)	790,975
Changes in estimated reinsurance recoveries on claims	575,462	(1,091,469)	409,965	(370,201)
Changes in reinsurers/co-insurers receivables	211,316	119,359	101,841	-
	548,236	560,428	494,580	420,774
37.3. Net claims incurred analysis				
Claims Paid during the year	1,129,172	3,628,840	542,051	1,985,502
Changes in Outstanding Claims reserve	430,081	1,091,469	479,205	370,201
Gross Claims incurred	1,559,253	4,720,309	1,021,256	2,355,703
Reinsurance Recoveries (Note 37.2.1)	(548,236)	(560,428)	(494,580)	(420,774)
Net claims incurred	1,011,017	4,159,881	526,676	1,934,929

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
38. Underwriting expenses				
38.1. Acquisition expenses				
38.1.1 Commissions paid				
Fire	57,507	44,958	21,871	20,677
General accident	93,231	68,838	38,155	29,820
Motor	89,944	66,596	37,889	29,136
Aviation and marine	152,509	104,074	74,222	24,542
Agric	248	116	248	116
Engineering	21,050	16,840	21,050	16,840
Oil and Energy	87,982	79,517	87,982	79,517
Health Management Services(HMO)	43	80,881	-	-
	<u>502,514</u>	<u>461,820</u>	<u>281,417</u>	<u>200,648</u>
Individual life	145,857	162,798	129,405	157,340
Group life	<u>11,719</u>	<u>59,523</u>	<u>11,719</u>	<u>52,997</u>
	<u>660,090</u>	<u>684,141</u>	<u>422,541</u>	<u>410,985</u>
38.1.2 Movement in deferred acquisition costs				
Fire	(1,266)	4,362	(1,949)	6,274
General accident	(794)	(1,826)	(482)	(896)
Motor	(3,653)	(4,466)	(1,478)	417
Aviation and marine	(14,830)	10,567	(4,456)	13,601
Agric	125	(26)	125	(26)
Engineering	5,015	(10,324)	5,015	11,830
Oil and Energy	36,366	(8,387)	36,366	(9,438)
Group life	2,713		2,713	
	<u>23,676</u>	<u>(10,100)</u>	<u>35,854</u>	<u>21,762</u>
Total acquisition expenses	<u>683,766</u>	<u>674,041</u>	<u>458,395</u>	<u>432,747</u>
38.2. Maintenance expenses				
Fire	15,193	(34,797)	14,742	-
General accident	695	32,509	968	-
Motor	2,372	84,723	2,623	-
Aviation and marine	477,113	(169,054)	23,380	(0)
Agric	1,218	-	(5,620)	-
Engineering	8,723	-	14,556	-
Oil and Energy	190,835	-	193,075	-
Health Management Services(HMO)	891,590	887,601	-	-
	<u>1,587,739</u>	<u>800,982</u>	<u>243,726</u>	<u>(0)</u>
Individual life	189,199	69,319	189,199	16,919
Group life	<u>-</u>	<u>(24,707)</u>	<u>-</u>	<u>-</u>
Total maintenance expenses	<u>1,776,938</u>	<u>845,594</u>	<u>432,925</u>	<u>16,919</u>
Total underwriting expenses	<u>2,460,704</u>	<u>1,519,635</u>	<u>891,320</u>	<u>449,666</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
39. Changes in contract liabilities				
Changes in life insurance contract liabilities (Note 4.3)	189,147	767,041	210,168	767,041
39.1 Analysis of changes in insurance contract liabilities				
Changes in unexpired risks				
Actuarial valuation				
40. Investments income				
Rent income from investment properties	180,326	217,267	27,499	10,724
Interest on short term deposits/placements	108,920	143,177	76,107	51,595
Interest on treasury bills and bonds	23,660	-	-	-
Income on other investments	9,130	(2,095)	1,121	(2,095)
Dividend Incomes	21,496	263,511	85,203	236,893
	343,532	621,860	189,930	297,117
40.1. Analysis of investments incomes:				
Investment attributable:				
Policyholders' fund	244,938	443,386	135,420	211,844
Shareholders' fund	98,594	178,474	54,510	85,273
	343,532	621,860	189,930	297,117
41. Net interest income				
41.1 Interest income				
Interest on loans and advances to customers- banking operations	60,813	227,501	-	-
Interest on policy loans	43,777	42,505	43,777	43,442
Interest - others	-	6,525	-	-
	104,590	276,531	43,777	43,442
41.2 Interest expenses				
Interest expenses on deposits- banking operations	(70,922)	(56,590)	-	-
	33,668	219,941	43,777	43,442
42. Other operating income				
Profit on disposal of property, plant and equipment	2,866	-	-	-
Exchange gain	(80,330)	215,344	(75,530)	217,362
Income on salvage	3,107	14,614	3,107	14,614
Income on staff bus	-	20,236	-	20,236
Gain on disposal of equity investment	-	10,842	-	-
Fees and commission incomes	20,231	68,556	-	-
Administrative charges on customers account	-	91,184	-	-
Administrative charges on registrar services	4,340	26,719	-	-
Bad debt recovered	-	46,123	-	-
Others (Note 42.1)	52,268	358,074	2,279	154,161
	2,482	851,692	(70,144)	406,373
42.1 Others				
Other Income	44,581	107,516	-	107,516
Income on Auto Reg	-	5	-	5
Other misc income	7,687	250,472	-	46,560
Sale of scraps	-	-	2,280	-
Write-back of impairment unquoted investment	-	-	66,156	-
Income on Consultancy	-	80	-	80
	52,268	358,073	68,436	154,161

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
43. Gain/(loss) on investment contract				
Lapsed investment contract policies on Individual life (Note 29.1)	1,020,312	68,556	895,903	-
Actuarial surplus/(deficit) during the year - Note 29.1	19,927	(161,859)	(39,604)	(193,994)
Guaranteed interest paid (Note 29.1)	(443,087)	(476,202)	(443,087)	(476,202)
	597,152	(569,505)	413,212	(670,196)
44. Fair value gain/(loss) through Profit or loss				
Quoted stocks	(2,734)	(1,595,705)	3,002	(248)
Investment properties (Note 16)	1,851,732	1,487,373	1,414,893	1,444,200
	1,848,998	(108,332)	1,417,895	1,443,952
This represents any difference arising between the carrying amount and the fair value of the asset as at the date of reporting.				
44.1.				
45. Impairment charge/(write back)				
Impairment of trade receivables (Note 7.1)	98,435	71,458	7,015	-
Impairment of other receivables & prepayments (Note 12.1)	505,459	246,031	505,459	-
Impairment of loans and advances to customer (Note 10.1)	(5,366)	(6,677)	-	-
Impairment of long term investments (investment in subsidiaries (Note 14.1))	-	(263,155)	-	722,096
Impairment of goodwill (Note 15.2)	-	201,774	-	-
	598,528	249,431	512,474	722,096
46. Management and administrative expenses				
Employees costs (Note 46.1)	2,152,874	3,899,819	1,433,971	2,378,180
Directors fees and emoluments	28,614	15,067	378	20,897
Depreciation of property, plant & equipment (Note 17)	120,752	240,691	68,004	88,790
Audit fee	24,810	42,667	10,000	20,891
Rent and rates	25,087	90,096	5,254	20,347
Repairs and maintenances	22,662	175,386	17,504	85,386
Subscriptions	19,830	36,817	14,993	33,422
Training and development	97	14,089	72	48
Insurances	1,563	14,803	601	4,717
Legal and professional fees	146,271	142,267	125,944	98,385
Transport and travelling	37,496	91,271	19,984	63,691
Postages, telephone and telex	4,048	44,479	2,161	1,835
Taxes and non deductible duties/ fines	14,850	766	12,383	576
Bank charges and commissions	5,052	249,506	4,985	243,550
Power and electricity	34,193	23,205	30,388	31,705
Advert, publicity and business promotions	33,198	68,495	24,335	69,695
Safety security and quality control	15,373	9,941	14,752	20,441
Other operating expenses (Note 46.2)	312,914	908,119	38,951	105,490
	2,999,684	6,067,484	1,824,660	3,288,046

46.a. Included in Legal and Professional fees is the sum of N92,814,550 incurred in the disposal of investment properties

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
46.1. Employees costs				
Salaries, wages and allowances	1,798,562	3,647,349	1,211,808	2,131,917
Contributions to pension fund scheme	203,062	50,571	98,002	44,364
Training, recruitment and canteen expenses	18,060	18,996	17,752	18,996
Medical expenses	16,586	131,609	15,776	131,609
Contract Manpower	1,574	4,202	1,574	4,202
Other personnel expenses	115,030	47,092	89,059	47,092
	2,152,874	3,899,819	1,433,971	2,378,180
46.2. Detailed analysis of other operating expenses				
Printing	3,066	1,546	742	1,546
Stationeries	6,155	1,162	275	1,162
Hotel Accommodation expenses	240	1,927	240	1,927
Vehicle Tracker expenses	1,490	1,386	464	1,386
Entertainment expenses	213	2,050	213	2,050
AGM expenses	4,335	1,605	14	-
Donations	(13,369)	4,320	64	4,320
Office expenses	310,784	894,123	36,938	93,100
	312,914	908,119	38,951	105,490
47. Finance costs				
Interest expenses	32,062	9,198	119,075	9,198
Inter-bank borrowings	-	58,568	-	-
	32,062	67,766	119,075	9,198
Individual life	72,717	17,946	72,717	6,132
Group Life	-	-	-	-
	104,779	85,712	191,792	15,330
48. Taxation				
48.1 Income tax expense				
Income tax	103,447	79,620	61,419	45,247
Education tax	3,171	800	3,171	800
Information technology levy	348	-	-	-
Capital gain tax	-	71,121	-	71,121
	106,966	151,541	64,590	117,168
Deferred taxation expense/(credit) (Note 48.4)	175,094	(100,581)	129,630	(107,533)
	282,060	50,960	194,220	9,635

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
48.2 Income tax payable				
Analysis of movements in the current tax balance during the year:				
At 1 January	1,793,426	1,754,462	1,451,329	1,484,161
Impact of opening balance adjustment	33,319	-	33,319	-
Income tax charged for the year	103,447	79,620	61,419	45,247
Education tax	3,171	800	3,171	800
Information technology levy	348	-	-	-
Payments during the year	(56,811)	(167,052)	(33,000)	(150,000)
Withholding tax credit notes	(1,249)	-	-	-
Reclassified to income tax assets (Note 48.3.2)	-	331	-	-
Translation Adjustment	39,482	54,144	-	-
At 31 December	1,881,814	1,793,426	1,482,919	1,451,329
48.3 Reconciliation of effective tax rate				
Loss for the year after tax	(286,762)	(4,075,739)	(413,298)	(1,676,321)
Total tax expenses made up of:				
Income	103,447	79,620	61,419	45,247
Education	3,171	800	3,171	800
Information technology levy	348	-	-	-
Deferred	175,094	(100,581)	129,630	(107,533)
Others	-	71,121	-	71,121
	282,060	50,960	194,220	9,635
Loss for the year before tax	(4,702)	(4,024,779)	(219,078)	(1,666,686)
Effective tax rate	(5,999)	(1)	(89)	(1)

i. As a result of the loss position as above, the income tax payable has been computed for the "parent" company based on the minimum tax rates as specified in Section 14 (8) (b) and Section 14 (9) (c) of Companies Income Tax Act (CITA) of 2007.

ii. Factors affecting the tax charge in future years

Factors that may affect the Group's future tax charge include the impact of corporate restructurings, the resolution of open issues, future planning opportunities, corporate acquisitions and disposals, the use of brought forward tax losses and changes in tax legislation and tax rates.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
48.4. Deferred taxation				
48.4.1 Deferred tax liabilities				
At 1 January	2,121,376	1,741,915	782,566	854,951
Deferred taxation charge (Note 48.1)	175,094	(88,767)	129,630	(107,533)
Under/(over) provision for deferred tax	-	-	-	-
Other comprehensive income	76,250	35,148	76,250	35,148
Credit to deposit administration plan	(385,592)	-	-	-
Credit to equity	20,103	-	-	-
Impact of investment reclassified to available for sale	(675,311)	-	-	-
Translation Adjustment	544,476	433,080	-	-
At 31 December	1,876,396	2,121,376	988,446	782,566
48.4.2 Deferred tax assets				
At 1 January	28,245	32,808	-	-
Deferred taxation expense/(credit) (Note 48.1)	-	(11,814)	-	-
Credit to equity	-	1,156	-	-
Impact of investment reclassified to available for sale	(13,578)	-	-	-
Translation Adjustment	(14,667)	6,095	-	-
At 31 December	-	28,245	-	-
48.4.3 Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (2016: 30%). At 31 December 2017, Included in the Group deferred tax was an asset of N44,126,799,700 (31 Dec 2016: N43,698,293,250) not recognised.				
49. Operating loss				
Operating loss has been arrived after charging:				
Depreciation of property, plant and equipment	120,752	240,691	68,004	88,790
Impairment losses	598,528	249,431	512,474	722,096
Staff costs	2,152,874	3,899,819	1,433,971	2,378,180
Audit fees	24,810	42,667	10,000	20,891
50. (Loss)/profit on disposal of Investment properties				
Fairvalue	891,283	3,038,735	891,283	1,550,000
Carrying amount	891,283	3,038,735	891,283	1,550,000
Proceeds from sales	711,221	3,163,735	711,221	1,675,000
(Loss)/profit on disposal	(180,062)	125,000	(180,062)	125,000
50.1 During the year, included in the N711,221,000 above is sales proceeds of buildings at Plot 88 UPI;1/02/07/01/88 Urugwiro Village Kacyiru, Kigali N413,026,000 and No 2, Joseph Str. Lagos Island, Lagos N391,000,000 and disposal cost of N92,815,000.				

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

51. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Profit/(loss) attributable to the equity holders	186,136	(2,385,409)	272,949	(1,426,148)
Weighted average number of ordinary shares in issue	14,231,238	14,231,238	14,231,238	14,231,238
Basic earnings/(loss) per share (kobo)	1.31	(16.76)	1.92	(10.02)

52. Note to the cashflow statement

Loss for the year before tax	(4,702)	(4,024,779)	(219,078)	(1,662,939)
Adjustment for:				
Depreciation of property, plant & equipment	120,752	240,691	68,004	88,790
Fair value changes on quoted stocks investment	2,734	(1,595,705)	(3,002)	(248)
Fair value changes on investment properties	(1,851,732)	(1,487,373)	(1,414,893)	(1,444,200)
Other incomes	(2,482)	(851,692)	70,144	(406,373)
Profit on disposal of property, plant and equipment	(2,866)	-	-	-
Loss/(profit) on disposal of Investment properties	180,062	(125,000)	180,062	(125,000)
Impairment charged of financial assets	598,528	249,431	512,474	722,096
Interest income	(33,668)	(219,941)	(43,777)	(43,442)
Interest expense	104,779	85,712	191,792	15,330
Dividend income	(21,496)	(263,511)	(85,203)	(236,893)
Tax paid	56,811	167,052	33,000	150,000
	(853,280)	(7,825,115)	(710,477)	(2,942,879)
Changes in:				
Loans and receivables	6,175	(9,006)	12,130	(4,439)
Trade receivables	364,694	(1,366,585)	(331)	6,440
Reinsurance assets	(252,606)	(29,417)	(354,890)	(213,622)
Deferred acquisition costs	50,715	11,691	35,852	21,762
Other receivables and prepayments	880,462	221,040	(211,995)	135,001
Insurance contract liabilities	(5,621,600)	4,044,380	(21,174)	587,883
Investment contract liabilities	(3,528,477)	1,892,052	(147,489)	264,833
Trade payables	128,096	(429,746)	(130,675)	(494,967)
Other payables and accruals	(194,392)	1,280,310	875,041	268,766
Deposit for shares	111,233	(25,327)	-	-
	(8,055,700)	5,589,392	56,469	571,657
Net cash used in operating activities	(8,908,980)	(2,235,723)	(654,008)	(2,371,222)

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

53. Contingencies and Commitments

a) Legal proceedings and regulation

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its result and financial position. The Company is also subject to insurance solvency regulations of NAICOM. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

Currently, there are pending litigations against the company in which the plaintiffs are claiming a total sum of N2,373,000,000 (Dec 2016:N2,373,000,000). No provision has been made in these financial statements for the pending litigations because the directors are of the opinion that based on independent legal advice, the liability will not likely materialise.

b) Capital commitments and operating leases

The Company has no capital commitments at the reporting date.

54. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with the International Financial Reporting Standards (IFRS)

55. Restatement

The Group statement of financial position and statement of profit or loss for year 2016 have been restated. The statement of financial position of the Group excludes certain balances regarding transactions between the Group and one of its subsidiary - International Health Management Services Limited. These corrections necessitated the retrospective restatement of the Group's statement of financial position and statement of profit or loss for the preceding year.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

55.1ai Impact of restatement on statement of financial position-2016.

Group	Notes	Previously reported N'000	Restatement adjustments N'000	Restated N'000
Assets				
Cash and cash equivalents		2,038,861	-	2,038,861
Financial Assets:				
At fair value through profit or loss		359,703	-	359,703
Available for sale		2,882,333	0	2,882,333
Held to maturity		515,488	-	515,488
Loans and receivables		393,081	(0)	393,081
Trade receivables		1,528,200	(279,834)	1,248,366
Reinsurance assets	{a}	3,699,161	16,794	3,715,955
Deferred acquisition costs		204,615	-	204,615
Loans and advances to customers		175,266	(0)	175,266
Other receivables and prepayments	{b}	861,348	86,180	947,528
Intangible ssets		64,447	-	64,447
Deferred tax assets		28,245	0	28,245
Investment properties		26,401,864	0	26,401,864
Property plant and equipment		6,933,904	(0)	6,933,904
Statutory deposits		588,175	-	588,175
		46,674,691	(176,860)	46,497,831
Non-current assets held for sale		3,218,947	-	3,218,947
Assets classified as discontinued operations	{h}	-	5,733,010	5,733,010
Total assets		49,893,638	5,556,150	55,449,788
Equity				
Ordinary share capital		7,115,619	-	7,115,619
Share premium		8,530,781	0	8,530,781
Assets revaluation reserve		5,258,209	-	5,258,209
Fairvalue reserve		629,681	-	629,681
Contingency reserve		3,059,067	0	3,059,067
Loss sustained		(20,111,538)	(236,483)	(20,348,021)
Capital reserve		73,619	-	73,619
Foreign exchange reserve		(55,791)	-	(55,791)
Statutory(regulatory) reserve		238,681	-	238,681
Shareholder's fund		4,738,328	(236,483)	4,501,845
Non-controlling interests		(612,565)	2	(612,563)
Total equity		4,125,763	(236,481)	3,889,282
Liabilities				
Insurance contract liabilities	{a}	16,677,766	3,740	16,681,506
Investment contract liabilities		14,068,469	-	14,068,469
Trade payables	{c}	1,348,328	(109,221)	1,239,107
Loans and borrowings	{d}	1,578,901	221,111	1,800,012
Other payables and accruals	{c}{d}{e}{i}	6,887,295	92,048	6,979,343
Dividend payable	{i}	92,775	(92,775)	-
Income tax payable		1,848,709	(55,283)	1,793,426
Deferred tax liabilities		2,121,376	0	2,121,376
Deposit for shares		1,144,256	-	1,144,256
		45,767,875	59,621	45,827,496
Liabilities classified as discontinued operations	{h}	-	5,733,010	5,733,010
Total liabilities		45,767,875	5,792,631	51,560,506
Total equity and liabilities		49,893,638	5,556,149	55,449,788

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

55.1a(ii) Impact of restatement on statement of profit or loss - 2016.

Group	Notes	Previously reported N'000	Restatement adjustments N'000	Restated N'000
Continuing operations				
Gross premium written		7,693,288	-	7,693,288
Changes in unearned premium	{a}	<u>(160,055)</u>	<u>(3,740)</u>	<u>(163,795)</u>
Gross Premium Income		7,533,233	(3,740)	7,529,493
Reinsurance costs		<u>(1,733,033)</u>	<u>1</u>	<u>(1,733,032)</u>
Net Premium Income		5,800,200	(3,739)	5,796,461
Fees and commission income		<u>353,206</u>	<u>-</u>	<u>353,206</u>
Net underwriting income		6,153,406	(3,739)	6,149,667
Claims expenses (Gross)		(4,636,568)	(83,741)	(4,720,309)
Changes in claims recoveries		<u>476,688</u>	<u>83,740</u>	<u>560,428</u>
Net claims incurred		(4,159,880)	(1)	(4,159,881)
Underwriting expenses		(1,519,635)	-	(1,519,635)
Changes in contract liabilities	{a}	<u>750,247</u>	<u>16,794</u>	<u>767,041</u>
Underwriting profit		1,224,138	13,054	1,237,192
Investments incomes	{f}	788,871	(167,011)	621,860
Profit on disposal of Investment properties	{f}	-	125,000	125,000
Net interest income	{f}	239,520	(19,579)	219,941
Other operating incomes	{f}	790,102	61,590	851,692
Loss on investment contract		(569,505)	-	(569,505)
Fair value gain through Profit or loss		(108,332)	-	(108,332)
Impairment charge		(249,431)	-	(249,431)
Management and administrative expenses	{g}	<u>(5,456,568)</u>	<u>(610,916)</u>	<u>(6,067,484)</u>
Net operating loss		(3,341,205)	(597,862)	(3,939,067)
Finance costs	{g}	<u>(391,808)</u>	<u>306,096</u>	<u>(85,712)</u>
Loss before income tax		(3,733,013)	(291,766)	(4,024,779)
Income tax expense		<u>(106,243)</u>	<u>55,283</u>	<u>(50,960)</u>
Loss from continuing operations		<u>(3,839,256)</u>	<u>(236,483)</u>	<u>(4,075,739)</u>
Attributable to:				
Equity shareholders		(2,717,670)	(236,483)	(2,954,153)
Non-controlling interests		<u>(1,121,586)</u>	<u>-</u>	<u>(1,121,586)</u>
		<u>(3,839,256)</u>	<u>(236,483)</u>	<u>(4,075,739)</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

55.1a(ii) Impact of restatement on statement of profit or loss - 2016.

Group	Notes	Previously reported N'000	Restatement adjustments N'000	Restated N'000
Other Comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Fairvalue gain on available for sale assets		458,184	-	458,184
Exchange differences on translating foreign operations		(380,484)	-	(380,484)
Income tax relating to item that may be reclassified subsequently to profit or loss		-	-	-
Items that will not be reclassified subsequently to profit or loss:				
Actuarial surplus/transfer from life fund		98,480	-	98,480
Fairvalue gain on property, plant and equipment		605,181	-	605,181
Income tax relating to item that will not be reclassified subsequently to profit or loss		(35,148)	-	(35,148)
Other comprehensive income for the year, net of tax		<u>746,213</u>	<u>-</u>	<u>746,213</u>
Total comprehensive loss for the year		<u>(3,093,043)</u>	<u>(236,483)</u>	<u>(3,329,526)</u>
Attributable to:				
Equity shareholders		(2,188,319)	(197,090)	(2,385,409)
Non-controlling interests		(904,724)	(39,393)	(944,117)
		<u>(3,093,043)</u>	<u>(236,483)</u>	<u>(3,329,526)</u>

Explanatory notes

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

55.1bi Impact of restatement on statement of financial position-2016.

Company	Notes	Previously reported N'000	Restatement adjustments N'000	Restated N'000
Assets				
Cash and cash equivalents		75,255	-	75,255
Financial Assets:				
At fair value through profit or loss		10,555	-	10,555
Available for sale		371,628	-	371,628
Loans and receivables		359,745	-	359,745
Trade receivables		6,684	-	6,684
Reinsurance assets	{a}	2,906,357	16,794	2,923,151
Deferred acquisition costs		114,076	-	114,076
Other receivables and prepayments	{b}	375,190	86,180	461,370
Investment in subsidiaries		3,418,582	-	3,418,582
Investment properties		16,856,266	-	16,856,266
Property plant and equipment		4,942,912	-	4,942,912
Statutory deposits		500,000	-	500,000
Total assets		29,937,250	102,974	30,040,224
Equity				
Ordinary share capital		7,115,619	-	7,115,619
Share premium		8,530,781	0	8,530,781
Assets revaluation reserve		4,826,118	-	4,826,118
Fairvalue reserve		66,676	-	66,676
Contingency reserve		2,771,939	-	2,771,939
Loss sustained		(17,548,622)	(236,483)	(17,785,105)
Total equity		5,762,511	(236,483)	5,526,028
Liabilities				
Insurance contract liabilities	{a}	9,526,316	3,740	9,530,056
Investment contract liabilities		8,913,994	1	8,913,995
Trade payables	{c}	721,361	96,309	817,670
Loans and borrowings	{d}	5,499	221,111	226,610
Other payables and accruals	{c}{d}{e}	2,718,391	73,578	2,791,969
Income tax payable		1,506,612	(55,283)	1,451,329
Deferred tax liabilities		782,566	-	782,566
Total liabilities		24,174,739	339,456	24,514,195
Total equity and liabilities		29,937,250	102,974	30,040,224

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

55.1bii Impact of restatement on statement of profit or loss - 2016.

Company	Notes	Previously reported N'000	Restatement adjustments N'000	Restated N'000
Continuing operations				
Gross premium written		3,020,008	-	3,020,008
Changes in unearned premium	{a}	184,348	(3,740)	180,608
Gross Premium Income		3,204,356	(3,740)	3,200,616
Reinsurance costs		(995,184)	1	(995,183)
Net Premium Income		2,209,172	(3,739)	2,205,433
Fees and commission income		125,219	-	125,219
Net underwriting income		2,334,391	(3,739)	2,330,652
Claims expenses (Gross)		(2,355,702)	(1)	(2,355,703)
Changes in claims recoveries		420,774	-	420,774
Net claims incurred		(1,934,928)	(1)	(1,934,929)
Underwriting expenses		(449,666)	0	(449,666)
Changes in contract liabilities	{a}	750,247	16,794	767,041
Underwriting profit		700,044	13,054	713,098
Investments incomes	{f}	464,127	(167,010)	297,117
Profit on disposal of Investment properties	{f}	-	125,000	125,000
Net interest income	{f}	-	43,442	43,442
Other operating incomes	{f}	406,868	(495)	406,373
Loss on investment contract	{g}	(569,505)	(100,691)	(670,196)
Fair value gain through Profit or loss		1,443,952	-	1,443,952
Impairment charge		(722,096)	-	(722,096)
Management and administrative expenses	{g}	(2,839,429)	(448,617)	(3,288,046)
Net operating loss		(1,116,039)	(535,317)	(1,651,356)
Finance costs	{g}	(258,881)	243,551	(15,330)
Loss before income tax		(1,374,920)	(291,766)	(1,666,686)
Income tax expense		(64,918)	55,283	(9,635)
Loss from continuing operations		(1,439,838)	(236,483)	(1,676,321)
Attributable to:				
Equity shareholders		(1,439,838)	(236,483)	(1,676,321)

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

55.1bii Impact of restatement on statement of profit or loss - 2016.

Company	Notes	Previously reported N'000	Restatement adjustments N'000	Restated N'000
Other Comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Fairvalue gain on available for sale assets		(66,157)	-	(66,157)
Income tax relating to item that may be reclassified subsequently to profit or loss		-	-	-
Items that will not be reclassified subsequently to profit or loss:				
Fairvalue gain on property, plant and equipment		351,478	-	351,478
Income tax relating to item that will not be reclassified subsequently to profit or loss		(35,148)	-	(35,148)
Other comprehensive income for the year, net of tax		<u>250,173</u>	<u>-</u>	<u>250,173</u>
Total comprehensive loss for the year		<u>(1,189,665)</u>	<u>(236,483)</u>	<u>(1,426,148)</u>

Explanatory notes

- {a} N16,794,107 Additional adjustment for changes in life assurance funds based actuary valuation which affected Reinsurance UPR/IBNR - Group life and Changes in Insurance contract Liability. This balance was previously omitted.
- {b} N86,180,000 additional receivable from Monarch Communications Ltd erroneously omitted in the 2016 financial statements now corrected.
- {c} Net of N96,309,000 reclassification of due to re-insurance, co-insurance and brokers previously reported as parts of other payables now corrected.
- {d} N221,111,000 Overdraft from Global Trust Savings & Loan reclassified from due to related parties under other payables and accruals.
- {e} Net impact of N390,998,000 less N317,420,000 equals N73,578,240. N391 million was value of property swapped to discharge the indebtedness to the subsidiary. See note 16 and 50 for detailed information.
- {f} Reclassification of Profit on disposal of Investment properties, Net interest income and Other operating incomes from Investments incomes in line with current year presentation.
- {g} Reclassification of loss of investment contract and finance charges from management expenses for better disclosures.
- {h} Disclosure of assets and liabilities classified as discontinued operations because the company has decided to divest in power, Global Trust Bank Limited (the Bank)- Uganda, IGI Life Assurance Ghana Ltd and Industrial and General Insurance (Ghana) Company Ltd.
- {i} Dividend payable has been included in line with current year presentation.
- {j} Additional loans and borrowing balance of N226 million in jacket was wrongly disclosed, it should not be jacketted.
- {k} Accounting for transferred from Subsidiary.
- {l} Actual proceed on disposal after reconciliation of the account.
- {m} Reclassification among operating activities and investing activities.
- {n} Adjustment to reflect the actual dividend amount received during the year.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

55.1ci Impact of restatement on statement of cash flows-2016.

Group	Notes	Previously reported N'000	Restatement adjustments N'000	Restated N'000
Cash flows from operating activities				
Premium received on insurance contract		10,154,497	-	10,154,497
Net inflow from deposit Admin contract		1,243,272	(1)	1,243,271
Reinsurance Premium paid		(2,359,385)	(0)	(2,359,385)
Commission received		353,206	-	353,206
Claims paid		(3,566,066)	0	(3,566,066)
Reinsurance recovery received		769,892	-	769,892
Commission paid		(662,350)	-	(662,350)
Maintenance cost paid		(845,594)	-	(845,594)
Other Income		741,943	109,749	851,692
Investment income		444,264	(85,915)	358,349
Dividend income	{n}	-	263,511	263,511
Operating costs and payments to employee		(7,218,628)	(1,354,050)	(8,572,678)
Dividend received	{n}	126,084	(126,084)	-
Tax paid		(167,052)	-	(167,052)
Other operating cashflows		(57,016)	-	(57,016)
Net cash used in operating activities		<u>(1,042,933)</u>	<u>(1,192,790)</u>	<u>(2,235,723)</u>
Cash flows from investing activities:				
Proceed on disposal of fair value through profit or loss	{m}	-	9,849	9,849
Additions to available for sale		(1,221,384)	(2,615)	(1,223,999)
Proceeds on disposal of available for sale		-	-	-
Held to maturity investments		(168,791)	-	(168,791)
Loans and advances to customers		363,070	(459,313)	(96,243)
Addition to non-current assets held for sale		(975)	-	(975)
Proceeds on disposal of non-current assets held for sale		4,140	-	4,140
Proceeds on disposal of investment in subsidiaries		1,414,453	-	1,414,453
Addition to intangible		-	(2,742)	(2,742)
Acquisition of investment properties	{k}	(1,033,579)	(46,560)	(1,080,139)
Proceeds on disposal of investment properties	{l}	2,915,134	248,601	3,163,735
Purchase of property, plant and equipment		(51,788)	20,056	(31,732)
Proceeds from disposal of property, plant & equipment		562,873	-	562,873
Proceed on quoted equities	{m}	9,849	(9,849)	-
Interest income		425,202	(205,261)	219,941
Net cash used in investing activities		<u>3,218,204</u>	<u>(447,834)</u>	<u>2,770,370</u>
Cash flows from financing activities:				
Additions to loans and borrowings	{d}{j}	(225,944)	537,601	311,657
Repayment of loans and borrowings		(1,793,465)	135,399	(1,658,066)
Dividend paid		(105,609)	-	(105,609)
Interest paid		(391,808)	306,096	(85,712)
Net cash generated by financing activities		<u>(2,516,826)</u>	<u>979,096</u>	<u>(1,537,730)</u>
Net decrease in cash and cash equivalents				
Cash and cash equivalents at 1 January		2,790,712	-	2,790,712
Cash and cash equivalents at 31 December		<u>2,449,157</u>	<u>(661,528)</u>	<u>1,787,629</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

55.1ci Impact of restatement on statement of cash flows-2016.

Company	Notes	Previously reported N'000	Restatement adjustments N'000	Restated N'000
Cash flows from operating activities				
Premium received on insurance contract		4,091,243	-	4,091,243
Net inflow from deposit Admin contract		(304,672)	-	(304,672)
Reinsurance Premium paid		(1,576,749)	(0)	(1,576,749)
Commission received		125,219	-	125,219
Claims paid		(1,901,759)	-	(1,901,759)
Reinsurance recovery received		214,235	-	214,235
Commission paid		(410,985)	-	(410,985)
Maintenance cost paid		(16,919)	0	(16,919)
Other Income		358,054	48,319	406,373
Investment income		6,714	53,510	60,224
Dividend income	{n}	-	236,893	236,893
Operating costs and payments to employee		(2,659,358)	(484,967)	(3,144,325)
Dividend received	{n}	99,466	(99,466)	-
Tax paid		(150,000)	-	(150,000)
Net cash used in operating activities		<u>(2,125,511)</u>	<u>(245,711)</u>	<u>(2,371,222)</u>
Cash flows from investing activities:				
Proceed on disposal of fair value through profit or loss	{m}	-	9,849	9,849
Additions to available for sale		(235,125)	45,504	(189,621)
Held to maturity investments		-	-	-
Loans and advances to customers		(4,606)	-	(4,606)
Proceeds on disposal of investment in subsidiaries		1,414,453	-	1,414,453
Acquisition of investment properties	{k}	(1,000,000)	(46,560)	(1,046,560)
Proceeds on disposal of investment properties	{l}	2,063,336	(388,336)	1,675,000
Purchase of property, plant and equipment		(9,296)	(13)	(9,309)
Proceed on quoted equities	{m}	9,849	(9,849)	-
Interest income		94,099	(50,657)	43,442
Net cash used in investing activities		<u>2,332,710</u>	<u>(440,062)</u>	<u>1,892,648</u>
Cash flows from financing activities:				
Additions to loans and borrowings	{d}	-	221,111	221,111
Repayment of loans and borrowings		(118,607)	-	(118,607)
Interest paid		(258,881)	243,551	(15,330)
Net cash generated by financing activities		<u>(377,488)</u>	<u>464,662</u>	<u>87,174</u>
Net decrease in cash and cash equivalents	{d}	(170,289)	(221,111)	(391,400)
Cash and cash equivalents at 1 January		245,544	-	245,544
Cash and cash equivalents at 31 December		<u>75,255</u>	<u>(221,111)</u>	<u>(145,856)</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

56. **Contravention of Laws and Regulations**

During the year, the Company contravened section 2.19 (a) of the 2015 prudential guidelines for insurers and Reinsurers of National Insurance Commission of Nigeria and a penalty and fine of N1,590,000 was paid.

57. **Events after reporting date**

The company has no events after the financial position date that will materially affect the financial position shown in the financial statements as at 31st December, 2017.

The following non-adjusting events occurred subsequent to the reporting date of these financial statements;

57.1 **Key changes to the Board and Management of Industrial and General Insurance Company Plc.**

On 3rd of July, 2017, the following Executive Management team and Board members retired and have since exited the Company:

Mr. Rotimi Fashola	– Group Managing Director/ Chief Executive Officer
Mr. Sina Elusakin	– Deputy Chief Executive Officer
Yinka Obalade	– Executive Director, Finance and Investment
Mrs. Foluso Gbadamosi	– Executive Director, Administration, Human Resources and Computer services.
Mr. Obayomi Lawal	– Group Director, Finance and Accounts

58. **Going Concern**

The business of IGI will continue into the foreseeable future as it continues to tap into the opportunities available in the insurance industry, overcome threats, utilise its strengths and improve on its weaknesses.

The insurance penetration is still low in Nigeria and there are abundant opportunities in the various classes of insurance business which IGI will exploit to enhance its premium generation and collection, increase market share and profitability while still pursuing cost control measures. Enforcement of the local content insurance act, compulsory insurances like motor insurance, public building insurance, carbotage law as well as the micro insurance would provide great opportunities to enhance revenue generation.

In the past, impairments have had significant effect on our profitability. These impairments are mostly that of receivables and investment assets. With the implementation of the “no premium no cover” policy, there is no need again for impairment of receivables as all premiums are now collectable within a short period of time. Some investments have also been impaired in the past and we see opportunities of recoveries in some of the impaired assets like the investment in Global Trust Bank, Uganda where we have been assured by the Bank of Uganda that the liquidation process will soon be completed since almost all liabilities have been settled with a significant balance still left for IGI as the principal shareholder.

The Board of IGI has approved the restructuring of our assets towards improving liquidity through sale of properties and shares in some subsidiaries. We have received offers from investors who are interested in purchasing shares in some of these subsidiaries including IGI Pension Fund Managers Limited, Global Trust Savings and Loans Limited and International Health Management Services Limited.

The Company is also embarking on raising capital through sale of its unissued share capital of 40.07% and has appointed both Greenwich Trust Limited and Zenith Capital Limited as financial advisers while some investors have expressed interests prior to conducting due diligence exercise.

The liquidity generated through the asset restructuring and capital raise will be applied to grow and manage the business profitably through aggressive marketing, service delivery, efficient internal control and investment activities to the satisfaction of all stakeholders. We believe that the above action plan will help reverse the current loss position to profitability in the near future. The going concern status of the business of IGI is therefore assured.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

59. Discontinued operations

Based on the individual reasons stated below on the affected individual subsidiaries, the company has decided to divest in power, Global Trust Bank Limited (the Bank)- Uganda, IGI Life Assurance Ghana Ltd and Industrial and General Insurance (Ghana) Company Ltd. The subsidiaries were classified as discontinued operations. The subsidiaries represents part of the Group's Life, non-life banking operation segments, with their classification as discontinued operations, these segment going forward will no longer presented in the segment notes.

These affected subsidiaries were not previously classified as discontinued operations in the consolidated statement of financial position. The Comparative consolidated statement of financial position has been restated to show the discontinued operations.

Analysis of the results of the entities classified as discontinued operations are as stated below inline with the requirements of IFRS 5:

At 31 December 2017, the discontinued operation group was stated at carrying amount, which was deemed to be lower of the fair value.

	Company	
	2017	2016
	N'000	N'000
59.1. Classified as discontinued operations		
Investment in Global Trust Bank Limited (the Bank) - Uganda (Note 58.1.1)	5,730,662	5,730,662
Investment in IGI Life Assurance Ghana Ltd (Note 58.1.2)	101,840	101,840
Investment in Industrial and General Insurance (Ghana) Company Ltd (Note 58.1.2)	138,479	138,479
	5,970,981	5,970,981
Impairment of doubtful - long term inv.	(5,970,981)	(5,970,981)
	-	-

59.1.1 Global Trust Bank Limited (the Bank) is a limited liability company and is incorporated and domiciled in Uganda. The address of its registered office is as follows: Plot 2A Kampala Road P. O. Box 72747 Kampala, Uganda The Bank provides retail and corporate banking services.

Closure of Global Trust Bank Uganda Limited

Global Trust Bank, Uganda (GTB, Uganda), was closed down and its licence revoked by the Bank of Uganda (BOU) on Friday, 25th July, 2014 due to losses recorded over the years as a result of impairment made on non-performing loans which affected the capital of the bank.

Since its commencement of operation in 2008, IGI had invested N5.004billion and a total impairment provision of N3.55billion had been made in our books up till 31 December 2013. An additional investment of N700.923million was also made in 2014 leaving a balance of N2.18billion that has been fully impaired in the 2014 audited financial statements.

Though liquidation processes are on-going, IGI has taken up the matter with the relevant authorities in Uganda and it is optimistic of making some recoveries from the investment. Proceeds from the liquidation is being expected from the Bank of Uganda (BOU) in the coming years.

The liquidation process is on-going but adequate impairment has been carried out in the Group Financial Statements. In December 2014, the Group discontinued its operations in Global Trust Bank Uganda which is the only operation presented as discontinued operation in the consolidated statement of profit or loss and other comprehensive income.

59.1.2 Notice of withdrawal of investment in Ghana

Industrial and General Insurance Plc., own 60% Shareholdings in Industrial and General Insurance Company (Ghana) Limited & IGI Life Assurance Company Limited The Parent served the Regulator, National Insurance Commission, Ghana with the notice of its intended divestment from the two subsidiaries and its desire to source for probable core investor for both businesses.

The Regulator, National Insurance Commission, Ghana served the two companies enforcement action notice dated 17 May 2012 and a protection order on the assets of both companies was granted on November 29, 2012.

IGI Plc, (the parent company), has made full provision for impairment of its investment in both Companies as at 31 December 2014.

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

59.2.a Assets and liabilities of discontinued operations

Assets and liabilities of discontinued operations comprise the assets and liabilities of Global Trust Bank Limited (the Bank)- Uganda, IGI Life Assurance Ghana Ltd and Industrial and General Insurance (Ghana) Company Ltd as ta 31 December 2017.

	31 December 2017			Total N'000
	Global Trust Bank Limited, Uganda N'000	IGI Life Assurance Ghana Ltd N'000	Industrial and General Insurance (Ghana) N'000	
Carrying value of:				
Assets				
Cash and cash equivalents	719,783	-	-	719,783
Financial Assets:				
- At fair value through profit or loss	1,376,036	-	-	1,376,036
- Available for sale	-	-	-	-
- Held to maturity	-	-	-	-
- Loans and receivables	-	-	-	-
Trade receivables	-	-	-	-
Reinsurance assets	-	-	-	-
Deferred acquisition costs	-	-	-	-
Loans and advances to customers	2,822,192	-	-	2,822,192
Other receivables and prepayments	221,531	-	-	221,531
Investment in subsidiaries	-	-	-	-
Intangible ssets	56,319	-	-	56,319
Deferred tax assets	146,377	-	-	146,377
Investment properties	-	-	-	-
Property plant and equipment	390,772	-	-	390,772
Statutory deposits	-	-	-	-
	<u>5,733,010</u>	<u>-</u>	<u>-</u>	<u>5,733,010</u>
Non-current assets held for sale	-	-	-	-
Total assets classified as discontinued operations	<u>5,733,010</u>	<u>-</u>	<u>-</u>	<u>5,733,010</u>
Liabilities				
Insurance contract liabilities	-	-	-	-
Investment contract liabilities	-	-	-	-
Placement from other banks	554,254	-	-	554,254
Loans and borrowings	8,097	-	-	8,097
Other payables and accruals	4,055,490	-	-	4,055,490
Income tax payable	29,780	-	-	29,780
Deferred tax liabilities	-	-	-	-
Reserves	549,754	-	-	549,754
	<u>5,197,375</u>	<u>-</u>	<u>-</u>	<u>5,197,375</u>
Total liabilities classified as discontinued operations	<u>5,197,375</u>	<u>-</u>	<u>-</u>	<u>5,197,375</u>
Net assets directly associated with discontinued operations group	<u>535,635</u>	<u>-</u>	<u>-</u>	<u>535,635</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

59.2.b Assets and liabilities of discontinued operations

Assets and liabilities of discontinued operations comprise the assets and liabilities of Global Trust Bank Limited (the Bank) - Uganda, IGI Life Assurance Ghana Ltd and Industrial and General Insurance (Ghana) Company Ltd as at 31 December 2017.

	31 December 2016			Total N'000
	Global Trust Bank Limited, Uganda N'000	IGI Life Assurance Ghana Ltd N'000	Industrial and General Insurance (Ghana) N'000	
Carrying value of:				
Assets				
Cash and cash equivalents	719,783	-	-	719,783
Financial Assets:				
At fair value through profit or loss	1,376,036	-	-	1,376,036
Available for sale	-	-	-	-
Held to maturity	-	-	-	-
Loans and receivables	-	-	-	-
Trade receivables	-	-	-	-
Reinsurance assets	-	-	-	-
Deferred acquisition costs	-	-	-	-
Loans and advances to customers	2,822,192	-	-	2,822,192
Other receivables and prepayments	221,531	-	-	221,531
Investment in subsidiaries	-	-	-	-
Intangible assets	56,319	-	-	56,319
Deferred tax assets	146,377	-	-	146,377
Investment properties	-	-	-	-
Property plant and equipment	390,772	-	-	390,772
Statutory deposits	-	-	-	-
	<u>5,733,010</u>	<u>-</u>	<u>-</u>	<u>5,733,010</u>
Non-current assets held for sale	-	-	-	-
Total assets classified as discontinued operations	<u><u>5,733,010</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5,733,010</u></u>
Liabilities				
Insurance contract liabilities	-	-	-	-
Investment contract liabilities	-	-	-	-
Placement from other banks	554,254	-	-	554,254
Loans and borrowings	8,097	-	-	8,097
Other payables and accruals	4,055,490	-	-	4,055,490
Income tax payable	29,780	-	-	29,780
Deferred tax liabilities	-	-	-	-
Reserves	549,754	-	-	549,754
	<u>5,197,375</u>	<u>-</u>	<u>-</u>	<u>5,197,375</u>
Total liabilities classified as discontinued operations	<u><u>5,197,375</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5,197,375</u></u>
Net assets directly associated with discontinued operations group	<u><u>535,635</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>535,635</u></u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

60. Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
60.1. Chairman's and Directors' emoluments, pensions and compensations for loss off office.				
60.1.a. Directors Costs:				
Directors fees	28,614	15,067	8,560	27,799
Salaries and allowances	-	-	-	-
	<u>28,614</u>	<u>15,067</u>	<u>8,560</u>	<u>27,799</u>
60.1.b. Emoluments:				
Chairman	6,548	10,569	6,548	10,569
Other Directors	47,395	66,741	47,395	66,741
Other emolument of executive directors	-	-	-	-
Emolument of highest paid Director	7,550	10,569	7,550	10,569
	<u>7,550</u>	<u>10,569</u>	<u>7,550</u>	<u>10,569</u>
60.1.c. The number of Directors excluding the Chairman whose emoluments were within the following ranges were:				
	N	N		
Nil	-	100,000	-	-
100,001	-	200,000	-	-
200,001	-	300,000	-	-
Above	-	300,000	9	8
			<u>9</u>	<u>8</u>
60.1.d. Number of Directors who have waived their rights to receive emoluments			<u>Nil</u>	<u>Nil</u>
			<u>Nil</u>	<u>Nil</u>
60.2. Employee costs:				
The aggregate employee remuneration is as follows:				
Salaries and wages	1,931,752	3,830,252	1,318,217	2,314,820
Staff training	18,060	18,996	17,752	18,996
Contributions to pension fund scheme	203,062	50,571	98,002	44,364
	<u>2,152,874</u>	<u>3,899,819</u>	<u>1,433,971</u>	<u>2,378,180</u>

INDUSTRIAL AND GENERAL INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
		N'000	N'000	N'000	N'000
62.2.a. Employees remunerated at a higher rates					
The number of employees excluding Directors in respect of emoluments excluding provident fund contributions and allowances:					
N	N				
-	- 250,000	15,871	17,959	15,871	17,959
250,001	- 300,000	5,462	6,284	5,462	6,284
300,001	- 350,000	1,269	1,269	1,269	1,269
350,001	- 400,000	17,214	17,218	17,214	17,218
400,001	- 450,000	1,298	1,732	1,298	1,732
450,001	- 500,000	6,432	7,315	6,432	7,315
500,001	- 550,000	4,115	4,642	4,115	4,642
550,001	- 600,000	3,596	1,800	3,596	1,800
600,001	- 650,000	1,235	1,235	1,235	1,235
650,001	- 700,000	1,334	1,334	1,334	1,334
700,001	and above	477,896	576,832	477,896	576,832
		535,722	637,620	535,722	637,620
60.2.b. The average number of persons employed in the financial year are as follows:					
Managerial		10	20	10	20
Senior staff		85	81	85	81
Junior staff		125	144	125	144
		220	245	220	245

INDUSTRIAL AND GENERAL INSURANCE PLC

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Other National Disclosures

INDUSTRIAL AND GENERAL INSURANCE PLC

CONSOLIDATED STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2017

	Group				Company			
	2017 N'000	%	2016 N'000	%	2017 N'000	%	2016 N'000	%
Net premium income	4,010,090		5,796,461		1,557,085		2,205,433	
Fees and commission income	325,003		353,206		145,983		125,219	
Total underwriting expenses	<u>(3,282,574)</u>		<u>(4,912,475)</u>		<u>(1,207,828)</u>		<u>(1,617,554)</u>	
Underwriting profit	1,052,519		1,237,192		495,240		713,098	
Investment and other income	2,645,770		1,140,656		1,994,670		1,645,688	
Bought in material and services	<u>(1,176,034)</u>		<u>(2,281,276)</u>		<u>(994,059)</u>		<u>(1,543,062)</u>	
Value Added	<u>2,522,255</u>	100	<u>96,572</u>	100	<u>1,495,851</u>	100	<u>815,724</u>	100
Distribution:								
Employees								
Staff costs	2,181,488	86	3,914,886	4,054	1,434,349	96	2,399,077	294
Government								
Taxes	282,060	11	50,960	53	194,220	13	9,635	1
Provider of Capital								
Finance costs	104,779	4	85,712	89	191,792	13	15,330	2
Retained in the Company								
Depreciation and amortisation	240,690	10	120,753	125	88,788	6	68,003	8
Loss for the year	<u>(286,762)</u>	<u>(11)</u>	<u>(4,075,739)</u>	<u>(4,220)</u>	<u>(413,298)</u>	<u>(28)</u>	<u>(1,676,321)</u>	<u>(206)</u>
	<u>2,522,255</u>	100	<u>96,572</u>	100	<u>1,495,851</u>	100	<u>815,724</u>	100

Value added represents the additional wealth which the company has been able to create by its own and its employees effort. The statements shows the allocation of that wealth among the employees, capital providers, Government and that retained for creation of more wealth.

INDUSTRIAL AND GENERAL INSURANCE PLC

STATEMENT OF FINANCIAL SUMMARY - GROUP

31 DECEMBER

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Statement of financial position					
Assets					
Cash and cash equivalents	1,033,072	2,038,861	2,790,712	3,701,179	5,779,061
Financial Assets:					
- At fair value through profit or loss	584,918	359,703	398,789	730,763	982,787
- Available for sale	859,018	2,882,333	1,396,167	1,572,424	3,160,438
- Held to maturity	457,772	515,488	346,697	357,822	334,022
[- Loans and receivables	386,491	393,081	384,867	349,387	483,624
Trade receivables	759,669	1,248,366	441,449	659,625	827,788
Reinsurance assets	3,869,108	3,715,955	3,686,538	2,902,474	3,511,613
Deferred acquisition costs	153,900	204,615	216,306	255,003	221,221
Loans and advances to customers	251,305	175,266	539,873	160,544	3,765,330
Non-current assets held for sale	4,660,826	3,218,947	3,222,112	3,280,000	1,280,000
Other receivables and prepayments	763,820	947,528	967,499	34,965	572,922
Investment in subsidiaries	-	-	-	-	-
Intangible assets	-	64,447	238,488	242,112	704,779
Deferred tax assets	-	28,245	32,808	126,068	249,937
Investment properties	23,239,950	26,401,864	25,326,450	22,912,944	23,277,815
Property plant and equipment	6,422,413	6,933,904	6,671,407	6,659,596	6,894,779
Statutory deposits	575,014	588,175	556,345	520,383	550,165
Total assets	44,017,277	49,716,778	47,216,507	44,465,289	52,596,281
Equity					
Ordinary share capital	7,115,619	7,115,619	7,115,619	7,115,619	7,115,619
Share premium	8,530,781	8,530,781	8,530,781	8,530,781	8,530,781
Assets revaluation reserve	5,489,812	5,258,209	4,830,206	4,607,005	6,623,187
Fairvalue reserve	174,262	629,681	362,816	473,326	514,415
Contingency reserve	3,743,134	3,059,067	2,891,889	2,768,734	2,750,742
Loss sustained	(17,573,896)	(20,348,021)	(17,210,912)	(12,740,365)	(7,703,640)
Capital reserve	131,557	73,619	64,214	55,382	65,715
Foreign exchange reserve	(340,811)	(55,791)	218,521	246,332	(1,407,175)
Statutory(regulatory) reserve	162,473	238,681	114,032	124,604	501,255
Shareholder's fund	7,432,930	4,501,845	6,917,166	11,181,418	16,990,899
Non-controlling interests	39,007	(612,563)	294,104	331,575	(229,359)
Total equity	7,471,937	3,889,282	7,211,270	11,512,993	16,761,540
Liabilities					
Insurance contract liabilities	11,059,906	16,681,506	12,637,126	11,071,751	12,255,927
Investment contract liabilities	10,539,992	14,068,469	12,176,417	11,202,965	8,419,540
Trade payables	1,367,203	1,239,107	1,668,853	1,039,580	254,651
Loans and borrowings	1,779,587	1,800,012	3,146,421	2,502,995	2,308,515
Other payables and accruals	6,784,952	6,979,343	5,699,033	2,922,288	8,104,106
Placements from other banks	-	-	-	-	554,254
Income tax payable	1,881,814	1,793,426	1,754,462	1,578,654	1,701,577
Deferred tax liabilities	1,876,396	2,121,376	1,741,915	1,454,750	2,122,398
Dividend payable	-	-	11,227	15,812	82,916
Deposit for shares	1,255,489	1,144,256	1,169,783	1,163,501	30,857
Total liabilities	36,545,338	45,827,496	40,005,237	32,952,296	35,834,741
Total equity and liabilities	44,017,275	49,716,778	47,216,507	44,465,289	52,596,281
Consolidated statement of profit or loss and other comprehensive income					
Gross premium written	5,396,208	7,693,288	7,743,350	9,324,695	10,275,019
Gross Premium Income	6,002,177	7,529,493	7,915,395	10,593,822	10,220,705
Net Premium Income	4,010,090	5,796,461	6,352,620	8,049,758	7,648,879
Investments and other income	3,527,826	2,460,000	3,531,876	4,077,379	4,801,942
Total incomes	7,537,916	8,256,461	9,884,496	12,127,137	12,450,821
Net benefits and claims	(1,559,253)	(4,720,309)	(2,577,692)	(3,737,807)	(3,960,017)
Other expenses	2,893,480	612,971	(11,121,291)	(8,925,947)	(9,876,372)
Total expenses	1,334,227	(4,107,338)	(13,698,983)	(12,663,754)	(13,836,389)
Loss before income tax	(4,702)	(4,024,779)	(3,814,487)	(536,617)	(1,385,568)
Income tax expense	(282,060)	(50,960)	(532,476)	589,472	(334,890)
Loss from continuing operations	(286,762)	(4,075,739)	(4,346,963)	52,855	(1,720,458)

INDUSTRIAL AND GENERAL INSURANCE PLC

STATEMENT OF FINANCIAL SUMMARY - COMPANY

31 DECEMBER

	2017	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
Assets					
Cash and cash equivalents	77,970	75,255	245,544	1,418,395	699,949
Financial Assets:					
- At fair value through profit or loss	13,557	10,555	13,393	24,334	274,417
- Available for sale	456,289	371,628	202,658	202,658	404,151
- Loans and receivables	347,615	359,745	355,139	323,419	448,962
Trade receivables	-	6,684	13,124	63,348	395,392
Reinsurance assets	3,278,041	2,923,151	2,709,529	2,274,292	2,632,638
Deferred acquisition costs	78,224	114,076	135,838	172,453	135,047
Other receivables and prepayments	167,906	461,370	424,011	1,019,314	764,927
Investment in subsidiaries	3,333,919	3,418,582	5,590,678	5,590,678	6,745,438
Intangible ssets	-	-	-	17,568	35,084
Deferred tax assets	-	-	-	-	7,112
Investment properties	17,379,877	16,856,266	15,915,506	14,662,420	15,159,894
Property plant and equipment	5,263,674	4,942,912	4,670,928	4,765,168	4,504,725
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	30,897,072	30,040,224	30,776,348	31,034,047	32,707,736
Equity					
Ordinary share capital	7,115,619	7,115,619	7,115,619	7,115,619	7,115,619
Share premium	8,530,781	8,530,781	8,530,781	8,530,781	8,530,781
Assets revaluation reserve	5,159,421	4,826,118	4,509,788	4,113,310	4,605,505
Fairvalue reserve	66,676	66,676	132,833	132,833	131,386
Contingency reserve	2,845,224	2,771,939	2,695,929	2,613,412	2,480,662
Loss sustained	(18,271,688)	(17,785,105)	(16,032,774)	(11,776,026)	(9,317,887)
Total equity	5,446,033	5,526,028	6,952,176	10,729,929	13,546,066
Liabilities					
Insurance contract liabilities	9,508,882	9,530,056	8,942,173	7,902,723	8,917,634
Investment contract liabilities	8,766,506	8,913,995	8,649,161	8,125,379	5,591,759
Trade payables	686,995	817,670	1,312,637	777,242	40,257
Loans and borrowings	350,274	226,610	124,106	166,942	770,134
Other payables and accruals	3,667,010	2,791,969	2,456,983	1,511,178	1,349,337
Income tax payable	1,482,919	1,451,329	1,484,161	1,343,017	1,360,663
Deferred tax liabilities	988,446	782,566	854,951	477,637	1,131,886
Total liabilities	25,451,032	24,514,195	23,824,172	20,304,118	19,161,670
Total equity and liabilities	30,897,066	30,040,224	30,776,348	31,034,047	32,707,736
Consolidated statement of profit or loss and other comprehensive income					
Gross premium written	2,580,000	3,020,008	3,455,994	5,423,549	6,132,024
Gross Premium Income	2,870,212	3,200,616	3,481,655	6,764,584	6,216,083
Net Premium Income	1,557,085	2,205,433	2,512,620	4,818,981	3,941,634
Investments and other income	1,507,550	928,337	1,540,826	(971,893)	2,015,791
Total incomes	3,064,635	3,133,770	4,053,446	3,847,088	5,957,425
Net benefits and claims	(526,676)	(1,934,929)	(3,126,972)	(3,276,644)	(1,993,915)
Other expenses	(1,378,971)	(2,934,341)	(4,691,915)	(4,357,075)	(6,151,741)
Total expenses	(1,905,647)	(4,869,270)	(7,818,887)	(7,633,719)	(8,145,656)
Loss before income tax	(219,078)	(1,666,686)	(3,765,441)	(3,786,631)	(2,188,231)
Income tax expense	(194,220)	(9,635)	(408,790)	614,208	(144,968)
Loss from continuing operations	(413,298)	(1,676,321)	(4,174,231)	(3,172,423)	(2,333,199)

PROXY FORM

26TH ANNUAL GENERAL MEETING OF INDUSTRIAL AND GENERAL INSURANCE PLC TO BE HELD AT 3.00PM ON THURSDAY, 8TH DECEMBER 2022 AT IGI BUILDING, 2, AGORO ODIYAN STREET, OFF ADEOLA ODEKU STREET, VICTORIA ISLAND, LAGOS STATE

	RESOLUTION	FOR	AGAINST
I/We _____			
of _____ being a Member of the above named Company hereby appoint Mahmud Yayale Ahmed, CFR or failing him anyone of the following persons:	1. To lay before the members the consolidated audited financial statements of the Company for the year ended 31 st December 2017 together with the reports of the Directors, the Auditors and the Audit and Compliance Committee thereon.		
a. Prof. Oladapo Afolabi, CFR b. Augustine Olorunsola c. Gaffar Kayode Animashawun Jnr. d. Kanayo Chuks Okoye e. Kayode Agboola f. Dr. Gbenga Ogunkoya g. Sir. Sunny Nwosu h. Pa. Shotunde Shopeju i. Peter Eyanaku j. Adeleke Adebayo k. Rotimi Fashola l. Folusho Gbadamosi	2. To approve the appointment of Mrs. Rachel Voke Emenike as Managing Director with effect from 1 st February 2019.		
to act as my/our Proxy and to vote for me/us on my/our behalf at the 26 th Annual General Meeting of the Company to be held on the 8 th day of December 2022.	3. To re-elect retiring Directors: a) Mahmud Yayale Ahmed CFR b) Professor Oladapo Afolabi OON, CFR		
Signed this _____ day of _____ 2022.	4. To authorize the Directors to determine the remuneration of the External Auditors.		
Member's Signature: _____	5. To elect members of the statutory Audit and Compliance Committee.		
	6. To disclose remuneration of Managers.		
	7. To approve the remuneration of the Directors.		
	8. To consider and if thought fit, pass the following as special resolutions: a. THAT pursuant to Articles 2 and 68 of the Company's Articles of Association, provisions of the Companies and Allied Matters Act 2020, the Investment and Securities Act 2007 and the approval of the appropriate regulatory agencies, the Directors be and are hereby authorized to offer by means of Private Placement the unissued shares of the Company (that is, 9,768,762,716 units of shares) representing 40.7% of the Company's share capital of 24,000,000,000 (Twenty Four Billion) units and to fix the price of the offer under Private Placement accordingly.		
	b. THAT the Directors be and are hereby authorized to undertake such other acts as may be incidental to and/or giving full effect to the foregoing resolutions accordingly and also to appoint such professional parties and advisers, enter into any agreement, in form of deal structuring and other forms of advisory services for generating investors/investments in order to actualize the above mandate and to perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, negotiation and execution of relevant transaction documents and complying with the directives or obtaining the approval of all relevant regulatory authorities.		
	c. THAT any action of the Directors in line with Item 9(b) above taken prior to this AGM pursuant to the		

	2016 Resolution (in explanatory notes below) is hereby ratified.		
	d. THAT with regards to Item 9(a) above and pursuant to Section 142 of the Companies and Allied Matters Act 2020, to give effect to the result of the renunciation and or waiver of interests of the existing members of the Company's rights to the unissued shares or its reduced percentage as a result of the exercise of such pre-emptive rights, and the Directors are hereby authorized to offer and issue such shares to an interested third party under the Private Placement arrangement.		
	Please indicate with an "X" in the appropriate space above how you wish your vote to be cast on the resolutions. Unless otherwise so indicated, the proxy will vote or abstain from voting at his discretion.		
	<p><u>IMPORTANT</u></p> <p>(a) The name of the Member must be written in BLOCK CAPITALS where marked. Please stamp and sign the proxy form and return to the Office of the Registrar, Greenwich Registrars and Data Solutions Limited, 274, Murtala Mohammed Way, Alagomeji, Yaba, Lagos not less than 48 hours before the time for holding the meeting. If executed by a Company, the proxy form should be sealed with the Company Seal.</p> <p>(b) In the case of Joint Shareholders, any one of such may complete the form but the names of all Joint Shareholders must be stated.</p> <p>(c) If the shareholder is a corporation, this form must be under its common seal or under the hand of its officer or attorney duly authorized in that regard.</p>		